

DATED MAY 30, 2023

NEW ISSUE

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

RATING
Moody's: " "

In the opinion of Bond Counsel, under existing law (i) interest on the Bonds will be excludable from gross income of the holders thereof for purposes of federal taxation and (ii) interest on the Bonds will not be a specific item of tax preference for purposes of the federal alternative minimum tax; however, with respect to certain corporations, interest on the Bonds is taken into account in determining the annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. All subject to the qualifications described herein under the heading "Tax Exemption." The Bonds and interest thereon are exempt from income taxation and ad valorem taxation by the Commonwealth of Kentucky and political subdivisions thereof (see "Tax Exemption" herein)

\$1,115,000*

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

Dated with Delivery: JUNE 28, 2023

Due: as shown below

Interest on the Bonds is payable each June 1 and December 1, beginning December 1, 2023. The Bonds will mature as to principal on June 1, 2024, and thereafter as shown below. The Bonds are being issued in Book-Entry-Only Form and will be available for purchase in principal amounts of \$5,000 and integral multiples thereof.

Maturing		Interest Rate	Reoffering Yield	CUSIP	Maturing		Interest Rate	Reoffering Yield	CUSIP
1-Jun	Amount*				1-Jun	Amount*			
2024	\$75,000	%	%		2034	\$5,000	%	%	
2025	\$5,000	%	%		2035	\$5,000	%	%	
2026	\$5,000	%	%		2036	\$110,000	%	%	
2027	\$5,000	%	%		2037	\$110,000	%	%	
2028	\$5,000	%	%		2038	\$115,000	%	%	
2029	\$5,000	%	%		2039	\$120,000	%	%	
2030	\$5,000	%	%		2040	\$125,000	%	%	
2031	\$5,000	%	%		2041	\$130,000	%	%	
2032	\$5,000	%	%		2042	\$135,000	%	%	
2033	\$5,000	%	%		2043	\$140,000	%	%	

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

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

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

The Taylor County (Kentucky) School District Finance Corporation will until June 7, 2023, at 1:00 P.M., E.D.S.T., receive competitive bids for the Bonds at the office of the Executive Director of the Kentucky School Facilities Construction Commission, 229 West Main Street, Suite 102, Frankfort, Kentucky 40601.

***As set forth in the "Official Terms and Conditions of Bond Sale," the principal amount of Bonds sold to the successful bidder is subject to a Permitted Adjustment by increasing or decreasing the amount not to exceed \$110,000.**

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.

**TAYLOR COUNTY
BOARD OF EDUCATION**

David Hall, Chairperson
Deanna Hunt, Member
Bob Clark, Member
Jason Cox, Member
Tommy Raikes, Member

Charles Higdon, Jr., Superintendent/Secretary

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

David Hall, President
Deanna Hunt, Member
Bob Clark, Member
Jason Cox, Member
Tommy Raikes, Member

Charles Higdon, Jr., Secretary
Jeremy Wood, Treasurer

BOND COUNSEL

Steptoe & Johnson PLLC
Louisville, Kentucky

MUNICIPAL ADVISOR

RSA Advisors, LLC
Lexington, Kentucky

PAYING AGENT AND REGISTRAR

US Bank Trust Company, National Association
Louisville, Kentucky

BOOK-ENTRY-ONLY-SYSTEM

REGARDING USE OF THIS OFFICIAL STATEMENT

This Official Statement does not constitute an offering of any security other than the original offering of the Taylor 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; No Participation in this Issue	3
Biennial Budget for Period Ending June 30, 2024	4
Outstanding Bonds	4
Authority	4
The Bonds	5
General	5
Registration, Payment and Transfer	5
Redemption	5
Security	5
General	5
The Lease; Pledge of Rental Revenues	5
State Intercept	6
The Project	6
Kentucky Department of Education Supervision	6
Estimated Bond Debt Service	7
Estimated Use of Bond Proceeds	7
District Student Population	8
State Support of Education	8
Support Education Excellence in Kentucky (SEEK)	8
Capital Outlay Allotment	8
Facilities Support Program of Kentucky	9
Local Support	9
Homestead Exemption	9
Limitation on Taxation	9
Local Thirty Cents Minimum	10
Additional 15% Not Subject to Recall	10
Assessment Valuation	10
Special Voted and Other Local Taxes	10
Local Tax Rates, Property Assessments and Revenue Collections	11
Overlapping Bond Indebtedness	11
SEEK Allotment	12
State Budgeting Process	12
Potential Legislation	13
Continuing Disclosure	13
Tax Exemption; Bank Qualified	13
Original Issue Premium	14
Original Issue Discount	14
Absence of Material Litigation	15
Approval of Legality	15
No Legal Opinion Expressed as to Certain Matters	15
Bond Rating	15
Municipal Advisor	15
Approval of Official Statement	15
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**

\$1,115,000*

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

The Bonds are being issued to finance improvements to Career and Technical Center and land purchase (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 Taylor 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 Taylor 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 28, 2023, may be obtained at the office of Steptoe & Johnson PLLC, Bond Counsel, 700 N. Hurstbourne Parkway, Suite 115, Louisville, Kentucky 40222.

BOOK-ENTRY-ONLY-SYSTEM

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

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

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

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

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

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

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

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

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

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

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

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

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

THE CORPORATION

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

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

KENTUCKY SCHOOL FACILITIES CONSTRUCTION COMMISSION; NO PARTICIPATION IN THIS ISSUE

The Kentucky School Facilities Construction Commission (the "Commission") is an independent corporate agency and instrumentality of the Commonwealth of Kentucky established pursuant to the provisions of KRS Sections 157.611 through 157.640, as amended, repealed and reenacted (the "Act") for the purpose of assisting local school districts in meeting the school construction needs of the Commonwealth in a manner which will ensure an equitable distribution of funds based upon unmet need.

The General Assembly of the Commonwealth adopted the State's Budget for the fiscal year ending June 30, 2024. Inter alia, the Budget provides \$125,216,700 in FY 2022-23 and \$126,719,600 in FY 2023-2024 to pay debt service on existing and future bond issues; \$58,000,000 of the Commission's previous Offers of Assistance made during the last biennium. It authorizes \$85,000,000 in additional Offers of Assistance for the current biennium to be funded in the Budget for the biennium ending June 30, 2026.

The 1986, 1988, 1990, 1992, 1994, 1996, 1998, 2000, 2003, 2005, 2006, 2008, 2010, 2012, 2014, 2016, 2018, 2020 and 2022. Regular Sessions of the Kentucky General Assembly appropriated funds to be used for debt service of participating school districts. The appropriations for each biennium are shown in the following table:

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

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

BIENNIAL BUDGET FOR PERIOD ENDING JUNE 30, 2024

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

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

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

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

OUTSTANDING BONDS

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

Bond Series	Original Principal	Current Principal Outstanding	Principal Assigned to Board	Principal Assigned to Commission	Approximate Interest Rate Range	Final Maturity
2012-REF	\$1,840,000	\$180,000	\$1,840,000	\$0	1.850%	2024
2015	\$45,585,000	\$32,740,000	\$25,225,969	\$20,359,031	3.000% - 3.250%	2035
2016	\$2,585,000	\$1,940,000	\$2,521,171	\$63,829	2.000% - 2.750%	2036
2019 Rev & Energy	\$4,245,000	\$3,815,000	\$4,245,000	\$0	2.000% - 2.625%	2039
2020	\$1,680,000	\$1,210,000	\$1,680,000	\$0	2.000%	2030
2022	\$8,430,000	\$8,420,000	\$8,243,099	\$186,901	3.750% - 4.000%	2042
TOTALS:	\$64,365,000	\$48,305,000	\$43,755,239	\$20,609,761		

AUTHORITY

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

- i) the issuance of approximately \$1,115,000 of Bonds subject to a permitted adjustment of \$110,000;
- 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 28, 2023, will bear interest from that date as described herein, payable semi-annually on June 1 and December 1 of each year, commencing December 1, 2023, and will mature as to principal on June 1, 2024, and thereafter in the years and in the principal amounts as set forth on the cover page of this Official Statement.

Registration, Payment and Transfer

The Bonds are to be issued in fully-registered form (both principal and interest). US Bank Trust Company, National Association, Louisville, Kentucky, the Bond Registrar and Paying Agent, shall remit interest on each semiannual due date to Cede & Co., as the nominee of The Depository Trust Company. Please see Book-Entry-Only-System. Interest on the Bonds will be paid at rates to be established upon the basis of competitive bidding as hereinafter set forth, such interest to be payable on June 1 and December 1 of each year, beginning December 1, 2023 (Record Date is 15th day of month preceding interest due date).

Redemption

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

Redemption Date	Redemption Price
June 1, 2031, and thereafter	100%

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

SECURITY

General

The Bonds are revenue bonds and constitute a limited indebtedness of the Corporation. The Bonds are payable as to both principal and interest solely from the income and revenues derived from the leasing of the school building Project financed from the Bond proceeds from the Corporation to the Board. The Bonds are secured by a lien on and pledge of revenue on and from the school building Project; provided, however, said lien and pledge are on parity with a similar lien and pledge securing the Corporation's School Building Revenue Bonds previously issued to finance or refinance the career and technical center building (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 28, 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.

STATE INTERCEPT

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

THE PROJECTS

After payment of the Bond issuance costs, the Board plans to deposit the net Bond proceeds to finance improvements to the Career and Technical Center and land purchase (the "Projects").

The Board has reported construction bids have been let for the Projects and award of 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 100% of the debt service of the Bonds.

Fiscal Year Ending June 30	Current Local Bond Payments	Series 2023 School Building Revenue Bonds (100% Local)			Total Local Bond Payments
		Principal Portion	Interest Portion	Total Payment	
2023	\$2,454,487				\$2,454,487
2024	\$2,468,148	\$75,000	\$42,855	\$117,855	\$2,586,003
2025	\$2,466,037	\$5,000	\$43,330	\$48,330	\$2,514,367
2026	\$2,465,088	\$5,000	\$43,130	\$48,130	\$2,513,218
2027	\$2,463,117	\$5,000	\$42,930	\$47,930	\$2,511,047
2028	\$2,469,021	\$5,000	\$42,730	\$47,730	\$2,516,751
2029	\$2,467,161	\$5,000	\$42,530	\$47,530	\$2,514,691
2030	\$2,462,575	\$5,000	\$42,330	\$47,330	\$2,509,905
2031	\$2,465,508	\$5,000	\$42,130	\$47,130	\$2,512,638
2032	\$2,465,130	\$5,000	\$41,930	\$46,930	\$2,512,060
2033	\$2,463,078	\$5,000	\$41,730	\$46,730	\$2,509,808
2034	\$2,462,513	\$5,000	\$41,530	\$46,530	\$2,509,043
2035	\$2,459,394	\$5,000	\$41,330	\$46,330	\$2,505,724
2036	\$1,719,220	\$110,000	\$41,130	\$151,130	\$1,870,350
2037	\$1,718,724	\$110,000	\$36,730	\$146,730	\$1,865,454
2038	\$1,719,256	\$115,000	\$32,330	\$147,330	\$1,866,586
2039	\$1,720,384	\$120,000	\$27,730	\$147,730	\$1,868,114
2040	\$1,718,541	\$125,000	\$22,810	\$147,810	\$1,866,351
2041	\$1,716,848	\$130,000	\$17,560	\$147,560	\$1,864,408
2042	\$1,712,849	\$135,000	\$12,100	\$147,100	\$1,859,949
2043		\$140,000	\$6,160	\$146,160	\$146,160
TOTALS:	\$44,057,079	\$1,115,000	\$705,035	\$1,820,035	\$45,877,115

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

ESTIMATED USE OF BOND PROCEEDS

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

Sources:	
Par Amount of Bonds	<u>\$1,115,000.00</u>
Total Sources	\$1,115,000.00
Uses:	
Deposit to Construction Fund	\$1,069,000.00
Underwriter's Discount (2%)	22,300.00
Cost of Issuance	<u>23,700.00</u>
Total Uses	\$1,115,000.00

DISTRICT STUDENT POPULATION

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

Year	Average Daily Attendance	Year	Average Daily Attendance
2000-01	2,300.0	2012-13	2,436.2
2001-02	2,366.3	2013-14	2,419.1
2002-03	2,428.0	2014-15	2,372.5
2003-04	2,398.1	2015-16	2,383.1
2004-05	2,375.0	2016-17	2,368.3
2005-06	2,421.0	2017-18	2,390.6
2006-07	2,396.9	2018-19	2,405.6
2007-08	2,419.9	2019-20	2,402.7
2008-09	2,420.3	2020-21	2,385.1
2009-10	2,433.2	2021-22	2,480.2
2010-11	2,452.4	2022-23	2,480.2
2011-12	2,427.9		

Source: Kentucky State Department of Education.

STATE SUPPORT

Support Education Excellence in Kentucky (SEEK). In determining the cost of the program to Support Education Excellence in Kentucky (SEEK), the statewide guaranteed base funding level is computed by dividing the amount appropriated by the prior year's statewide average daily attendance. The SEEK fund is a guaranteed amount of money per pupil in each school district of Kentucky. The current SEEK allotment is \$4,000 per pupil. The \$100 capital outlay allotment per each average daily attendance is included within the guaranteed amounts. Each district's base funding from the SEEK program is adjusted for the number of at-risk students, the number and types of exceptional children in the district, and cost of transporting students from and to school in the district.

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

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

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

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

Year	Capital Outlay Allotment	Year	Capital Outlay Allotment
2000-01	230,000.0	2012-13	243,622.0
2001-02	236,630.0	2013-14	241,909.0
2002-03	242,800.0	2014-15	237,252.0
2003-04	239,810.0	2015-16	238,310.0
2004-05	237,500.0	2016-17	236,830.0
2005-06	242,100.0	2017-18	239,060.0
2006-07	239,690.0	2018-19	240,564.0
2007-08	241,990.0	2019-20	240,270.0
2008-09	242,032.0	2020-21	238,507.7
2009-10	243,316.0	2021-22	248,019.3
2010-11	245,238.0	2022-23	248,019.3
2011-12	242,794.0		

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

Tax Year	Combined Equivalent Rate	Total Property Assessment	Property Revenue Collections
2000-01	52.0	514,960,170	2,677,793
2001-02	52.5	526,588,109	2,764,588
2002-03	53.4	533,369,005	2,848,190
2003-04	53.4	586,808,368	3,133,557
2004-05	55.1	626,402,273	3,451,477
2005-06	55.8	670,300,434	3,740,276
2006-07	55.7	714,397,675	3,979,195
2007-08	55.8	759,307,727	4,236,937
2008-09	54.6	826,192,789	4,511,013
2009-10	54.6	813,259,851	4,440,399
2010-11	54.7	829,788,314	4,538,942
2011-12	55.4	841,873,763	4,663,981
2012-13	54.0	866,252,268	4,677,762
2013-14	60.7	876,507,527	5,320,401
2014-15	62.4	886,271,009	5,530,331
2015-16	66.4	893,803,163	5,934,853
2016-17	65.7	931,755,128	6,121,631
2017-18	66.8	976,820,167	6,525,159
2018-19	68.5	992,696,828	6,799,973
2019-20	68.5	1,024,839,255	7,020,149
2020-21	63.6	1,077,529,028	6,853,085
2021-22	74.3	1,181,169,948	8,776,093
2022-23	67.9	1,237,044,022	8,399,529

OVERLAPPING BOND INDEBTEDNESS

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

Issuer	Original Principal Amount	Amount of Bonds Redeemed	Current Principal Outstanding
County of Taylor			
General Obligation	38,239,525	17,241,887	20,997,638
Hospital Revenue	10,000,000	0	10,000,000
Justice Center Refunding Revenue	9,080,000	2,285,000	6,795,000
Fire Vehicles Revenue	400,000	272,567	127,433
City of Campbellsville			
General Obligation	4,890,000	1,561,666	3,328,334
Water & Sewer Revenue	3,870,000	821,000	3,049,000
Improvement Project Revenue	1,064,000	156,300	907,700
Refinancing Lease Revenue	9,750,000	1,455,000	8,295,000
Special Districts			
Taylor County Hospital District	2,139,607	931,907	1,207,700
Taylor County Public Health Taxing District	2,500,000	840,000	1,660,000
Totals:	81,933,132	25,565,327	56,367,805

Source: 2022 Kentucky Local Debt Report.

SEEK ALLOTMENT

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

SEEK	Base Funding	Local Tax Effort	Total State & Local Funding
2000-01	8,459,523	2,677,793	11,137,316
2001-02	8,598,749	2,764,588	11,363,337
2002-03	9,019,720	2,848,190	11,867,910
2003-04	9,304,233	3,133,557	12,437,790
2004-05	9,424,146	3,451,477	12,875,623
2005-06	10,302,602	3,740,276	14,042,878
2006-07	10,215,620	3,979,195	14,194,815
2007-08	10,893,444	4,236,937	15,130,381
2008-09	11,164,753	4,511,013	15,675,766
2009-10	10,115,474	4,440,399	14,555,873
2010-11	10,148,882	4,538,942	14,687,824
2011-12	10,631,667	4,663,981	15,295,648
2012-13	10,591,213	4,677,762	15,268,975
2013-14	10,540,822	5,320,401	15,861,223
2014-15	10,588,398	5,530,331	16,118,729
2015-16	10,870,314	5,934,853	16,805,167
2016-17	10,765,429	6,121,631	16,887,060
2017-18	10,878,387	6,525,159	17,403,546
2018-19	11,293,678	6,799,973	18,093,651
2019-20	11,171,982	7,020,149	18,192,131
2020-21	10,419,025	6,853,085	17,272,110
2021-22	11,061,445	8,776,093	19,837,538
2022-23	11,501,150	8,399,529	19,900,679

- (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 \$0.6790 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, Taylor County Board of Education, 1209 E. Broadway, Campbellsville, Kentucky 42718, Telephone 270-465-5371.

TAX EXEMPTION; BANK QUALIFIED

Bond Counsel is of the opinion that:

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

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

(C) As a result of designations and certifications by the Board and the Corporation, indicating the issuance of less than \$10,000,000 of tax-exempt obligations during the calendar year ending December 31, 2023, the Bonds are "qualified tax-exempt obligations" within the meaning of the Internal Revenue Code of 1986, as amended.

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

Original Issue Premium

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

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

Original Issue Discount

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

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

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

ABSENCE OF MATERIAL LITIGATION

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

APPROVAL OF LEGALITY

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

NO LEGAL OPINION EXPRESSED AS TO CERTAIN MATTERS

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

BOND RATING

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

MUNICIPAL ADVISOR

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

APPROVAL OF OFFICIAL STATEMENT

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

APPENDIX A

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

Demographic and Economic Data

TAYLOR COUNTY, KENTUCKY

Campbellsville, Kentucky, the county seat of Taylor County, is located in South-Central Kentucky, 86 miles southeast of Louisville, and 87 miles southwest of Lexington. Campbellsville had a population of 11,643 in 2022. Taylor County’s 2022 population was 26,662.

The Economic Framework

In 2022, Taylor County had a labor force of 12,022 people, with an unemployment rate of 3.5%. The top 5 jobs by occupation were as follows: Office and Administrative Support - 1,206 (12.5%); Sales - 1,097 (11.37%); Executive, Managers, and Administrators - 766 (7.94%); Education, Training/Library - 766 (7.94%); and Production Workers - 764 (7.92%).

Population

The following table lists the population figures for the county and surrounding areas as reported by the U.S. Department of Commerce and Bureau of Census:

<u>Year</u>	<u>Taylor County</u>	<u>City of Campbellsville</u>
2022	26,662	11,643
2021	26,028	11,072
2020	25,692	9,953
2019	25,569	11,473
2018	25,584	11,481

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

Population Projections

The following table lists the population projection figures for the county and surrounding areas as reported by the University of Louisville, Urban Studies Center, State Data Center:

<u>Year</u>	<u>Taylor County</u>
2025	26,434
2030	26,789
2035	27,106

EDUCATION

Public Schools

	<u>Taylor County</u>	<u>Campbellsville Independent</u>
Total Enrollment (2021-22)	2,634	1,167
Pupil-Teacher Ratio (2021-22)	16 - 1	14 - 1

Vocational Training

Vocational training is available at both the state vocational-technical schools and the area vocational education centers. The state vocational-technical schools are post-secondary institutions. The area vocational education centers are designed to supplement the curriculum of high school students. Both the state vocational-technical schools and the area vocational education centers offer evening courses to enable working adults to upgrade current job skills.

Arrangements can be made to provide training in the specific production skills required by an industrial plant. Instruction may be conducted either in the vocational school or in the industrial plant, depending upon the desired arrangement and the availability of special equipment.

Bluegrass State Skills Corporation

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

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

Vocational Schools:

Vocational School	Location	Enrollment 2021-22
Bullitt County ATC	Shepherdsville, KY	504
Casey County ATC	Liberty, KY	390
Garrard County ATC	Lancaster, KY	308
Green County ATC	Greensburg, KY	283
Lake Cumberland ATC	Russell Springs, KY	777
Lincoln County ATC	Stanford, KY	241
Marion County ATC	Lebanon, KY	649
Monroe County ATC	Tompkinsville, KY	439
Nelson County ATC	Bardstown, KY	754
Rockcastle County ATC	Mt. Vernon, KY	372
Shelby County ATC	Shelbyville, KY	412
Wayne County ATC	Monticello, KY	555

Source: Kentucky Department of Education

Colleges and Universities

School Name	Location	Undergraduate Enrollment Fall 2021
Asbury University	Wilmore, KY	1,472
Berea College	Berea, KY	1,468
Campbellsville University	Campbellsville, KY	5,880
Centre College	Danville, KY	1,320
Lindsey Wilson College	Columbia, KY	1,750

Source: U.S. News & World Report

EXISTING INDUSTRY

Firm	Products	Employment
<i>Campbellsville:</i>		
Campbellsville Apparel	Mens' t-shirts, briefs, sweatshirts and sweatpants	121
Campbellsville Handmade Cherry Furniture	Tables, chairs, beds, desks & bookcases	4
Campbellsville Industries, Inc.	Ornamental metal & aluminum, fabricating; steeples, cupolas, crosses, cornices, awnings, columns, louvres, shutters, railings and balusters	74
Classic Kitchens Inc.	Custom wooden cabinets, vanities and bookcases	18
Cox Interior Inc.	Hardwood moldings, trim, stair parts, interior doors & mantels	390
Farmer's Gate Co.	Steel gates, coral panels, round bale feeders, walk-thrus	20
J&K Tool	Automobile manufacturers	
Whitney & Whitney Inc.	Machine shop	3
Wholesale Hardwood Interiors	Hardwood lumber	11
	Custom millwork, hardwood flooring, interior moldings, door & stair parts	70

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

APPENDIX B

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

Audited Financial Statement ending June 30, 2022

TAYLOR COUNTY SCHOOL DISTRICT
FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION
AND INDEPENDENT AUDITOR'S REPORT

Year ended June 30, 2022

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-8
Basic Financial Statements:	
District-Wide Financial Statements:	
Statement of Net Position	9-10
Statement of Activities	11
Fund Financial Statements:	
Balance Sheet – Governmental Funds	12
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	13
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Statement of Net Position – Proprietary Funds	16
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	17
Statement of Cash Flows – Proprietary Funds	18
Notes to Basic Financial Statements	19-39
Required Supplementary Information:	
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual - General Fund	40
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Special Revenue Fund	41
Schedule of District's Proportionate Share of the CERS Net Pension Liability	42
Schedule of Contributions to CERS	43
Notes to Required Supplementary Information - CERS	44
Schedule of District's Proportionate Share of the KTRS Net Pension Liability	45
Schedule of Contributions to KTRS	46
Schedule of District's Proportionate Share of the CERS Net OPEB Liability	47
Schedule of Contributions to CERS - OPEB	48

TABLE OF CONTENTS

	Page
Notes to Required Supplementary Information - CERS OPEB	49
Schedule of District's Proportionate Share of the KTRS Net OPEB Liability - Medical Insurance	50
Schedule of Contributions to KTRS - OPEB Medical Insurance	51
Notes to Required Supplementary Information - KTRS OPEB Medical Insurance	52
Schedule of District's Proportionate Share of the KTRS Net OPEB Liability - Life Insurance	53
Schedule of Contributions to KTRS - OPEB Life Insurance	54
Notes to Required Supplementary Information - KTRS Net OPEB Liability - Life Insurance	55
Other Supplementary Information:	
Combining Balance Sheet – Non-Major Governmental Funds	56
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds	57
Schedule of Receipts, Disbursements and Fund Balances - School Activity Funds	58-60
Schedule of Expenditures of Federal Awards	61-62
Notes to Schedule of Expenditures of Federal Awards	63
Schedule of Findings and Questioned Costs	64-65
Schedule of Prior Year Audit Findings	66
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 <i>Government Auditing Standards</i>	67-68
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by The Uniform Guidance	69-70
Management Letter	71-72

INDEPENDENT AUDITOR'S REPORT

Kentucky State Committee for School District Audits
Members of the Board of Education
Taylor County School District
Campbellsville, Kentucky

Report on the Audit of the Financial Statements

Opinions

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 Taylor 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 Taylor County School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Taylor County School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedules of District's proportionate share of net pension liabilities, net OPEB liabilities, and schedules of required contributions on Pages 4 through 8 and 40 through 55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Taylor County School District's basic financial statements. The accompanying combining and individual non-major fund financial 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 a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial 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 Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2022, on our consideration of the Taylor 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 Taylor County School’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 Taylor County School District’s internal control over financial reporting and compliance.

Wise, Buckner, Sprowles & Associates PLLC

Wise, Buckner, Sprowles & Associates PLLC
Certified Public Accountants

Campbellsville, KY
November 14, 2022

TAYLOR COUNTY SCHOOL DISTRICT
CAMPBELLSVILLE, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Year Ended June 30, 2022

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

FINANCIAL HIGHLIGHTS

- The beginning unassigned fund balance for the District's General Fund was \$5,091,787 as compared to \$4,812,811 for the year ending balance on June 30, 2022.
- A continued effort focuses on purchasing in the areas of supplies, food, energy and travel resulting in savings due to management strategies.
- Interest income earned in FY 2022 was \$27,047 as compared to \$31,904 in 2021. Total revenue increased by 7.9 percent for all governmental funds from \$34,696,084 in FY 21 to \$37,433,135 in FY 22.
- SEEK funding reported in the district's general fund in FY 2022 was \$10,813,426. The amount of SEEK received in FY 2021 was \$10,180,517. There was a 6% increase in SEEK during 2022 in comparison with FY 2021.
- The General Fund had \$29,782,648 (including the beginning balance) in revenue, which primarily consisted of the state program (SEEK), property, local occupational license taxes, utilities and motor vehicle taxes. Excluding inter-fund transfers of \$237,885, there was \$25,284,815 in General Fund expenditures.
- Bonds are issued as the district renovates facilities consistent with a long-range facilities plan that is established with community input and in keeping with Kentucky Department of Education (KDE) stringent compliance regulations. The district's total principal bonded indebtedness increased by \$5,905,000 during the current fiscal year.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two 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 District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

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

The government-wide financial statements can be found on pages 9-11 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. This is a state mandated uniform system and chart of accounts for all Kentucky public school districts utilizing the MUNIS administrative software. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental and proprietary funds. The only proprietary fund is food service operations. All other activities of the district are included in the governmental funds.

The basic governmental fund financial statements can be found on pages 12-15 of this report.

TAYLOR COUNTY SCHOOL DISTRICT
 CAMPBELLSVILLE, KENTUCKY
 MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
 Year Ended June 30, 2022

Notes to the financial statements- The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19-39 of this report.

DISTRICT-WIDE FINANCIAL ANALYSIS

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

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

Net Position for the Period Ending June 30, 2022 and 2021:

	2022	2021
Assets:		
Current Assets	\$ 16,461,193	\$ 8,855,747
Capital Assets	70,612,400	70,437,460
Other assets	245,058	91,306
Total Assets	87,318,651	79,384,513
Deferred Outflows of Resources		
CERS	4,317,685	4,416,250
KTRS	1,651,365	1,114,560
Total deferred outflows of resources	5,969,050	5,530,810
Liabilities:		
Current Liabilities	5,768,061	5,244,894
Noncurrent Liabilities	66,690,051	63,958,895
Total Liabilities	72,458,112	69,203,789
Deferred Inflows of Resources		
CERS	3,467,431	989,383
KTRS	2,916,000	2,192,000
Total deferred inflows of resources	6,383,431	3,181,383
Net Position		
Net Investment in Capital Assets	19,071,869	24,663,900
Restricted	(1,607,891)	(1,346,716)
Unrestricted	(3,017,820)	(10,787,033)
Total Net Position	\$ 14,446,158	\$ 12,530,151

TAYLOR COUNTY SCHOOL DISTRICT
 CAMPBELLSVILLE, KENTUCKY
 MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
 Year Ended June 30, 2022

COMMENTS ON BUDGET COMPARISONS

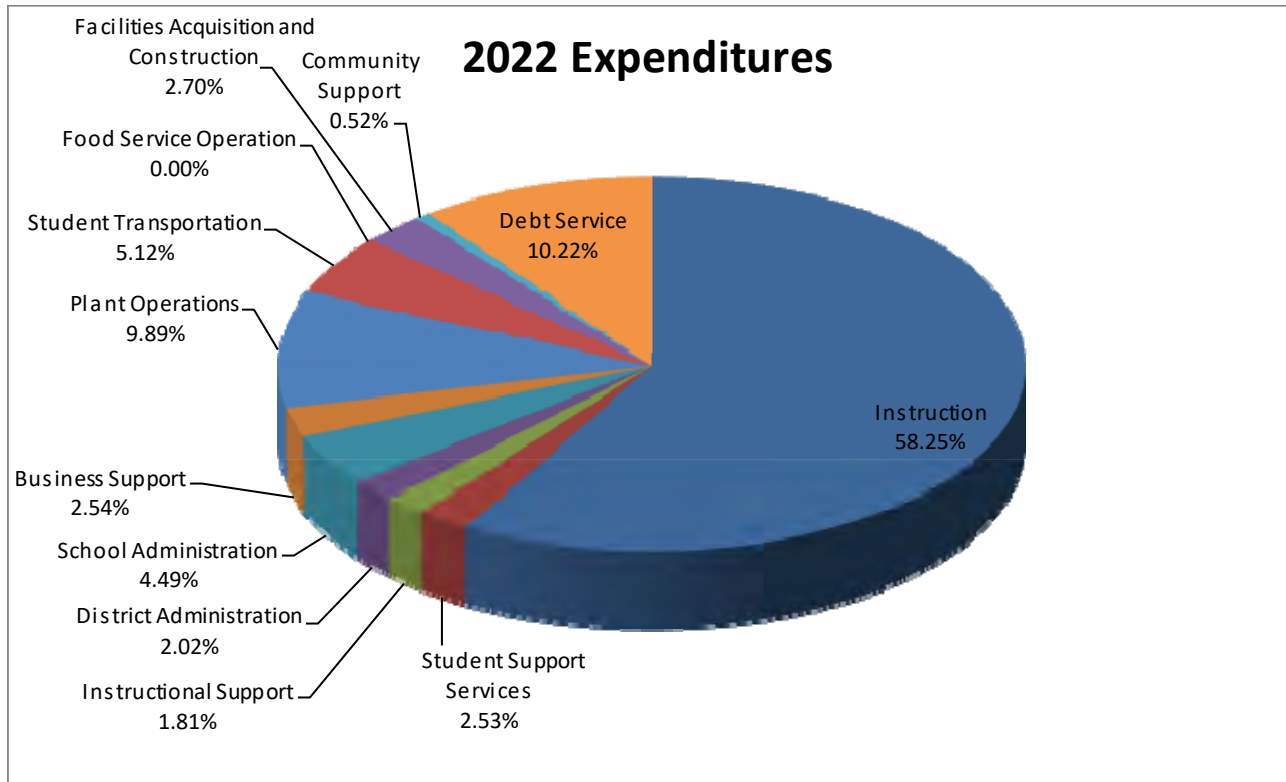
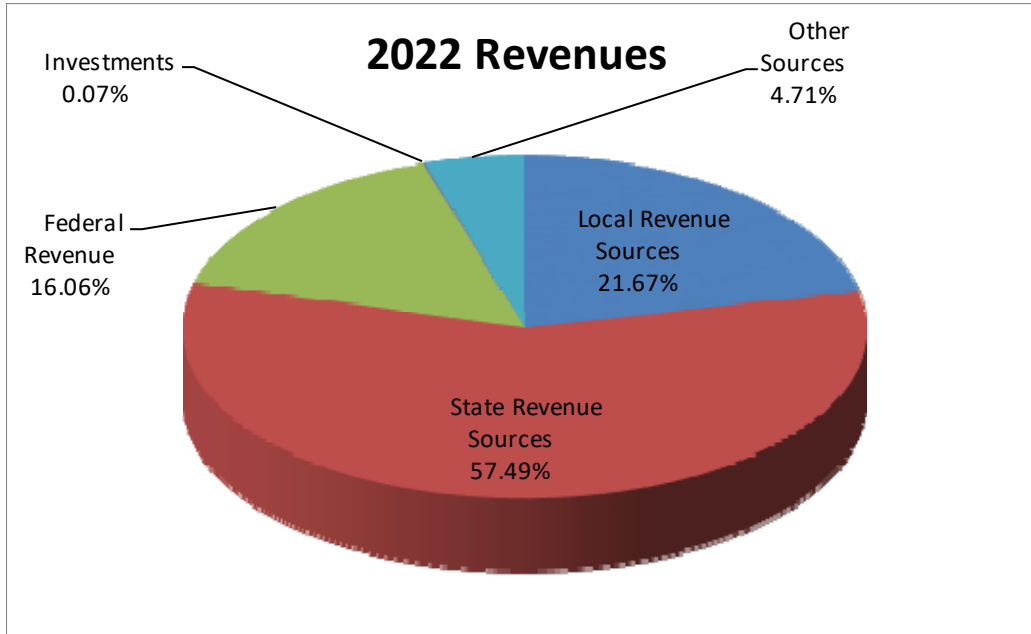
- The District's total revenues for the fiscal year ended June 30, 2022, net of inter-fund transfers and on-behalf payments, were \$21,737,595.
- General fund budget compared to actual revenue (net of unbudgeted on-behalf payments) varied from line item to line item with the ending actual balance being \$673,556 more than budget.
- General fund final actual expenditures were \$3,921,402 less than budget.

The following table presents a summary of revenue and expenditures for the fiscal year ended June 30, 2022 and 2021:

	2022	2021
Revenues:		
Local Revenue Sources	\$ 8,110,262	\$ 9,531,090
State Revenue Sources	21,519,457	21,130,014
Federal Revenue	6,011,561	4,003,076
Investments	27,047	31,904
Other Sources	1,764,808	274,402
Total Revenues	37,433,135	34,970,486
Expenditures:		
Instruction	22,585,452	20,105,024
Student Support Services	898,094	891,161
Instructional Support	700,652	713,841
District Administration	781,374	673,880
School Administration	1,740,319	1,566,949
Business Support	985,063	813,453
Plant Operations	3,835,759	2,525,997
Student Transportation	1,986,093	1,748,819
Food Service Operation	-	8,097
Facilities Acquisition and Construction	1,045,946	2,426,339
Community Support	253,891	185,768
Debt Service	3,960,779	3,948,204
Total Expenditures	38,773,422	35,607,532
Excess (Deficit) of Revenues Over Expenditures	\$ (1,340,287)	\$ (637,046)

TAYLOR COUNTY SCHOOL DISTRICT
 CAMPBELLSVILLE, KENTUCKY
 MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
 Year Ended June 30, 2022

The following pie charts are included as additional illustrations of the District's revenues and expenses for the year ended June 30, 2022.



TAYLOR COUNTY SCHOOL DISTRICT
 CAMPBELLSVILLE, KENTUCKY
 MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
 Year Ended June 30, 2022

GENERAL FUND REVENUE SOURCES

General fund receipts in FY 2022 were derived from three sources: local taxes account for 22 percent of all revenue; state sources were responsible for 57 percent of general fund revenue; federal sources totaled 16 percent; and an additional 5 percent came from investment income, the sale of property and other miscellaneous fees.

GENERAL FUND EXPENDITURE CATEGORIES

General Fund expenditures in FY 2022 were spread among more than one dozen functions.

<u>Expenditure Category</u>	<u>Percent</u>
Instructional Activities (<i>teachers, instructional assistants, instructional supplies, materials & equipment</i>)	60
Plant Operations	14
Student Transportation	7.6
School Administration Support (principal's offices)	5.9
Student Support Services (<i>pupil attendance, guidance, social work, health, psychologist, speech pathologists, occupational and physical therapy, services for the visually impaired</i>)	3.3
Instructional Staff Support	2.2
District Administration Support (<i>board of ed, office of superintendent</i>)	3.1
Business Support Services	3.2
Community Services, Site Improvement, Debt Service & Fund Transfers (<i>Local Technology Match</i>)	0.1
Other Services	0.7

BUDGETARY IMPLICATIONS

In Kentucky the public school fiscal year is July 1-June 30; other programs, i.e. some federal operate on a different fiscal calendar, but are reflected in the district overall budget. By law the budget must have a minimum 2 percent contingency. The district adopted a budget with \$3,750,000 in contingency (11.7% of the entire budget). The beginning cash balance for beginning the fiscal year was \$6,114,257.

Questions regarding this report should be directed to the Superintendent (270-465-5371) or to the Finance Officer (270-465-5371) or by mail at 1209 East Broadway, Campbellsville, KY 42718.

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

	Governmental Activities	Business Type Activities	Total
Assets:			
Current Assets:			
Cash & cash equivalents	\$ 14,559,732	\$ 825,902	\$ 15,385,634
Cash & cash equivalents, restricted	-	-	-
Inventory	-	78,640	78,640
Accounts receivable			
Taxes current	299,336	-	299,336
Other accounts receivable	119,694	-	119,694
Intergovernmental -direct federal	-	-	-
Intergovernmental -indirect federal	563,870	-	563,870
Current portion bond discount, net	14,019	-	14,019
Total current assets	<u>15,556,651</u>	<u>904,542</u>	<u>16,461,193</u>
Noncurrent Assets:			
Land and other non-depreciable assets	3,852,524	-	3,852,524
Capital assets net of accumulated depreciation and amortization	66,741,387	18,489	66,759,876
Bond discount, net	245,058	-	245,058
Total noncurrent assets	<u>70,838,969</u>	<u>18,489</u>	<u>70,857,458</u>
Total assets	<u>86,395,620</u>	<u>923,031</u>	<u>87,318,651</u>
Deferred outflows of resources			
CERS OPEB	1,819,617	246,392	2,066,009
KTRS OPEB	1,651,365	-	1,651,365
CERS	1,965,555	286,121	2,251,676
Total deferred outflows of resources	<u>5,436,537</u>	<u>532,513</u>	<u>5,969,050</u>

See accompanying notes to financial statements.

TAYLOR COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION - CONTINUED
June 30, 2022

	Governmental Activities	Business Type Activities	Total
Liabilities:			
Current Liabilities:			
Accounts payable	\$ 329,076	\$ 4,214	\$ 333,290
KSBIT assessment	-	-	-
Accrued interest payable	497,699	-	497,699
Other accrued liabilities	1,734,262	-	1,734,262
Current portion of bond obligations	2,610,000	-	2,610,000
Current portion of capital lease	155,539	-	155,539
Current portion of accrued sick leave	125,112	-	125,112
Current portion of bond premium, net	1,097	-	1,097
Unearned revenue	311,062	-	311,062
Total current liabilities	<u>5,763,847</u>	<u>4,214</u>	<u>5,768,061</u>
Noncurrent liabilities:			
Noncurrent portion of bond obligations	48,305,080	-	48,305,080
Noncurrent portion of capital lease	701,166	-	701,166
Noncurrent portion of accrued sick leave	384,570	-	384,570
Bond premium, net	12,707	-	12,707
Net OPEB liability-CERS	2,698,037	392,747	3,090,784
Net OPEB liability-KTRS	3,900,000	-	3,900,000
Net pension liability	8,987,459	1,308,285	10,295,744
Total noncurrent liabilities	<u>64,989,019</u>	<u>1,701,032</u>	<u>66,690,051</u>
Total liabilities	<u>70,752,866</u>	<u>1,705,246</u>	<u>72,458,112</u>
Deferred Inflows of Resources			
OPEB-CERS	1,385,940	201,748	1,587,688
OPEB-KTRS	2,916,000	-	2,916,000
CERS	1,640,883	238,860	1,879,743
Total deferred inflows of resources	<u>5,942,823</u>	<u>440,608</u>	<u>6,383,431</u>
Net Position			
Net investment in capital assets	19,053,380	18,489	19,071,869
Restricted for:			
Inventories	-	78,640	78,640
Food Service	-	(77,404)	(77,404)
Other	-	(1,609,127)	(1,609,127)
Unrestricted	(3,916,912)	899,092	(3,017,820)
Total net position	<u>\$ 15,136,468</u>	<u>\$ (690,310)</u>	<u>\$ 14,446,158</u>

See accompanying notes to financial statements.

TAYLOR COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
for the Year Ended June 30, 2022

Functions/Programs	Expense	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business Type Activities	Total
Governmental Activities:							
Instruction	\$ 23,769,180	\$ 216	\$ 6,523,133	\$ -	\$(17,245,831)	\$ -	\$(17,245,831)
Support Services							
Student	898,094	-	57,799	-	(840,295)	-	(840,295)
Instruction Staff	700,652	-	151,701	-	(548,951)	-	(548,951)
District Administrative	828,352	-	-	-	(828,352)	-	(828,352)
School Administrative	1,740,319	-	241,532	-	(1,498,787)	989	(1,497,798)
Business Support Services	985,063	-	180,069	-	(804,994)	-	(804,994)
Plant Operation and Maintenance	2,270,731	7,540	306,570	-	(1,956,621)	-	(1,956,621)
Student Transportation	2,130,672	-	54,416	-	(2,076,256)	-	(2,076,256)
Food service operations	-	-	-	-	-	-	-
Community Service Operations	253,891	-	223,121	-	(30,770)	-	(30,770)
Facilities Acquisition & Construction	877,473	-	-	1,338,705	461,232	-	461,232
Interest on Long-Term Debt	1,336,403	-	-	-	(1,336,403)	-	(1,336,403)
Total Governmental Activities	<u>35,790,830</u>	<u>7,756</u>	<u>7,738,341</u>	<u>1,338,705</u>	<u>(26,706,028)</u>	<u>-</u>	<u>(26,706,028)</u>
Business-Type Activities							
Food Service	2,323,000	13,331	2,578,897	-	-	269,228	269,228
Total business-type activities	<u>2,323,000</u>	<u>13,331</u>	<u>2,578,897</u>	<u>-</u>	<u>-</u>	<u>269,228</u>	<u>269,228</u>
Total primary government	<u>\$ 38,113,830</u>	<u>\$ 21,087</u>	<u>\$ 10,317,238</u>	<u>\$ 1,338,705</u>	<u>(26,706,028)</u>	<u>269,228</u>	<u>(26,436,800)</u>
General Revenues:							
Taxes							
					5,926,697	-	5,926,697
					70,295	-	70,295
					945,714	-	945,714
					1,149,640	-	1,149,640
					17,916	-	17,916
					27,047	4,885	31,932
					19,100,630	-	19,100,630
					1,110,394	-	1,110,394
					-	-	-
					161,403	(161,403)	-
					<u>28,509,736</u>	<u>(156,518)</u>	<u>28,353,218</u>
					1,803,708	112,710	1,916,418
					<u>13,332,760</u>	<u>(803,020)</u>	<u>12,529,740</u>
					<u>\$ 15,136,468</u>	<u>\$ (690,310)</u>	<u>\$ 14,446,158</u>

See accompanying notes to financial statements.

TAYLOR COUNTY SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2022

	General Fund	Special Fund	Construction Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Assets and resources:						
Cash and cash equivalents	\$ 6,114,257	\$ -	\$ 7,908,053	\$ -	\$ 537,422	\$ 14,559,732
Cash and cash equivalents, restricted	-	-	-	-	-	-
Accounts receivable:						
Taxes current	299,336	-	-	-	-	299,336
Other accounts receivable	45,071	71,788	-	-	2,835	119,694
Intergovernmental - direct federal	-	-	-	-	-	-
Intergovernmental - indirect federal	-	563,870	-	-	-	563,870
Interfund receivable	374,796	-	-	-	-	374,796
Total assets and resources	<u>\$ 6,833,460</u>	<u>\$ 635,658</u>	<u>\$ 7,908,053</u>	<u>\$ -</u>	<u>\$ 540,257</u>	<u>\$ 15,917,428</u>
Liabilities and fund balance:						
Liabilities:						
Accounts payable	\$ 94,102	\$ -	\$ 233,655	\$ -	\$ 1,319	\$ 329,076
Interfund payable	-	374,796	-	-	-	374,796
Accounts payable from restricted assets	-	-	-	-	-	-
Other accrued liabilities	1,734,262	-	-	-	-	1,734,262
Unearned revenue	-	260,862	-	-	50,200	311,062
Total liabilities	<u>1,828,364</u>	<u>635,658</u>	<u>233,655</u>	<u>-</u>	<u>51,519</u>	<u>2,749,196</u>
Fund balances:						
Restricted - sick leave payable	192,285	-	-	-	-	192,285
Restricted - future construction	-	-	7,690,598	-	132,920	7,823,518
Restricted - other	-	-	-	-	-	-
Unassigned fund balance	4,812,811	-	(16,200)	-	355,818	5,152,429
Total fund balance	<u>5,005,096</u>	<u>-</u>	<u>7,674,398</u>	<u>-</u>	<u>488,738</u>	<u>13,168,232</u>
Total liabilities and fund balance	<u>\$ 6,833,460</u>	<u>\$ 635,658</u>	<u>\$ 7,908,053</u>	<u>\$ -</u>	<u>\$ 540,257</u>	<u>\$ 15,917,428</u>

See accompanying notes to financial statements.

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

Total fund balances per fund financial statements		\$ 13,168,232
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in government activities are not current financial resources and therefore are not reported as assets in this fund financial statement. The cost of the assets is \$88,623,905, and the accumulated depreciation is \$18,029,994.		
		70,593,911
Deferred inflows of resources-CERS	\$ (3,026,823)	
Deferred inflows of resources-KTRS	(2,916,000)	
Deferred outflows of resources-CERS	3,785,172	
Deferred outflows of resources-KTRS	1,651,365	
Net OPEB liability-CERS	(2,698,037)	
Net OPEB liability-KTRS	(3,900,000)	
Net pension liability	<u>(8,987,459)</u>	(16,091,782)
Bonds and capital lease payable are not reported in this fund financial statement because they are not due and payable in the current period, but they are presented in the statement of net position.		
		(51,771,785)
Certain liabilities, (Sick leave and interest payable) are not presented in this fund financial statement because they are not due and payable, but they are presented in the statement of net position as follows:		
Bond premium, net	(13,804)	
Bond discount, net	259,077	
Interest Payable	(497,699)	
Accrued Sick Leave Payable	<u>(509,682)</u>	<u>(762,108)</u>
Net position for governmental activities		<u>\$ 15,136,468</u>

See accompanying notes to financial statements.

TAYLOR 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 (Grant) Fund	Construction Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
From local sources:						
Taxes:						
Property	\$ 4,833,738	\$ -	\$ -	\$ -	\$ 1,181,170	\$ 6,014,908
Motor vehicles	945,714	-	-	-	-	945,714
Utilities	1,149,640	-	-	-	-	1,149,640
Tuition and fees	216	-	-	-	-	216
Earnings and investments	24,527	211	1,465	-	844	27,047
Other local revenues	15,358	646,658	-	-	1,102,576	1,764,592
Intergovernmental - state	17,536,715	1,265,075	-	1,378,962	1,338,705	21,519,457
Intergovernmental - indirect federal	126,001	5,826,608	-	-	-	5,952,609
Intergovernmental - direct federal	58,952	-	-	-	-	58,952
Total revenues	<u>24,690,861</u>	<u>7,738,552</u>	<u>1,465</u>	<u>1,378,962</u>	<u>3,623,295</u>	<u>37,433,135</u>
Expenditures:						
Instruction	15,198,095	6,289,859	-	-	1,097,498	22,585,452
Support services:						
Student	840,296	57,798	-	-	-	898,094
Instructional staff	548,951	151,701	-	-	-	700,652
District Administration	781,374	-	-	-	-	781,374
School Administration	1,498,787	241,532	-	-	-	1,740,319
Business support services	804,994	180,069	-	-	-	985,063
Plant operations and maintenance	3,529,189	306,570	-	-	-	3,835,759
Student transportation	1,931,677	54,416	-	-	-	1,986,093
Food service operation	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Other - facilities	-	-	1,045,946	-	-	1,045,946
Community service activities	30,770	223,121	-	-	-	253,891
Debt service:						
Principal	101,583	-	-	2,525,000	-	2,626,583
Interest	19,099	-	-	1,315,097	-	1,334,196
Total expenditures	<u>25,284,815</u>	<u>7,505,066</u>	<u>1,045,946</u>	<u>3,840,097</u>	<u>1,097,498</u>	<u>38,773,422</u>
Excess (Deficit) of Revenues Over Expenditures	<u>(593,954)</u>	<u>233,486</u>	<u>(1,044,481)</u>	<u>(2,461,136)</u>	<u>2,525,797</u>	<u>(1,340,287)</u>
Other financing sources (uses):						
Proceeds from capital lease	-	-	-	-	-	-
Proceeds from bond issue	-	-	8,430,000	-	-	8,430,000
Cost of issuance	-	-	-	-	-	-
Operating transfers in	559,437	87,177	165,729	2,461,135	24,736	3,298,214
Operating transfers out	(237,885)	(320,663)	(35,092)	-	(2,543,171)	(3,136,811)
Total other financing sources (uses)	<u>321,552</u>	<u>(233,486)</u>	<u>8,560,637</u>	<u>2,461,135</u>	<u>(2,518,435)</u>	<u>8,591,403</u>
Net change in fund balance	(272,402)	-	7,516,156	-	7,362	7,251,116
Fund Balance June 30, 2021	<u>5,277,498</u>	<u>-</u>	<u>158,242</u>	<u>-</u>	<u>481,376</u>	<u>5,917,116</u>
Fund Balance June 30, 2022	<u>\$ 5,005,096</u>	<u>\$ -</u>	<u>\$ 7,674,398</u>	<u>\$ -</u>	<u>\$ 488,738</u>	<u>\$13,168,232</u>

See accompanying notes to financial statements.

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

Net Change - Governmental Funds \$ 7,251,116

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

Governmental funds report capital outlays as expenditures because they use current financial resources. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeds capital outlays for the year.

Depreciation Expense	\$ (1,768,306)	
Capital Outlays	<u>1,879,768</u>	111,462

Bond proceeds are reported as financial sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.

Principal Paid:		
District	1,619,756	
State	905,244	
Capital Leases	53,719	
Bond Proceeds	<u>(8,430,000)</u>	(5,851,281)

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

Accrued Interest Payable	9,034	
Accrued Sick Leave	(18,208)	
Bond premium, net	1,097	
Bond discount, net	162,176	
Net pension liability	1,273,019	
Net OPEB liability-CERS	531,306	
Net OPEB liability-KTRS	704,000	
Deferred outflows of resources	532,906	
Deferred inflows of resources	<u>(2,902,919)</u>	292,411

In the statement of activities the net gain on the sale/disposal of assets is reported in, whereas in the governmental funds the proceeds from the sale increases financial resources. Thus the change in net position differs from the change in fund balances by the cost of the assets sold/disposed.

Change in net position of governmental activities		<u>\$ 1,803,708</u>
---	--	---------------------

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

	<u>Food Service Fund</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 825,902
Inventory	78,640
Total current assets	<u>904,542</u>
Noncurrent assets	
Capital assets net of accumulated depreciation	18,489
Total noncurrent assets	<u>18,489</u>
Total assets	<u>923,031</u>
Deferred Outflows of resources	
OPEB	246,392
CERS	286,121
Total Deferred Outflows of resources	<u>532,513</u>
Liabilities	
Current liabilities	
Accounts payable	4,214
Total current liabilities	<u>4,214</u>
Noncurrent liabilities	
Net OPEB liability - CERS	392,747
Net pension liability - CERS	1,308,285
Total noncurrent liabilities	<u>1,701,032</u>
Total liabilities	<u>1,705,246</u>
Deferred Inflows of resources	
OPEB-CERS	201,748
CERS	238,860
Total Deferred Inflows of resources	<u>440,608</u>
Net position	
Net investment in capital assets	18,489
Unassigned	
Restricted:	
Food Service	(77,404)
Inventory	78,640
Restricted - other	(1,609,127)
Unrestricted	899,092
Total net position	<u>\$ (690,310)</u>

See accompanying notes to financial statements.

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

	Food Service Fund
Operating Revenues:	
Lunchroom sales	\$ 5,925
Other operating revenues	7,406
Total operating revenues	13,331
Operating Expenses:	
Salaries and benefits	1,137,535
Contract services	16,819
Material and supplies	1,127,111
Depreciation	3,482
Other operating expenses	38,053
Total operating expenses	2,323,000
Operating income (loss)	(2,309,669)
Non-operating revenues (expenses)	
Federal grants	2,316,023
Donated commodities	46,753
State grants	216,121
Interest income	4,885
Total non-operating revenues (expenses)	2,583,782
Income (loss) before capital contributions and transfers	274,113
Net transfers	(161,403)
Change in net position	112,710
Net position - beginning	(803,020)
Net position - ending	\$ (690,310)

See accompanying notes to financial statements.

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

Cash Flows From Operating Activities:	
Cash received from:	
Lunchroom sales	\$ 5,925
Other activities	7,406
Cash paid to/for:	
Employees	(1,093,049)
Supplies	(1,117,703)
Other activities	<u>(54,872)</u>
Net cash provided (used) by operating activities	(2,252,293)
Cash flows from noncapital financing activities:	
State grants	15,591
Federal grants	<u>2,316,023</u>
Net cash provided (used) by noncapital financing activities	2,331,614
Cash flows from investing activities:	
Receipt of interest income	4,885
Purchase of assets	(2,427)
Net transfers	<u>(161,403)</u>
Net cash provided (used) by investing activities	<u>(158,945)</u>
Net increase (decrease) in cash and cash equivalents	(79,624)
Balances, beginning of year	<u>905,526</u>
Balances, end of year	<u><u>\$ 825,902</u></u>
Reconciliation of change in operating income to net cash provided (used) by operating activities:	
Operating Income (Loss)	\$ (2,309,669)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	3,482
State on-behalf payments	200,530
Donated commodities	46,753
GASB 68 expense	(132,488)
GASB 75 expense	(23,556)
Change in Assets and Liabilities:	
(Increase) decrease in inventory	(27,365)
Increase (decrease) in accounts payable	<u>(9,980)</u>
Net cash provided (used) by operating activities	<u><u>\$ (2,252,293)</u></u>
Schedule of non-cash transactions:	
On behalf payments from the state for employee benefits	\$ 200,530
Donated commodities received from federal government	46,753
Casb 68 & 75 expenses (net)	(156,044)

See accompanying notes to financial statements.

TAYLOR COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

The District, for financial purposes, includes all of the funds and account groups relevant to the operation of the Taylor County Board of Education. The financial statements presented herein do not include funds of groups and organizations, which although associated with the school system, have not originated within the Board itself such as Band Boosters, Parent-Teacher Associations, etc.

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

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

Taylor County Board of Education Finance Corporation – On November 19, 1990, the Taylor County, Kentucky, Board of Education resolved to authorize the establishment of the Taylor County School District Finance Corporation (a non-profit, non-stock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS Section 58.180) (the "Corporation") as an agency for the District for financing the costs of school building facilities. The members of the Board also comprise the Corporation’s Board of Directors.

Basis of Presentation

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

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function or program of the District’s governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

In the government-wide statement of net position and statement of activities both governmental and business-like activities are presented using the accrual basis of accounting. Under accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange-like transactions are recognized when the exchange takes place.

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

TAYLOR COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
For the Year Ended June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

The District has the following funds:

- Governmental Fund Types
 1. The General Fund is the main operating fund of the Board. It accounts for financial resources used for general types of operations. This is a budgeted fund, and any fund balances are considered as resources available for use. This is a major fund of the District.
 2. The Special Revenue (Grant) Fund accounts for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances are returned to the grantor at the close of the specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally funded grant programs are identified in the Schedule of Expenditures of Federal Awards and Notes to the Schedule of Expenditures of Federal awards included in this report on pages 62 through 64. This is a major fund of the District.
 3. The District Activity Fund is a Special Revenue Fund type and is used to account for funds received at the school level.
 4. Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment (other than those financed by Proprietary Fund).
 - a. The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund receives those funds designated by the state as Capital Outlay Funds and is restricted for use in financing projects identified in the district's facility plan.
 - b. The Facility Support Program of Kentucky (FSPK) accounts for funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable. Funds may be used for projects identified in the district's facility plan. This is a major fund of the District.
 - c. The Construction Fund includes Capital Projects Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction.
 4. The Debt Service Funds are used to account for the accumulation of resources for and the payment of, general long-term principal and interest and related cost; and for the payment of interest on general obligation notes payable, as required by Kentucky Law.
- Proprietary Fund Types (Enterprise Fund)
 1. The Food Service Fund is used to account for school food service activities, including the National School Lunch Program, which is conducted in cooperation with the U.S. Department of Agriculture (USDA). Amounts have been recorded for in-kind contribution of commodities from the USDA. The Food Service Fund is a major fund.
 2. Operating revenues in the proprietary funds are the 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.

TAYLOR COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
For the Year Ended June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

- Fiduciary Fund Types

1. The Agency Funds account for activities of student groups and other types of activities requiring clearing accounts. These funds comply with *Accounting Procedures for Kentucky School Activity Funds*.

Basis of Accounting

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

Revenues – Exchange and Non-exchange Transactions – Revenues resulting from exchange transactions, in which each party receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and available.

Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of the fiscal year-end.

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

When both restricted and unrestricted resources are available, it is the District's policy to use restricted first, then unrestricted resources, as they are needed.

Unearned Revenue – Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Grants and entitlements received before the eligibility requirements are met are recorded as deferred revenue.

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

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

Property Taxes

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

The property tax rates assessed for the year ended June 30, 2022, to finance the General Fund operations were \$.598 per \$100 valuation for real property, \$.598 per \$100 valuation for business personal property and \$.537 per \$100 valuation for motor vehicles.

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

TAYLOR COUNTY SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
 For the Year Ended June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Capital Assets

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

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

All 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:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Buildings and improvements	25-50 years
Land improvements	20 years
Technology equipment	5 years
Vehicles	5-10 years
Audio-visual equipment	15 years
Food service equipment	10-12 years
Furniture and fixtures	7 years
Rolling stock	15 years
Other	10 years

Inter-fund Balances

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

Budgetary Process

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

- Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).
- Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).
- The budget can be amended after initial approval.
- Each budget is prepared and controlled by the budget coordinator at the revenue and expenditure function/object level. All budget appropriations lapse at year-end.
- On-Behalf payments were not considered in the budget.

Encumbrances

Encumbrances are not liabilities and, therefore, are not reported as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end and outstanding encumbrances at year-end are re-appropriated in the next year. There were no outstanding encumbrances at year-end.

TAYLOR COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
For the Year Ended June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Cash and Cash Equivalents

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

Inventories

The only inventory maintained by the District consists of expendable supplies held for consumption and is accounted for in the Enterprise Fund. Inventory consists of donated and purchased food held for resale and is expensed when used. Purchased food is valued at cost and the U.S. Government donated commodities value is determined by the U.S. Department of Agriculture.

Prepaid Assets

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

Receivables

The District recognizes revenues as receivable when they are measurable and receipt is probable. Concentration of credit risk with respect to the receivables from federal and state governments is limited due to the historical stability of those institutions.

Accrued Liabilities and Long-Term Obligations

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

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

Postemployment Benefits Other Than OPEBs (OPEB)

For purposes of measuring the liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Teachers' Retirement System of the State of Kentucky (TRS) and additions to/deductions from TRS's fiduciary net position have been determined on the same basis as they are reported by TRS. 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, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Fund Balance Reserves

- Non-spendable fund balance-amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balances-amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance-amounts constrained to specific purposes by the District itself, using its decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the District takes the action to remove or change the constraint;

TAYLOR COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
For the Year Ended June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

- Assigned fund balance-amounts the District intends to use for specific purpose (such as encumbrances); intent can be expressed by the District or by an official or body to which the District delegates the authority;
- Unassigned fund balances-amounts that are available for any purpose; positive amounts are reported only in the General Fund

When expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District Board has provided otherwise in its commitment or assignment actions.

Net Position

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

Operating Revenues and Expenses

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

Contributions of Capital

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

Inter-fund Activity

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

Use of Restricted/Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted net positions are available, the Board's policy is to apply restricted net positions first.

NOTE 2 – ESTIMATES

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

NOTE 3 – CASH AND INVESTMENTS

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy is to have all deposits secured by pledged securities.

At June 30, 2022, the carrying amount of the District's cash and cash equivalents (cash equivalents are funds temporarily invested in securities with a maturity of 90 days or less) was \$15,385,631 while the bank statements totaled \$15,844,232. Of the total bank balances, \$250,000 was insured by FDIC; collateral agreements were executed and collateral, with a FMV of \$18,079,904 and book value of \$18,715,000, was pledged and held by the pledging bank's trust departments in the District's name to secure the remainder of deposits.

TAYLOR COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
For the Year Ended June 30, 2022

NOTE 3 – CASH AND INVESTMENTS - CONTINUED

Due to the nature of the accounts and certain limitations on the use of the funds, each bank account within the following funds is considered to be restricted: SEEK Capital Outlay Fund, Facility Support Program (FSPK) Fund, Special Revenue Fund, Debt Service Fund, Food Service Fund and Agency Fund.

Kentucky Revised Statutes authorizes the District to invest in the following: obligations of the United States Government and of its agencies and instrumentalities, repurchase agreements and specially approved AAA rated corporate bonds; bonds or certificates of indebtedness of the Commonwealth of Kentucky and of its agencies and municipalities; certificates of deposit or other interest bearing accounts issued by any bank or savings and loan institution up to FDIC insured amount, and in larger amounts provided that the bank pledges as security obligations having a current market value at least equal to any uninsured deposits.

The District held no investments at June 30, 2022.

NOTE 4 – CAPITAL ASSETS

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

	Balance June 30, 2021	Additions	Transfers/ Retirements	Balance June 30, 2022
Governmental Activities				
Capital Assets not being Depreciated:				
Land	\$ 2,990,887	\$ -	\$ -	\$ 2,990,887
Construction in Progress	35,732,884	719,639	(35,590,886)	861,637
Total Capital Assets not being Depreciated	<u>38,723,771</u>	<u>719,639</u>	<u>(35,590,886)</u>	<u>3,852,524</u>
Capital Assets, being Depreciated:				
Land Improvements	572,800	-	-	572,800
Buildings and Building Improvements	40,112,450	314,703	35,590,886	76,018,039
Right to Use Assets	100,228	99,787	-	200,015
Technology equipment	2,064,367	381,282	-	2,445,649
Vehicles	3,204,269	275,740	(2,550)	3,477,459
General Equipment	1,978,259	88,617	(9,458)	2,057,418
Totals at historical cost	<u>48,032,373</u>	<u>1,160,129</u>	<u>35,578,878</u>	<u>84,771,380</u>
Less accumulated depreciation for:				
Land Improvements	435,017	23,307	-	458,324
Buildings and Building Improvements	10,215,735	1,277,013	-	11,492,748
Right to Use Assets	35,695	53,990	-	89,685
Technology Equipment	1,569,675	207,108	-	1,776,783
Vehicles	2,311,828	159,598	(2,550)	2,468,876
General Equipment	1,705,745	47,290	(9,458)	1,743,577
Construction	-	-	-	-
Total accumulated depreciation	<u>16,273,695</u>	<u>1,768,306</u>	<u>(12,008)</u>	<u>18,029,993</u>
Governmental Activities Capital Net	<u>\$ 70,482,449</u>	<u>\$ 111,462</u>	<u>\$ -</u>	<u>\$ 70,593,911</u>

TAYLOR COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
For the Year Ended June 30, 2022

NOTE 4 – CAPITAL ASSETS – CONTINUED

	Balance June 30, 2021	Additions	Retirements	Balance June 30, 2022
Proprietary Activities				
Land	\$ -	\$ -	\$ -	\$ -
Buildings and Building Improvements	-	-	-	-
Technology Equipment	5,809	2,427	-	8,236
Vehicles	-	-	-	-
General Equipment	527,612	-	-	527,612
Construction	-	-	-	-
Totals at historical cost	<u>533,421</u>	<u>2,427</u>	<u>-</u>	<u>535,848</u>
Less Accumulated Depreciation For:				
Land	-	-	-	-
Buildings and Buildings Improvement	-	-	-	-
Technology Equipment	4,778	695	-	5,473
General Equipment	509,099	2,787	-	511,886
Construction	-	-	-	-
Total Accumulated Depreciation	<u>513,877</u>	<u>3,482</u>	<u>-</u>	<u>517,359</u>
Proprietary activities capital assets, net	<u>\$ 19,544</u>	<u>\$ (1,055)</u>	<u>\$ -</u>	<u>\$ 18,489</u>

Depreciation Expense Charged to Governmental Functions as Follows:

Instructional	\$ 1,509,750
Student Transportation	144,579
District Administration	100,968
Plant Operation and Maintenance	<u>13,009</u>
Total	<u>\$ 1,768,306</u>

NOTE 5 – LONG-TERM OBLIGATIONS

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

Issue	District Original Amount	SFCC Original Amount	Interest Rate Ranges	Maturity Dates
Issue of Feb., 2012	\$ 1,840,000	\$ -	1.85%	Apr. 1, 2024
Issue of Feb., 2015	\$ 25,225,969	\$ 20,359,031	2.00% - 3.250%	Feb. 1, 2035
Issue of Jul., 2016	\$ 2,521,171	\$ 63,829	2.00% - 2.750%	Aug. 1, 2036
Issue of Sept., 2019	\$ 4,245,000	\$ -	2.00% - 2.625%	Jun. 1, 2039
Issue of May, 2020	\$ 1,680,000	\$ -	2.00%	May 1, 2030
Issue of June, 2022	\$ 8,243,099	\$ 186,901	3.75% - 4%	June 1, 2042

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

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

TAYLOR COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
For the Year Ended June 30, 2022

NOTE 5 – LONG-TERM OBLIGATIONS – CONTINUED

The bonds may be called prior to maturity and redemption premiums are specified in each issue. Assuming no bonds are called prior to scheduled maturity, the minimum obligations of the District, including amounts to be paid by the Commission, at June 30, 2022 for debt service (principal and interest) are as follows:

Year	Taylor County School District		Kentucky School Construction Commission		Total
	Principal	Interest	Principal	Interest	
2022-2023	\$ 1,670,948	\$ 1,109,809	\$ 939,052	\$ 453,463	\$ 4,173,272
2023-2024	1,718,013	1,076,290	966,987	425,528	4,186,818
2024-2025	1,768,980	1,028,168	966,020	396,496	4,159,664
2025-2026	1,819,078	982,045	1,025,922	366,595	4,193,640
2026-2027	1,873,277	930,771	1,056,723	335,792	4,196,563
2028-2032	9,865,953	3,835,505	5,779,047	1,183,522	20,664,027
2033-2037	9,394,660	2,278,832	3,940,340	271,675	15,885,507
2038-2042	8,039,806	938,834	60,274	7,392	9,046,306
Totals	\$ 36,150,715	\$ 12,180,254	\$ 14,734,365	\$ 3,440,463	\$ 66,505,797

Total interest incurred for the year ended June 30, 2022 was \$1,336,403, all of which was charged to expense.

Kista Bus Leases

The District entered into a capital lease in March 2020 with the Kentucky Inter-local Transportation Association (KISTA) upon purchase of four school buses. Principal payments are due annually on March 1. Interest is stated at 2.00% and is due semi-annually on September 1 and March 1.

The District entered into a capital lease in April 2021 with the Kentucky Inter-local Transportation Association (KISTA) upon purchase of two school buses. Principal payments are due annually on March 1. Interest is stated at 1.25% - 1.500% and is due semi-annually on September 1 and March 1.

Copier Leases

The District has implemented GASB Statement No. 87, *Leases* and as a result has recorded \$100,228 as intangible right to use assets and accumulated amortization of \$35,695 in the governmental activities capital assets as of June 30, 2021 for the District's copier lease agreements. The District also recorded a lease liability of \$64,944 as of June 30, 2021. (See Note 16). A borrowing rate of 4.5% was used to discount the annual lease payments to recognize the intangible right to use these assets and the lease liability.

Annual requirements to amortize the lease liabilities and related interest are as follows:

Year Ending, June 30,	Principal	Interest
2023	\$ 155,539	\$ 21,138
2024	141,720	16,234
2025	107,245	12,615
2026	104,658	10,114
2027	104,459	7,696
Thereafter	243,084	9,664
Total requirements	\$ 856,705	\$ 77,461

Amortization of leased equipment under capital assets is included with depreciation expense

TAYLOR COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
For the Year Ended June 30, 2022

NOTE 5 – LONG-TERM OBLIGATIONS – CONTINUED

Accumulated Unpaid Sick Leave Benefits

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

Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the School District’s past experience of making termination payments. As of June 30, 2022, management has estimated the accrued sick leave liability obligation will be approximately \$509,682. The entire sick leave liability is reported on the government-wide financial statements.

Long-term liability the fiscal year ended June 30, 2022 was as follows:

	Beginning Balance July 1, 2021	Additions	Reductions	Ending Balance June 30, 2022	Amounts Due Within One Year
Governmental Activities					
Revenue Bonds Payable	\$ 45,010,080	\$ 8,430,000	\$ 2,525,000	\$ 50,915,080	\$ 2,610,000
Capital Lease Payable	845,480	64,944	53,719	856,705	155,539
Accrued Sick Leave	491,474	18,208	-	509,682	125,112
Bond Premium, net	14,901		1,097	13,804	1,097
Net OPEB Liability - CERS	3,229,343	-	531,306	2,698,037	-
Net OPEB Liability - KTRS	4,604,000	-	704,000	3,900,000	-
Net pension liability	10,260,478	-	1,273,019	8,987,459	-
Governmental Activities					
Long-term Liabilities	<u>\$ 64,455,756</u>	<u>\$ 8,513,152</u>	<u>\$ 5,088,141</u>	<u>\$ 67,880,767</u>	<u>\$ 2,891,748</u>

The debt service fund is primarily responsible for paying bond obligations through funding from the capital outlay and FSPK funds. The general fund is primarily responsible for paying accrued vacation and sick leave.

NOTE 6 – RETIREMENT PLANS

Kentucky Teacher’s Retirement

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

General information about the County Employees retirement system Non-Hazardous (“CERS”)

Plan description - Employees whose positions do not require a degree beyond a high school diploma are covered by the CERS, a cost-sharing multiple-employer defined benefit pension plan administered by the Kentucky Retirement System, an agency of the Commonwealth of Kentucky. Under the provisions of the Kentucky Revised Statute (“KRS”) Section 61.645, the Board of Trustees of the Kentucky Retirement administers CERS and has the authority to establish and amend benefit provisions. The Kentucky Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for CERS. That report may be obtained from <http://kyret.ky.gov/>.

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

TAYLOR COUNTY SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
 For the Year Ended June 30, 2022

NOTE 6 – RETIREMENT PLANS - CONTINUED

Tier 1	Participation date	Before September 1, 2008
	Unreduced retirement	27 years service or 65 years old
	Reduced retirement	At least 5 years of service and 55 years old 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 plus age equal 87
	Reduced retirement	Not available

Cost of living adjustments are provided at the discretion of the General assembly. Retirement is based on a factor of the number of years’ service and the hire date multiplied by the average of the highest five years’ earnings. Reduced benefits are based on factors of both of these components. Participating employees become eligible to receive the health insurance benefit after at least 180 months of service. Death benefits are provided for both death after retirement and death prior to retirement. Death benefits after retirement are \$5,000 in lump sum. Five years’ service is required for death benefits prior to retirement and the employee must have suffered a duty-related death. The decedent’s beneficiary will receive the higher of the normal death benefit and \$10,000 plus 25% of the decedent’s monthly final rate of pay and any dependent child will receive 10% of the decedent’s monthly final rate of pay up to 40% for all dependent children. Five years’ service is required for non-service related disability benefits.

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

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

The district’s contribution requirement for CERS for the years ended June 30, 2022, 2021, and 2020 was \$1,125,611, \$772,513, and \$784,880 from the District and \$261,279, \$200,135 and 199,830 from employees. The total covered payroll for CERS during the years ended June 30, 2022, 2021 and 2020 was \$5,317,012, \$4,002,656, and \$4,066,731.

General information about the Teachers’ Retirement System of the State of Kentucky (“KTRS”)

Plan description – Teaching certified employees of the District and other employees whose positions require at least a college degree are provided pensions through the Teachers’ Retirement System of the State of Kentucky (KTRS) – a cost-sharing multiple-employer defined benefit pension plan with a special funding situation established to provide retirement annuity plan coverage for local school districts and other public educational agencies in the Commonwealth. KTRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the KRS. KTRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth’s financial statements. KTRS issues a publicly available financial report that can be obtained at http://www.ktrs.ky.gov/05_publications/index.htm.

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

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

TAYLOR COUNTY SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
 For the Year Ended June 30, 2022

NOTE 6 – RETIREMENT PLANS - CONTINUED

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

Final average salary is defined as the member’s five (5) highest annual salaries for those with less than 27 years of service. Employees at least age 55 with 27 or more years of service may use their three (3) highest annual salaries to compute the final average salary. KTRS also provides disability benefits for vested employees at the rate of sixty (60) percent of the final average salary. A life insurance benefit, payable upon the death of a member, is \$2,000 for active contributing employees and \$5,000 for retired or disabled employees.

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

Contributions – Contribution rates are established by Kentucky Revised Statutes (KRS). Non-university employees are required to contribute 12.855% of their salaries to the System. University employees are required to contribute 10.640 % of their salaries. KRS 161.580 allows each university to reduce the contribution of its employees by 2.215%; therefore, university employees contribute 8.425% of their salary to KTRS.

The Commonwealth of Kentucky, as a non-employer contributing entity, pays matching contributions at the rate of 13.105% of salaries for local school district and regional cooperative employees hired before July 1, 2008 and 14.105% for those hired after July 1, 2008. For local school district and regional cooperative employees whose salaries are federally funded, the employer contributes 13.105% of salaries. If an employee leaves covered employment before accumulating five (5) years of credited service, accumulated employee pension contributions plus interest are refunded to the employee upon the member’s request.

During the years ended June 30, 2022, 2021, and 2020 contributions of \$3,538,044, \$3,484,537 and \$3,263,738 were made by the State of Kentucky and \$297,396, \$236,947 and \$152,700 in contributions were passed through the District’s federally funded programs. Employee contributions for the years ended June 30, 2022, 2021, and 2020 totaled \$1,717,443, \$1,571,493 and \$1,501,749. All payments were made to the retirement system in the amount of the annually required contributions.

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

At June 30, 2022, the District reported a liability 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 KTRS because the Commonwealth of Kentucky provides the pension support directly to KTRS on behalf of the District Commonwealth support and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate shares of the CERS net pension liability	\$	10,295,744
Commonwealth's proportionate share of the KTRS net pension liability associated with the District		44,323,407
	\$	54,619,151

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 that date.

The Districts proportion of the net pension liability for CERS was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2021, the Districts proportion was 0.161482% percent.

TAYLOR COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
For the Year Ended June 30, 2022

NOTE 6 – RETIREMENT PLANS - CONTINUED

For the year ended June 30, 2022, the District recognized pension expense of \$1,327,926 related to CERS and 3,538,044 related to KTRS. The District also recognized revenue of \$3,538,044 for KTRS support provided by the Commonwealth. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 118,227	\$ 99,927
Changes of assumptions	138,181	-
Net difference between projected and actual earnings on pension plan investments	399,406	1,771,656
Changes in proportion and differences between District contributions and proportionate share of contributions	470,251	8,160
District contributions subsequent to the measurement date	1,125,611	-
Total	\$ 2,251,676	\$ 1,879,743

The District reported \$1,125,611 as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2023	146,072
2024	(170,753)
2025	(299,278)
2026	(429,719)

Actuarial assumptions—the total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>CERS</u>	<u>KTRS</u>
Inflation	2.30%	3.00%
Projected salary increases	3.30% - 10.30%	3.50-7.30%
Investment rate of return, net of investment expense & inflation	6.25%	7.50%

For CERS, the mortality table used for active members was Pub-2010 General Mortality table, for the Nonhazardous Plans, and the Pub-2010 Public Safety Mortality table for the Hazardous Plans, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. The mortality table used for non-disabled retired members was a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. The mortality table used for the disabled members was PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

For KTRS, Mortality rates were based on the Pub-2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each of the groups; service, retirees, contingent annuitants, disabled retirees, and active members. The actuarial assumptions used were based on the results of an actuarial experience study for the 5-year period ending June 30, 2020, adopted by the board on September 20, 2021. The assumed long-term investment rate of return was changed from 7.50 percent to 7.10 percent and the price inflation assumption was lowered from 3.0 percent to 2.5 percent. The Municipal Bond Index used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index.

TAYLOR COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
For the Year Ended June 30, 2022

NOTE 6 – RETIREMENT PLANS - CONTINUED

Discount rate—for CERS, the projection of cash flows used to determine the discount rate of 6.25% for CERS Nonhazardous and CERS Hazardous assumes that the funds receive the required employer contributions each future year, as determined by the current funding policy established in Statute as amended by House Bill 362 (passed in 2018) over the remaining 30 years (closed) amortization period of the unfunded actuarial accrued liability.

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

Long-term rate of return: For CERS, the long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years for the System. The most recent analysis, performed for the period covering the period July 1, 2013 – June 30, 2018. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term</u>
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	<u>100.0%</u>	

TAYLOR COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
For the Year Ended June 30, 2022

NOTE 6 – RETIREMENT PLANS - CONTINUED

Sensitivity of CERS and KTRS proportionate share of net pension liability to changes in the discount rate—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 or 1-percentage- point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
CERS	7.25%	6.25%	5.25%
District's proportionate share of net pension liability	13,204,780	10,295,744	7,888,585
KTRS	6.10%	7.10%	8.10%
District's proportionate share of net pension liability	-	-	-

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

DEFERRED COMPENSATION:

The District also offers employees the option to participate in a defined contribution plan under Section 403(B), 401(K) and 457 of the Internal Revenue Code. All regular full-time and part-time employees are eligible to participate and may contribute up to the maximum amount allowable by law. The District does not contribute to these plans. For the year ended June 30, 2022, employee contributed approximately \$186,911 to the plan.

NOTE 7 - POST EMPLOYMENT BENEFIT PLAN

General Information about the OPEB Plan – CERS

Medical Insurance Plan

Plan description - Employees whose positions do not require a degree beyond a high school diploma are covered by the Kentucky Retirement Systems’ Insurance Fund, a component of the cost-sharing multiple-employer defined benefit pension plan administered by the Kentucky Retirement System, an agency of the Commonwealth of Kentucky. Under the provisions of the Kentucky Revised Statute (“KRS”) Section 61.645, the Board of Trustees of the Kentucky Retirement administers CERS and has the authority to establish and amend benefit provisions. The Kentucky Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for CERS. That report may be obtained from <http://kyret.ky.gov/>.

Benefits provided – To be eligible for medical benefits, the member must have retired either for service or disability. The Kentucky Retirement Systems’ Insurance Fund offers coverage for eligible members receiving benefits from KERS, CERS, and SPRS. The eligible non-Medicare retirees are covered by the Department of Employee Insurance (DEI) plans. The Board contracts with Humana to provide health care benefits to the eligible Medicare retirees through a Medicare Advantage Plan. The Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance based on years of service.

Contributions – In order to fund the post-retirement healthcare benefit, for Tier 1 plan members (those participating prior to September 1, 2008) 5.26% of the gross annual payroll of members is contributed, all of which is paid by the District. For Tier 2 plan members (those participating on, or after September 1, 2008 and before January 1, 2014 an additional 1% of the gross annual payroll is contributed by the plan member. Tier 3 plan members (those whose participation began after January 1, 2014) also contribute an additional 1% of their annual payroll into a Cash Balance Plan. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan

General Information about the OPEB Plan - KTRS

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

TAYLOR COUNTY SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
 For the Year Ended June 30, 2022

NOTE 7 – POST EMPLOYMENT BENEFIT PLAN - CONTINUED

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

Medical Insurance Plan

Plan description – In addition to the OPEB benefits described above, Kentucky Revised Statute 161.675 requires TRS to provide post-employment healthcare benefits to eligible members and dependents. The TRS Medical Insurance benefit is a cost-sharing multiple employer defined benefit plan with a special funding situation. Changes made to the medical plan may be made by the TRS Board of Trustees, the Kentucky Department of Employee Insurance and the General Assembly.

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

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

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

At June 30, 2022, the District reported a liability of \$6,990,784 for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the District’s long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, the District’s proportion was 0.161445%.

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

District's proportionate shares of the net OPEB liability	\$	6,990,784
Commonwealth's proportionate share of the net OPEB liability associated with the District		3,168,000
	\$	10,158,784

TAYLOR COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
For the Year Ended June 30, 2022

NOTE 7 – POST EMPLOYMENT BENEFIT PLAN - CONTINUED

For the year ended June 30, 2022, the District recognized OPEB expense of \$457,424 and revenue of \$262,041 for support provided by the State. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 486,027	\$ 3,241,805
Changes of assumptions	1,839,426	2,874
Net difference between projected and actual earnings on OPEB plan investments	155,723	1,055,233
Changes in proportion and differences between District contributions and proportionate share of contributions	495,811	203,776
District contributions subsequent to the measurement date	740,387	-
Total	\$ 3,717,374	\$ 4,503,688

Of the total amount reported as deferred outflows of resources related to OPEB, \$740,387 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Year ended June 30:	
2023	(291,412)
2024	(366,985)
2025	(340,848)
2026	(488,458)
2027	(41,000)
Thereafter	2,000

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

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

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	58.0%	5.1%
Fixed Income	9.0%	-0.1%
Real Estate	6.5%	4.0%
Private Equity	8.5%	6.9%
Additional Category: High Yield	8.0%	1.7%
Other Additional Categories	9.0%	2.2%
Cash (LIBOR)	1.0%	-0.3%
Total	100.0%	

TAYLOR COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
For the Year Ended June 30, 2022

NOTE 7 – POST EMPLOYMENT BENEFIT PLAN - CONTINUED

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

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

Discount rate – For CERS, the projection of cash flows used to determine the discount rate of 5.20% for CERS Non-hazardous assumed that local employers would contribute the actuarially determined contributions rate of projected compensation over the remaining 26 years (closed) amortization period of the unfunded actuarial accrued liability. The discount rate determination used an expected rate of return of 6.25%, and a municipal bond rate of 6.56%, as reported in Fidelity Index’s “20-Year Municipal GO AA Index” as of June 30, 2017. However, the cost associated with the implicit employer subsidy was not included in the calculation of the System’s actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the System’s trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy. The target asset allocation and best estimates of arithmetic nominal rates of return for each major asset class are summarized in the CAFR.

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
CERS:	4.20%	5.20%	6.20%
District's proportionate share of net OPEB liability	4,243,623	3,090,784	2,144,688
KTRS:	6.10%	7.10%	8.10%
District's proportionate share of net OPEB liability	4,994,000	3,900,000	2,997,000

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

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Districts' net OPEB liability	2,834,000	3,900,000	5,228,000

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

Life Insurance Plan

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

TAYLOR COUNTY SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
 For the Year Ended June 30, 2022

NOTE 7 – POST EMPLOYMENT BENEFIT PLAN - CONTINUED

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

Contributions – In order to fund the post-retirement life insurance benefit, three hundredths of one percent (.03%) of the gross annual payroll of members is contributed by the state.

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

At June 30, 2022, the Kentucky School District did not report a liability for its proportionate share of the collective net OPEB liability for life insurance benefits because the State of Kentucky provides the OPEB support directly to TRS on behalf of the District. The amount recognized by the District as its proportionate share of the OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate shares of the net OPEB liability	\$	-
Commonwealth's proportionate share of the net OPEB liability associated with the District		42,000
		42,000
	\$	42,000

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

NOTE 8 - RISK MANAGEMENT

The District is exposed to various risks of loss related to injuries to employees. To obtain insurance of workers’ compensation, errors and omissions, and general liability coverage, the District participates in the Kentucky School Boards Insurance Trust Liability Insurance Fund. The public entity risk pools operate as common risk management and insurance programs for all school district and other tax supported educational agencies of Kentucky who are members of the Kentucky School Boards Association. The District pays an annual premium to each fund for coverage. Contributions to the Workers’ Compensation fund are based on premium rates established by such fund in conjunction with the excess insurance carrier, subject to claims experience modifications and a group discount amount. Dividends may be declared, but are not payable until twenty-four (24) months after the expiration of the self-insurance term. The Liability Insurance fund pays insurance premiums of the participating members established by the insurance carrier. The Trust can terminate coverage if it is unable to obtain acceptable excess general liability coverage and for any reason by giving a ninety (90) day notice. In the event the Trust terminated coverage, any amount remaining in the Fund (after payment of operational and administrative costs and claims for which coverage was provided) would be returned to the members on a pro rata basis.

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

NOTE 9 - CONTINGENCIES

The District receives funding from Federal, State and Local government agencies and private contributions. These funds are to be used for designated purposes only. For government agency grants, if based upon the grantor's review, the funds are considered not to have been used for the intended purpose, the grantors may request a refund of monies advanced, or refuse to reimburse the District for its disbursements. The amount of such future refunds and un-reimbursed 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.

NOTE 10 – COBRA

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

TAYLOR COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
For the Year Ended June 30, 2022

NOTE 11 - DEFICIT OPERATING/FUND BALANCES

There are no funds of the District that currently have a deficit balance. In addition, the following fund had operations that resulted in a current year deficit of expenditures over revenues resulting in a corresponding reduction of fund balance:

General Fund	\$272,402
SEEK Capital Outlay	\$ 41,649

NOTE 12 - TRANSFER OF FUNDS

The following transfers were made during the year:

Type	From Fund	To Fund	Purpose	Amount
Operating	School Food Svc	General Fund	Indirect Cost	\$ 161,403
Operating	Special Revenue	General Fund	Grant Funds	285,570
Operating	General Fund	Special Revenue	KETS Match	52,084
Operating	School Activity	District Activity	Operation	24,736
Operating	Construction Fund	Special Revenue	Operation	35,092
Operating	Special Revenue	Construction	Operation	76,742
Operating	General Fund	Debt Service	Debt Service	31,687
Operating	Capital Outlay	General Fund	Capital Funds	112,464
Operating	Capital Outlay	Debt Service	Debt Service	248,018
Operating	Capital Outlay	Debt Service	Construction	41,650
Operating	Building Fund	Construction	Construction	88,987
Operating	Building Fund	Debt Service	Debt Service	2,139,781
				\$ 3,298,214

NOTE 13 – ON-BEHALF PAYMENTS

The following are the on-behalf payments the District received from the Commonwealth of Kentucky for the year ended June 30, 2022:

TRS - GASB 68	\$ 3,538,044
TRS - GASB 75	268,494
Health Insurance	3,154,260
Life Insurance	4,960
Administrative Fees	39,608
Flexible Plans	173,950
Technology	99,918
Debt Service	1,378,962
Less: Federal Reimbursements	(463,081)
Total	\$ 8,195,115

NOTE 14 – LITIGATION

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

NOTE 15 – RESTRICTED NET POSITION

The government-wide statement of net position reports (\$1,607,891) of restricted net position, none of which is restricted by enabling legislation.

TAYLOR COUNTY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED
For the Year Ended June 30, 2022

NOTE 16 – CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT

For 2022, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. GASB Statement No. 87 enhances the relevance and consistency of information of the government’s leasing activities. It establishes requirements for lease accounting based on the 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. These changes were incorporated in the District’s 2022 financial statements and had an effect on the beginning net position of Governmental Funds. The District recognized \$64,533 book value for the intangible right to use and a lease liability of \$64,944 for copiers leases.

The implementation of GASB Statement No. 87 had the following effect on net position as reported June 30, 2021:

	Governmental Activities
Net Position June 30, 2021	\$ 13,333,171
Adjustments:	
Net Book Value Leased Asset	64,533
Lease Liability	(64,944)
Restated Net Position June 30, 2021	\$ 13,332,760

NOTE 17 - SUBSEQUENT EVENTS

Management has reviewed subsequent events through November 14, 2022, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

TAYLOR COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Favorable (Unfavorable)
Revenues:				
From local sources				
Taxes				
Property	\$ 4,603,000	\$ 4,654,320	\$ 4,833,738	\$ 179,418
Motor vehicles	760,000	775,000	945,714	170,714
Utilities	1,000,000	1,000,000	1,149,640	149,640
Tuition and fees	5,000	5,000	216	(4,784)
Earnings on investments	20,000	20,000	24,527	4,527
Other local revenues	6,100	6,100	15,358	9,258
Intergovernmental - state	17,236,753	17,401,886	17,536,715	134,829
Intergovernmental - direct federal	55,000	55,000	126,001	71,001
Intergovernmental - indirect federal	100,000	100,000	58,952	(41,048)
Total revenues	<u>23,785,853</u>	<u>24,017,306</u>	<u>24,690,861</u>	<u>673,556</u>
Expenditures:				
Instruction	15,230,780	15,405,624	15,198,095	207,529
Support Services:				
Student	875,539	890,521	840,296	50,225
Instructional staff	593,770	617,304	548,951	68,353
District administration	719,330	750,870	781,374	(30,504)
School administration	1,516,490	1,552,221	1,498,787	53,434
Business support services	821,377	842,809	804,994	37,815
Plant operation and maintenance	2,741,762	3,375,111	3,529,189	(154,078)
Student transportation	1,718,431	1,881,897	1,931,677	(49,780)
Community service activities		19,181	30,770	(11,589)
Debt service	120,682	120,682	120,682	-
Contingency	3,032,128	3,750,000	-	3,750,000
Total expenditures	<u>27,370,289</u>	<u>29,206,220</u>	<u>25,284,815</u>	<u>3,921,402</u>
Excess (Deficit) of Revenues Over Expenditures	<u>(3,584,436)</u>	<u>(5,188,914)</u>	<u>(593,954)</u>	<u>4,594,958</u>
Other financing sources (uses)				
Proceeds from capital lease	-	-	-	-
Operating transfers in	468,483	468,483	559,437	90,954
Operating transfers out	(371,355)	(371,356)	(237,885)	133,471
Total other financing sources (uses)	<u>97,128</u>	<u>97,127</u>	<u>321,552</u>	<u>224,427</u>
Net change in fund balance	(3,487,308)	(5,091,787)	(272,402)	4,819,385
Fund balance June 30, 2021	<u>3,487,308</u>	<u>5,091,787</u>	<u>5,277,498</u>	<u>185,711</u>
Fund balance June 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,005,096</u>	<u>\$ 5,005,096</u>

TAYLOR COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
SPECIAL REVENUE
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Earnings and investments	\$ -	\$ -	\$ 211	\$ 211
Other local revenues	278,775	299,799	646,658	346,859
Intergovernmental - state	1,598,175	1,905,241	1,265,075	(640,166)
Intergovernmental - indirect federal	4,758,806	11,486,311	5,826,608	(5,659,703)
Intergovernmental - direct federal	-	-	-	-
Total revenues	<u>6,635,756</u>	<u>13,691,351</u>	<u>7,738,552</u>	<u>(5,952,799)</u>
Expenditures:				
Instruction	5,689,931	12,365,145	6,289,859	6,075,286
Support services:				
Student	54,795	55,141	57,798	(2,657)
Instructional staff	226,920	193,726	151,701	42,025
District administration	-	-	-	-
School administration	-	-	241,532	(241,532)
Business support services	3,000	3,000	180,069	(177,069)
Plant operations and maintenance	327,841	540,599	306,570	234,029
Student transportation	32,295	132,366	54,416	77,950
Food service operation	-	-	-	-
Community service activities	165,474	265,874	223,121	42,753
Total expenditures	<u>6,500,256</u>	<u>13,555,851</u>	<u>7,505,066</u>	<u>6,050,785</u>
Excess (Deficit) of Revenues Over Expenditures	<u>135,500</u>	<u>135,500</u>	<u>233,486</u>	<u>97,986</u>
Other financing sources (uses)				
Operating transfers in	50,000	50,000	87,177	37,177
Operating transfers out	(185,500)	(185,500)	(320,663)	(135,163)
Total other financing sources (uses)	<u>(135,500)</u>	<u>(135,500)</u>	<u>(233,486)</u>	<u>(97,987)</u>
Net change in fund balance	-	-	-	-
Fund balance June 30, 2021	-	-	-	-
Fund balance June 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

TAYLOR COUNTY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE CERS NET PENSION LIABILITY
June 30, 2022

	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability (asset)	0.161482%	0.156097%	0.148067%	0.149763%	0.141441%	0.13652%	0.13761%	0.135582%
District's proportionate share of the net pension liability (asset)	\$ 10,295,744	\$ 11,972,511	\$ 10,413,618	\$ 9,121,023	\$ 8,278,977	\$ 6,721,499	\$ 5,916,544	\$ 4,399,000
District's covered-employee payroll	\$ 4,002,656	\$ 4,066,731	\$ 3,810,316	\$ 3,788,939	\$ 3,516,201	\$ 3,252,733	\$ 3,212,339	\$ 3,109,038
District's proportionate share of the net pension liability (asset) as a percentage of it covered-employee payroll	257.22%	294.40%	273.30%	240.73%	235.45%	206.64%	184.18%	141.49%
Plan fiduciary net position as a percentage of the total pension liability	57.33%	47.81%	50.45%	53.54%	53.30%	55.50%	59.97%	66.80%

*The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

TAYLOR COUNTY SCHOOL DISTRICT
SCHEDULE OF CONTRIBUTIONS TO CERS
June 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 1,125,611	\$ 772,513	\$ 784,880	\$ 618,033	\$ 548,639	\$ 490,510	\$ 403,989	\$ 409,573
Contributions in relation to the contractually required contribution	<u>(1,125,611)</u>	<u>(772,513)</u>	<u>(784,880)</u>	<u>(618,033)</u>	<u>(548,638)</u>	<u>(490,510)</u>	<u>(403,989)</u>	<u>(409,573)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 5,317,012	\$ 4,002,656	\$ 4,066,731	\$ 3,810,316	\$ 3,788,939	\$ 3,516,201	\$ 3,252,733	\$ 3,212,339
Contributions as a percentage of covered-employee payroll	21.17%	19.30%	19.30%	16.22%	14.48%	13.95%	12.42%	12.75%

*The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

TAYLOR COUNTY SCHOOL DISTRICT
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - CERS
 For the Year Ended June 30, 2022

NOTE 1 – ACTUARIAL METHODS AND ASSUMPTIONS USED TO DETERMINE THE ACTUARIAL DETERMINED CONTRIBUTIONS FOR FISCAL YEAR 2021

The following actuarial methods and assumptions were used to determine the actuarially determined contributions effective for fiscal year ending June 30, 2021 (the most current year available):

Valuation date	June 30, 2017
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
Remaining amortization period	26 years, closed
Payroll growth rate	2.00%
Investment return	6.25%
Inflation	2.30%
Salary increases, including wage inflation	43.30% to 11.55 %, varies by service
Mortality	RP-2000 Combined Mortality Table, projected to 2013 with scale BB (set back 1 year for females)

TAYLOR COUNTY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE KTRS NET PENSION LIABILITY
June 30, 2022

	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability (asset)	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
District's prportionate share of the net pension liability (asset)	-	-	-	-	-	-	-	-
Commonwealth's proportionate share of the net pension liability (asset) associated with the District	\$ 44,323,407	\$ 48,140,954	\$ 43,368,717	\$ 42,956,102	\$ 92,658,744	\$ 101,268,560	\$ 80,158,045	\$ 70,702,066
Total	<u>\$ 44,323,407</u>	<u>\$ 48,140,954</u>	<u>\$ 43,368,717</u>	<u>\$ 42,956,102</u>	<u>\$ 92,658,744</u>	<u>\$ 101,268,560</u>	<u>\$ 80,158,045</u>	<u>\$ 70,702,066</u>
District's covered-employee payroll	10,755,050	10,740,271	10,848,983	11,018,829	11,325,743	11,189,225	11,058,055	10,791,927
District's proportionate share of the net pension liability (asset) as a percentage of it covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	65.59%	58.27%	58.80%	59.30%	34.34%	35.22%	42.49%	45.59%

*The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

TAYLOR COUNTY SCHOOL DISTRICT
SCHEDULE OF CONTRIBUTIONS TO KTRS
June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 331,365	\$ 322,560	\$ 152,700	\$ 154,434	\$ 117,926	\$ 120,033	\$ 116,568	\$ 121,290
Contributions in relation to the contractually required contribution	<u>(331,365)</u>	<u>(322,560)</u>	<u>(152,700)</u>	<u>(154,234)</u>	<u>(117,926)</u>	<u>(120,033)</u>	<u>(116,568)</u>	<u>(121,290)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$11,045,650	\$10,755,050	\$10,740,271	\$10,848,983	\$11,018,829	\$11,325,743	\$11,189,225	\$11,058,055
Contributions as a percentage of covered-employee payroll	3.00%	3.00%	1.42%	1.42%	1.07%	1.06%	1.04%	1.10%

*The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

TAYLOR COUNTY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE CERS NET OPEB LIABILITY
June 30, 2022

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability (asset)	0.161445%	0.156052%	0.148028%	0.149757%	0.141441%
District's proportionate share of the net OPEB liability (asset)	\$ 3,090,784	\$ 3,768,181	\$ 2,489,764	\$ 2,658,906	\$ 2,843,448
District's covered-employee payroll	\$ 4,002,656	\$ 4,066,731	\$ 3,810,316	\$ 3,788,939	\$ 3,516,201
District's proportionate share of the net OPEB liability (asset) as a percentage of it covered-employee payroll	77.22%	92.66%	65.34%	70.18%	80.87%
Plan fiduciary net position as a percentage of the total OPEB liability	62.91%	51.67%	60.44%	57.62%	52.40%

*The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

TAYLOR COUNTY SCHOOL DISTRICT
SCHEDULE OF CONTRIBUTIONS TO CERS - OPEB
June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 307,323	\$ 190,526	\$ 193,576	\$ 200,421	\$ 178,080
Contributions in relation to the contractually required contribution	<u>(307,323)</u>	<u>(190,576)</u>	<u>(193,576)</u>	<u>(200,421)</u>	<u>(178,080)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 5,317,012	\$ 4,002,656	\$ 4,066,731	\$ 3,810,316	\$ 3,788,939
Contributions as a percentage of covered-employee payroll	5.78%	4.76%	4.76%	5.26%	4.70%

*The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

TAYLOR COUNTY SCHOOL DISTRICT
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - CERS OPEB
 For the Year Ended June 30, 2022

NOTE 1 – ACTUARIAL METHODS AND ASSUMPTIONS USED TO DETERMINE THE ACTUARIAL DETERMINED CONTRIBUTION FOR FISCAL YEAR 2021

The following actuarial methods and assumptions, for actuarially determined contributions effective for the fiscal year ending June 30, 2021 (the most current available):

Valuation date	June 30, 2018
Actuarial cost method	Entry age normal
Amortization method	Level percent of pay
Amortization period	22 years, Closed
Asset valuation method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Remaining amortization period	26 years, Closed
Inflation	3.00%
Real wage growth	0.50%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50%-7.20%
Discount rate	8.00%
Healthcare cost trend rates:	
Under Age 65	7.50% for FYE 2018 decreasing to an ultimate rate of 5.00% by FYE 2024
Ages 65 and Older	5.50% for FYE 2018 decreasing to an ultimate rate of 5.00% by FYE 2021

TAYLOR COUNTY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE KTRS NET OPEB LIABILITY - MEDICAL INSURANCE
June 30, 2022

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB medical insurance liability (asset)	0.182442%	0.182442%	0.170416%	0.170411%	0.182280%
District's proportionate share of the net OPEB liability (asset)	\$ 3,900,000	\$ 4,604,000	\$ 4,988,000	\$ 5,913,000	\$ 6,500,000
Commonwealth's proportionate share of the net OPEB liability (asset) associated with the District	<u>3,168,000</u>	<u>3,688,000</u>	<u>4,028,000</u>	<u>5,096,000</u>	<u>5,309,000</u>
Total	<u>\$ 7,068,000</u>	<u>\$ 8,292,000</u>	<u>\$ 9,016,000</u>	<u>\$11,009,000</u>	<u>\$ 11,809,000</u>
District's covered-employee payroll	10,755,050	10,740,271	9,891,300	11,018,829	11,325,743
District's proportionate share of the net OPEB liability (asset) as a percentage of it covered-employee payroll	36.26%	42.87%	50.43%	53.66%	57.39%
Plan fiduciary net position as a percentage of the total pension liability	51.74%	39.05%	32.58%	25.50%	21.18%

*The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

TAYLOR COUNTY SCHOOL DISTRICT
SCHEDULE OF CONTRIBUTIONS TO KTRS - OPEB MEDICAL INSURANCE
June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 331,365	\$ 322,560	\$ 322,021	\$ 296,451	\$ 325,469	\$ 330,565
Contributions in relation to the contractually required contribution	<u>(331,365)</u>	<u>(322,560)</u>	<u>(322,021)</u>	<u>(296,451)</u>	<u>(325,469)</u>	<u>(330,565)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$11,045,650	\$10,755,050	\$10,740,271	\$ 9,891,300	\$10,848,983	\$11,018,829
Contributions as a percentage of covered-employee payroll	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%

*The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

TAYLOR COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - KTRS OPEB MEDICAL INSURANCE
For the Year Ended June 30, 2022

NOTE 1 - METHODS AND ASSUMPTIONS USED IN THE ACTUARIALLY DETERMINED CONTRIBUTIONS

The actuarially determined contribution rates, as a percentage of payroll, used to determine the actuarially determined contribution amounts in the Schedule of Employer Contributions are calculated as of the indicated valuation date. The following actuarial methods and assumptions (from the indicated actuarial valuations) were used to determine contribution rates reported in that schedule for the year ending June 30, 2021 (the most current available):

Valuation date	June 30, 2018
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll
Amortization Period	22 years, Closed
Asset valuation method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Remaining amortization period	26 years, Closed
Inflation	3.00%
Real Wage Growth	0.50%
Wage Inflation	3.50%
Salary increases, including wage inflation	3.50% - 7.20%
Discount Rate	8.00%
Healthcare cost trend rates:	
Under Age 65	7.75% for FYE 2018 decreasing to an ultimate rate of 5.00% by FYE 2024
Ages 65 and Older	5.75% for FYE 2018 decreasing to an ultimate rate of 5.00% by FYE 2024
Medicare Part B Premiums	0.00% for FYE 2018 with an ultimate rate of 5.00% by 2030

TAYLOR COUNTY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE KTRS NET OPEB LIABILITY - LIFE INSURANCE
June 30, 2022

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net pension liability (asset)	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
District's prportionate share of the net pension liability (asset)	-	-	-	-	-
Commonwealth's proportionate share of the net pension liability (asset) associated with the District	<u>\$ 42,000</u>	<u>\$ 112,000</u>	<u>\$ 94,000</u>	<u>\$ 87,000</u>	<u>\$ 71,000</u>
Total	<u>\$ 42,000</u>	<u>\$ 112,000</u>	<u>\$ 94,000</u>	<u>\$ 87,000</u>	<u>\$ 71,000</u>
District's covered-employee payroll	10,755,050	10,740,271	9,891,300	11,018,829	11,325,743
District's proportionate share of the net pension liability (asset) as a percentage of it covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	89.15%	71.57%	75.00%	75.00%	79.99%

*The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

TAYLOR COUNTY SCHOOL DISTRICT
SCHEDULE OF CONTRIBUTIONS TO KTRS - OPEB LIFE INSURANCE
June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
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>
District's covered-employee payroll	\$11,045,650	\$10,755,050	\$10,740,271	\$ 9,891,300	\$10,848,983	\$11,018,829
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

*The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

TAYLOR COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - KTRS NET OPEB LIABILITY - LIFE INSURANCE
For the Year Ended June 30, 2022

NOTE 1 - METHODS AND ASSUMPTIONS USED IN THE ACTUARIALLY DETERMINED CONTRIBUTIONS

The actuarially determined contribution rates, as a percentage of payroll, used to determine the actuarially determined contribution amounts in the Schedule of Employer Contributions are calculated as of the indicated valuation date. The following actuarial methods and assumptions (from the indicated actuarial valuations) were used to determine contribution rates reported in that schedule for the year ending June 30, 2021 (the most current available):

Valuation date	June 30, 2015
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll
Amortization Period	30 years, Open
Asset valuation method	Five-year smoothed value
Inflation	3.50%
Real Wage Growth	0.50%
Wage Inflation	4.00%
Salary increases, including wage inflation	4.00% - 8.10%
Discount Rate	7.50%
Healthcare cost trend rates:	
Under Age 65	7.75% for FYE 2018 decreasing to an ultimate rate of 5.00% 5.00% by FYE 2024
Ages 65 and Older	5.75% for FYE 2018 decreasing to an ultimate rate of 5.00% 5.00% by FYE 2024
Medicare Part B Premiums	0.00% for FYE 2018 with an ultimate rate of 5.00% by 2030

SUPPLEMENTARY SCHEDULES

TAYLOR COUNTY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 June 30, 2022

	District Activity Fund	School Activity Funds	SEEK Capital Outlay Fund	Building Fund	Total Non-Major Governmental Funds
Assets and resources:					
Cash & cash equivalents	\$ 50,200	\$ 354,302	\$ -	\$ 132,920	\$ 537,422
Accounts receivable	-	2,835	-	-	2,835
Total assets and resources	<u>\$ 50,200</u>	<u>\$ 357,137</u>	<u>-</u>	<u>\$ 132,920</u>	<u>\$ 540,257</u>
Liabilities and fund balance:					
Liabilities:					
Accounts payable	\$ -	\$ 1,319	\$ -	\$ -	\$ 1,319
Unearned revenue	50,200	-	-	-	50,200
Total liabilities	<u>50,200</u>	<u>1,319</u>	<u>-</u>	<u>-</u>	<u>51,519</u>
Fund balance					
Restricted - KSFCC escrow prior year	-	-	-	132,920	132,920
Restricted - future construction	-	-	-	-	-
Restricted - debt service	-	-	-	-	-
Unassigned	-	355,818	-	-	355,818
Total fund balance	<u>-</u>	<u>355,818</u>	<u>-</u>	<u>132,920</u>	<u>488,738</u>
Total liabilities and fund balance	<u>\$ 50,200</u>	<u>\$ 357,137</u>	<u>\$ -</u>	<u>\$ 132,920</u>	<u>\$ 540,257</u>

TAYLOR 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	School Activity Funds	SEEK Capital Outlay Fund	Building Fund	Total Other Governmental Funds
Revenues:					
Taxes	\$ -	\$ -	\$ -	\$ 1,181,170	\$ 1,181,170
Earnings on investments	-	-	-	844	844
Intergovernmental - local	-	-	-	-	-
Intergovernmental - state	-	-	248,019	1,090,686	1,338,705
Other revenue	55,063	1,047,513	-	-	1,102,576
Total revenues	<u>55,063</u>	<u>1,047,513</u>	<u>248,019</u>	<u>2,272,700</u>	<u>3,623,295</u>
Expenditures:					
Instruction	79,799	1,017,699	-	-	1,097,498
Support services	-	-	-	-	-
Plant operation and maintenance	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-
Building improvements	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Other	-	-	-	-	-
Total expenditures	<u>79,799</u>	<u>1,017,699</u>	<u>-</u>	<u>-</u>	<u>1,097,498</u>
Excess (Deficit) of Revenues Over Expenditures	<u>(24,736)</u>	<u>29,814</u>	<u>248,019</u>	<u>2,272,700</u>	<u>2,525,797</u>
Other financing sources (uses)					
Operating transfers in	24,736	-	-	-	24,736
Operating transfers out	-	(24,736)	(289,668)	(2,228,767)	(2,543,171)
Total other financing sources (uses)	<u>24,736</u>	<u>(24,736)</u>	<u>(289,668)</u>	<u>(2,228,767)</u>	<u>(2,518,435)</u>
Net change in fund balance	-	5,078	(41,649)	43,933	7,362
Fund balance June 30, 2021	-	350,740	41,649	88,987	481,376
Fund balance June 30, 2022	<u>\$ -</u>	<u>\$ 355,818</u>	<u>\$ -</u>	<u>\$ 132,920</u>	<u>\$ 488,738</u>

SCHEDULE OF REVENUES, EXPENDITURES AND FUND BALANCES
SCHOOL ACTIVITY FUNDS

TAYLOR COUNTY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND FUND BALANCES
FOR ACTIVITY FUNDS
For the Year Ended June 30, 2022

	Cash Balance July 1, 2021	Actual Receipts	Actual Disbursements	Cash Balance June 30, 2022	Accounts Receivable	Accounts Payable	Fund Balance June 30, 2022
Academic Team	\$ 180	\$ 180	\$ 53	\$ 307	\$ -	\$ -	\$ 307
Agriculture Greenhouse	8,167	9,818	6,824	11,161	-	-	11,161
Agri Constructions	-	7,200	6,032	1,168	-	-	1,168
Art	829	355	1,076	108	-	-	108
T-Sign Productions	213	-	-	213	-	-	213
Athletics	5,138	128,006	133,144	-	-	-	-
Girls Basketball	546	12,958	13,503	1	-	-	1
Boys Basketball	264	5,292	4,339	1,217	-	-	1,217
Mens Bowling	492	2,218	2,671	39	-	-	39
Volleyball	3,101	16,863	17,061	2,903	-	-	2,903
Golf Team	270	12,790	12,485	575	-	-	575
Baseball	6,362	11,875	13,084	5,153	-	-	5,153
Boys Soccer	4,701	5,257	5,307	4,651	-	-	4,651
Girls Soccer	5,237	925	3,299	2,863	-	-	2,863
Cheerleading	8,490	13,749	18,996	3,243	-	-	3,243
Girls Bowling	747	1,733	1,957	523	-	-	523
Swim Team	494	259	591	162	-	-	162
Girls Golf	1,375	6,600	6,931	1,044	-	-	1,044
Softball	2,379	9,118	5,181	6,316	-	-	6,316
CC and Track	3,431	1,940	2,115	3,256	-	-	3,256
Archery	8,399	2,851	7,871	3,379	-	-	3,379
Dance Team	183	3,574	1,613	2,144	-	-	2,144
Outdoor Club	1,943	5,139	2,267	4,815	-	-	4,815
Tennis Club	1,966	-	175	1,791	-	-	1,791
Touchdown Club	2,641	33,352	29,554	6,439	-	-	6,439
Wrestling Team	561	47,059	26,546	21,074	-	-	21,074
Cross Country	1,278	1,450	2,437	291	-	-	291
Football Locker Rooms	1,013	-	945	68	-	-	68
Community Donations	1,480	4,200	1,594	4,086	-	-	4,086
Band	5,241	27,080	30,206	2,115	-	-	2,115
Band Uniforms	5,000	-	5,000	-	-	-	-
Beta Club	3,715	10,498	9,996	4,217	-	-	4,217
STLP	288	75	158	205	-	-	205
Cardinal Kroger	9,578	67,626	59,895	17,309	-	-	17,309
Cosmetology	8,208	2,200	2,350	8,058	-	-	8,058
Chorus	5,557	28,352	33,872	37	-	-	37
TRI-M Club	150	-	132	18	-	-	18
Concessions - Students	778	62	230	610	-	-	610
Concessions - Lounge	194	1,239	1,305	128	-	-	128

TAYLOR COUNTY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND FUND BALANCES
FOR ACTIVITY FUNDS - CONTINUED
For the Year Ended June 30, 2022

	Cash Balance July 1, 2021	Actual Receipts	Actual Disbursements	Cash Balance June 30, 2022	Accounts Receivable	Accounts Payable	Fund Balance June 30, 2022
Creative Writer's Club	\$ 114	\$ -	\$ -	\$ 114	\$ -	\$ -	\$ 114
DECA	1,017	13,467	14,067	417	-	-	417
English	-	700	679	21	-	-	21
Drama	8,314	9,273	9,302	8,285	-	-	8,285
Traveling Cards	250	1,000	-	1,250	-	-	1,250
Mock Trial	48	4,819	4,601	266	-	-	266
Faculty Flower Fund	5	-	-	5	-	-	5
Family/Consumer	2,815	3,175	4,529	1,461	-	-	1,461
Class of 2023	-	22,005	17,572	4,433	-	-	4,433
FCA	267	635	543	359	-	-	359
Farm to School	864	2,948	2,396	1,416	-	-	1,416
FFA	4,351	37,172	39,395	2,128	-	-	2,128
WWE Scholarship	3,500	-	500	3,000	-	-	3,000
David O'Banion Memorial	-	1,025	-	1,025	-	-	1,025
FCCLA (FHA)	26,268	24,502	33,098	17,672	-	-	17,672
Regional FCCLA	2,126	1,615	647	3,094	-	-	3,094
Floral Prints	742	2,265	1,743	1,264	-	-	1,264
General	7,690	25,287	15,904	17,073	-	119	16,954
Greenhouse Entrepreneur	23,716	26,113	34,879	14,950	-	-	14,950
Guidance	2,102	727	783	2,046	-	-	2,046
KY National Guard	2,257	482	549	2,190	-	-	2,190
L. Gupton Performance	5,070	-	500	4,570	-	-	4,570
Health/PE	-	670	-	670	-	-	670
HOSA - Pharmacy Tech	-	16,184	14,796	1,388	-	-	1,388
Industrial Technology	596	1,278	1,874	-	-	-	-
JAG	57	-	-	57	-	-	57
Class of 2025	18	27	-	45	-	-	45
Boys Little League	1,458	2,300	2,748	1,010	-	-	1,010
Library	1,447	1,093	9	2,531	-	-	2,531
TCES Football	-	-	-	-	-	-	-
Pep Club	649	2,480	1,224	1,905	-	-	1,905
Science Department	801	-	145	656	-	-	656
Medical Explorers	-	170	-	170	-	-	170
Anatomy	1,470	420	588	1,302	-	-	1,302
Senior Trip	289	24,880	25,128	41	-	-	41
Class of 2022	4,963	1,742	6,564	141	-	-	141
Social Studies Dept	163	-	-	163	-	-	163
TCHS Print	1,682	471	1,012	1,141	-	-	1,141

TAYLOR COUNTY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND FUND BALANCES
FOR ACTIVITY FUNDS - CONTINUED
For the Year Ended June 30, 2022

	Cash Balance July 1, 2021	Actual Receipts	Actual Disbursements	Cash Balance June 30, 2022	Accounts Receivable	Accounts Payable	Fund Balance June 30, 2022
Student Advisory Council	\$ 192	\$ 5,794	\$ 5,596	\$ 390	\$ -	\$ -	\$ 390
TCHS Welding	770	2,152	1,921	1,001	-	-	1,001
Tech. Students Association	180	320	369	131	-	-	131
Text Books	-	17,740	17,740	-	-	-	-
Yearbook	1,275	9,096	9,739	632	-	-	632
Y Club	-	12,631	12,576	55	-	-	55
Young Historians	1,659	2,042	2,043	1,658	-	-	1,658
Ultimate Frisbee	961	-	-	961	-	-	961
Taylor County High School	220,735	760,593	756,554	224,774	-	119	224,655
Taylor County Middle School	76,120	258,233	251,599	82,754	2,835	1,200	84,389
Taylor County Intermediate	44,280	59,235	64,068	39,447	-	-	39,447
Taylor County Primary	7,319	24,191	24,183	7,327	-	-	7,327
Total	<u>\$ 348,454</u>	<u>\$ 1,102,251</u>	<u>\$ 1,096,404</u>	<u>\$ 354,302</u>	<u>\$ 2,835</u>	<u>\$ 1,319</u>	<u>\$ 355,818</u>

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

Federal Grantor/Pass-through Grantor <u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Number</u>	<u>Disbursements</u>
<u>U.S. Department of Education</u>			
Passed through the Kentucky Department of Education:			
Title I Grants to Local Educational Agencies	84.010	3100002-20	140,175
Title I Grants to Local Educational Agencies	84.010	3100002-20	2,192
Title I Grants to Local Educational Agencies	84.010	3100002-21	649,770
Title I Grants to Local Educational Agencies	84.010	3100002-21	7,671
			799,808
Special Education Cluster:			
Special Education - Grants to States	84.027	3810002-19	13,773
Special Education - Grants to States	84.027	3810002-20	32,971
Special Education - Grants to States	84.027	3810002-21	591,122
Special Education - Grants to States	84.027	4910002 21	117,965
Special Education - Preschool Grants	84.173	3800002-21	48,154
Special Education - Preschool Grants	84.173	4900002 21	20,466
Total Special Education Cluster			824,451
Career and Technical Education-Basic Grants to States	84.048	3710002-20	6,354
Career and Technical Education-Basic Grants to States	84.048	3710002-21	31,979
			38,333
Twenty-first Century Community Learning Centers	84.287	3400002-19	3,084
Twenty-first Century Community Learning Centers	84.287	3400002-20	226,044
			229,128
Title IV Rural & Low Income	84.358	3140002-21	60,175
			60,175
Supporting Effective instruction State Grants	84.367	3230002-20	26,958
Supporting Effective instruction State Grants	84.367	3230002-21	90,353
			117,311
Student Support and Academic Enrichment Program	84.424	3420002-20	2,314
Student Support and Academic Enrichment Program	84.424	3420002-21	53,713
			56,027
Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act	84.425	4200002-21	1,829,796
Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act	84.425	4200003-21	389
Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act	84.425	4200003-21	3,252
Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act	84.425	4200003-21	34,700
Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act	84.425	4300002-21	1,615,593
Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act	84.425	4300005-21	2,773
Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act	84.425	GEER	43,198
			3,529,701
Total U.S. Department of Education passed through the Kentucky Department of Education			5,654,934

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

Federal Grantor/Pass-through Grantor <u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Number</u>	<u>Disbursements</u>
<u>U.S. Department of Education</u>			
Passed through the Kentucky Office of Vocational Rehabilitation:			
Rehabilitation Services-Vocational Rehabilitation Grants to States	84.126	Not Available	\$ 70,656
Total passed through the Kentucky Office of Vocational Rehabilitation			70,656
Total U.S. Department of Education			5,725,590
Department of Health and Human Services			
passed through the Kentucky Department of Education			
Cooperative Agreements to Promote adolescent Health through School- Based HIV/STD Prevention and School-Basaed Surveillance			
	93.079	2100001-20	400
Total Department of Health and Human Services			400
<u>U.S. Department of Justice</u>			
Public Safety Partnership and Community Policing Grants	16.710		184,643
Total U.S. Department of Justice			184,643
<u>U.S. Department of Agriculture</u>			
Passed through the Kentucky Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	7760005 21	131,589
School Breakfast Program	10.553	7760005 22	577,317
National School Lunch Program	10.555	7750002 21	230,334
National School Lunch Program	10.555	7750002 21	1,056,143
National School Lunch Program	10.555	9980000 22	74,480
Summer Food Service Program for Children	10.559	7690024 21	17,442
Summer Food Service Program for Children	10.559	7740023 21	170,187
Total Child Nutrition Cluster			2,257,492
Child and Adult Care Food Program	10.558	7980000 21	732
Child and Adult Care Food Program	10.558	7790021 21	3,396
Child and Adult Care Food Program	10.558	7790021 22	45,241
Child and Adult Care Food Program	10.558	7800016 21	241
Child and Adult Care Food Program	10.558	7800016 21	3,214
			52,824
State Administrative Expenses for Child Nutrition	10.560	7700001 21	2,642
			2,642
State Pandemic Electronic Benefit Transfer (P-EBT)	10.649	9990000 21	3,063
			3,063
Total U.S. Department of Agriculture			2,316,021
passed through the Kentucky Department of Education			
Passed through the Kentucky Department of Agriculture:			
Commodity Supplemental Food Program	10.565	Not Available	46,753
Total U.S. Department of Agriculture			2,362,774
Total Federal Financial Assistance			\$ 8,273,407

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

NOTE 1 – BASIS OF PRESENTATION

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 – INDIRECT COST RATE

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

NOTE 4 – FOOD DISTRIBUTION

Non-monetary assistance is reported in the schedule at fair value of the commodities disbursed.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

Section I – Summary of Auditor’s Results

Financial Statements

Type of audit issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiencies identified that are Not considered to be material weakness(es)? _____ Yes X None Reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs?

- Material weakness(es) identified _____ Yes X No
- Significant deficiencies identified that are Not considered to be material weakness(es)? _____ Yes X None Reported

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)? _____ Yes X No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.425	US Department of Education Passed through the Kentucky Department of Education: Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act
84.010	Title I Grants to Local Educational Agencies
84.027; 84.173	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? _____ Yes X No

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

Section II – Financial Statement of Findings

No matters were reported

Section III – Federal Award Findings and Questioned Costs

No matters were reported

TAYLOR COUNTY SCHOOL DISTRICT
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended June 30, 2022

Financial Statement of Findings

No matters were reported

Federal awards Findings and Questioned Costs:

No matters were reported

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 *GOVERNMENTAL AUDITING STANDARDS*

Kentucky State Committee for School District Audits
Members of the Board of Education
Taylor County School District
Campbellsville, KY 42718

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the requirements prescribed by the Kentucky State Committee for School District Audits *Independent Auditor's Contract* in Appendices I, and II of the *Independent Auditor's Contract*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Taylor 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 Taylor County School District's basic financial statements and have issued our report thereon dated November 14, 2022.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Taylor 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 statement amounts. 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*. In addition, the results of our tests disclosed no instances of material noncompliance of specific state statutes or regulations identified in the *State Audit Requirements* section of the *Independent Auditor's Contract*.

Purpose of this Report

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

Wise, Buckner, Sprowles & Associates PLLC

Wise, Buckner, Sprowles & Associates PLLC
Certified Public Accountants

Campbellsville, KY
November 14, 2022

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
Members of the Board of Education
Taylor County School District
Campbellsville, KY 42718

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Taylor County School District's compliance with the types of compliance requirements described in *OMB Compliance Supplement* that could have a direct and material effect on each of Taylor County School District's major federal programs for the year ended June 30, 2022. Taylor 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, Taylor County School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).^j 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 Taylor County School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Taylor 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 Taylor 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 Taylor County School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Taylor County School District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Taylor County School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Taylor 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 Taylor County School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

Wise, Buckner, Sprowles & Associates PLLC

Wise, Buckner, Sprowles & Associates PLLC
Certified Public Accountants

Campbellsville, Kentucky
November 14, 2022

MANAGEMENT LETTER



November 14, 2022

Members of the Board of Education
Taylor County Board of Education
Campbellsville, Kentucky

In planning and performing our audit of the financial statements of Taylor County School District for the year ended June 30, 2022, we considered the Board's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding these matters, but we would first like to address the progress of the management letter points from the previous audit.

The management letter from the previous fiscal year discussed three points with respect to strengthening internal controls within the Central Office and one point with respect to strengthening internal controls within the school activity funds.

The following observations were made concerning the prior year management letter points:

Taylor County Primary Center:

Finding #1 – During our test of disbursements we noted one instance of a purchase made before the purchase order was approved by the Teacher's Lounge activity fund.

Current Year Observation – This was not noted as an issue during the current year.

Taylor County High School:

Finding #2 – During our test of receipts, we noted multiple occurrences of students not signing the Multiple Receipt Form for money collected by the Activity Fund Sponsor.

Current Year Observation – See current year finding.

Taylor County Middle School:

Finding #3 – During our test of receipts we noted one occurrence of the Multiple Receipt Form not being signed by the student for receipts collected by the Drama Club.

Current Year Observation – This was not noted as an issue during the current year.

Finding #4 – During our test of disbursements we noted two occurrences of purchases made before approval of the purchase order. The Activity Funds involved were Athletics and Beta Club.

Current Year Observation – This was not noted as an issue during the current year for these funds.

CURRENT YEAR COMMENTS:

Taylor County Middle School:

Finding #1 – During our test of disbursements we noted one instance of a purchase made before the purchase order. This involved the Boys Basketball Activity Fund’s Peach fund raiser.

Recommendation – We recommend that this finding be discussed with the Boys’ Basketball Activity Fund sponsor.

Management Response – Taylor County Schools provided redbook training on September 12, 2022 to all coaches, club sponsors, and bookkeepers. Management is also working with bookkeepers and principals on the purchasing process of having a purchase order before placing an order.

Taylor County High School:

Finding #2 – During our test of receipts, we noted multiple occurrences of students not signing the Multiple Receipt Form for money collected by the Activity Fund Sponsor.

Recommendation – This finding appears to be systemic and we recommend that Activity Fund sponsors and the bookkeeper attend redbook training on proper use of the Multiple Receipt Form.

Management Response – Taylor County Schools provided redbook training on September 12, 2022 to all coaches, club sponsors, and bookkeepers. Management is also working with bookkeepers and principals on the purchasing process of having a purchase order before placing an order.

Finding #3 – During our test of disbursements we noted three occurrences of purchases made before the date of the purchase order approval.

Recommendation – We recommend Activity fund sponsors be aware of proper Redbook procedures for purchasing

Management Response – Taylor County Schools provided redbook training on September 12, 2022 to all coaches, club sponsors, and bookkeepers. Management is also working with bookkeepers and principals on the purchasing process of having a purchase order before placing an order.

Sincerely,

Wise, Buckner, Sprowles & Associates, PLLC

Wise, Buckner, Sprowles & Associates, PLLC
Certified Public Accountants

Campbellsville, Kentucky

APPENDIX C

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

Continuing Disclosure Agreement

CONTINUING DISCLOSURE UNDERTAKING AGREEMENT

This Continuing Disclosure Undertaking Agreement ("Agreement") made and entered into as of June 28, 2023, by and between the Board of Education of Taylor County, Kentucky ("Board"); the Taylor 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 \$1,115,000 of the Corporation's School Building Revenue Bonds, Series 2023, dated as of June 28, 2023 ("Bonds"), which Bonds were offered for sale under the terms and conditions of a Final Official Statement ("FOS") prepared by RSA Advisors, LLC, Lexington, Kentucky ("Financial Advisor") and approved by the authorized representatives of the Board and the Corporation, and

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

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

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

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

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

1. ANNUAL FINANCIAL INFORMATION

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

For the purposes of the Rule "annual financial information" means financial information and operating data provided annually, of the type included in the FOS with respect to the Board in accordance with guidelines established by the National Federation of Municipal Analysts, and shall include annual audited financial statements for the Board in order that the recipients will be provided with ongoing information regarding revenues and operating expenses of the Board and the information provided in the FOS under the headings "OUTSTANDING BONDS", "BOND DEBT SERVICE", "DISTRICT STUDENT POPULATION", "LOCAL

SUPPORT - Local Tax Rates, Property Assessment and Revenue Collections and SEEK Allotment". If audited financial statements are not available when the annual financial information is filed, unaudited financial statements shall be included, to be followed by audited financial statements when available.

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

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

2. MATERIAL EVENTS NOTICES

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

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

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

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

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

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

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

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

3. SPECIAL REQUESTS FOR INFORMATION

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

4. DISCLAIMER OF LIABILITY

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

5. FINAL OFFICIAL STATEMENT

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

6. DURATION OF THE AGREEMENT

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

7. AMENDMENT; WAIVER

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

- (a) If the amendment or waiver relates to the provisions of Section 1, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;
- (b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- (c) The amendment or waiver either (i) is approved by the holders of the Bonds in the same manner as provided in the Bond Resolution for amendments to the Bond Resolution with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Registered Owners or Beneficial Owners of the Bonds.

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

8. DEFAULT

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

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

**BOARD OF EDUCATION OF TAYLOR
COUNTY, KENTUCKY**

Chairperson

Attest:

Secretary

**TAYLOR COUNTY SCHOOL
DISTRICT FINANCE CORPORATION**

President

Attest:

Secretary

APPENDIX D

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

Official Terms and Conditions of Bond Sale

**OFFICIAL
TERMS AND CONDITIONS OF BOND SALE**

\$1,115,000*

**Taylor County School District Finance Corporation
School Building Revenue Bonds, Series of 2023
Dated June 28, 2023**

SALE: June 7, 2023 AT 1:00 P.M., E.D.S.T.

As published on PARITY®, a nationally recognized electronic bidding system, the Taylor County School District Finance Corporation ("Corporation") will until June 7, 2023, at the hour of 1:00 P.M., E.D.S.T., in the office of the Executive Director of the Kentucky School Facilities Construction Commission, 700 Louisville Road, Carriage House, Frankfort, Kentucky, 40601, receive competitive bids for the revenue bonds herein described. To be considered, bids must be submitted on an Official Bid Form and must be delivered to the Corporation at the address indicated on the date of sale no later than the hour indicated. Bids may be submitted manually or by facsimile or electronically via PARITY. Bids will be considered by the Corporation and may be accepted without further action by the Corporation's Board of Directors.

Subject to a Permitted Adjustment* increasing or decreasing the issue by up to \$110,000.

**TAYLOR 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 Taylor 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 improvements to Central Kentucky Career Academy and purchase of land for future school facilities (collectively, the "Project") and are secured by a lien upon and a pledge of the revenues from the rental of the school building Project to the Board under the Lease on a year to year basis; the first rental period ending June 30, 2023; 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 the Central Kentucky Career Center building(s) which constitute a portion of 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 from the Corporation to the Board is to be effected under a certain Lease Agreement by and between the Corporation and the Board (the "Lease"), whereunder the school building Project is leased to the Board for the initial period ending June 30, 2023, with an option in the Board to renew the Lease each year at rentals sufficient to provide for the principal and interest requirements on the Bonds as they become due, plus the costs of insurance, maintenance, depreciation, and bond issuance and administration expenses; the Board being legally obligated only for the initial rental period and for one year at a time thereafter each time the Lease is renewed.

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

ADDITIONAL PARITY BONDS

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

BOND MATURITIES, PRIOR REDEMPTION PROVISIONS AND PAYING AGENT

All such Bonds shall be in denominations in multiples of \$5,000 within the same maturity, bear interest from June 28, 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	\$75,000	2034	\$ 5,000
2025	5,000	2035	5,000
2026	5,000	2036	110,000
2027	5,000	2037	110,000
2028	5,000	2038	115,000
2029	5,000	2039	120,000
2030	5,000	2040	125,000
2031	5,000	2041	130,000
2032	5,000	2042	135,000
2033	5,000	2043	140,000

*Subject to a Permitted Adjustment of the amount of Bonds awarded of up to \$110,000 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). U.S. Bank Trust Company, National Association, Louisville, Kentucky, has been designated as the Bond Registrar and Paying Agent, shall remit interest on each semiannual due date to Cede & Co. Principal and interest will be payable through the Book-Entry-Only-System administered by The Depository Trust Company: Please see "BOOK-ENTRY-ONLY-SYSTEM" below. Interest on the Bonds will be paid at rates to be established upon the basis of competitive bidding as hereinafter set forth, such interest to be payable on December 1 and June 1 of each year, beginning December 1, 2023 (Record Date is the 15th day of month preceding interest due date).

BIDDING CONDITIONS AND RESTRICTIONS

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

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

(C) The minimum bid shall be not less than \$1,092,700 (98% of par) plus accrued interest. Interest rates shall be in multiples of 1/8 or 1/20 of 1% or both. Only one interest rate shall be permitted per Bond, and all Bonds of the same maturity shall bear the same rate. Interest rates must be on an ascending scale, in that the interest rate stipulated in any year may not be less than that stipulated for any preceding maturity. There is no limit on the number of different interest rates.

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

(E) The determination of the best purchase bid for said Bonds shall be made on the basis of all bids submitted for exactly \$1,115,000 principal amount of Bonds offered for sale hereunder, but the Corporation may adjust the principal amount of Bonds upward or downward by \$110,000 (the "Permitted Adjustment") which may be awarded to such best bidder may be a minimum of \$1,005,000 or a maximum of \$1,225,000. In the event of such Permitted Adjustment, no rebidding or recalculation of a submitted bid will be required or permitted. The price of which such adjusted principal amount of Bonds will be sold will be the same price per \$5,000 of Bonds as the price per \$5,000 for the \$1,115,000 of Bonds bid.

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

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

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

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

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

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

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

(d) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is June 7, 2023.

(e) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

(G) The successful bidder may elect to notify the Municipal Advisor within twenty-four (24) hours of the award of the Bonds that certain serial maturities as awarded may be combined with immediately succeeding serial maturities as one or more Term Bonds; provided, however, (a) bids must be submitted to permit only a single interest rate for each term bond specified, and (b) Term Bonds will be subject to mandatory redemption by lot on June 1 in accordance with the maturity schedule setting the actual size of the issue.

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

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

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

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

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

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

STATE SUPPORT OF EDUCATION

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

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

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

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

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

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

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

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

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

BIENNIAL BUDGET FOR PERIOD ENDING JUNE 30, 2024

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

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

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

POTENTIAL LEGISLATION

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

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

CONTINUING DISCLOSURE

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

Financial information regarding the Board may be obtained from Superintendent, Taylor County Board of Education, 1209 E. Broadway, Campbellsville, Kentucky 42718, Telephone 270-465-5371.

TAX EXEMPTION; BANK QUALIFIED

Bond Counsel advises as follows with respect to the Bonds:

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

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

(C) As a result of certifications by the Board and the Corporation, indicating the issuance of less than \$10,000,000 of tax-exempt obligations during the calendar year ending December 31, 2023, the Bonds may be treated by financial institutions as "qualified tax-exempt obligations" under Section 265(b)(3) of the Code.

BOOK-ENTRY-ONLY-SYSTEM

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

DTC will act as securities depository for the Bonds. The Bonds initially will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Bond Certificate will be issued, in the aggregate principal amount of the Bonds, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. "Direct Participants" include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its participants are on file with the Securities and Exchange Commission.

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners, will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

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

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

Principal and interest payments of the Bonds will be made to DTC. DTC's practice is to credit Direct Participants' account on payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on payable date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the Issuer, or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer or the Trustee, disbursements of such payments to Direct Participants shall be the responsibility of DTC, and disbursements of such payment to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Beneficial Ownership Interests purchased or tendered, through its Participant, to the Trustee, and shall effect delivery of such Beneficial Ownership Interests by causing the Direct Participant to transfer the Participant's interest in the Beneficial Ownership Interests, on DTC's records, to the purchaser or the Trustee, as appropriate. The requirements for physical delivery of Bonds in connection with a demand for purchase or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or the Bond Registrar. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered by the Bond Registrar.

NEITHER THE ISSUER, THE BOARD NOR THE BOND REGISTRAR/PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DIRECT PARTICIPANT, INDIRECT PARTICIPANT OR ANY BENEFICIAL OWNER OR ANY OTHER PERSON NOT SHOWN ON THE REGISTRATION BOOKS OF THE BOND REGISTRAR/PAYING AGENT AS BEING AN OWNER WITH RESPECT TO: (1) THE BONDS; (2) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (3) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PURCHASE PRICE OF TENDERED BONDS OR THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE BONDS; (4) THE DELIVERY BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE BOND RESOLUTION TO BE GIVEN TO HOLDERS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (6) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS HOLDER.

**TAYLOR COUNTY SCHOOL
DISTRICT FINANCE CORPORATION**

**by /s/ Charles Higdon, Jr.
Secretary**

APPENDIX E

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

Official Bid Form

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

The Taylor County School District Finance Corporation ("Corporation" or "Issuer"), will until 1:00 P.M., E.D.S.T., on June 7, 2023, receive in the office of the Executive Director of the Kentucky School Facilities Construction Commission, 700 Louisville Road, Carriage House, Frankfort, Kentucky 40601, (telephone 502-564-5582; fax 888-979-6152) competitive bids for its \$1,115,000 School Building Revenue Bonds, Series of 2023, dated June 28, 2023; maturing June 1, 2024 through 2043 ("Bonds").

We hereby bid for said \$1,115,000* principal amount of Bonds, the total sum of \$ _____ (not less than \$1,092,700) plus accrued interest from June 28, 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	\$75,000	_____ %	2034	\$ 5,000	_____ %
2025	5,000	_____ %	2035	5,000	_____ %
2026	5,000	_____ %	2036	110,000	_____ %
2027	5,000	_____ %	2037	110,000	_____ %
2028	5,000	_____ %	2038	115,000	_____ %
2029	5,000	_____ %	2039	120,000	_____ %
2030	5,000	_____ %	2040	125,000	_____ %
2031	5,000	_____ %	2041	130,000	_____ %
2032	5,000	_____ %	2042	135,000	_____ %
2033	5,000	_____ %	2043	140,000	_____ %

* Subject to Permitted Adjustment

We understand this bid may be accepted for as much as \$1,225,000 of Bonds or as little as \$1,005,000 of Bonds, at the same price per \$5,000 Bond, with the variation in such amount occurring in any maturity or all maturities, which will be determined at the time of acceptance of the best bid.

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

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

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

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

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

- (a) *Holding Period* means, with respect to a Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which the successful purchaser has sold at least 10% of such Maturity to the Public at prices that are no higher than the Initial Offering Price for such Maturity.
- (b) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.
- (c) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50% common ownership, directly or indirectly.
- (d) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is June 7, 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 U.S. Bank Trust Company, National Association, Louisville, Kentucky, Attn: Mr. Charles Lush (502.797.6421).

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 28, 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 28, 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 Taylor 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: June 7, 2023

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