PRELIMINARY OFFICIAL STATEMENT

DATED SEPTEMBER 20, 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)

$1,650,000
CARTER COUNTY SCHOOL DISTRICT FINANCE CORPORATION
SCHOOL BUILDING REVENUE BONDS,
SERIES OF 2023

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

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

Maturing 1-Oct	Amount*	Interest Rate	Reoffering Yield	CUSIP	Maturing 1-Oct	Amount*	Interest Rate	Reoffering Yield	CUSIP
2024	$61,000	%	%		2034	$83,000	%	%	
2025	$60,000	%	%		2035	$86,000	%	%	
2026	$62,000	%	%		2036	$89,000	%	%	
2027	$64,000	%	%		2037	$93,000	%	%	
2028	$67,000	%	%		2038	$96,000	%	%	
2029	$69,000	%	%		2039	$101,000	%	%	
2030	$72,000	%	%		2040	$105,000	%	%	
2031	$74,000	%	%		2041	$109,000	%	%	
2032	$77,000	%	%		2042	$114,000	%	%	
2033	$80,000	%	%		2043	$88,000	%	%	

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 Carter 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 Carter County Board of Education.

The Carter County (Kentucky) School District Finance Corporation will until September 28, 2023, at 11:00 A.M., E.D.S.T., receive competitive bids for the Bonds at the office of the Executive Director of the Kentucky School Facilities Construction Commission, 700 Louisville Road, Carriage House, Frankfort, Kentucky 40601.

***As set forth in the "Official Terms and Conditions of Bond Sale," the principal amount of Bonds sold to the successful bidder is subject to a Permitted Adjustment by increasing or decreasing the amount not to exceed $165,000.**

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

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

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

RSA advisors

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

CARTER COUNTY
BOARD OF EDUCATION

Lisa Easterling, Chairperson
Miranda Tussey, Member
Rachell Fankell, Member
Patrick Ferry, Member
Chris Perry, Member

Dr. Paul Green, Superintendent/Secretary

CARTER COUNTY (KENTUCKY) SCHOOL DISTRICT
FINANCE CORPORATION

Lisa Easterling, President
Miranda Tussey, Member
Rachell Fankell, Member
Patrick Ferry, Member
Chris Perry, Member

Dr. Paul Green, Secretary
Andy Lyons, Treasurer

BOND COUNSEL

Steptoe & Johnson PLLC
Louisville, Kentucky

MUNICIPAL ADVISOR

RSA Advisors, LLC
Lexington, Kentucky

PAYING AGENT AND REGISTRAR

First National Bank of Grayson
Grayson, 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 Carter County School District Finance Corporation School Building Revenue Bonds, Series of 2023, identified on the cover page hereof. No person has been authorized by the Corporation or the Board to give any information or to make any representation other than that contained in the Official Statement, and if given or made such other information or representation must not be relied upon as having been given or authorized. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of the Bonds by any person in any jurisdiction in which it is unlawful to make such offer, solicitation or sale.

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

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

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

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OFFICIAL STATEMENT
Relating to the Issuance of

$1,650,000*

CARTER 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 Carter County School District Finance Corporation (the "Corporation") School Building Revenue Bonds, Series of 2023 (the "Bonds")

The Bonds are being issued to finance Phase I construction of a new high school including a local area vocational center (the "Project").

The Bonds are revenue bonds and constitute a limited indebtedness of the Corporation. The Bonds will be secured by a lien and a pledge of the rental income derived by the Corporation from leasing the school building Projects (as hereinafter defined) to the Carter 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 Carter 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 October 19, 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

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

Pursuant to the provisions of the Act, the Regulations of the Kentucky Board of Education and the Commission, the Commission has determined that the Board is eligible for participation from the Commission in meeting the costs of construction of the Projects and has entered into a Participation Agreement with the Board whereunder the Commission agrees to pay an annual Agreed Participation equal to approximately $125,636 to be applied to the annual debt service requirements for the Bonds herein identified each year until their retirement; provided, however, that the contractual commitment of the Commission to pay the annual Agreed Participation is limited to the biennial budget period of the Commonwealth, with the first such biennial period terminating on June 30, 2024; the right is reserved in the Commission to terminate its commitment to pay the Agreed Participation after the initial biennial period and every two years thereafter. The obligation of the Commission to make payments of the Agreed Participation shall be automatically renewed each two years for a period of two years unless the Commission shall give notice of its intention not to participate not less than sixty days prior to the end of the biennium; however, by the execution of the Participation Agreement, the Commission has expressed its present intention to continue to pay the Agreed Participation in each successive biennial budget period through October 1, 2043, but such execution does not obligate the Commission to do so.

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

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

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

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

BIENNIAL BUDGET FOR PERIOD ENDING JUNE 30, 2024

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

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

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

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

OUTSTANDING BONDS

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

Bond Series	Original Principal	Current Principal Outstanding	Principal Assigned to Board	Principal Assigned to Commission	Approximate Interest Rate Range	Final Maturity
2011B	$1,815,000	$965,000	$1,815,000	$0	3.400% - 4.100%	2031
2011-QSCB	$7,665,000	$7,665,000	$7,665,000	$0	5.000%	2030
2012	$3,460,000	$2,730,000	$3,460,000	$0	2.875% - 3.625%	2032
2013-REF	$3,805,000	$930,000	$3,805,000	$0	2.125% - 2.250%	2025
2014	$655,000	$415,000	$0	$655,000	4.000%	2034
2015-REF	$5,300,000	$1,995,000	$3,577,216	$1,722,784	2.000% - 2.250%	2026
2015	$3,130,000	$2,670,000	$2,479,000	$651,000	2.125% - 3.250%	2035
2017-REF	$8,635,000	$6,895,000	$2,444,275	$6,190,725	3.000%	2031
2021-REF	$1,200,000	$980,000	$1,200,000	$0	2.000% - 2.100%	2031
TOTALS:	$35,665,000	$25,245,000	$26,445,491	$9,219,509		

AUTHORITY

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

i) the issuance of approximately $1,650,000 of Bonds subject to a permitted adjustment of $165,000;

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 October 19, 2023, will bear interest from that date as described herein, payable semi-annually on April 1 and October 1 of each year, commencing April 1, 2024, and will mature as to principal on October 1, 2024, and thereafter in the years and in the principal amounts as set forth on the cover page of this Official Statement.

Registration, Payment and Transfer

The Bonds are to be issued in fully-registered form (both principal and interest). First National Bank of Grayson, Grayson, 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 April 1 and October 1 of each year, beginning April 1, 2024 (Record Date is 15th day of month preceding interest due date).

Redemption

The Bonds maturing on or after October 1, 2032, are subject to redemption at the option of the Corporation prior to their stated maturity on any date falling on or after October 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
October 1, 2031, and thereafter	100%

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

SECURITY

General

The Bonds are revenue bonds and constitute a limited indebtedness of the Corporation. The Bonds are payable as to both principal and interest solely from the income and revenues derived from the leasing of the school building Projects financed from the Bond proceeds from the Corporation to the Board. The Bonds are secured by a pledge of revenue on and from the school building Projects.

The Lease; Pledge of Rental Revenues

The Board has leased the school building Project securing the Bonds for an initial period from October 19, 2023, through June 30, 2024, 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 October 1, 2043, the final maturity date of the Bonds. Under the lease, the Corporation has pledged the rental revenue to the payment of the Bonds.

COMMISSION'S PARTICIPATION

The Commission has determined that the Board is eligible for annual participation equal to approximately $125,636 from the Commission's appropriation by the Kentucky General Assembly which will be used to meet all of the debt service of the Bonds. <u>The plan for financing the Project will require the Commission to pay one hundred percent (100%) of the debt service of the Bonds.</u>

The Participation Agreement to be entered into with the Board will be limited to the biennial budget period of the Commonwealth of Kentucky, with the first such biennial period terminating on June 30, 2024. The right is reserved in the Commission to terminate the commitment to pay the agreed participation every two years thereafter. The obligation of the Commission to make payments of the agreed participation shall be automatically renewed each two years thereafter unless the Commission gives notice to the Board of its intention not to participate not less than sixty days prior to the end of the biennium. However, the Commission has expressed its intention to continue to pay the agreed participation in successive biennial budget periods through October 1, 2043, but the Commission is not required to do so.

STATE INTERCEPT

Under the terms of the Lease and any renewal thereof, so long as the Bonds remain outstanding and in conformance with the intent and purpose of KRS 157.627(5) and KRS 160.160(5), in the event of a failure by the Board to pay the rentals due under the Lease, and unless sufficient funds have been transmitted to the Paying Agent, or will be so transmitted, for paying said rentals when due, the Board has granted under the terms of the Lease and Participation Agreement to the Corporation and the Commission the right to notify and request the Kentucky Department of Education to withhold from the Board a sufficient portion of any undisbursed funds then held, set aside, or allocated to the Board and to request said Department or Commissioner of Education to transfer the required amount thereof to the Paying Agent for the payment of such rentals.

THE PROJECT

After payment of the Bond issuance costs, the Board plans to deposit the net Bond proceeds to finance Phase I construction of a new high school including a local area vocational center (the "Project").

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

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

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 plans and specifications 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.

KENTUCKY DEPARTMENT OF EDUCATION SUPERVISION

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

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

ESTIMATED BOND DEBT SERVICE

The following table shows by fiscal year the current bond payments of the Board. The plan of financing provides for the Board to meet 0% of the debt service of the Bonds.

Fiscal Year Ending June 30	Current Local Bond Payments	----- Series 2023 School Building Revenue Bonds ----- (100% SFCC) Principal Portion	Interest Portion	Total Payment	Total Restricted Fund Bond Payments
2024	$2,424,899		$29,496	$29,496	$2,424,899
2025	$2,426,456	$61,000	$64,387	$125,387	$2,426,456
2026	$2,430,156	$60,000	$62,118	$122,118	$2,430,156
2027	$1,862,807	$62,000	$59,877	$121,877	$1,862,807
2028	$1,858,607	$64,000	$57,593	$121,593	$1,858,607
2029	$1,854,531	$67,000	$55,235	$122,235	$1,854,531
2030	$1,868,992	$69,000	$52,787	$121,787	$1,868,992
2031	$1,851,212	$72,000	$50,249	$122,249	$1,851,212
2032	$837,360	$74,000	$47,621	$121,621	$837,360
2033	$310,083	$77,000	$44,884	$121,884	$310,083
2034	$307,883	$80,000	$41,979	$121,979	$307,883
2035	$319,009	$83,000	$38,881	$121,881	$319,009
2036		$86,000	$35,585	$121,585	
2037		$89,000	$32,106	$121,106	
2038		$93,000	$28,420	$121,420	
2039		$96,000	$24,497	$120,497	
2040		$101,000	$20,335	$121,335	
2041		$105,000	$15,931	$120,931	
2042		$109,000	$11,303	$120,303	
2043		$114,000	$6,424	$120,424	
2044		$88,000	$1,958	$89,958	
TOTALS:	$18,351,995	$1,650,000	$781,663	$2,431,663	$18,351,995

Notes: Numbers are rounded to the nearest $1.00

ESTIMATED USE OF BOND PROCEEDS

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

Sources:	
Par Amount of Bonds	$1,650,000.00
Total Sources	$1,650,000.00
Uses:	
Deposit to Construction Fund	$1,587,950.00
Underwriter's Discount (2%)	33,000.00
Cost of Issuance	29,050.00
Total Uses	$1,650,000.00

DISTRICT STUDENT POPULATION

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

Year	Average Daily Attendance	Year	Average Daily Attendance
2000-01	4,145.6	2011-12	4,201.3
2001-02	4,215.4	2012-13	4,191.6
2002-03	4,283.0	2013-14	4,174.5
2003-04	4,285.4	2014-15	4,161.8
2004-05	4,356.2	2015-16	4,115.0
2005-06	4,360.4	2016-17	4,056.6
2006-07	4,369.4	2017-18	3,971.6
2007-08	4,334.1	2018-19	3,810.3
2008-09	4,315.1	2019-20	3,736.4
2009-10	4,275.6	2020-21	3,736.4
2010-11	4,221.2	2021-22	3,887.6
		2022-23	3,887.6

Source: Kentucky State Department of Education.

STATE SUPPORT

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

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

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

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

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

Year	Capital Outlay Allotment	Year	Capital Outlay Allotment
2000-01	414,560.0	2011-12	420,126.0
2001-02	421,540.0	2012-13	419,164.0
2002-03	428,300.0	2013-14	417,454.0
2003-04	428,540.0	2014-15	416,176.0
2004-05	435,620.0	2015-16	411,497.0
2005-06	436,040.0	2016-17	405,660.0
2006-07	436,940.0	2017-18	397,160.0
2007-08	433,410.0	2018-19	381,026.3
2008-09	431,514.0	2019-20	373,640.0
2009-10	427,562.0	2020-21	373,640.6
2010-11	422,124.0	2021-22	388,762.1
		2022-23	388,762.1

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

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

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

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

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

LOCAL SUPPORT

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

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

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

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

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

Local Thirty Cents Minimum. Effective for school years beginning after June 30, 1990, the board of education of each school district shall levy a minimum equivalent tax rate of thirty cents ($0.30) for general school purposes. If a board fails to comply, its members shall be subject to removal from office for willful neglect of duty.

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

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

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

Local Tax Rates, Property Assessments and Revenue Collections

Tax Year	Combined Equivalent Rate	Total Property Assessment	Property Revenue Collections
2000-01	51.1	631,139,856	3,225,125
2001-02	51.2	657,135,974	3,364,536
2002-03	52.7	708,524,549	3,733,924
2003-04	52.7	727,823,252	3,835,629
2004-05	53.5	760,959,228	4,071,132
2005-06	53.6	810,614,315	4,344,893
2006-07	51.9	826,281,048	4,288,399
2007-08	53.6	848,392,293	4,547,383
2008-09	52.6	871,325,130	4,583,170
2009-10	52.6	862,329,484	4,535,853
2010-11	55	896,999,969	4,933,500
2011-12	59.1	902,265,188	5,332,387
2012-13	61.9	946,574,936	5,859,299
2013-14	57.9	948,290,162	5,490,600
2014-15	60.2	949,679,735	5,717,072
2015-16	61.5	985,030,634	6,057,938
2016-17	59.4	1,028,896,910	6,111,648
2017-18	58.4	1,056,760,860	6,171,483
2018-19	60.2	1,061,902,871	6,392,655
2019-20	63.4	1,138,509,008	7,218,147
2020-21	57.7	1,196,014,047	6,901,001
2021-22	60.5	1,234,833,179	7,470,741
2022-23	59.6	1,335,196,525	7,957,771

OVERLAPPING BOND INDEBTEDNESS

The following table shows any other overlapping bond indebtedness of the Carter County School District or other issuing agency within Carter County as reported by the State Local Debt Officer for the period ending June 30, 2023.

Issuer	Original Principal Amount	Amount of Bonds Redeemed	Current Principal Outstanding
County of Carter			
General Obligation	8,267,339	2,655,670	5,611,669
Justice Center Revenue	7,470,000	6,915,000	555,000
Refinancing Revenue	5,300,000	4,735,000	565,000
Multiple Purporses Refunding	5,460,000	2,405,000	3,055,000
Improvement Project Revenue	200,000	17,000	183,000
Flood Damage Revenue	500,000	0	500,000
Vehicles Revenue	973,377	0	973,377
City of Grayson			
General Obligation	9,720,000	2,232,070	7,487,930
Utilities Revenue	450,000	171,000	279,000
Water Revenue	2,000,000	559,500	1,440,500
Library Revenue	275,000	94,882	180,118
Refinancing Revenue	2,030,000	917,500	1,112,500

City of Olive Hill			
General Obligation	741,090	488,746	252,344
Water, Sewer & Gas Revenue	1,083,000	792,000	291,000
Special Districts			
Carter County Cooperative Extension Dist.	685,000	463,052	221,948
Carter County Emergency Ambulance Svc.	322,143	155,766	166,377
Carter County Public Library	100,000	50,663	49,337
Rattlesnake Ridge Water District	9,902,000	1,544,400	8,357,600
Total:	55,478,949	24,197,249	31,281,700

Source: 2023 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	17,489,019	3,225,125	20,714,144
2001-02	17,666,866	3,364,536	21,031,402
2002-03	18,568,832	3,733,924	22,302,756
2003-04	19,601,195	3,835,629	23,436,824
2004-05	20,196,612	4,071,132	24,267,744
2005-06	21,469,073	4,344,893	25,813,966
2006-07	22,119,933	4,288,399	26,408,332
2007-08	23,759,331	4,547,383	28,306,714
2008-09	23,706,537	4,583,170	28,289,707
2009-10	21,269,159	4,535,853	25,805,012
2010-11	20,600,395	4,933,500	25,533,895
2011-12	22,189,865	5,332,387	27,522,252
2012-13	22,029,889	5,859,299	27,889,188
2013-14	21,831,674	5,490,600	27,322,274
2014-15	22,117,637	5,717,072	27,834,709
2015-16	21,981,322	6,057,938	28,039,260
2016-17	21,751,860	6,111,648	27,863,508
2017-18	21,499,001	6,171,483	27,670,484
2018-19	20,957,940	6,392,655	27,350,595
2019-20	19,894,913	7,218,147	27,113,060
2020-21	18,756,216	6,901,001	25,657,217
2021-22	20,776,256	7,470,741	28,246,997
2022-23	21,364,693	7,957,771	29,322,464

(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 $0.5960 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, Carter County Board of Education, 228 S. Carol Malone Blvd., Grayson, Kentucky 41143 (606) 474-6696.

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 will not be a specific item of tax preference for purposes of Federal income taxation. However, with respect to certain corporations, interest on the Bonds is taken into account in determining the annual adjusted financial statement income for the purpose of computing the alternative minium tax imposed on corporations for tax years beginning after December 31, 2022.

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

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

Original Issue Premium

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

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

Original Issue Discount

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

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

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

ABSENCE OF MATERIAL LITIGATION

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

APPROVAL OF LEGALITY

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

NO LEGAL OPINION EXPRESSED AS TO CERTAIN MATTERS

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

BOND RATING

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

MUNICIPAL ADVISOR

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

APPROVAL OF OFFICIAL STATEMENT

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

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

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

By /s/ ______________________
President

By /s/ ______________________
Secretary

APPENDIX A

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

Demographic and Economic Data

CARTER COUNTY, KENTUCKY

Grayson, the county seat of Carter County, had an estimated population of 3,763 in 2023. Olive Hill, located fifteen miles west of Grayson in Carter County, had an estimated 2023 population of 1,555. Grayson is located 167 miles east of Louisville, Kentucky; 118 miles southeast of Cincinnati, Ohio; and 244 miles northeast of Knoxville, Tennessee.

Carter County covers a land area of 411 square miles and had an estimated 2023 population of 26,226 persons.

The Economic Framework

In 2022, Carter County had a labor force of 8,996 people, with an unemployment rate of 7.9%. The top 5 jobs by occupation were as follows: office and administrative support - 642 (12.28%); production workers - 602 (11.52%); sales -583 (11.16%); food preparation/serving - 516 (9.87%); and executive, managers, and administrators - 468 (8.96%).

Transportation

Interstate 64 and US 60, both "AAA"-rated trucking highways and Kentucky Highways 1 and 7 serve Carter County. Also, the AA highway runs from Grayson to Route 275 in Northern Kentucky and is also a "AAA"-rated trucking highway. Fourteen trucking companies provide Carter County with interstate and/or intrastate service. Sellers Field in Olive Hill has a 2,500-foot paved runway. The nearest scheduled commercial airline service is available at the Tri-State Airport in Huntington, West Virginia, 26 miles east of Grayson.

Power and Fuel

Grayson and Carter County are supplied electric power by American Electric Power. Electric power is provided to Olive Hill by the Olive Hill Municipal Electric Company, which is supplied by American Electric Power. Also serving portions of Carter County is the Grayson Rural Electric Cooperative Corporation. Grayson is provided natural gas by the City of Grayson Utilities. Olive Hill is provided natural gas by the City of Olive Hill Municipal Gas Company.

Education

The Carter County School System provides primary and secondary education to Grayson and Olive Hill. Kentucky Christian College, located in Grayson, is a four-year institution designed especially for the preparation of men and women who plan to enter specialized church-related vocations. The nearest area technology centers (ATC) providing secondary technical training are Greenup County ATC in Greenup and Russell ATC in Russell. The nearest technical colleges providing post-secondary technical training are Ashland Technical College in Ashland; Rowan County Technical College in Morehead; and Mayo Technical College in Paintsville.

LABOR MARKET STATISTICS

The Grayson & Olive Hill labor market area includes Carter County and the following additional counties: Boyd, Elliott, Greenup, Lawrence, Lewis, Rowan, Fleming, Bath and Montgomery.

Population

Description	2021	2022	2023
Carter County	26,349	26,949	26,226
Grayson	4,047	3,839	3,763
Olive Hill	1,594	1,594	1,555

Source: Kentucky Cabinet for Economic Development.

Population Projections

Description	2025	2030	2035
Carter County	26,417	25,833	25,124

Source: Kentucky State Data Center, University of Louisville and Kentucky Cabinet for Economic Development.

LOCAL GOVERNMENT

Structure

Grayson's local government structure consists of a mayor and six council members. Olive Hill is served by a mayor and six council members. Both mayors serve a four-year term while the council members serve two-year terms. Carter County is served by a county judge/executive and five magistrates. The judge/executive and magistrates are elected to serve four-year terms.

Planning and Zoning

At the present time, there are no active planning and zoning commissions in Olive Hill. The Grayson Planning Commission is in the process of being developed.

Mandatory state codes enforced - Kentucky Plumbing Code, National Electric Code, Kentucky Boiler regulations and Standards, Kentucky Building Code (modeled after BOCA code)

State and Local Property Taxes

The Kentucky Constitution requires the state to tax all classes of taxable property, and state statutes allow local jurisdictions to tax only a few classes. All locally taxed property is subject to county taxes and school district taxes (either a county school district or an independent school district). Property located inside the city limits may also be subject to city property taxes. Property assessments in Kentucky are at 100% fair cash value. Accounts receivable are taxed at 85% of face value. Special local taxing jurisdictions (fire protection districts, watershed districts, and sanitation districts) levy taxes within their operating areas (usually a small portion of community or county).

EDUCATION

Public Schools

	Carter County
Total Enrollment (2021-2022)	3,878
Pupil-Teacher Ratio (2021-2022)	16

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 works 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 School	**Location**	**Cumulative Enrollment (2021-2022)**
Breathitt County ATC	Jackson, KY	489
Floyd County ATC	Martin, KY	246
Greenup County ATC	Greenup, KY	434
Martin County ATC	Inez, KY	309
Mason County ATC	Maysville, KY	206
Montgomery County ATC	Mt. Sterling, KY	366
Morgan County ATC	West Liberty, KY	371
Russell ATC	Russell, KY	414

Colleges and Universities

Name	**Location**	**Enrollment (Fall 2021)**
Eastern Kentucky University	Richmond, KY	11,684
Morehead State University	Morehead, KY	8,314
University of Kentucky	Lexington, KY	21,900
University of Pikeville	Pikeville, KY	1,368

APPENDIX B

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

Audited Financial Statement ending June 30, 2022

CARTER COUNTYSCHOOL DISTRICT

AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTAL SCHEDULES

For the year ended June 30, 2022

Prepared by:

Shad J. Allen, CPA, PLLC
PO Box 974
Richmond, Kentucky 40476
Phone (859) 806-5290 Fax (859) 349-0061

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Shad J. Allen, CPA, PLLC

PO Box 974
Richmond, Kentucky 40476
Phone 859-806-5290
Fax 859-349-0061

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the Carter County School District
Grayson, KY

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 Carter County School District (District), as of and for the year 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, 20X1, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Auditor Responsibilities and State Compliance Requirements* sections contained in the Kentucky Public School Districts' Audit Contract and Requirements. 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 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.

Emphasis of Matter

Change In Accounting Principle

As discussed in Note T to the financial statements, in 2022 the District adopted new accounting guidance, *GASBS No. 87, Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 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 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 schedules, and Schedules of the District's Proportionate Share of the Net Pension and OPEB Liability and Schedule of Contributions for CERS and TRS and Medical and Life and Health Insurance Plans comparison information information on pages as listed in the Table of Contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining and individual nonmajor 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 nonmajor 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2022, on our consideration of the 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 District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

Shad J. Allen, CPA, PLLC

Richmond, KY
November 8, 2022

Carter County School District
MANAGEMENT DISCUSSION & ANALYSIS
Year ended June 30, 2022

As management of the Carter County School District, we offer readers of our 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 Governmental Activities was **$5,142,078** ending the Fiscal Year on June 30, 2021.
- The ending unassigned fund balance for Governmental Activities increased **$509,830** to a balance of **$5,651,908** ending the Fiscal Year on June 30, 2022.
- An increase in unassigned fund balance is primarily due to Elementary and Secondary School Emergency Relief Funds received during the fiscal year.
- Beginning district-wide net assets including capital assets and related long term debt was **($1,807,147)** ending the Fiscal Year June 30, 2021.
- The ending district-wide net position increased **$3,479,322** to **$1,672,174** ending the Fiscal Year June 30, 2022.
- An increase in District-wide net position is attributable to Elementary and Secondary School Emergency Relief Funds received during the fiscal year, a decrease in Pension related liabilities, an increase in pension related assets, bond principal payments and contributions to a bond sinking fund.
- Due to COVID 19 and the use of virtual instruction average daily attendance was not used to calculate funding for the 2022 fiscal year. Enrollment for the Fiscal Year ended June 30, 2021 was **4,336**.
- Due to COVID 19 and the use of virtual instruction average daily attendance will not be used to calculate funding for the 2023 fiscal year. Enrollment for the Fiscal Year ended June 30, 202**2** was **4,080**.
- During the 2022 Fiscal Year Carter County Board of Education expended **$527,558** on capital assets; made principal payments for the retirement of debt in the amount of **$2,080,000** and bond sinking fund contributions of **$404,738**.

OVERVIEW OF FINANCIAL OF STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's financial statements consist of three basic components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements. This report 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 assets presents information on all of the District's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent past fiscal year. All changes in net assets are reported 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 governmental-wide financial statements can be found on pages **as listed in the table of contents** 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 three categories: governmental, proprietary funds and fiduciary funds. Fiduciary funds are trust funds established by benefactors to aid in student education, welfare and teacher support. The only proprietary funds are our vending and 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 **as listed in the table of contents** of this report.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by **$1,672,174** million as of June 30, 20**22**.

The largest portion of the District's net assets reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment and construction in progress); less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves 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 Assets for the period ending	**June 30, 2021**	**June 30, 2022**
Current Assets	**$13,774,483**	**$16,148,286**
Noncurrent Assets	**51,556,012**	**50,310,069**
Total Assets	**65,330,495**	**68,458,355**
Current Liabilities	**3,159,583**	**3,331,849**
Noncurrent Liabilities	**63,978,059**	**61,454,332**
Total Liabilities	**67,137,642**	**64,786,181**
Net Assets		
Investment in capital assets (net of debt)	**17,941,658**	**18,816,975**
Restricted-Other	**(1,854,955)**	**(1,551,279)**
Restricted for Future Construction	**2,835,948**	**3,740,766**
Unrestricted	**(20,730,298)**	**(19,334,288)**
Total Net Asset	**(1,807,147)**	**(1,672,174)**

Comments on Budget Comparisons

- The District's total revenue for the fiscal year ended June 30, 20**22**, net of Interfund transfers was **$55,003,317**.
- General fund budget compared to actual revenue varied from line item to line item with the ending actual balance being **$573,730** more than budget.
- General fund budget compared to actual expenditures varied from line item to line item with the ending actual balance being **$13,282** more than budget.
- General fund budget compared to actual other financing sources (uses) varied from line item to line item with the ending balance being **$67,052** less than budget.
- The net change in the general fund balance was **$493,394** more favorable than budget.

The following table presents a summary of revenue and expense for the fiscal year ended June 30, 20**22**, excluding fund transfers and fiduciary funds.

Carter County School District
MANAGEMENT DISCUSSION & ANALYSIS
Year ended June 30, 2022

	Amount
Revenues:	
Taxes	**$ 7,653,385**
State Aid Formula Grants	**30,934,143**
Operating Grants and Contributions	**11,491,926**
Capital Grant and Contributions	**3,628,798**
Charges for Services	**102,535**
Investment Earnings	**167,238**
Other	**1,025,292**
Total revenues	**$55,003,317**
Expenses	
Instruction	**$28,613,481**
Student Support Services	**1,938,300**
Staff Support	**1,440,366**
District Administration	**1,019,992**
School Administration	**2,578,315**
Business Support	**759,288**
Plant Operations	**6,979,311**
Student Transportation	**3,238,251**
Food Service Operations	**3,246,774**
Day Care Operations	**234,256**
Community Support	**470,386**
Interest on Long Term Debt	**1,005,275**
Total expenses	**$51,523,995**
Revenue in Excess of Expense	**$ 3,479,322**

Revenue

The majority of revenue was derived from state-aid formula grants, **56%**, with local taxes making up **14%** of total revenue.

School Allocation

Instruction accounts for **56%** for of the school level expenditures.

BUDGETARY IMPLICATIONS

In Kentucky, the public school fiscal year is July 1-June 30; other programs, i.e. some federal programs operate on a different fiscal calendar but are reflected in the district overall budget. State law requires the budget to contain a minimum of 2% in contingency. The district adopted a budget with **$5,639,649** in contingency in the current 20**23** school year.

Questions regarding this report should be directed to the Superintendent, Dr. Paul Green, **(606) 474-6696,** or to Jerry A. Lyons, Business Office Manager, **(606) 474-6696,** or by mail at 228 South Carol Malone Blvd., Grayson, KY 41143**.**

Carter County School District

Statement of Net Position

June 30, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 9,240,513	967,079	$ 10,207,592
Investments	3,633,555	-	3,633,555
Receivables (net)			-
Taxes	233,357	-	233,357
Accounts	1,147,279	345,033	1,492,312
Intergovernmental	-	56,808	56,808
Inventories			-
Prepaid expense	524,663	-	524,663
Capital assets:			-
Land, improvements, and construction in progress	1,683,811	-	1,683,811
Other capital assets, net of depreciation	40,208,623	153,142	40,361,765
Total capital assets	41,892,434	153,142	42,045,576
Total assets	56,671,801	1,522,062	58,193,863
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	2,114,548	442,778	2,557,326
Deferred outflows related to OPEB	4,713,932	442,137	5,156,069
Deferred savings from refunding bonds	551,098	-	551,098
Total deferred outflows of resources	7,379,578	884,915	8,264,493
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	64,051,379	2,406,977	66,458,355
LIABILITIES			
Accounts payable	343,147	9,618	352,765
Unearned revenue	-	-	-
Unamortized Bond Premium	67,329	-	67,329
Accrued Payroll & Related Expenses	139,531	-	139,531
Long-term liabilities:			
Due within 1 year:			
Bond obligations	2,130,000	-	2,130,000
Capital Leases	3,507	-	3,507
Accrued Sick Leave	466,961	-	466,961
Interest Payable	171,756	-	171,756
Total due within 1 year	2,772,224	-	2,772,224
Due in more than 1 year:			
Bond obligations	24,730,000	-	24,730,000
Sick leave	1,160,767	-	1,160,767
Net pension liability	12,407,095	2,597,995	15,005,090
Net OPEB liability	9,615,594	779,915	10,395,509
Total due in more than 1 year	47,913,456	3,377,910	51,291,366
Total liabilities	51,235,687	3,387,528	54,623,215
DEFERRED INFLOWS OF RESOURCES			
Grant Revenue Received In Advance	300,646	-	300,646
Deferred inflows related to pensions	2,389,258	500,301	2,889,559
Deferred inflows related to OPEB	6,553,975	418,787	6,972,762
Total deferred inflows of resources	9,243,879	919,088	10,162,967
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	60,479,566	4,306,616	64,786,182
NET POSITION			
Net Investment in capital assets	18,663,832	153,142	18,816,975
Restricted for:			
Capital projects	3,740,766	-	3,740,766
Other	501,502	-	501,502
Defecit	(19,334,288)	(2,052,781)	(21,387,069)
Total net position	3,571,813	(1,899,639)	1,672,174
TOTAL LIABILITIES DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 64,051,379	$ 2,406,977	$ 66,458,355

See the accompanying notes to the financial statements.

Carter County School District
Statement of Activities
Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position — Primary Government: Governmental Activities	Business-type Activities	Total
PRIMARY GOVERNMENT:							
Governmental activities:							
Instruction	$ 28,613,481	6,453,111	$ -	$ -	$ (22,160,370)	-	$ (22,160,370)
Support Services							
Student	1,938,300	96,077	-	-	(1,842,223)	-	(1,842,223)
Instructional Staff	1,440,366	276,040	-	-	(1,164,326)	-	(1,164,326)
District Administration	1,019,992	53,000	-	-	(966,992)	-	(966,992)
School Administration	2,578,315	-	-	-	(2,578,315)	-	(2,578,315)
Business	759,288	47,656	-	-	(711,632)	-	(711,632)
Plant Operation & Maintenance	6,979,311	280,419	-	-	(6,698,892)	-	(6,698,892)
Student Transportation	3,238,251	169,224	-	-	(3,069,026)	-	(3,069,026)
Food Service Operations	7,744	-	-	-	(7,744)	-	(7,744)
Day Care Operations	2,725	-	-	-	(2,725)	-	(2,725)
Community Services Operations	470,386	417,315	-	-	(53,071)	-	(53,071)
Facility Acquisition & Construction	-	-	3,628,798	-	3,628,798	-	3,628,798
Interest on general long-term debt	1,005,275	-	-	-	(1,005,275)	-	(1,005,275)
Total governmental activities	48,053,435	7,792,842	3,628,798	-	(36,631,795)	-	(36,631,795)
Business-type activities:							
Food service operations	3,239,030	58,953	3,674,552	-		494,474	494,474
Day care operations	231,531	43,583	24,532	-	-	(163,416)	(163,416)
Total business-type activities	3,470,561	102,536	3,699,084	-	-	331,058	331,058
Total primary government	$ 51,523,996	$ 7,895,378	$ 7,327,882	$ -	(36,631,795)	331,058	(36,300,737)
General revenues:							
Taxes					7,653,385	-	7,653,385
State and formula grants					30,934,143	-	30,934,143
Investment Earnings					155,475	11,763	167,238
Miscellaneous					1,025,292	-	1,025,292
Total general revenues					39,768,295	11,763	39,780,058
Change in net position					3,136,500	342,821	3,479,321
Net position - beginning					435,313	(2,242,460)	(1,807,147)
Net position - ending					$ 3,571,813	$ (1,899,639)	$ 1,672,174

See the accompanying notes to the financial statements.

Carter County School District
Balance Sheet
Governmental Funds
June 30, 2022

	Governmental Funds					
	General	Special Revenue	Building Fund	Debt Service Fund	Total Other Funds	Total
ASSETS						
Cash and cash equivalents	$ 5,665,371	$ (669,476)	$ 3,740,766	$ 1,351	$ 502,501	$ 9,240,513
Investments	-	-	-	3,633,555		3,633,555
Receivables, net						
Taxes-current	233,357	-	-	-	-	233,357
Taxes-delinquent	-	-	-	-	-	-
Accounts	8,921	1,138,357	-	-	-	1,147,279
Prepaid Expenditures	501,355	23,308	-	-	-	524,663
Total assets	6,409,005	492,189	3,740,766	3,634,905	502,501	14,779,366
LIABILITIES						
Accounts payable	150,605	191,543	-	-	999	343,147
Accrued Payroll & Related Expenses	139,531	-	-	-	-	139,531
Advances From Grantors	-	300,646	-	-	-	300,646
Accrued Sick Leave	466,961	-	-	-	-	466,961
Total liabilities	757,097	492,189	-	-	999	1,250,284
FUND BALANCE						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	3,740,766	-	-	3,740,766
Restricted Debt Service	-	-	-	3,634,905	-	3,634,905
Restricted Other	-	-	-	-	501,502	501,502
Unassigned	5,651,908	-	-	-	-	5,651,908
Total fund balance	5,651,908	-	3,740,766	3,634,905	501,502	13,529,082
TOTAL LIABILITIES AND FUND BALANCE	$ 6,409,005	$ 492,189	$ 3,740,766	$ 3,634,905	$ 502,501	$ 14,779,366

See the accompanying notes to the financial statements.

Carter County School District

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position

June 30, 2022

Fund balances-total governmental funds	$	13,529,082
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net position.		41,892,434
Costs associated with bond issues and refundings are expensed in the fund financial statements because they are a use of current financial resources but are capitalized on the statement of net position using the economic resources focus		551,098
Certain liabilities (such as bonds payable, the long-term portion of accrued sick leave, accrued interest payable, other accounts payable, and net pension obligations) are not due and payble in the current period and, therefore, are not reported in the funds		
Accrued interest payable		(171,756)
Bonds payable		(26,860,000)
Sick leave liability		(1,160,767)
Net pension liability		(12,407,095)
Net OPEB liability		(9,615,594)
Unamortized bond premium		(67,329)
Capitlal lease liability		(3,507)
Deferred outflows and inflows or resources related to pensions are applicable to future periods and, therefore, are not reported in the funds		
Deferred outflows related to pensions		2,114,548
Deferred outflows related to OPEB		4,713,932
Deferred inflows related to OPEB		(6,553,975)
Eferred inflows related to pensions		(2,389,258)
Net position of governmental activities	$	3,571,813

See the accompanying notes to the financial statements.

Carter County School District

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

Year Ended June 30, 2022

	General	Special Revenue	FSPK Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
From Local Sources						
Taxes	$ 6,418,551	$	$ 1,234,834	$	$	$ 7,653,385
Earnings on investments	66,377			84,286	4,812	155,475
Other local revenue	189,474	132,981			636,493	958,949
Intergovernmental - state	30,934,143	1,920,526	2,326,228	552,403	388,867	36,122,167
Intergovernmental - federal	199,220	5,739,336	-	361,405	-	6,299,960
Total revenues	37,807,765	7,792,842	3,561,062	998,094	1,030,173	51,189,935
EXPENDITURES						
Instruction	22,322,585	6,063,157			719,584	29,105,325
Support Services						
Student	1,879,829	96,077			-	1,975,906
Instructional Staff	1,191,242	276,040			806	1,468,088
District Administration	1,166,180	53,000			-	1,219,180
School Administration	2,628,481				-	2,628,481
Business	720,985	47,656			-	768,641
Plant Operation & Maintenance	4,811,963	280,419			472,555	5,564,936
Student Transportation	3,145,775	169,224			59,344	3,374,344
Food Service	7,761					7,761
Community Operations	63,464	417,315			-	480,779
Building Acquistions & Construction					-	-
Debt Service				3,039,799	-	3,039,799
Total expenditures	37,938,265	7,402,888	-	3,039,799	1,252,288	49,633,239
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(130,500)	389,955	3,561,062	(2,041,705)	(222,116)	1,556,696
OTHER FINANCING SOURCES (USES)						
Sale of equipment						-
Bond proceeds						-
Underwriters discout						-
Payment to escrow agent						-
Operating transfers in	801,964	86,640		2,444,905	664,528	3,998,037
Operating transfers (out)	(161,634)	(476,595)	(2,656,243)		(508,467)	(3,802,939)
Total other financing sources and (uses)	640,330	(389,955)	(2,656,243)	2,444,905	156,061	195,099
NET CHANGE IN FUND BALANCE	509,830	-	904,819	403,200	(66,055)	1,751,794
FUND BALANCE-BEGINNING	5,142,078	-	2,835,948	3,231,705	567,557	11,777,288
FUND BALANCE-ENDING	$ 5,651,908	$ -	$ 3,740,766	$ 3,634,905	$ 501,502	$ 13,529,082

See the accompanying notes to the financial statements.

Carter County School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Year ended June 30, 2022

Net change in fund balances-total governmental funds	$	1,751,794
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report district pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.		
District pension contributions less costs of benefits earned net employee contributions		(115,354)
Governmental funds report district OPEB contributions as expenditures. However in the Statement of Activities, the cost of OPEB benefits earned net of employee contributions is reported as pension expense.		
District OPEB contributions less costs of benefits earned net employee contributions		835,050
Capital outlays are reported as expenditures in this fund financial statement because they use current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives. The difference is the amount by which capital outlays exceeds depreciation expense for the year.		(1,584,862)
The difference in the issue amount of the refunding of bond proceeds and the amount for payment to the escrow account to pay the refunded bonds is amortized over the life of the refunding issue.		(59,063)
Bonds sold at a discount/premium are deducted/added to the related bond issues and amortized over the life of the bond in the government wide financial statements, but are recognized in the year the bonds are sold in the fund financial statements.		8,879
Bond and capital lease payments are recognized as expenditures of current financial resources in the fund financial statement but are reductions of liabilities in the statement of net position.		2,083,389
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		13,586
Noncurrent sick leave payable		203,082
Change in net position of governmental activities	$	3,136,500

See the accompanying notes to the financial statements.

Carter County School District
Statement of Fund Net Position
Proprietary Funds
June 30, 2022

	Enterprise Funds		
ASSETS	**School Food Services**	**Other Enterprise Fund**	**Total**
Cash and cash equivalents	$ 967,079	-	$ 967,079
Accounts receivable	345,033	-	345,033
Inventories	56,808	-	56,808
Capital assets:			-
Other capital assets, net of depreciation	153,142	-	153,142
Total assets	1,522,062	-	1,522,062
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	420,969	21,168	442,137
Deferred outflows related to OPEB	421,579	21,199	442,778
	842,548	42,367	884,915
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2,364,610	42,367	2,406,977
LIABILITIES			
Accounts payable	9,618	-	9,618
Net pension liability	2,473,612	124,383	2,597,995
Net OPEB liability	742,575	37,340	779,915
Total liabilities	3,225,805	161,723	3,387,528
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	476,348	23,953	500,301
Deferred inflows related to OPEB	398,737	20,050	418,787
Total defered inflows of resources	875,085	44,003	919,088
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	4,100,890	205,726	4,306,616
NET POSITION			
Net Investment in capital assets	153,142	-	153,142
Deficit	(1,889,422)	(163,359)	(2,052,781)
Total net position	(1,736,280)	(163,359)	(1,899,639)
TOTAL LIABILITIES DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 2,364,610	$ 42,367	$ 2,406,977

See the accompanying notes to the financial statements.

Carter County School District
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Year Ended June 30, 2022

	Enterprise Funds		
	School Food Services	**Other Enterprise Fund**	**Total**
OPERATING REVENUES			
Lunchroom sales	$ 58,953	$ -	$ 58,953
Day Care Fees		43,583	43,583
Total operating revenues	58,953	43,583	102,535
OPERATING EXPENSES			
Salaries, Wages, and Benefits	1,425,089	233,430	1,658,520
Contractual Services	71,872	50	71,922
Materials and Supplies	1,517,836	(10,224)	1,507,612
Depreciation	37,410		37,410
Total operating expenses	3,052,206	223,256	3,275,463
Operating income (loss)	(2,993,254)	(179,674)	(3,172,927)
NONOPERATING REVENUES (EXPENSES)			
Intergovermental revenues	3,674,552	24,532	3,699,084
Transfers	(197,824)	2,725	(195,099)
Interest on investments	11,706	57	11,763
Total nonoperating revenues (expenses)	3,488,434	27,315	3,515,749
CHANGE IN NET POSITION	495,180	(152,359)	342,821
NET POSITION-BEGINNING	(2,242,460)	-	(2,242,460)
NET POSITION-ENDING	$ (1,747,280)	$ (152,359)	$ (1,899,639)

See the accompanying notes to the financial statements.

Carter County School District
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2022

		Enterprise Funds
		School Food Services
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	$	102,535
Payments to suppliers		(1,416,730)
Payments to employees		(1,461,755)
Net cash provided (used) by operating activities		(2,775,950)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating grants and contributions		3,045,931
Transfers		(195,099)
Net cash provided (used) by noncapital financing activities		2,850,832
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of capital assets		(11,000)
Interest		11,763
Net cash provided (used) by investing activities		763
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		75,645
CASH AND CASH EQUIVALENTS-BEGINNING		891,433
CASH AND CASH EQUIVALENTS-ENDING	$	967,078
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Decrease in net assets	$	342,822
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation		37,409
Changes in assets and liabilities:		
Receivables		(278,314)
Inventory		16,571
Net OPEB activity		2,871
Net pension activity		(6,394)
Accounts payable		(28,320)
Capital assets		(11,000)
Net increase in cash and cash equivalents	$	75,645

NONCASH NONCAPITAL FINANCING ACTIVITIES

During the year, the district received $174,552 of food commodities from the U.S. Department of Agriculture.

During the year, the district recognized revenues and expenses for on-behalf payments relating to fringe benefits in the amount of $200,287 provided by state government.

See the accompanying notes to the financial statements.

Carter County School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2022

		Trust Funds
ASSETS		
Cash and cash equivalents	$	141,369
Investments		11,114
Total assets		152,483
NET POSITION HELD IN TRUST		152,483

See the accompanying notes to the financial statements.

Carter County School District

Statement of Changes in Fiduiciary Net Position

Fiduciary Funds

Year Ended June 30, 2022

		Enterprise Funds
		Trust Funds
ADDITIONS		
Investment income	$	1,046
Contributions/Donations		1,200
Total additions		2,246
DEDUCTIONS		
Community Services		6,006
Total Duductions		6,006
CHANGE IN NET POSITION		(3,760)
NET POSITION-BEGINNING		156,243
NET POSITION-ENDING	$	152,483

See the accompanying notes to the financial statements.

Note 1 – Nature of Activities:

A. Reporting Entity

The Carter County Board of Education (the "Board"), a five member group, is the level of government which has oversight responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the Carter County School District (the "District"). The District receives funding from local, state and federal government sources and must comply with the commitment requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards as Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to develop policies which 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 Board. 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. Copies of component unit reports may be obtained from the District's Finance Office at 228 South Carol Malone Blvd., Grayson, KY 41143.

Carter County School District Finance Corporation - On August 14, 1989, the Carter County Board of Education resolved to authorize the establishment of the Carter 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 58.180) as an agency of the Board for financing the costs of school building facilities. The Board Members of the Carter County Board of Education also comprise the Corporation's Board of Directors.

B. Summary of Significant Accounting Policies and Description of Funds

Basis of Presentation

The basic financial statements include both government-wide statements and fund financial statements. The government-wide statements focus on the District as a whole, while the fund financial statements focus on major funds. Each presentation provides valuable information that can be analyzed and compared between years and between governments to enhance the usefulness of the information.

Government-wide Statements - Provide information about the primary government (the District). The statements include a statement of net position and a statement of activities. These statements report the financial activities of the overall government and business-type activities of the District. Governmental

Note 1 – Nature of Activities (Cont.):

activities generally are financed through taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties.

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 a 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.

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.

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

The District has the following funds:

I. Governmental Fund Types

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

(B) The Special Revenue 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.

Note 1 – Nature of Activities (Cont.):

Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally-funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report. This is a major fund of the District.

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

i. 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.

ii. The Facility Support Program of Kentucky Fund (FSPK) accounts for funds generated by the building tax levy and also participates in the Kentucky 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.

iii. The Construction Fund includes Capital Projects Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction. This is a major fund of the District.

(D) Debt Service Funds are used to account for the accumulation of resources for, and payment of, general long-term debt principal and interest and related costs; and, for the payment of interest on general obligation notes payable, as required by Kentucky law. This is a major fund of the District.

II. Proprietary Fund Type (Enterprise Fund)

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

(B) The Day Care Fund is used to account for daycare activities offered to the community for the days school is in session.

III. Fiduciary Fund Type (includes Agency and Trust Funds)

The Agency Fund accounts for activities of student groups and other types of activities requiring clearing accounts. These funds are accounted for in accordance with the *Uniform Program of Accounting for School Activity Funds.*

The Private Purpose Trust Funds are used to report trust agreements under which principal and income benefit individuals, private organizations, or other governments.

Note 1 – Nature of Activities (Cont.):

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. Propriety 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.

Nonexchange 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, revenues from property taxes are 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 nonexchange transactions must also be available before it can be recognized.

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

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 school year is reported in the statement of revenues, expenses, and changes in net position as an expense with a like amount reported as donated commodities revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable.

Note 1 – Nature of Activities (Cont.):

Encumbrance Accounting

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end and outstanding encumbrances at year-end are appropriated in the next year. A reservation of fund balance equal to outstanding encumbrances at year-end is provided for at June 30, 2022. Accordingly, no differences exist between actual results and the applicable budgetary data presented in the accompanying combined financial statements related to encumbrance accounting. Encumbrances outstanding at year-end are reported in the appropriate fund balance category (restricted, committed or assigned) since they do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

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 fund. 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 five thousand dollars. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

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:

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

Note 1 – Nature of Activities (Cont.):

Interfund Activity

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund 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.

Cash and Cash Equivalents

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

Inventories

Supplies and materials are charged to expenditures when purchased with the exception of the Proprietary Funds, which records inventory at cost, on the first-in, first-out basis, using the accrual basis of accounting.

Budgetary Process

The District is required by state law to adopt annual budgets for the general fund, special revenue fund, capital outlay fund and the food service fund. The District's budgetary process accounts for certain transactions on a basis other than Generally Accepted Accounting Principles (GAAP). The major difference between the budgetary basis and the GAAP basis is that on-behalf payments made by the state for the District are not budgeted. See Note 14 for these amounts which were not known by the District at the time the budget was adopted.

Property Taxes

Property taxes collected are recorded as revenues in the fund for which they were levied. The District's ad valorem property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business property located in the District. The assessed value of property upon which the levy for the 2022 fiscal year was based was $1,018,695,524.

The tax rates assessed for the year ended June 30, 2022, to finance general fund operations were $.481 on real estate and $.47 on motor vehicles, per $100 valuation.

Taxes are due on October 1 and become delinquent by February 1 following the October 1 levy date. Current tax collections for the year ended June 30, 2022, were approximately 95.99% of the tax levy.

Note 1 – Nature of Activities (Cont.):

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

Fund Balance Reserves

The District reserves those portions of fund balances which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion, which is available for appropriation in future periods. Fund balances reserves have been established for accrued sick leave. Unreserved fund balances are composed of designated and undesignated portions. The undesignated portion of the unreserved fund balance represents that portion of fund balance that is available for budgeting in future periods. Designated fund balances represent tentative plans for future use of financial resources.

Fund Equity

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

I. Nonspendable fund balances include amounts that cannot be spent because they are in a nonspendable form, such as inventory, or prepaid expense amounts, or they are legally or contractually required to be maintained intact, such as the corpus of a permanent fund.

II. Restricted fund balances are restricted due to legal restrictions from creditors, grantors, or laws and regulations of other governments or by legally enforceable enabling legislation or constitutional provisions.

III. Committed fund balances are amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the highest level of decision-making authority, which for the county is the five-member School Board. Said specific purposes and amounts are recorded in the official Board minutes of the fiscal year ended June 30, 2021.

Note 1 – Nature of Activities (Cont.):

IV. Those committed amounts cannot be used for any other purpose unless the School Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

V. Assigned fund balances are constrained by the intent to use funds for specific purposes, but are neither restricted nor committed. Intent can be expressed by the five-member School Board or by a body or official to which the School Board has delegated the authority to assign amounts to be used for specific purposes. By reporting particular amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund, the Board has assigned those amounts to the purposes of the respective funds.

VI. Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. In other funds, any negative fund balances would be unassigned.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the propriety funds. For the District, those revenues are primarily charges for meals provided by the various schools. All other revenues are nonoperating. Operating expenses can be tied specifically to the production of the foods and services, such as materials and labor and direct overhead. Other expenses are nonoperating.

Interfund 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 interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Restricted Resources

Restricted resources should be applied first when an expense is incurred for purposes for which both restricted and unrestricted net position are available. If an expense is incurred for purposes for which committed, assigned and unassigned fund balances are all available, the fund balances should be reduced in the following order: committed, assigned, and then unassigned.

Note 1 – Nature of Activities (Cont.):

Deferred Outflow of Resources:

A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period.

Balances of deferred outflows of resources may be presented in the statement of net position or governmental fund balance sheet as aggregations of different types of deferred amounts. For the fiscal year ended June 30, 2022, the District reported deferred outflows of resources on the government-wide financial statements for deferred pension contributions, deferred pension and OPEB payments and advance refunding bond payments.

Deferred Inflow of Resources

A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period.

Balances of deferred inflows of resources may be presented in the statement of net position or governmental fund balance sheet as aggregations of different types of deferred amounts. For the fiscal year ended June 30, 2022, the District reported deferred inflows of resources on the government-wide financial statements for deferred pension investment earnings and deferred OPEB investment earnings.

Pensions

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

Note 2 - Recent Accounting Pronouncements:
GASB issued Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments.

Revenue Fund and a new non-major governmental fund, Student Activity Funds. See also Note T.

GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, effective for the District's fiscal year ending June 30, 2021.

GASB Statement No. 90, Majority *Equity Interests – an amendment of GASB Statements No. 14 and No.61*, effective for the District's fiscal year ending June 30, 2021.

GASB issued Statement No. 95, *Postponement of the Effective dates of Certain Authoritative Guidance*, effective for the District's fiscal year ending June 30, 2021.

The adoption of GASB statement Numbers 88, 90, and 95 did not have an impact on the District's financial position or results of operations.

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

GASB issued Statement No. 87, *Leases*, effective for the District's fiscal year ending June 30, 2022. This statement was adopted by the District this fiscal year.

GASB issued Statement No. 89, *Accounting for Interest Costs Incurred before the End of a Construction Period*, effective for the District's fiscal year ending June 30, 2022.

GASB issued Statement No. 91, *Conduit Debt Obligations*, effective for the District's fiscal year ending June 30, 2023.

GASB issued Statement No. 92, *Omnibus 2020*, effective for the District's fiscal year ending June 30, 2022.

GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*, effective for the District's fiscal year ending June 30, 2022.

GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, effective for the District's fiscal year ending June 30, 2023.

GASB issued statement No. 96, *Subscription-Based Information Technology Agreements,* effective for the District's fiscal year ended June 30, 2023.

GASB issued statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32, effective for the District's fiscal year end June 30, 2022.

GASB issued statement No. 98, *The Annual Comprehensive Financial Report,* effective for the District's fiscal year ended June 30, 2022.

GASB Statement No. 99, *Omnibus 2022,* effective for the District's year ended June 30, 2023

GASB Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB*

Statement No. 62 effective for the District's year ended June 30, 2024

GASB Statement No. 101, *Compensated Absences*, effective for the District's year ended June 30, 2025

The impact of these pronouncements on the District's financial statement has not been determined

Note 3 – Estimates:

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

Note 4 – Cash and Cash Equivalents:

The funds of the District must be deposited and invested under the terms of a contract. The depository bank places approved pledged securities for safekeeping and trust with the District's agent bank in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

At June 30, 2022, the carrying amount of the Board's cash and cash equivalents was $10,207,592 and the bank balances totaled $13,362,135 including and trust funds. Of the total bank balances, $250,000 was secured by Federal Depository insurance and the remaining amount was covered by a collateral agreement and collateral held by the pledging banks' trust departments in the District's name.

The cash deposits held at financial institutions can be categorized according to three levels of risk.
These three levels of risks are as follows:
Category 1 - Deposits, which are insured or collateralized with securities, held by the District or by its agent in the District's name.
Category 2 - Deposits, which are collateralized with securities held by the pledging financial institution's trust department or agent in the District's name.
Category 3 - Deposits, which are not collateralized or insured.

Based on these three levels of risk, the District's uninsured cash deposits are classified as Category 2.

General Fund cash and cash equivalents at June 30, 2022, consisted of an interest bearing checking account.

Due to the nature of the accounts and certain limitations imposed on the use of funds, each bank account within the following funds is considered to be restricted: SEEK Capital Outlay Fund, Facility Support Program (FSPK) Fund, Education Building Fund, Special Revenue (Grant) Funds, Bond and Interest Redemption Fund, School Food Service Funds, and School Activity Funds.

Note 5 – Capital Assets:

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

Governmental Activities	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022
Land	$ 1,683,811	$ -	$ -	$ 1,683,811
Land Improvements	248,262	-	-	248,262
Buildings and Improvements	71,781,631	-	-	71,781,631
Technology Equipment	268,491	5,500	-	273,991
Machinery and Equipment	334,164	47,898	7,499	374,563
Vehicles	6,553,348	463,160	197,472	6,819,036
Total	$80,869,707	$ 516,558	$ 204,972	$81,181,294
Less: Accumulated Depreciation:				
Land Improvements	$ 248,261	$ -	$ -	$ 248,261
Buildings and Improvements	31,934,098	1,679,074	-	33,613,172
Technology Equipment	253,233	8,763	-	261,996
Machinery and Equipment	223,838,	17,866	7,499	234,204
Vehicles	4,732,981	395,718	197,473	4,931,226
Total	$37,392,411	$2,101,421	$ 204,972	$39,288,860
Governmental Activities Capital Assets - Net:	$43,477,296	($1,584,863)	$ -	$41,892,434
Business-Type Activities				
Food Service Equipment	$ 956,822	$ 11,000	$ -	$ 967,822
Less: Accumulated Depreciation:	777,270	37,410	-	814,679
Business-Type Activities Capital Assets – Net	$ 179,552	$ (26,410)	$ -	$ 153,142

Depreciation expense was allocated to governmental functions as follows:

Instructional	$ 12,917
District administration	9,433
School administration	120
Plant operation and maintenance	1,708,766
Student transportation	370,185
Total	$ 2,,101,421

Note 6 – Debt Obligations:

The amount shown in the accompanying financial statements as debt obligations represents the District's future obligations to make lease payments relating to the bonds issued by the Carter County School District Financial Corporation and the Kentucky School Construction Commission aggregating $26,860,000.

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

Issue Date	Proceeds	Rates
2011	12,590,000	1.00% to 5.00%
2011	7,665,000	5.00%
2012	3,460,000	1.00% to 3.625%
2013	3,805,000	2.00% to 2.25%
2014	655,000	4.00%
2015	5,300,000	2.00% to 2.25%
2015	3,130,000	2.00% to 3.25%
2018	8,635,000	1.25% to 3.00%
2021	1,200,000	2.00% to 2.10%
	$ 46,440,000	

The District, through the General Fund (including utility taxes and the Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund) is obligated to make lease payments in amounts sufficient to satisfy debt service requirements on bonds issued by the Carter County School District Financial Corporation and the Kentucky School Construction Commission 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 proceeds from certain refunding issues have been placed in escrow accounts to be used to service the related debt.

In prior years The Carter County School Finance Corporation issued Qualified School Construction Bonds (QSCBs). The QSCB is a federal program that provides bond holders with annual tax credits that are approximately equal to the interest that states and communities would ordinarily pay to the holders of taxable bonds. Sequestration affected the subsidy received from July 1, 2021 through June 30, 2022 by reducing payments from the Federal Government by 5.7% ($21,845). The District was responsible to the bond holder for the reduction.

Note 6 – Debt Obligations (Cont.):

At June 30, 2022 the District had a balance of $3,633,555 in a QSCB sinking fund as required by bond indentures. Future required deposits of $320,636 is due annually until the bond is payable in full December 1, 2030.

The changes in the general long-term debt for the year ended June 30, 2022, were as follows:

	Balance July 1, 2021	New Issues	Retirements	Balance June 30, 2022
Revenue Bonds	$ 28,940,000	$ -	$ 2,080,000	$ 26,860,000
Accrued Sick Leave	1,712,221	152,341	236,834	1,627,728
Total	$ 30,652,221	$ 152,341	$ 2,316,834	$ 28,487,728

The District has entered into "participation agreements" with the School Facility Construction Commission. The Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting school construction needs.

The 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:

	Carter County School District		Kentucky School Facilities Construction Commission		
Year	Principal	Interest	Principal	Interest	Total Principal
2023	1,686,474	421,097	443,526	108,877	2,130,000
2024	1.720,918	383,345	454,082	98,323	2,175,000
2025	1,764,053	341,767	465,947	86,457	2,230,000
2026	1,811,573	297,947	478,427	73,977	2,290,000
2027-2031	14,463,174	894,793	1,616,826	206,095	16,080,000
2031-2035	1,663,337	110,998	291,663	23,754	1,955,000
Total	$23,109,529	$ 2,449,947	$ 3,750,471	$ 597,482	$26,860,000

Note 7 – 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 District's past experience of making termination payments. The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, the current portion of unpaid accrued sick leave is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "accrued sick leave" in the general fund. The noncurrent portion of the liability is not reported in the fund financial statements.

Note 8 – Interfund Transfers:

Interfund transfers at June 30, 2022, consisted of the following:

Type	From	To	Purpose	Amount
Operating	General	Special Revenue	Technology	$ 81,640
Operating	General	Special Revenue	Community Education	5,000
Operating	General	Student Activity	Operating	2,269
Operating	General	Day Care	Operating	2,725
Operating	Special Revenue	Construction	Operating	472,555
Operating	Special Revenue	General	Indirect Cost	4,040
Operating	Capital Outlay	General	Operating	388,762
Operating	Building	General	Operating	211,338
Operating	Building	Debt Service	Debt Service	2,444,905
Operating	Food Service	General	Indirect Cost	197,824

Note 9 – Retirement Plans:

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

General information about the County Employees Retirement System Non-Hazardous ("CERS")
Plan description—Employees whose positions do not require a degree beyond a high school diploma are covered by the CERS, a cost-sharing multiple-employer defined benefit pension plan administered by the Kentucky 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 System 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:

Tier 1	Participation date	Before September 1, 2008
	Unreduced retirement	27 years service or 65 years old
	Reduced retirement	At least 5 years service and 55 years 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 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 nonservice-related disability benefits.

Note 9 – Retirement Plans (Cont.):

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

	Required contribution
Tier 1	5%
Tier 2	5% + 1% for insurance
Tier 3	5% + 1% for insurance

General information about the Teachers' Retirement System of the State of Kentucky ("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.

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 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.

Note 9 – Retirement Plans (Cont.):

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 9.895% of their salaries. KRS 161.580 allows each university to reduce the contribution of its employees by 2.215%; therefore, university employees contribute 7.68% 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 16.105% 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.

Medical Insurance Plan

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

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

Funding policy—In order to fund the post-retirement healthcare benefit, six percent (6%) of the gross annual payroll of employees before July 1, 2008 is contributed. Three percent (3%) is paid by member and three percent (3%) from the employer. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan.

Note 9 – Retirement Plans (Cont.):

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

District's proportionate share of the CERS net pension liability	$ 15,005,090
Commonwealth's proportionate share of the KTRS net pension Liability associated with the District	$ 66,707,186

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 District's proportion of the net pension liability for CERS was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2021, the District's proportion was 0.235345% percent.

For the year ended June 30, 2022, the District recognized pension expense of $1,858,232 related to CERS. The District also recognized revenue and expense of $5,730,319 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 actual and expected Experience	$ 172,304	$ 145,635
Changes of assumptions	201,386	
Net difference between actual projected and Actual earnings on pension plan investments	582,098	2,582,024
Changes in proportion and differences between District contributions and proportionate share of contributions	272,908	161,900
District contributions subsequent to the measurement date	1,328,630	
_	2,557,326	2,889,559

Note 9 – Retirement Plans (Cont.):

The $1,328,630 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred (inflows) related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2022	(226,138)
2023	(367,779)
2024	(440,672)
2025	(626,274)
2026	0
Thereafter	0

Actuarial assumptions—The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	CERS	KTRS
Inflation	2.30%	2.5000%
Salary increases	3.30-10.30%	3.00-7.50%
Investment rate of return, net of investment expense & inflation	6.25%	7.10%

For CERS, the mortality table used for active members was a Pub-2010 General Mortality table projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. The mortality table used for healthy retired members was a system-specific mortality table 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 a 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 Pub-2010 (Teachers Benefits-Weighted). Table projected generationally with MO-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 by the results of an actuarial experience study for the 5-year ending June 30, 2020 adopted by the board on September 20, 2021.

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

Note 9 – Retirement Plans (Cont.):

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	21.75%	5.70%
Non-US Equity	21.75%	6.35%
Private Equity	10.00%	9.70%
Specialty Credit/High Yield	15.00%	2.80%
Core Bonds	10.00%	0%
Cash	1.50%	-.60%
Real Estate	10.00%	5.40%
Opportunistic	0.00%	N?A%
Real Return	10.00%	4.55%
	100.00%	

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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap U.S Equity	37.4%	4.2%
Small Cap U.S Equity	2.6%	4.7%
Developed International Equity	16.5%	5.3%
Emerging Markets Equity	5.5%	5.4%
Fixed Income	15.0%	(0.1)%
High Yield Bonds	2.0%	1.7%
Other Additional Categories	5.0%	2.2%
Real Estate	7.0%	4.0%
Private Equity	7.0%	6.9%
Cash	2.0%	(0.3)%
	100%	

Discount rate-For CERS, the discount rate used to measure the total pension liability was 6.25%. The projection of cash flows used to determine the discount rate assumed that the funds receive the required employer contributions each future year. The future contributions are projected in accordance with the current funding policy, as most recently revised by House Bill 8, passed during the 2021 legislative session. The assumed future employer contributions reflect the provisions of House Bill 362 passed during the 2018 legislative session, which limits the employer contribution rates to 12% over the prior fiscal year through June 30, 2028.

Note 9 – Retirement Plans (Cont.):

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

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

	1% Decrease	Current Discount Rate	1% Increase
CERS	5.25	6.25%	7.25%
District proportionate share Of net pension liability	$19,244,739	$15,005,090	$11,496,879
KTRS	6.10	7.10%	8.10%
District proportionate share Of net pension liability	-	-	-

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

Note 10 – Other Postemployment Benefit (OPEB) Plans:

Kentucky Teachers Retirement System OPEB Plans

Teaching-certified employees of the 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 https://trs.ky.gov/financial-reports-information/#CAFR.

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.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to KTRS Medical Insurance Plan

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 and three quarter 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.

Note 10 – Other Postemployment Benefit (OPEB) Plans Cont.):

At June 30, 2022, the District reported a liability of $10,395,509 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 0.274559% percent. The amount recognized by the District as its proportionate share of the OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the CERS net OPEB liability	$ 4,504,509
Commonwealth's proportionate share of the KTRS net OPEB liability associated with the District	5,891,000
	10,395,509

For the year ended June 30, 2021, the District recognized OPEB revenue and expense of $395,785 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 actual and expected Experience	$ 708,335	$ 4,847,897
Changes of assumptions	2,735,231	4,189
Net difference between actual projected and Actual earnings on pension plan investments	226,950	1,559,618
Changes in proportion and differences between District contributions and proportionate share of contributions	224,354	561,058
District contributions subsequent to the measurement date	1,261,199	
	5,156,069	6,972,762

Of the total amount reported as deferred outflows of resources related to OPEB, $1,261,199 is 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.

Note 10 – Other Postemployment Benefit (OPEB) Plans Cont.):

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

Year ending June 30:	
2022	(647,960)
2023	(757,956)
2024	(680,950)
2025	(835,027)
2026	(162,000)
Thereafter	(6)

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

Investment rate of return	7.10%, net of OPEB plan investment expense, including inflation
Projected salary increases	3.00%-7.50%, including inflation
Inflation rate	2.50%
Real Wage Growth	0.25%
Wage Inflation	2.75%
Healthcare cost trend rates	
Under 65	7.00%, for FY2020 decreasing to an ultimate rate of 4.50% by FY2031
Ages 65 and Older	5.00%, for FY2022 decreasing to an ultimate rate of 4.50% by FY2024
Medicare Part B Premiums	4.40% for FY2021 with an ultimate rate of 4.50% by FY2034
Municipal Bond Index Rate	2.13%
Discount Rate	7.10%
Single Equivalent Interest Rate	7.10%, net of OPEB plan investment expense, including inflation

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

The remaining actuarial assumptions (e.g. initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2020 valuation were based on a review of recent plan experience done concurrently with the June 30, 2020 valuation.

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

Note 10 – Other Postemployment Benefit (OPEB) Plans Cont.):

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	Long-Term Expected Real Rate of Return
Global Equity	58.0%	5.10%
Fixed Income	9.0%	(0.10%)
Real Estate	6.5%	4.00%
Additional Category; High Yield	8.0%	1.70%
Private Equity	8.5%	6.90%
Other Additional Categories	9.0%	2.20%
Cash (LIBOR)	1.0%	(0.30%)
	100%	

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. The following table presents the District's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 7.10%, as well as, what the District's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	6.10%	7.10%	8.10%
District's proportionate share of net OPEB liability	$ 7,542,000	$ 5,891,000	$ 4,526,000

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 rate:

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of net OPEB liability	$ 4,280,000	$ 5,891,000	$ 7,896,000

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 10 – Other Postemployment Benefit (OPEB) Plans Cont.):

Life Insurance Plan

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

Benefits provided- TRS provide s 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 KTRS Life Insurance Plan

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

District's proportionate share of net OPEB liability	$ -
Commonwealth's proportionate share of the net OPEB liability associated with the District	64,000

The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on the actual liability of the employees and former employees relative to the total liability of the Commonwealth as determined by the actuary. At June 30, 2021, the District's proportion was 0.486411

For the year ended June 30, 2022, the District recognized OPEB expense and revenue of $9,747 for support provided by the State.

Note 10 – Other Postemployment Benefit (OPEB) Plans (Cont.):

Actuarial assumptions - The total OPEB liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	7.10%, net of OPEB plan investment expense, including inflation
Projected salary increases	3.00%-7.50%, including inflation
Inflation rate	2.50%
Real Wage Growth	0.25%
Wage Inflation	2.75%
Healthcare cost trend rates	
Under 65	7.00%, for FY2020 decreasing to an ultimate rate of 4.50% by FY2031
Ages 65 and Older	5.00%, for FY2022 decreasing to an ultimate rate of 4.50% by FY2024
Medicare Part B Premiums	4.40% for FY2021 with an ultimate rate of 4.50% by FY2034
Municipal Bond Index Rate	2.13%
Discount Rate	7.10%
Single Equivalent Interest Rate	7.10%, net of OPEB plan investment expense, including inflation

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

The remaining actuarial assumptions (e.g. initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2020 valuation were based on a review of recent plan experience done concurrently with the June 30, 2020 valuation.

The long-term expected rate of return on OPEB plan investments was determined using a lognormal 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
U. S. Equity	40.0%	4.40%
International Equity	23.0%	5.60%
Fixed Income	18.0%	(0.10%)
Real Estate	6.0%	4.00%
Private Equity	5.0%	6.90%
Other Additional Categories	6.0%	2.10%
Cash (LIBOR)	2.0%	(0.30%)

Note 10 – Other Postemployment Benefit (OPEB) Plans (Cont.):

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

The following table presents the District's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 7.10%, as well as what the District's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	6.10%	7.10%	8.10%
District's proportionate share of net OPEB liability	$ 0	0	0

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

County Employees Retirement Systems OPEB Plan

Plan description: The County Employees Retirement System ("CERS") Insurance Fund was established to provide post-employment healthcare benefits to eligible members and dependents. The CERS Insurance Fund is a cost-sharing, multiple employer defined benefit plan administered by the Kentucky Retirement Systems' (KRS) board of trustees.

CERS issues a publicly available financial report included in the Kentucky Retirement Systems Annual Report that includes financial statements and the required supplementary information for CERS. That report may be obtained by writing to Kentucky Retirement Systems, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky, 40601, or by calling (502) 564-4646 or at https://kyret.ky.gov.

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

Note 10 – Other Postemployment Benefit (OPEB) Plans (Cont.):

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

Contributions: CERS allocates a portion of the employer contributions to the health insurance benefit plans. For the year ending June 30, 2018, CERS allocated 4.70% of the 19.18% actuarially required contribution rate paid by employers for funding the healthcare benefit. In addition, 1.00% of the contributions by employees hired after September 1, 2008 are allocated to the health insurance plan. During the year ending June 30, 2018, the District contributed $197,450 to the CERS Insurance Fund. The contribution requirements of CERS are established and may be amended by the CERS Board of Trustees.

Implicit Subsidy: The fully-insured premiums KRS pays for the Kentucky Employees' Health Plan are blended rates based on the combined experience of active and retired members. Because the average cost of providing health care benefits to retirees under age 65 is higher than the average cost of providing health care benefits to active employees, there is an implicit employer subsidy for the non-Medicare eligible retirees. This implicit subsidy is included in the calculation of the total OPEB liability.

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

At June 30, 2022, the District reported a liability its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020. The total OPEB liability was rolled forward from the valuation date to the plan's fiscal year ending June 30, 2021 using generally accepted actuarial principles. The District's proportion of the net OPEB liability was based on contributions to CERS during the fiscal year ended June 30, 2021. At June 30 2021, the District's proportion was 0.235290%.

Note 10 – Other Postemployment Benefit (OPEB) Plans (Cont.):

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected Experience	$ 708,335	$ 1,344,897
Changes of assumptions	1,194,231	4,189
Net difference between actual projected and Actual earnings on pension plan investments	226,950	931,618
Changes in proportion and differences between District contributions and proportionate share of contributions	61,354	138,058
District contributions subsequent to the measurement date	362,753	
	2,553,623	2,418,762

Of the total amount reported as deferred outflows of resources related to OPEB, $362,753 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.

Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed five year period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions are amortized over the average service life of all members. These will be recognized in OPEB expense as follows:

Year ending June 30:	
2022	79,040
2023	(27,956)
2024	(27,950)
2025	(251,027)
2026	0
Thereafter	0

Note 10 – Other Postemployment Benefit (OPEB) Plans (Cont.):

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

Valuation Date	June 30, 2019
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll
Remaining Amortization Period	30 years, closed
Asset Valuation Method	20.00% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Healthcare Trend Rates	Pre-65 Initial trend starting at 6.25% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years
	Post-65 Initial trend starting at 5.50% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years
Payroll Growth	2.00%
Inflation	2.30%
Salary Increase	3.30% to 10.30%
Investment Rate of Return	6.25%

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

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

Asset Class	Allocation	Real Rate of Return
U. S. Equity*	21.75%	5.70%
International Equity	21.75%	6.35%
Private Equity	10.00%	9.70%
Specialty Credit/High Yield	15.00%	2.80%
Core Bonds	10.00%	(0.00%)
Cash	1.50%	(0.60%)
Real Estate	10.00%	5.40%
Opportunistic	0.00%	N/A
Real Return	10.00%	4.55%
Total & Expected real return	100.00%	5.00%

**Long-term Expected Real Rates of Return may vary by plans depending on the risk tolerance of the plan*

Note 10 – Other Postemployment Benefit (OPEB) Plans (Cont.):

Discount rate - The discount rate used to measure the total OPEB liability was 5.20%. The projection of cash flows used to determine the single discount rate assumed that local employers would contribute each future year as determined by the current funding policy established in the Statute as last amended by House Bill 8. This includes the phase-in provision s from House Bill 362. The discount rate determination used an expected rate of return of 1.92%, and a municipal bond rate of 2.45%, as reported in Fidelity Index's "20 -Year Municipal GO AA Index" as of June 30, 2021. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the plan's fiduciary net position and future contributions were projected to be sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the retirement system. However, the cost associated with the implicit employer subsidy is not currently being included in the calculation of the System's actuarial determined contributions, and it is our understanding that any cost associated with the implicit subsidy will not be paid out of the Plan's trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy

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

District's proportionate share of	4.20%	5.20%	6.20%
net OPEB liability	$4,504,509	$4,504,509	$3,125,669

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:

	1%	Current	1%
District's proportionate share of	Decrease	Trend Rate	Increase
net OPEB liability	$3,242,711	$4,504,509	$6,027,519

OPEB plan fiduciary net position: Detailed information about the OPEB plan's fiduciary net position is available in the separately issued CERS financial report which is publically available at https://kyret.ky.gov.

Note 11 – 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 the grantors review indicates that the funds have not been used for the intended purpose, the grantors' may request a refund of monies advanced or refuse to reimburse the District for its disbursements. The amount of such future refunds and unreimbursed disbursements, if any, is not expected to be significant. Continuation of the District's grant program is predicated upon the grantors' satisfaction that the funds provided are being spent as intended and the grantors' intent to continue their programs.

The District is subject to certain legal proceedings arising from normal business activities. Administrative officials believe that these actions are without merit or that the ultimate liability, if any, resulting from them will not materially affect the accompanying financial statements.

Note 12 – Risk Management:

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To obtain insurance for workers' compensation, the District carries their insurance with Kentucky Employers' Mutual Insurance (KEMI), which is located in Lexington Kentucky. KEMI is a mutual insurance company regulated by the Kentucky Department of Insurance. The District pays annual premiums for their coverage. The premium for workers' compensation is based on a formula. The District is assigned a classification code for their industry and each classification code has a corresponding rate. Multiplying the rate times the estimated payroll for operations then dividing by 100 will give the base premium, in some cases, modifiers may also be added, based on eligibility, which may increase or decrease the premium. In other cases, additional coverage may be requested that increase the premium.

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 13 – 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).

Note 14 – On-Behalf Payments:

For fiscal year 2022, the Commonwealth of Kentucky contributed payments on behalf of the Carter County School District as follows:

Plan/Description	Amount
Kentucky Teachers Retirement System	$ 5,730,318
Health & Life Insurance	4,732,413
Technology	159,151
Debt Service	552,403
Total	$11,174,285

These amounts are included the Government-wide Statement of Activities as State Revenue and an expense allocated to the different functions in the same proportion as full-time employees.

Note 15 – Fund Balance:

The detailed components of the various fund balance categories as of June 30, 2022, are as follows:

Fund Balance	General Current Expense Fund	District and Student Activity Funds	Capital Outlay and Building Funds	Construction Fund	Debt Service Fund	Total Governmental Funds
Assigned to:						
Capital Expenditures	$		3,740,766	$	$ -	$ 3,740,766
Nonspendable	501,355		-	-	-	501,355
Restricted:						
Future Construction	-		-	-	-	-
Other	-	501,502	-	-	3,634,905	4,136,407
Unassigned	5,150,553		-	-	-	5,150,553
Total Fund Balance	$5,651,908	$501,502	$3,740,766	$ -	$3,634,905	$ 13,529,081

Note 16 – Encumbrances:

The District had no encumbrances as of June 30, 2022.

Note 17 – Commitments, Contingencies, and Subsequent Events:

All commitments, contingencies, and subsequent events have been evaluated by management and have been properly disclosed up through November 8, 2022, the date the financial statements were available to be issued.

Carter County School District
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
Year Ended June 30, 2022

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	**Final**	**Actual**	
REVENUES				
From Local Sources				
Taxes	5,697,802	6,225,306	6,418,551	193,245
Earnings on investments	25,000	10,000	66,377	56,377
Intergovernmental - state	30,067,355	30,709,729	30,934,143	224,414
Intergovernmental - federal	251,624	243,000	199,220	(43,780)
Other Sources	66,000	46,000	189,474	143,474
Total revenues	36,107,781	37,234,035	37,807,765	573,730
EXPENDITURES				
Instruction	23,154,598	23,080,421	22,322,585	757,836
Support Services				
Student	1,966,695	1,900,535	1,879,829	20,706
Instructional Staff	1,317,292	1,295,775	1,191,242	104,532
District Administration	801,206	845,275	1,166,180	(320,904)
School Administration	2,604,405	2,475,508	2,628,481	(152,974)
Business	631,112	646,091	720,985	(74,894)
Plant Operation & Maintenance	4,233,482	4,377,127	4,811,963	(434,835)
Student Transportation	3,266,243	3,247,101	3,145,775	101,326
Food Service	4,606	3,990	7,761	(3,771)
Day Care Operations		53,160	63,464	(10,304)
Total expenditures	37,979,639	37,924,982	37,938,265	(13,283)
EXCESS (DEFICIENCY) IN REVENUES OVER EXPENDITURES	(1,871,858)	(690,947)	(130,500)	560,447
OTHER FINANCING SOURCES (USES)				
Sale of equipment	5,000	5,000	-	(5,000)
Operating transfers in	747,309	787,383	801,964	14,581
Operating transfers (out)	(137,327)	(85,000)	(161,634)	(76,634)
Total other financing sources and (uses)	614,982	707,383	640,330	(67,052)
NET CHANGE IN FUND BALANCE	(1,256,876)	16,436	509,830	493,394
FUND BALANCE-BEGINNING	3,287,237	5,142,160	5,142,078	(82)
FUND BALANCE-ENDING	$ 2,030,361	$ 5,158,596	$ 5,651,908	$ 493,312

See the accompanying notes to the financial statements.

Carter County School District

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

Special Revenue Fund

Year Ended June 30, 2022

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
From Local Sources				
Other local revenue	$ -	$ -	$ -	$ -
Earnings on investments	-	-	-	-
Intergovernmental - state	1,682,814	1,924,072	1,920,526	(3,546)
Intergovernmental - federal	3,987,742	4,076,707	5,739,336	1,662,629
Other Sources	-	96,807	132,981	
Total revenues	5,670,556	6,097,586	7,792,842	1,659,082
EXPENDITURES				
Instruction	4,869,364	5,132,367	6,063,157	(930,789)
Support Services				
Student	32,907	52,319	96,077	(43,758)
Instructional Staff	196,652	239,326	276,040	(36,714)
District Administration	-	-	53,000	-
Business Support Services	25,000	27,200	47,656	-
Plant Operation & Maintenance	164,998	164,044	280,419	(116,375)
Student Transportation	-	122,816	169,224	(46,408)
Community Services Operations	437,816	443,058	417,315	25,743
Total expenditures	5,726,737	6,181,130	7,402,888	(1,148,302)
EXCESS (DEFICIENCY) IN REVENUES OVER EXPENDITURES	(56,181)	(83,544)	389,955	510,780
OTHER FINANCING SOURCES (USES)				
Operating transfers in	59,178	85,000	86,640	1,640
Operating transfers (out)	(2,997)	(1,456)	(476,595)	(475,139)
Total other financing sources and (uses)	56,181	83,544	(389,955)	(473,499)
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE-BEGINNING	-	-	-	-
FUND BALANCE-ENDING	$ -	$ -	$ -	$ -

See the accompanying notes to the financial statements.

CARTER COUNTY SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

CERS and TRS

For the year ended June 30, 2022

	Reporting Fiscal Year (Measurement Date) 2022 (2021)	Reporting Fiscal Year (Measurement Date) 2021 (2020)	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)	Reporting Fiscal Year (Measurement Date) 2017 (2016)	Reporting Fiscal Year (Measurement Date) 2016 (2015)
COUNTY EMPLOYEE'S RETIREMENT SYSTEM:							
Districts' proportion of the net pension liability (ass	0.23535%	0.15957%	0.15375%	0.16017%	0.16477%	0.16767%	0.16939%
District's proportionate share of the net pension lia	$ 15,005,090	$ 11,382,311	$ 10,813,025	$ 9,754,841	$ 9,644,436	$ 8,255,576	$ 7,283,086
State's proportionate share of the net pensioı liability (asset) associated with the Distric	-	-	-	-	-	-	-
Total	$ 15,005,090	$ 11,382,311	$ 10,813,025	$ 9,754,841	$ 9,644,436	$ 8,255,576	$ 7,283,086
District's covered-employee payrol	$ 6,183,940	$ 3,801,299	$ 3,576,288	$ 3,973,000	$ 4,017,598	$ 3,999,811	$ 3,952,293
District's proportionate share of the net pensio liability (asset) as a percentage of it: covered-employee payrol	242.65%	299.43%	302.35%	245.53%	240.05%	206.40%	184.27%
Plan fiduciary net position as a percentage of th total pension liability (asset	57.33%	47.81%	50.54%	53.40%	53.30%	59.00%	59.97%
KENTUCKY TEACHER'S RETIREMENT SYSTEM:							
Districts' proportion of the net pension liability (ass	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
District's proportionate share of the net pension lia	$ -	$ -	$ -	$ -	$ -	$ -	$ -
State's proportionate share of the net pensioı liability (asset) associated with the Distric	66,707,186	52,971,915	51,873,848	50,850,207	105,942,079	116,532,506	91,110,678
Total	$ 66,707,186	$ 52,971,915	$ 51,873,848	$ 50,850,207	$ 105,942,079	$ 116,532,506	$ 91,110,678
District's covered-employee payrol	$ 18,950,089	$ 12,922,900	$ 12,830,543	$ 13,029,458	$ 12,925,599	$ 12,940,309	$ 12,485,277
District's proportionate share of the net pensio liability (asset) as a percentage of it: covered-employee payrol	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Plan fiduciary net position as a percentage of th total pension liability (asset	65.59%	58.27%	58.80%	59.30%	39.80%	35.22%	42.29%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will b displayed as they become available

See the accompanying notes to the required supplementary information.

CARTER COUNTY SCHOOL DISTRICT
SCHEDULE OF CONTRIBUTIONS
CERS and TRS
For the year ended June 30, 2022

	2022	2021	2020	2019	2018	2017	2016
COUNTY EMPLOYEE'S RETIREMENT SYSTEM:							
Contractually required contribution	$ 1,328,630	$ 889,228	$ 861,730	$ 799,218	$ 728,252	$ 750,487	$ 682,368
Contributions in relation to the contractually required contribution	1,328,630	889,228	861,730	799,218	728,252	$ 750,487	$ 682,368
Contribution deficiency (excess)	-	-	-	-	-	-	-
District's covered-employee payroll	$ 6,183,940	$ 3,695,874	$ 3,801,299	$ 3,576,288	$ 3,973,000	$ 4,017,598	$ 3,999,811
District's proportionate share of the net pension liability as a percentage of it's covered-employee payroll	21.49%	24.06%	22.67%	22.35%	18.33%	18.68%	17.06%
KENTUCKY TEACHER'S RETIREMENT SYSTEM:							
Contractually required contribution	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-
Contribution deficiency (excess)	-	-	-	-	-	-	-
District's covered-employee payroll	$ 18,950,089	$ 12,859,956	$ 12,922,900	$ 12,830,543	$ 13,029,458	$ 12,925,599	$ 12,940,309
District's proportionate share of the net pension liability as a percentage of it's covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

See the accompanying notes to the required supplementary information.

(1) CHANGES OF BENEFITS

There were no changes of benefit terms for TRS or CERS.

(2) CHANGES OF ASSUMPTIONS

TRS

The following represents assumptions and changes of assumptions from the prior valuation to the valuation performed as of June 30, 2020:

- Remaining amortization period changed to 26.5 years
- Single Equivalent interest rate changed to 7.1%
- Municipal bond rate index changed to 2.13$
- Projected salary increase changed to 3.0 – 7.5%
- Investment rate of return changed to 7.1%

CERS

The following represents assumptions and changes of assumptions from the prior valuation to the valuation performed as of June 30, 2019:

- Remaining amortization period increased to 30 years
- Salary increase changed to 3.30 to 10.30%

(3) METHOD AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS

TRS

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

Valuation Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	26.5 years
Asset Valuation Method	5-year smoothed market value
Single Equivalent Interest Rate	7.1%
Municipal Bond Index Rate	2.13%
Inflation	2.5%
Projected Salary Increase	3.0 – 7.5% including inflation
Investment Rate of Return	7.1%, net of pension plan investment expense, including inflation

CERS

The Board of Trustees uses this actuarial valuation to certify the employer contribution rates for CERS for the fiscal year beginning July 1, 2021 and ending June 30, 2022. The amortization period of the unfunded liability has been reset as of July 1, 2013 to a closed 30-year period. The following actuarial methods and assumptions were used to determine contribution rates reported in the most recent year of that schedule:

Valuation Date	June 30, 2019
Experience Study	July 1, 2013 to June 30, 2018
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of pay
Remaining Amortization	Period 30 years , Closed *Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases*
Payroll Growth Rate	2.0%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30%
Salary Increase	3.30% to 10.30%, varies by service for CERS Nonhazardous;
Investment Rate of Return	6.25% for CERS Nonhazardous and Hazardous,
Phase-in Provision	Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018 for

CARTER COUNTY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
MEDICAL AND LIFE INSURANCE PLANS - TEACHERS' RETIREMENT SYSTEM
For the year ended June 30, 2022

	Reporting Fiscal Year (Measurement Date) 2022 (2021)	**Reporting Fiscal Year** (Measurement Date) 2021 (2020)	**Reporting Fiscal Year** (Measurement Date) 2020 (2019)	**Reporting Fiscal Year** (Measurement Date) 2019 (2018)	**Reporting Fiscal Year** (Measurement Date) 2018 (2017)
MEDICAL INSURANCE PLAN					
Districts' proportion of the net OPEB liability (asset)	0.27456%	0.20180%	0.20427%	0.20194%	0.20862%
District's proportionate share of the net OPEB liability (asset)	$ 4,504,509	$ 5,093,000	$ 5,979,000	$ 7,007,000	$ 7,439,000
State's proportionate share of the collective net OPEB liability (asset) associated with the District	5,891,000	4,080,000	4,828,000	6,038,000	6,076,000
Total	$ 10,395,509	$ 9,173,000	$ 10,807,000	$ 13,045,000	$ 13,515,000
District's covered-employee payroll	$ 18,950,089	$ 12,922,900	$ 12,830,543	$ 13,029,458	$ 12,925,599
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	23.77%	39.41%	46.60%	53.78%	57.55%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	51.74	39.10%	32.60%	25.50%	21.20%
LIFE INSURANCE PLAN					
Districts' proportion of the net OPEB liability (asset)	0.000%	0.000%	0.000%	0.000%	0.000%
District's proportionate share of the net OPEB liability (asset)	$ -	$ -	$ -	$ -	$ -
State's proportionate share of the net OPEB liability (asset) associated with the District	64,000	123,000	112,000	104,000	81,000
Total	$ 64,000	$ 123,000	$ 112,000	$ 104,000	$ 81,000
District's covered-employee payroll	$ 18,950,089	$ 12,922,900	$ 12,830,543	$ 13,029,458	$ 12,925,599
District's proportionate share of the net OPEB liability (asseet) as a percentage of its covered-employee payroll	0.000%	0.000%	0.000%	0.000%	0.000%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	89.15%	71.60%	73.40%	75.00%	80.00%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

See the accompanying notes to the required supplementary information.

CARTER COUNTY SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS

MEDICAL AND LIFE INSURANCE PLANS

TEACHERS' RETIREMENT SYSTEM

For the year ended June 30, 2022

	2022	2021	2020	2019	2018
MEDICAL INSURANCE PLAN					
Contractually required contribution	$ 898,446	$ 347,922	$ 356,425	$ 355,690	$ 359,713
Contributions in relation to the contractually required contribution	898,446	347,922	356,425	355,690	359,713
Contribution deficiency (excess)	-	-	-	-	-
District's covered-employee payroll	$ 18,950,089	$ 12,859,956	$ 12,922,900	$ 12,830,543	$ 13,029,458
District's proportionate share as a percentage of it's covered-employee payroll	4.74%	2.71%	2.76%	2.77%	2.76%
LIFE INSURANCE PLAN					
Contractually required contribution	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-
Contribution deficiency (excess)	-	-	-	-	-
District's covered-employee payroll	$ 18,950,089	$ 12,859,956	$ 12,922,900	$ 12,830,543	$ 13,029,458
District's proportionate share as a percentage of it's covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

See the accompanying notes to the required supplementary information.

CARTER COUNTY SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - HEALTH INSURANC PLAN

COUNTY EMPLOYEE RETIREMENT SYSTEM

For the year ended June 30, 2022

HEALTH INSURANCE PLAN	**Reporting Fiscal Year** (Measurement Date) 2022 (2021)	**Reporting Fiscal Year** (Measurement Date) 2021 (2020)	**Reporting Fiscal Year** (Measurement Date) 2020 (2019)	**Reporting Fiscal Year** (Measurement Date) 2019 (2018)	**Reporting Fiscal Year** (Measurement Date) 2018 (2017)
Districts' proportion of the net OPEB liability (asset)	0.27456%	0.15370%	0.15371%	1.60160%	0.16477%
District's proportionate share of the net OPEB liability (asset)	$ 4,504,509	$ 3,582,419	$ 2,585,282	$ 2,843,679	$ 3,312,420
State's proportionate share of the collective net OPEB liability (asset) associated with the District	-	-	-	-	-
Total	$ 4,504,509	$ 3,582,419	$ 2,585,282	$ 2,843,679	$ 3,312,420
District's covered-employee payroll	$ 6,183,940	$ 3,801,299	$ 3,576,288	$ 3,973,000	$ 4,017,598
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	72.84%	94.24%	72.29%	71.58%	82.45%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	73.08%	51.67%	60.44%	57.62%	13.00%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

See the accompanying notes to the required supplementary information.

CARTER COUNTY SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS - HEALTH INSURANCE PLAN

COUNTY EMPLOYEE RETIREMENT SYSTEM

For the year ended June 30, 2022

	2022	2021	2020	2019	2018
MEDICAL INSURANCE PLAN					
Contractually required contribution	$ 362,753	$ 180,942	$ 108,373	$ 85,818	$ 76,400
Contributions in relation to the contractually required contribution	362,753	180,942	108,373	85,818	76,400
Contribution deficiency (excess)	-	-	-	-	-
District's covered-employee payroll	$ 6,183,940	$ 3,695,874	$ 3,801,299	$ 3,576,288	$ 3,973,000
District's proportionate share as a percentage of it's covered-employee payroll	5.87%	4.90%	2.85%	2.40%	1.92%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

See the accompanying notes to the required supplementary information.

TRS

(1) CHANGES OF BENEFIT TERMS

There were no changes of benefit terms for the medical insurance fund or the life insurance fund.

(2) CHANGES OF ASSUMPTIONS

- In the 2020 experience study, rates of withdrawal, retirement, disability, mortality and salary increases were adjusted to reflect actual experience more closely. The expectation of mortality was changed to the Pub2010 Mortality Tables(Teachers Benefit-Weighted) projected generationally with MP-2020 with various set forwards, set-backs and
- The assumed long-term investment rate of return was changed from 8% to 7.1%. The price inflation assumption was
- The rates of member participation and spousal participation were adjusted to reflect actual experience more closely.

(3) METHOD AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLYDETERMINED CONTRIBUTIONS

Medical Insurance Fund

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 calculatedas 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, 2018:

Valuation Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of payroll
Remaining Amortization	26 years, closed
Asset Valuation Method	5-year smoothed fairvalue
Inflation	3.0%
Real wage growth	0.5%
Wage inflation	3.5%
Salary Increase	3.5 to 7.2%, including inflation
Discount rate	7.5%

CERS

Other Pension Benefit Programs-Employees' Health Plan

(1) CHANGES OF BENEFIT TERMS

There were no changes of benefit terms.

(2) CHANGES OF ASSUMPTIONS

- Amortization period increased to 30.
- Salary increase changed from 3.30 – 11.55% to 3.30 – 10.30%
- Mortality methodology changed from RP-2000 to MP-2014
- Health care trend rates Pre-65 changed to having an initial trend rate of 6.25% decreasing to

4.05% over 13 years
- Health care trend rates Post-65 changed to having an initial trend rate of 5.5% decreasing to 4.05% over 11 years

(3) METHOD AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLYDETERMINED CONTRIBUTIONS

Recipients of CERS retirement benefits may elect to participate in a voluntary hospital/medical group insurance plan for themselves and their dependents. The cost of participation for their dependents is borne by the retiree. The retirement system will pay a portion of the cost of participation for the retiree based on years of service as follows: Less than 4 years – 0%, 4-9 years – 25%, 10-14 years – 50%, 15-19 years – 75% and 20 or more years – 100%.

Contributions requirements for medical benefits are a portion of the actuarially determined rates of covered payroll, as disclosed above.

Actuarial Valuations as Of	June 30, 2019
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	20% of difference between the market value of assets and the expected actuarial value of assets.
Amortization Method	Level percent of pay
Amortization Period	30 years, closed at June 30, 2019
Payroll Growth	2.00%
Investment Return	6.25%
Price Inflation	2.30%
Salary Increase	3.30 – 10.30%, varies by service
Mortality	MP-2014 mortality improvement scale using a base year of 2019
Healthcare Trend Rates (Pre-65)	Initial trend starting at 6.25% and gradually decreasing to an ultimate trend rate of 4.05% over period of 13 years.
Healthcare Trend Rates (Post 65)	Initial trend starting at 5.50% and gradually decreasing to an ultimate trend rate of 4.05% over period of 11 years.
Healthcare Trend Rates (Phase-In)	Board certified rate is phased into the actuarially determined rate in accordance with HB362 enacted in 2018.

Carter County School District
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2022

	District Activity	Student Activity Fund	Capital Outlay	Construction	Total
Assets					
Cash and Cash Equivalents	$ 110,262	$ 392,240	$	$	$ 502,501
Total Assets	110,262	392,240	-	-	502,501
Liabilities					
Accounts Payable	$ 126	$ 874	$	$	$ 999
Total Liabilities	126	874	-	-	999
Fund Balance					
Restricted	110,136	391,366			501,502
Total Fund Balance	$ 110,262	$ 392,240	$ -	$ -	$ 502,501

See the accompanying notes to the financial statements.

Carter County School District

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds

Year ended June 30, 2022

	District Activity	Student Activity Fund	Capital Outlay	Construction	Total
Revenues					
From Local Sources					
Student Activities	$ 60,925	$ 496,855	$	$	$ 557,780
Earnings on Investments	1,067	3,745			4,812
Other Local Revenue	2,577	76,136			78,713
Intergovernmental	105		388,762		388,867
Total Revenues	64,674	576,736	388,762	-	1,030,173
Expenditures					
Instruction	66,116	653,468			719,584
Instructional Staff Support Services	806	-			806
Student Transportation	2,298	57,046			59,344
Building Improvements				472,555	472,555
Total Expenditures	69,220	710,514	-	472,555	1,252,288
Excess (Deficit) of Revenues Over Expenditures	(4,546)	(133,778)	388,762	(472,555)	(222,116)
Other Financing Sources (Uses)					
Transfers In		191,974		472,555	664,528
Transfers Out		(119,705)	(388,762)		(508,467)
Total Other Financing Sources (Uses)	-	72,269	(388,762)	472,555	156,061
Net Change in Fund Balances	(4,546)	(61,509)	-	-	(66,055)
Fund Balance Beginning	114,681	452,876			567,557
Fund Balance Ending	$ 110,136	$ 391,366	$ -	$ -	$ 501,502

See the accompanying notes to the financial statements.

Carter County School District
Combining Balance Sheet of Fiduciary Fund - School Activity Funds
June 30, 2022

	SCHOOL ACTIVITY FUNDS											
	WEST CARTER HIGH SCHOOL	EAST CARTER HIGH SCHOOL	WEST CARTER MIDDLE SCHOOL	EAST CARTER MIDDLE SCHOOL	CARTER CITY ELEMENTARY	HERITAGE ELEMENTARY	STAR ELEMENTARY	TYGART CREEK ELEMENTARY	PRICHARD ELEMENTARY	OLIVE HILL ELEMENTARY	CARTER COUNTY CAREER & TECHNICAL	TOTAL
ASSETS												
Cash and cash equivalents	$ 92,882	87,748	19,728	54,012	10,506	14,133	6,665	21,502	30,183	28,860	$ 26,020	392,239
Accounts receivable	-	-										-
Total Assets	92,882	87,748	19,728	54,012	10,506	14,133	6,665	21,502	30,183	28,860	26,020	392,239
LIABILITIES												
Accounts payable	874	-	-	-	-	-	-	-	-	-	-	874
FUND BALANCE												
School activities	92,009	87,748	19,728	54,012	10,506	14,133	6,665	21,502	30,183	28,860	26,020	391,366
TOTAL LIABILITIES AND FUND BALANCE	$ 92,882	$ 87,748	$ 19,728	$ 54,012	$ 10,506	$ 14,133	$ 6,665	$ 21,502	$ 30,183	$ 28,860	$ 26,020	$ 392,239

See the accompanying notes to the financial statements.

Carter County School District

Combining Statement of Revenues, Expenses and Changes In Fund Balance - School Activity Fund

Year ended June 30, 2022

SCHOOL ACTIVITY FUNDS

	WEST CARTER HIGH SCHOOL	EAST CARTER HIGH SCHOOL	WEST CARTER MIDDLE SCHOOL	EAST CARTER MIDDLE SCHOOL	CARTER CITY ELEMENTARY	HERITAGE ELEMENTARY	STAR ELEMENTARY	TYGART CREEK ELEMENTARY	PRICHARD ELEMENTARY	OLIVE HILL ELEMENTARY	CARTER COUNTY CAREER & TECHNICAL	TOTAL
Revenues												
Student/Trust revenues	$ 218,872	196,850	33,674	52,929	5,311	40,333	2,056	4,246	4,956	2,202	$ 15,308	576,737
Expenses												
Student/Trust activities	266,216	267,677	32,310	65,475	3,796	41,528	78	12,115	822	8,165	12,332	710,514
Excess (Deficit) of Revenues Over Expenses	(47,344)	(70,827)	1,364	(12,546)	1,515	(1,195)	1,978	(7,869)	4,134	(5,963)	2,976	(133,777)
Fund Balance Beginning	106,033	132,885	12,905	58,759	8,991	15,328	4,687	29,372	25,979	32,053	25,883	452,875
Fund Balance Ending	$ 58,689	$ 62,058	$ 14,269	$ 46,213	$ 10,506	$ 14,133	$ 6,665	$ 21,503	$ 30,113	$ 26,090	$ 28,859	$ 319,098

See the accompanying notes to the financial statements.

Carter County School District

Statement of Revenues, Expenses and Changes in the Fund Balance - East Carter High School

Year ended June 30, 2022

	FUND BALANCE BEGINNING	REVENUES	EXPENSES	TRANSFERS	FUND BALANCE ENDING	Completed
A.P.E.S.	123	122.50	-		246	
AP CLUB	8,727	13,459	11,348		10,839	
ARCHERY	781	781	455		1,107	
ATHLETICS	575	32,030	37,865		(5,260)	
BAND	3,697	19,782	15,385		8,094	
BASEBALL	-	8,983	11,868		(2,885)	
BASKETBALL-BOYS	7,158	29,015	23,902		12,271	
BASKETBALL-GIRLS	5,368	18,840	18,840		5,368	
BETA CLUB	897	6,088	5,540		1,446	
CENTRAL	7,321	9,006	5,731		10,595	
CHEERLEADERS	3,390	14,680	7,456		10,613	
COMMUNITY TRANSITION	125	125	100		150	
CLASS OF 2020	791	-	-		791	
CLASS OF 2021	742	742	600		884	
CLASS OF 2022	1,365	8,740	7,688		2,417	
CLASS OF 2023	805	8,984	3,884		5,905	
CLASS OF 2024	-	555	-		555	
CLASS OF 2025	-	620	-		620	
CROSS COUNTRY	5,065	8,681	5,954		7,792	
CULINARY	-	78	78		-	
DRAMA CLUB	74	74	74		74	
FBLA	6,274	17,555	13,993		9,836	
FCCLA	2,907	4,107	1,748		5,266	
FFA	13,392	34,361	24,619		23,133	
FISHING	429	2,039	1,275		1,193	
FMD	718	718	76		1,360	
FOOTBALL	12,795	59,399	52,537		19,657	
FRENCH ACCOUNT	140	4,231	4,230		141	
GOLF	-	3,479	2,597		882	
GOLF - BOYS	250	-	300		(50)	
GOLF - GIRLS	75	-	-		75	
GUIDANCE	5,547	5,547	3,258		7,837	
JROTC	5,650	8,676	6,332		7,994	
LIBRARY	877	13,254	9,820		4,311	
MATH DEPT	457	457	-		914	
RADD UNITE	1,648	1,648	-		3,296	
SOCCER-GIRLS	3,105	6,233	3,132		6,206	
SOCCER-BOYS	2,972	10,607	7,192		6,387	
SOFTBALL	46	7,331	6,669		708	
SPECIAL EDUCATION	1,768	1,768	369		3,167	
TEACHERS LOUNGE	610	806	578		838	
TENNIS	11,376	19,242	10,723		19,895	
TRACK	5,363	13,639	6,939		12,063	
TRACK-GIRLS	-	450	212		238	
TSA	465	-	-		465	
UNIFIED CLUB	795	2,279	1,277		1,797	
VOLLEYBALL	10,374	13,969	11,222		13,121	
YEARBOOK	2,766	4,413	3,983		3,196	
TOTALS	$ 137,803	$ 417,592	$ 329,845	$ -	$ 225,551	

See the accompanying notes to the financial statements.

Carter County School District

Statement of Revenues, Expenses and Changes in the Fund Balance - West Carter High School

Year ended June 30, 2022

	FUND BALANCE BEGINNING	REVENUES	EXPENSES	TRANSFERS	FUND BALANCE ENDING	Completed
16TH REGION PRINCIPAL	2,674	2,674	-		5,348	
3D ARCHERY	80	80	-		160	
4-H	156	156	-		312	
ACADEMIC TEAM	35	35	-		70	
ACT	317	317	135		499	
ADVANCED KY	855	990	1,117		728	
AP CLUB	266	265	98		434	
ARCHERY TEAM	298	297	245		350	
ART	149	149	-		298	
ATHLETICS	2,073	40,966	37,550		5,489	
BAND	1,063	4,387	4,121		1,329	
BASEBALL	2,728	9,546	8,091		4,183	
BASKETBALL-BOYS	10,839	37,028	24,397		23,470	
BASKETBALL-GIRLS	6,395	32,891	28,255		11,030	
BD	209	210	-		419	
BETA CLUB	-	449	106		343	
BIOLOGY CLUB	19	19	19		19	
BOOK CLUB	624	624	624		624	
BUY THE DRESS	981	982	-		1,963	
CCR	242	242	242		242	
CENTRAL	1,130	5,547	5,061		1,616	
CHEERLEADERS	3,134	18,968	16,940		5,162	
CLASS OF 2020	2,169	-	-		2,169	
CLASS OF 2021	1,790	1,187	1,187		1,790	
CLASS OF 2022	1,228	9,873	9,201		1,900	
CLASS OF 2023	585	2,179	500		2,264	
CLASS OF 2024	-	45	-		45	
CLASS OF 2025	-	2,169	2,169			
CROSS COUNTRY	865	866	857		873	
DANCE	1	0	0		1	
EKC TOURNAMENT-WES	-	-	-		-	
FAMILY RESOURCE	6,200	7,950	-		14,150	
FBLA	-	3,159	2,807		351	
FCA	-	426	426			
FCCLA	3,485	4,146	2,351		5,280	
FFA	28,802	70,931	50,981		48,752	
FISHING	370	1,879	160		2,089	
FLOWER FUND	27	520	-		547	
FMD	1,509	1,509	368		2,650	
FOOTBALL	-	16,431	16,463		(32)	
GAMING	120	120	120		120	
GOLF-BOYS	45	3,795	2,590		1,250	
GOLF-GIRLS	-	-	-		-	
IT	45	45	-		90	
KHSAA CHEER	-	-	-		-	
JROTC	1,611	6,146	4,378		3,380	
LIBRARY	25	61	-		86	
MATH DEPARTMENT	185	300	165		320	
MOCK TRIAL	120	120	-		240	
PEP CLUB	736	736	-		1,472	
PROM ACCOUNT	937	2,436	1,366		2,007	
SENIOR FAREWELL	1,617	33,557	33,351		1,823	
SENIOR SPOTLIGHT	-	1,725	1,450		275	
SOCCER-BOYS	1,427	4,220	3060.73		2,586	
SOCCER-GIRLS	1,394	4,807	3537.14		2,663	
SOFTBALL	-	9,648	10293.74		(646)	
SPANISH CLUB	680	680	679.94		680	
SPECIAL ED.	55	55	-		110	
SPORTS MEDICINE	875	2,375	748.62		2,501	
TEACHERS LOUNGE	12	317	164.00		165	
TEEN WRITERS	-	-	-		-	
TENNIS	476	2,160	2,306.65		330	
TEXTBOOKS	94	-	-		94	
THOMAS K. BONZO	22	58	-		80	
TRACK	-	76	57.62		18	
TRACK-BOYS	2,585	4,966	4,223.95		3,327	
VOLLEYBALL	1,548	13,076	8,933.05		5,691	
WCYSC	2,229	-	-		2,229	
WRESTLING	-	812	439.18		373	
Y-CLUB	1,860	13,957	13,957.49		1,860	
YEARBOOK	10,956	14,777	2,811.65		22,921	
TOTALS	$ 79,819	$ 401,115	$ 309,106	$ -	$ 171,828	

See the accompanying notes to the financial statements.

Ashland Independent School District
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2022

	Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Expenditures
	US Department of Agriculture				
	Passed Through State Department of Educatior				
*	**National School Lunch Program**	10.555			
	Fiscal Year 21		7750002 21	$ -	$ 305,774
	Fiscal Year 22		7750002 22	-	1,769,436
	Fiscal Year 21		7970000 21	-	140,910
	Fiscal Year 21		9990000 21	-	
	Fiscal Year 22		9980000 22	-	102,739
*	**Summer Food Service Program**	10.559			
	Fiscal Year 21		7690024 21	-	5,982
	Fiscal Year 21		7740023 21	-	58,411
*	**National School Breakfast Program**	10.553			
	Fiscal Year 21		7760005 21	-	116,629
	Fiscal Year 22		7760005 22	-	766,729
	Child Nutrition Cluster Subtota				3,266,610
	State Administrative Grant for Nutrition	10.560			
	Fiscal Year 21		7700001 21	-	5,818
	Passed Through State Department of Agriculture				
	Food Donation-Commodities	10.565			
	Fiscal Year 22		510.4950	-	174,552
	Total US Department of Agriculture				3,446,980
	US Department of Education				
	Passed Through State Department of Educatior				
	Title I Grants to Local Educational Agencies	84.010	3100002 19	-	1,354
	Title I Grants to Local Educational Agencies	84.010	3100002 20	-	164,415
	Title I Grants to Local Educational Agencies	84.010	3100002 21	-	1,926,552
					2,092,321
	Special Education Grants to States	84.027	3810002 19	-	22,115
	Special Education Grants to States	84.027	3810002 20	-	5,479
	Special Education Grants to States	84.027	3810002 21	-	969,266
	Special Education Grants to States COVID	84.027	4910002 21	-	179,644
	Special Education - Preschool Grants	84.173	3800003 21	-	6,116
	Special Education - Preschool Grants	84.173	3800002 21	-	55,064
	Special Education Cluster Subtota				1,237,684
	Stiving Readers	84.323	84.371C	-	14,661
	Vocation Education - Basic Grants to States	84.048	3710002 20	-	18,139
	Vocation Education - Basic Grants to States	84.048	3710002 21	-	73,439
					91,578
	Rural Education	84.358	3140002 21	-	75,557
	Improving Teacher Quality	84.367	320002 20	-	13,026
	Improving Teacher Quality	84.367	320002 21	-	224,208
					237,234
	Title IV Part A	84.424	3420002 20	-	11,795
	Title IV Part A	84.424	3420002 21	-	151,766
					163,561
*	**Elementary and Secondary School Emergency Relief Fund - COVID**	84.425	420023 21	-	434,569
*	**Elementary and Secondary School Emergency Relief Fund - COVID**	84.425	4200003 21	-	58,094
*	**Elementary and Secondary School Emergency Relief Fund - COVID**	84.425	400000 20	-	253,801
*	**American Rescue Plan Emergency & Secondary Funds**	84.425U	4300002 21	-	1,025,502
*	**American Rescue Plan Emergency & Secondary Funds**	84.425GD	4300005 21	-	5,103
					1,777,069
	Total US Department of Educatior				5,689,665
	US Department of Health & Human Services				
	Child Care Development Block Grant	93.575	N/A	-	14,132
	tOTALUS Department of Health & Human Services				14,132
	US Department of Defense				
	ROTC	12.000	504I	-	103,885
	Total U.S. Department of Defense				103,885.00
	Total Expenditure of Federal Awards				$ 9,254,662

* Major program

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Carter County School District under the programs of the federal government for the year endedJune 30, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Carter County School District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

NOTE B – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair value of the commodities received and disbursed. For the year ended June 30, 2022, the District received food commodities totaling $174,552.

NOTE D – INDIRECT COST RATE

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

Shad J. Allen, CPA, PLLC

PO Box 974
Richmond, Kentucky 40476
Phone 859-806-5290
Fax 859-349-0061

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

To the Board of Education of the Carter County School District
Mt. Vernon, KY

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the audit requirements prescribed by the Kentucky State Committee for School District Audits, in the *Auditor Responsibilities and State Compliance Requirements* sections contained in the Kentucky Public School Districts' Audit Contract and Requirements, the financial statements of the governmental activities, the business-type activities each major fund, and the aggregate remaining fund information of Carter County School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Carter County School District's basic financial statements, and have issued our report thereon dated November 8, 2022

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

We noted certain matters that we reported to management of the District in a separate letter dated November 8, 2022.

Purpose of This Report

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

Shad J. Allen, CPA, PLLC

Richmond, KY
November 8, 2022

Shad J. Allen, CPA, PLLC
PO Box 974
Richmond, Kentucky 40476
Phone 859-806-5290
Fax 859-349-0061

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

To the Board of Education of the Carter County School District
Mt. Vernon, KY

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Carter 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 Carter County School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Carter 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 Carter 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 not 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 Carter County School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and the audit requirements prescribed by the Kentucky State Committee for School District Audits, in the *Auditor Responsibilities and State Compliance Requirements* sections contained in the Kentucky Public School Districts' Audit Contract and Requirements, 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 Carter 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 Carter 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 Carter 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.

Shad J. Allen, CPA, PLLC

Richmond, KY
November 8, 2022

CARTER COUNTY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2022

SUMMARY OF AUDITOR'S RESULTS

What type of report was issued for the financial statements?	Unmodified
Were there significant deficiencies in internal control disclosed?	None Reported
If so, was any significant deficiencies material (GAGAS)?	N/A
Was any material noncompliance reported (GAGAS)?	No
Were there material weaknesses in internal control disclosed for major programs?	No
Were there any significant deficiencies in internal control disclosed that were not considered to be material weaknesses?	None Reported
What type of report was issued on compliance for major programs?	Unmodified
Did the audit disclose findings as it relates to major programs that Is required to be reported as described in the Uniform Guidance?	No

Major Programs:
Elementary and Secondary School Emergency Relief Fund – COVID 19 [CFDA 84.425]
American Rescue Plan Emergency & Secondary Funds [CFDA 84.425]
Child Nutrition Clustter [CFDA 10.555, 10.559, 10.553]

Dollar threshold of Type A and B programs	$750,000
Low risk auditee?	Yes

FINDINGS - FINANCIAL STATEMENT AUDIT

No findings at the financial statement level.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

No findings at the major federal award programs level.

CARTER COUNTY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year ended June 30, 2021

There were no prior year findings.

Shad J. Allen, CPA, PLLC
PO Box 974
Richmond, Kentucky 40476
Phone 859-806-5290
Fax 859-349-0061

MANAGEMENT LETTER

Carter County School District
Grayson, Kentucky

In planning and performing our audit of the financial statements of the Carter County School District for the year ended June 30, 2022, we considered the District's internal controls in order 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. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

However, during our audit, we became aware of matters that are opportunities forstrengthening internal controls and operating efficiency. We previously reported on the District'sinternal control in our report dated November 8, 2022. This letter does not affect our report dated November 8, 2022, on the financial statements of the Carter County School District. The conditions observed are as follows:

<u>CARTER ELEMENTARY SCHOOL</u>
Condition: Multiple receipts were identified that were over $100 and were not deposited timely per Redbook.

Recommendation for Correction: Deposit receipts within the timeframe specified by RedBook.

Management Response to the Recommendation: Bank receipts with supporting documentation not limited to the receipt issued to each teacher or sponsor and the deposit ticket initialed by the principal shall be scanned and submitted to the finance officer for review after each deposit is made to verify timeliness of deposit.

<u>HERITAGE ELEMENTARY SCHOOL</u>
No conditions identified.

<u>OLIVE HILL ELEMENTARY SCHOOL</u>
No conditions identified.

<u>PRICHARD ELEMENTARY SCHOOL</u>
No conditions identified.

<u>STAR ELEMENTARY SCHOOL</u>
No conditions identified.

TYGART ELEMENTARY SCHOOL
No conditions identified.

EAST MIDDLE SCHOOL
No conditions identified.

WEST MIDDLE SCHOOL
No conditions.

EAST CARTER HIGH SCHOOL

1-22
Multiple receipts were identified that were over $100 and were not deposited timely per Redbook.

Recommendation for Correction: Deposit receipts within the timeframe specified by RedBook.

Management Response to the Recommendation: Receipts will be deposited the day received as evidenced by an administrator initialing each deposit ticket.

WEST CARTER HIGH SCHOOL
No conditions identified.

CARTER COUNTY CAREER TECHNICAL SCHOOL
No conditions identified.

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

Dr. Paul Green, Superintendent, is the person responsible for initiation of the corrective action plan for the above conditions which will be implemented immediately. The corrective action plan is the management response for each condition.

We would like to thank the Finance Officer, Mr. Andy Lyons, and their department for their support and assistance during our audit.

This report is intended solely for the information and use of the Board of Education, management, and others within the district and is not intended to be and should not be used by anyone other than these specified parties.

Shad J. Allen, CPA, PLLC

Shad J. Allen, CPA, PLLC
Richmond, Kentucky
November 8, 2022

APPENDIX C

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

Continuing Disclosure Undertaking Agreement

CONTINUING DISCLOSURE UNDERTAKING AGREEMENT

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

W I T N E S S E T H:

WHEREAS, the Corporation has acted as issuing agency for the Board pursuant to the provisions of Section 162.385 of the Kentucky Revised Statutes ("KRS") and the Corporation's Bond Resolution in connection with the authorization, sale and delivery of $1,650,000 of the Corporation's School Building Revenue Bonds, Series of 2023, dated October 19, 2023 ("Bonds"), which Bonds were offered for sale under the terms and conditions of a Final Official Statement ("FOS") prepared by RSA Advisors, LLC, Lexington, Kentucky ("Municipal Advisor") and approved by the authorized representatives of the Board and the Corporation, and

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

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

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

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

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

1. ANNUAL FINANCIAL INFORMATION

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

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

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

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

2. MATERIAL EVENTS NOTICES

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

1. Principal/interest payment delinquency;

2. Nonpayment related default, if material;

3. Unscheduled draw on debt service reserve reflecting financial difficulties;

4. Unscheduled draw on credit enhancement reflecting financial difficulties;

5. Substitution of credit or liquidity provider, or its failure to perform;

6. Adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the securities, or other material events affecting the tax status of the security;

7. Modifications to rights of security holders, if material;

8. Bond call, if material and tender offers;

9. Defeasance;

10. Release, substitution or sale of property securing the repayment of the security, if material;

11. Rating change;

12. Merger, consolidation, acquisition or sale of all or substantially all assets of an obligated person, other than in the ordinary course of business, and the entry into a definitive agreement to undertake such action or the termination of a definitive agreement relating to such action, other than pursuant to its terms, if material;

13. Bankruptcy, insolvency, receivership or similar event of the obligated person;

14. Successor, additional or change in trustee, if material;

15. Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material, and;

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

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

(A) Debt obligation;

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

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

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

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

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

3. SPECIAL REQUESTS FOR INFORMATION

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

4. DISCLAIMER OF LIABILITY

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

5. FINAL OFFICIAL STATEMENT

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

6. DURATION OF THE AGREEMENT

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

7. AMENDMENT; WAIVER

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

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

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

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

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

8. DEFAULT

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

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

BOARD OF EDUCATION OF CARTER COUNTY, KENTUCKY

Attest:

____
Chairman

____
Secretary

CARTER COUNTY SCHOOL DISTRICT FINANCE CORPORATION

Attest:

____
President

____
Secretary

APPENDIX D

Carter 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

$1,650,000*
Carter County School District Finance Corporation
School Building Revenue Bonds, Series of 2023
Dated October 19, 2023

SALE: September 28, 2023 AT 11:00 A.M., E.D.S.T.

As published on PARITY®, a nationally recognized electronic bidding system, the Carter County School District Finance Corporation ("Corporation") will until September 28, 2023, at the hour of 11:00 A.M., E.D.S.T., in the office of the Executive Director of the Kentucky School Facilities Construction Commission, 700 Louisville Rd, Carriage House, Frankfort, KY 40601, receive competitive bids for the revenue bonds herein described. To be considered, bids must be submitted on an Official Bid Form and must be delivered to the Corporation at the address indicated on the date of sale no later than the hour indicated. Bids may be submitted manually or by facsimile or electronically via PARITY. Bids will be considered by the Corporation and may be accepted without further action by the Corporation's Board of Directors.

Subject to a Permitted Adjustment* increasing or decreasing the issue by up to $165,000.

CARTER 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 Carter 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 Phase I of a new High School/Local Area Vocational Center (the "Project") and are secured by a lien upon and a pledge of the revenues from the rental of the school building Project property to the Board under the Lease on a year to year basis; the first rental period ending June 30, 2024.

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

The rental of the school building Project property from the Corporation to the Board is to be effected under a certain Lease Agreement by and between the Corporation and the Board (the "Lease"), whereunder the school building Project property is leased to the Board for the initial period ending June 30, 2024, with an option in the Board to renew the Lease each year at rentals sufficient to provide for the principal and interest requirements on the Bonds as they become due, plus the costs of insurance, maintenance, depreciation, and bond issuance and administration expenses; the Board being legally obligated only for the initial rental period and for one year at a time thereafter each time the Lease is renewed.

Under the terms of the Lease and any renewal thereof, so long as the Bonds remain outstanding and in conformance with the intent and purpose of KRS 157.627(5) and KRS 160.160(5), in the event of a failure by the Board to pay the rentals due under the Lease, and unless sufficient funds have been transmitted to the Paying

Agent, or will be so transmitted, for paying said rentals when due, the Board has granted under the terms of the Lease and Participation Agreement to the Corporation and the Commission the right to notify and request the Kentucky Department of Education to withhold from the Board a sufficient portion of any undisbursed funds then held, set aside, or allocated to the Board and to request said Department or Commissioner of Education to transfer the required amount thereof to the Paying Agent for the payment of such rentals.

Although the Board is obligated to pay the Corporation annual rentals in the full amount of the principal and interest requirements for the Bonds for each year in which the Lease is renewed, the Board has entered into the Lease in reliance upon a certain Participation Agreement by and between the Board and the Kentucky School Facilities Construction Commission (the "Commission"). Under the terms of the Participation Agreement, the Commission has agreed to pay annually directly to the Paying Agent for the Bonds a stated Agreed Participation equal to approximately $125,636 to be applied to the annual debt service requirements for the Bonds herein identified until their retirement, subject to the constitutional restrictions limiting the commitment to the biennium; said annual amount is to be applied only to the principal and interest requirements of the Bonds so long as the Board renews the Lease. Under the Lease, the Board has pledged and assigned all of its rights under the Participation Agreement in and to the Agreed Participation to the Corporation in order to secure the Bonds and has agreed to pay that portion of the rentals in excess of said Agreed Participation for each year in which the Lease is renewed.

KENTUCKY SCHOOL FACILITIES CONSTRUCTION COMMISSION

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

Pursuant to the provisions of the Act, the Regulations of the Kentucky Board of Education and the Commission, the Commission has determined that the Board is eligible for participation from the Commission in meeting the costs of construction of the Projects and has entered into a Participation Agreement with the Board whereunder the Commission agrees to pay an annual Agreed Participation equal to approximately $125,636 to be applied to the annual debt service requirements for the Bonds herein identified each year until their retirement; provided, however, that the contractual commitment of the Commission to pay the annual Agreed Participation is limited to the biennial budget period of the Commonwealth, with the first such biennial period terminating on June 30, 2024; the right is reserved in the Commission to terminate its commitment to pay the Agreed Participation after the initial biennial period and every two years thereafter. The obligation of the Commission to make payments of the Agreed Participation shall be automatically renewed each two years for a period of two years unless the Commission shall give notice of its intention not to participate not less than sixty days prior to the end of the biennium; however, by the execution of the Participation Agreement, the Commission has expressed its present intention to continue to pay the Agreed Participation in each successive biennial budget period until the retirement of all of the Bonds, but such execution does not obligate the Commission to do so.

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

ADDITIONAL PARITY BONDS

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

BOND MATURITIES, PRIOR REDEMPTION PROVISIONS AND PAYING AGENT

All such Bonds shall be in denominations in multiples of $1,000 within the same maturity, bear interest from October 19, 2023, payable on April 1, 2024, and semi annually thereafter and shall mature as to principal on October 1 in each of the years as follows:

Year	Amount*	Year	Amount*
2024	$61,000	2034	$ 83,000
2025	60,000	2035	86,000
2026	62,000	2036	89,000
2027	64,000	2037	93,000
2028	67,000	2038	96,000
2029	69,000	2039	101,000
2030	72,000	2040	105,000
2031	74,000	2041	109,000
2032	77,000	2042	114,000
2033	80,000	2043	88,000

*Subject to a Permitted Adjustment of the amount of Bonds awarded of up to $165,000 which may be applied in any or all maturities.

The Bonds maturing on or after October 1, 2032 are subject to redemption at the option of the Corporation prior to their stated maturity on any date falling on or after October 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 April 1 and October 1 of each year, beginning April 1, 2024 (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 $1,617,000 (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 $1,650,000 principal amount of Refunding Bonds offered for sale under the terms and conditions herein specified, but the Corporation may adjust the principal amount of Bonds upward or downward by $165,000 (the "Permitted Adjustment") which may be awarded to such best bidder may be a minimum of $1,485,000 or a maximum of $1,815,000. In the event of such Permitted Adjustment, no rebidding or recalculation of a submitted bid will be required or permitted and the Underwriter's Discount on the Bonds as submitted by the successful bidder shall be held constant. The Underwriter's Discount shall be defined as the difference between the purchase price of the Bonds submitted by the bidder and the price at which the Bonds will be issued to the public, calculated from information provided by the bidder, divided by the par amount of the Bonds bid. The price of which such adjusted principal amount of Bonds will be sold will be the same price per $1,000 of Bonds as the price per $1,000 for the $1,650,000 of Bonds bid.

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

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

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

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

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

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

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

(d) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is September 28, 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 October 1 in accordance with the maturity schedule setting the actual size of the issue.

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

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

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

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

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

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

STATE SUPPORT OF EDUCATION

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

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

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

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

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

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

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

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

KRS 160.460 provides that as of July 1, 1994 all real property located in the Commonwealth subject to local taxation shall be assessed at $57,158 to be applied to fair cash value.

BIENNIAL BUDGET FOR PERIOD ENDING JUNE 30, 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 (the "Rule") 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, Carter County Board of Education, 228 S. Carol Malone Blvd., Grayson, Kentucky 41143 (606.474.6696).

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.

CARTER COUNTY SCHOOL
DISTRICT FINANCE CORPORATION

By /s/ Dr. Paul Green
Secretary

APPENDIX E

Carter County School District Finance Corporation
School Building Revenue Bonds
Second Series of 2023

Official Bid Form

OFFICIAL BID FORM
(Bond Purchase Agreement)

The Carter County School District Finance Corporation ("Corporation" or "Issuer"), will until 11:00 A.M., E.D.S.T., on September 28, 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 $1,650,000 School Building Revenue Bonds, Series of 2023, dated October 19, 2023; maturing October 1, 2024 through 2043 ("Bonds").

We hereby bid for said $1,650,000* principal amount of Bonds, the total sum of $_______________ (not less than $1,617,000) plus accrued interest from October 19, 2023 payable April 1, 2024 and semiannually thereafter at the following annual rates, (rates on ascending scale in multiples of 1/8 or 1/20 of 1%; number of interest rates unlimited) and maturing as to principal on October 1 in the years as follows:

Year	Amount*	Rate	Year	Amount*	Rate
2024	$61,000	________%	2034	$ 83,000	________%
2025	60,000	________%	2035	86,000	________%
2026	62,000	________%	2036	89,000	________%
2027	64,000	________%	2037	93,000	________%
2028	67,000	________%	2038	96,000	________%
2029	69,000	________%	2039	101,000	________%
2030	72,000	________%	2040	105,000	________%
2031	74,000	________%	2041	109,000	________%
2032	77,000	________%	2042	114,000	________%
2033	80,000	________%	2043	88,000	________%

* Subject to Permitted Adjustment

We understand this bid may be accepted for as much as $1,815,000 of Bonds or as little as $1,485,000 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 September 28, 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 October 1 in accordance with the maturity schedule setting the actual size of the issue.

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

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

No certified or bank cashier's check will be required to accompany a bid, but the successful bidder shall be required to wire transfer an amount equal to 2% of the principal amount of Bonds awarded by the close of business on the date following the award. Said good faith amount will be applied (without interest) to the purchase price on delivery. Wire transfer procedures should be arranged through The First National Bank of Grayson, Grayson, Kentucky, Attn: Ms. Annette Martin (606.474.2000).

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 October 19, 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 October 19, 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 Carter County School District Finance Corporation for $______________ amount of Bonds at a price of $____________ as follows:

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

Dated: September 28, 2023

____

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