

DATED JUNE 17, 2024

NEW ISSUE

**Electronic Bidding via Parity®
NOT Bank Interest Deduction Eligible
BOOK-ENTRY-ONLY SYSTEM**

**RATING
Moody's: " "**

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

\$41,600,000*
HARRISON COUNTY SCHOOL DISTRICT FINANCE CORPORATION
SCHOOL BUILDING REVENUE BONDS,
SERIES OF 2024

Dated with Delivery: JULY 16, 2024

Due: as shown below

Interest on the Bonds is payable each February 1 and August 1, beginning February 1, 2025. The Bonds will mature as to principal on August 1, 2025, and thereafter as shown below. The Bonds are being issued in Book-Entry-Only Form and will be available for purchase in principal amounts of \$5,000 and integral multiples thereof.

Maturing		Interest	Reoffering	Maturing		Interest	Reoffering		
1-Aug	Amount*	Rate	Yield	CUSIP	1-Aug	Amount*	Rate	Yield	CUSIP
2025	\$650,000	%	%		2039	\$1,630,000	%	%	
2026	\$680,000	%	%		2040	\$1,700,000	%	%	
2027	\$705,000	%	%		2041	\$1,775,000	%	%	
2028	\$880,000	%	%		2042	\$2,020,000	%	%	
2029	\$915,000	%	%		2043	\$2,630,000	%	%	
2030	\$955,000	%	%		2044	\$1,755,000	%	%	
2031	\$995,000	%	%		2045	\$1,835,000	%	%	
2032	\$1,035,000	%	%		2046	\$1,920,000	%	%	
2033	\$1,275,000	%	%		2047	\$2,010,000	%	%	
2034	\$1,325,000	%	%		2048	\$2,105,000	%	%	
2035	\$1,380,000	%	%		2049	\$2,205,000	%	%	
2036	\$1,435,000	%	%		2050	\$2,310,000	%	%	
2037	\$1,495,000	%	%		2051	\$2,415,000	%	%	
2038	\$1,565,000	%	%						

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

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

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

The Harrison County (Kentucky) School District Finance Corporation will until June 25, 2024, at 11:00 A.M., E.D.S.T., receive competitive bids for the Bonds at the office of the Executive Director of the Kentucky School Facilities Construction Commission, 700 Louisville Road, Frankfort, Kentucky 40601.

***As set forth in the "Official Terms and Conditions of Bond Sale," the principal amount of Bonds sold to the successful bidder is subject to a Permitted Adjustment by increasing or decreasing the amount not to exceed \$4,160,000.**

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

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

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

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



**HARRISON COUNTY
BOARD OF EDUCATION**

Kristy Carey, Chairperson
Mary Jane Brunner, Member
Ruth Hatterick, Member
Laura Norcross, Member
Ed Taylor, Member

Dr. Harry Burchett, Superintendent
Maria Bell, Secretary

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

Kristy Carey, President
Mary Jane Brunner, Member
Ruth Hatterick, Member
Laura Norcross, Member
Ed Taylor, Member

Dr. Harry Burchett, Secretary
Mary Grubb, Treasurer

BOND COUNSEL

Stephoe & Johnson PLLC
Louisville, Kentucky

MUNICIPAL ADVISOR

RSA Advisors, LLC
Lexington, Kentucky

PAYING AGENT AND REGISTRAR

U.S. Bank Trust Company, National Association
Louisville, Kentucky

BOOK-ENTRY-ONLY-SYSTEM

REGARDING USE OF THIS OFFICIAL STATEMENT

This Official Statement does not constitute an offering of any security other than the original offering of the Harrison County School District Finance Corporation School Building Revenue Bonds, Series of 2024, 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**

\$41,600,000*

**HARRISON COUNTY SCHOOL DISTRICT FINANCE CORPORATION
SCHOOL BUILDING REVENUE BONDS,
SERIES OF 2024**

**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 Harrison County School District Finance Corporation (the "Corporation") School Building Revenue Bonds, Series of 2024 (the "Bonds").

The Bonds are being issued to finance Phase II of the new High School (the "Project").

The Bonds are revenue bonds and constitute a limited indebtedness of the Corporation. The Bonds will be secured by a statutory mortgage lien and a pledge of the rental income derived by the Corporation from leasing the school building Projects (as hereinafter defined) to the Harrison 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 Harrison 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 July 16, 2024, 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 \$129,265 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, 2026; 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 August 1, 2044, 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, 2026. Inter alia, the Budget provides \$116,928,400 in FY 23024-25 and \$126,269,500 in FY 2025-2026 to pay debt service on existing and future bond issues. There are \$75,900,000 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 2000, 2003, 2005, 2006, 2008, 2010, 2012, 2014, 2016, 2018, 2020, 2022, and 2024 Regular Sessions of the Kentucky General Assembly appropriated funds to be used for new debt service of participating school districts. The appropriations for each biennium are shown in the following table:

<u>Biennium</u>	<u>Appropriation</u>
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
<u>2024-26</u>	<u>22,280,000</u>
Total	\$142,617,000

In addition to the appropriations for new financings as shown, appropriations subsequent to that for 2000 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, 2026

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, 2026 which was approved and signed recently by the Governor. Such budget becomes effective July 1, 2024.

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

OUTSTANDING BONDS

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

Bond Series	Original Principal	Current Principal Outstanding	Principal Assigned to Board	Principal Assigned to Commission	Approximate Interest Rate Range	Final Maturity
2012	\$995,000	\$470,000	\$0	\$995,000	2.750% - 3.200%	2032
2013	\$4,300,000	\$2,750,000	\$4,300,000	\$0	2.250% - 3.000%	2033
2016	\$590,000	\$395,000	\$0	\$590,000	2.950%	2036
2016-REF	\$4,245,000	\$1,755,000	\$0	\$4,245,000	2.000%	2028
2018	\$1,140,000	\$770,000	\$120,000	\$1,020,000	3.000% - 3.250%	2038
2020	\$3,445,000	\$2,965,000	\$702,938	\$2,742,062	2.000% - 2.500%	2040
2020B	\$1,265,000	\$1,205,000	\$1,265,000	\$0	2.000% - 2.375%	2040
2022	\$2,080,000	\$2,070,000	\$2,080,000	\$0	4.250%	2041
2023	\$3,345,000	\$3,335,000	\$3,345,000	\$0	4.000% - 4.125%	2043
Totals:	\$21,405,000	\$15,715,000	\$11,812,938	\$9,592,062		

AUTHORITY

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

- i) the issuance of approximately \$41,600,000 of Bonds subject to a permitted adjustment of \$4,160,000;
- 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 July 16, 2024, will bear interest from that date as described herein, payable semi-annually on February 1 and August 1 of each year, commencing February 1, 2025, and will mature as to principal on August 1, 2025, and thereafter in the years and in the principal amounts as set forth on the cover page of this Official Statement.

Registration, Payment and Transfer

The Bonds are to be issued in fully-registered form (both principal and interest). U.S. Bank Trust Company, National Association, Louisville, Kentucky, the Bond Registrar and Paying Agent, shall remit interest on each semiannual due date to Cede & Co., as the nominee of The Depository Trust Company. Please see Book-Entry-Only-System. Interest on the Bonds will be paid at rates to be established upon the basis of competitive bidding as hereinafter set forth, such interest to be payable on February 1 and August 1 of each year, beginning February 1, 2025 (Record Date is 15th day of month preceding interest due date).

Redemption

The Bonds maturing on or after August 1, 2033, are subject to redemption at the option of the Corporation prior to their stated maturity on any date falling on or after August 1, 2032, 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
August 1, 2032, 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 statutory mortgage lien on and pledge of revenue from the school building Project. 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 Lease; Pledge of Rental Revenues

The Board has leased the school building Project securing the Bonds for an initial period from July 16, 2024, through June 30, 2025, 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 August 1, 2051, the final maturity date of the Bonds. Under the lease, the Corporation has pledged the rental revenue to the payment of the Bonds.

Authorization of General Obligation Bonds

The Kentucky Legislature recently passed and the Governor signed HB 727 which, 90 days after the adjournment of the Legislature, will authorize Kentucky Boards of Education to issue general obligation bonds within certain limitations prescribed by Kentucky law. The Board does not currently have any specific plan to issue general obligation bonds. Issuance by the Board of general obligation debt in the future would not affect either the Board's obligation to make lease payments to the Corporation for payment of debt service on the Bonds or the security for the Bonds.

COMMISSION'S PARTICIPATION

The Commission has determined that the Board is eligible for annual participation equal to approximately \$129,265 from the Commission's appropriation by the Kentucky General Assembly which will be used to meet all of the debt service of the Bonds. The plan for financing the Project will require the Commission to pay approximately four percent (4%) of the debt service of the Bonds.

The Participation Agreement to be entered into with the Board will be limited to the biennial budget period of the Commonwealth of Kentucky, with the first such biennial period terminating on June 30, 2026. 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 August 1, 2044, 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 160.160(5), in the event of a failure by the Board to pay the rentals due under the Lease, and unless sufficient funds have been transmitted to the Paying Agent, or will be so transmitted, for paying said rentals when due, the Board has granted under the terms of the Lease to the Corporation the right to notify and request the Kentucky Department of Education to withhold from the Board a sufficient portion of any undisbursed funds then held, set aside, or allocated to the Board and to request said Department or Commissioner of Education to transfer the required amount thereof to the Paying Agent for the payment of such rentals.

ADDITIONAL PARITY BONDS

The Corporation has reserved the right and privilege of issuing additional bonds from time to time payable from the income and revenues of said lands and school building Project and secured by a statutory mortgage lien and pledge of revenues, but only if and to the extent the issuance of such additional parity bonds are in accordance with 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.

THE PROJECT

After payment of the Bond issuance costs, the Board plans to deposit the net Bond proceeds to finance Phase II of the new High School (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.

The proceeds from the Bonds will not be sufficient to complete construction of the new High School. Additional funds from both State and Local sources will be necessary to finalize construction of the High School.

KENTUCKY DEPARTMENT OF EDUCATION SUPERVISION

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

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

ESTIMATED BOND DEBT SERVICE

The following table shows by fiscal year the current bond payments of the Board. The plan of financing provides for the Board to meet 96% of the debt service of the Bonds.

Fiscal Year	Current Restricted Fund Bond Payments	----- Series 2024 School Building Revenue Bonds -----					Total Restricted Fund Bond Payments
		Principal Portion	Interest Portion	Total Payment	Local Portion	SFCC Portion	
2024	\$1,075,014						\$1,075,014
2025	\$1,034,228		\$975,933	\$975,933	\$943,617	\$32,316	\$1,977,844
2026	\$1,037,418	\$650,000	\$1,788,723	\$2,438,723	\$2,309,458	\$129,265	\$3,346,876
2027	\$1,035,809	\$680,000	\$1,762,123	\$2,442,123	\$2,312,858	\$129,265	\$3,348,666
2028	\$1,037,426	\$705,000	\$1,734,423	\$2,439,423	\$2,310,158	\$129,265	\$3,347,584
2029	\$894,038	\$880,000	\$1,702,723	\$2,582,723	\$2,453,458	\$129,265	\$3,347,495
2030	\$894,107	\$915,000	\$1,666,823	\$2,581,823	\$2,452,558	\$129,265	\$3,346,665
2031	\$893,528	\$955,000	\$1,629,423	\$2,584,423	\$2,455,158	\$129,265	\$3,348,685
2032	\$891,904	\$995,000	\$1,590,423	\$2,585,423	\$2,456,158	\$129,265	\$3,348,062
2033	\$891,960	\$1,035,000	\$1,549,823	\$2,584,823	\$2,455,558	\$129,265	\$3,347,518
2034	\$699,581	\$1,275,000	\$1,503,623	\$2,778,623	\$2,649,358	\$129,265	\$3,348,939
2035	\$700,781	\$1,325,000	\$1,451,623	\$2,776,623	\$2,647,358	\$129,265	\$3,348,138
2036	\$700,914	\$1,380,000	\$1,397,523	\$2,777,523	\$2,648,258	\$129,265	\$3,349,171
2037	\$701,778	\$1,435,000	\$1,340,505	\$2,775,505	\$2,646,240	\$129,265	\$3,348,018
2038	\$701,952	\$1,495,000	\$1,279,693	\$2,774,693	\$2,645,428	\$129,265	\$3,347,380
2039	\$700,000	\$1,565,000	\$1,214,650	\$2,779,650	\$2,650,385	\$129,265	\$3,350,385
2040	\$701,694	\$1,630,000	\$1,145,958	\$2,775,958	\$2,646,693	\$129,265	\$3,348,387
2041	\$703,394	\$1,700,000	\$1,074,363	\$2,774,363	\$2,645,098	\$129,265	\$3,348,491
2042	\$701,431	\$1,775,000	\$999,650	\$2,774,650	\$2,645,385	\$129,265	\$3,346,816
2043	\$537,350	\$2,020,000	\$917,553	\$2,937,553	\$2,808,288	\$129,265	\$3,345,638
2044		\$2,630,000	\$815,758	\$3,445,758	\$3,348,809	\$96,949	\$3,348,809
2045		\$1,755,000	\$718,410	\$2,473,410	\$2,473,410		\$2,473,410
2046		\$1,835,000	\$637,176	\$2,472,176	\$2,472,176		\$2,472,176
2047		\$1,920,000	\$551,750	\$2,471,750	\$2,471,750		\$2,471,750
2048		\$2,010,000	\$461,840	\$2,471,840	\$2,471,840		\$2,471,840
2049		\$2,105,000	\$367,195	\$2,472,195	\$2,472,195		\$2,472,195
2050		\$2,205,000	\$268,065	\$2,473,065	\$2,473,065		\$2,473,065
2051		\$2,310,000	\$164,220	\$2,474,220	\$2,474,220		\$2,474,220
2052		\$2,415,000	\$55,545	\$2,470,545	\$2,470,545		\$2,470,545
Totals:	\$16,534,308	\$41,600,000	\$30,765,509	\$72,365,509	\$69,909,474	\$2,456,035	\$86,443,782

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	\$41,600,000.00
Total Sources	\$41,600,000.00
Uses:	
Deposit to Construction Fund	\$40,544,750.00
Underwriter's Discount (2%)	832,000.00
Cost of Issuance	223,250.00
Total Uses	\$41,600,000.00

DISTRICT STUDENT POPULATION

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

Year	Average Daily Attendance	Year	Average Daily Attendance
2000-01	2,934.0	2012-13	2,761.0
2001-02	2,903.8	2013-14	2,733.7
2002-03	2,922.3	2014-15	2,729.9
2003-04	2,900.0	2015-16	2,675.2
2004-05	2,875.6	2016-17	2,647.1
2005-06	2,886.4	2017-18	2,639.9
2006-07	2,870.9	2018-19	2,570.8
2007-08	2,850.9	2019-20	2,555.8
2008-09	2,872.0	2020-21	2,555.8
2009-10	2,837.6	2021-22	2,664.3
2010-11	2,818.9	2022-23	2,664.3
2011-12	2,778.0	2023-24	2,576.1

Source: Kentucky State Department of Education.

STATE SUPPORT

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

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

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

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

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

Capital Outlay		Capital Outlay	
Year	Allotment	Year	Allotment
2000-01	293,400.0	2012-13	276,096.0
2001-02	290,380.0	2013-14	273,371.0
2002-03	292,230.0	2014-15	272,993.0
2003-04	290,000.0	2015-16	267,520.0
2004-05	287,560.0	2016-17	264,710.0
2005-06	288,640.0	2017-18	263,990.0
2006-07	287,090.0	2018-19	257,081.6
2007-08	285,090.0	2019-20	255,580.0
2008-09	287,199.0	2020-21	255,583.5
2009-10	283,758.0	2021-22	266,425.6
2010-11	281,891.0	2022-23	266,425.6
2011-12	277,800.0	2023-24	257,613.8

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

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

- 1) The district must have unmet needs as set forth and approved by the State Department of Education in a School Facilities Plan;
- 2) The district must commit to establish an equivalent tax rate of at least 5 cents, in addition to the 30 cents minimum current equivalent tax rate; and,

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

LOCAL SUPPORT

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

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

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

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

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

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

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

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

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

Local Tax Rates, Property Assessments and Revenue Collections

Tax Year	Combined Equivalent Rate	Total Property Assessment	Property Revenue Collections
2000-01	50.5	626,978,661	3,166,242
2001-02	50.9	692,948,675	3,527,109
2002-03	50.2	728,818,859	3,658,671
2003-04	50.2	759,237,250	3,811,371
2004-05	50.1	812,822,625	4,072,241
2005-06	49.3	870,238,972	4,290,278
2006-07	49.7	903,817,780	4,491,974
2007-08	49.3	936,262,893	4,615,776
2008-09	48.7	982,881,785	4,786,634
2009-10	48.7	974,907,978	4,747,802
2010-11	52	982,192,561	5,107,401
2011-12	52.1	997,311,211	5,195,991
2012-13	53.2	1,004,796,011	5,345,515
2013-14	56	1,013,796,966	5,677,263
2014-15	58.6	1,017,523,089	5,962,685
2015-16	57.8	1,027,774,473	5,940,536
2016-17	57.2	1,045,244,594	5,978,799
2017-18	58.9	1,078,583,614	6,352,857
2018-19	59.5	1,085,435,980	6,458,344
2019-20	59.4	1,133,871,332	6,735,196
2020-21	58	1,161,775,636	6,738,299
2021-22	64.5	1,202,084,617	7,753,446
2022-23	66.1	1,273,498,811	8,417,827
2023-24	65.8	1,344,645,050	8,847,764

OVERLAPPING BOND INDEBTEDNESS

The following table shows any other overlapping bond indebtedness of the Harrison County School District or other issuing agency within Harrison County as reported by the State Local Debt Officer for the period ending June 30, 2024.

Issuer	Original Principal Amount	Amount of Bonds Redeemed	Current Principal Outstanding
County of Harrison			
General Obligation	769,000	683,000	86,000
Hospital Revenue	4,500,000	2,863,636	1,636,364
City of Berry			
Sewer Revenue	75,000	24,350	50,650
City of Cynthiana			
General Obligation	229,800	198,275	31,525
Water & Sewer Revenue	2,070,000	518,400	1,551,600
Improvement Project Revenue	3,590,000	335,500	3,254,500
Total:	11,233,800	4,623,161	6,610,639

Source: 2024 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	10,888,664	3,166,242	14,054,906
2001-02	10,589,787	3,527,109	14,116,896
2002-03	10,837,989	3,658,671	14,496,660
2003-04	11,305,896	3,811,371	15,117,267
2004-05	11,273,188	4,072,241	15,345,429
2005-06	12,091,782	4,290,278	16,382,060
2006-07	12,064,815	4,491,974	16,556,789
2007-08	12,984,222	4,615,776	17,599,998
2008-09	13,267,985	4,786,634	18,054,619
2009-10	11,701,123	4,747,802	16,448,925
2010-11	11,717,330	5,107,401	16,824,731
2011-12	12,649,827	5,195,991	17,845,818
2012-13	12,549,777	5,345,515	17,895,292
2013-14	12,325,983	5,677,263	18,003,246
2014-15	12,527,172	5,962,685	18,489,857
2015-16	12,531,095	5,940,536	18,471,631
2016-17	12,350,887	5,978,799	18,329,686
2017-18	12,390,487	6,352,857	18,743,344
2018-19	12,177,828	6,458,344	18,636,172
2019-20	11,861,005	6,735,196	18,596,201
2020-21	11,334,945	6,738,299	18,073,244
2021-22	12,333,664	7,753,446	20,087,110
2022-23	12,784,835	8,417,827	21,202,662
2023-24	12,637,055	8,847,764	21,484,819

- (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 \$0.6580 for FY 2023-24. 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.

As of the date of this Official Statement, the Corporation and the Board are in compliance “in all material respects” with the reporting requirements of the Rule for the past five years.

Financial information regarding the Board may be obtained from Superintendent, Harrison County Board of Education, 308 Webster Avenue, Cynthia, Kentucky 41031, Telephone 859-234-7110.

TAX EXEMPTION; NOT BANK QUALIFIED

Bond Counsel advises as follows with respect to the Bonds:

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

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

(C) As a result of designations and certifications by the Board and the Corporation, indicating the issuance of more than \$10,000,000 of tax-exempt obligations during the calendar year ending December 31, 2024, the Bonds are not "qualified tax-exempt obligations" within the meaning of the Internal Revenue Code of 1986, as amended.

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

Original Issue Premium

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

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

Original Issue Discount

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

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

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

ABSENCE OF MATERIAL LITIGATION

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

APPROVAL OF LEGALITY

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

NO LEGAL OPINION EXPRESSED AS TO CERTAIN MATTERS

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

BOND RATING

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

MUNICIPAL ADVISOR

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

APPROVAL OF OFFICIAL STATEMENT

The Corporation has approved and caused this "Official Statement" to be executed and delivered by its President. In making this "Official Statement" the Corporation relied upon information furnished to it by the Board of Education of the Harrison 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 Harrison 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 Harrison 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

Harrison County School District Finance Corporation School Building Revenue Bonds Series of 2024

Demographic and Economic Data

HARRISON COUNTY, KENTUCKY

Cynthiana, the county seat of Harrison County, is located in north-central Kentucky. With an estimated 2023 population of 6,387, Cynthiana is located 34 miles northeast of Lexington, Kentucky; 69 miles southeast of Cincinnati, Ohio; 92 miles east of Louisville, Kentucky; and 199 miles north of Knoxville, Tennessee. The estimated 2023 population for Harrison County was 19,205

The Economic Framework

In 2023, Harrison County had a labor force of 9,020 people, with an unemployment rate of 4.5%. The top 5 jobs by occupation were as follows: sales - 501 (11.6%); office and administrative support - 476 (11.02%); production workers - 409 (9.47%); education training/library - 365 (8.45%); and executive, managers, and administrators - 351 (8.13%).

Transportation

Major highways serving Cynthiana are U.S. Highways 27 and 62. Kentucky Route 36 also serves Cynthiana. Interstate 75 is accessible 19 miles southwest via U.S. 62 and 30 miles northwest via Kentucky 36. Interstate 64 and the Mountain Parkway are accessible 31 miles south via U.S. 27 and Kentucky 627. Thirty trucking company provide interstate and/or intrastate service to Cynthiana. CSX Transportation provides main line rail service to Cynthiana. The nearest scheduled commercial airline service is located at Lexington's Bluegrass Airport, 38 miles southwest of Cynthiana. The local Cynthiana-Harrison County Airport has a paved 3,200-foot runway.

Power and Fuel

Kentucky Utilities Company provides electric power to Cynthiana and parts of Harrison County. Harrison Rural Electric Cooperative Corporation provides power to the remainder of the county. Columbia Gas Company of Lexington, Inc. provides Cynthiana with natural gas service.

Education

The Harrison County School System provides primary and secondary education to Cynthiana and Harrison County. Two nonpublic schools have facilities in Cynthiana. Twenty colleges and universities are located within 60 miles of Cynthiana. Harrison County Area Technology Center provides secondary technical training. The nearest technical college providing post secondary technical training is the Central Kentucky Technical College in Lexington.

LOCAL GOVERNMENT

Structure

Cynthiana is served by a mayor and four commissioners. The mayor serves a four-year term and the commissioners serve two-year terms. Harrison County is served by a county judge/executive and eight magistrates. The county judge/executive and magistrates all serve four-year terms.

Planning and Zoning

Joint agency - Cynthiana-Harrison County-Berry Joint Planning Commission

Participating cities - Cynthiana, Berry

Zoning enforced - County-wide, including all cities

Subdivision regulations enforced - County-wide, including all cities

Local codes enforced - Building and housing codes county-wide, including all cities

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

Local Fees and Licenses

Cynthiana levies a one and one-half percent occupational license tax on gross wages, salaries, commissions, and other compensation earned in the city. A one and one-half percent tax is also levied on net profits of sales of all businesses, professions, or occupations for activities conducted inside the city limits. Regulatory license fees for various businesses range from \$5 to \$300 per year.

Harrison County levies a 1.5 percent occupational license tax on wages, salaries, and commissions of individuals and on net profits of businesses.

Property Taxes

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

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

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

LABOR MARKET STATISTICS

The Cynthiana Labor Market Area includes Harrison County and the adjoining Kentucky counties of Bourbon, Bracken, Fayette, Grant, Nicholas, Pendleton, Robertson, and Scott.

Population

<u>Area</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Cynthiana	6,258	6,406	6,333
Harrison County	18,568	19,133	18,994

Source: Kentucky Cabinet for Economic Development

Population Projections

<u>Area</u>	<u>2025</u>	<u>2030</u>	<u>2035</u>
Harrison County	18,643	18,515	18,285

Source: Kentucky State Data Center, University of Louisville.

EDUCATION

Public Schools

HARRISON COUNTY

Total Enrollment (2022-23)	2,774
Pupil-Teacher Ratio (2022-23)	16 - 1

Source: Kentucky Department of Education

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 Schools:

Vocational School	Location	Enrollment 2022-23
Boone County ATC	Hebron, KY	187
Campbell County ATC	Alexandria, KY	348
Carroll County ATC	Carrollton, KY	286
Clark County ATC	Winchester, KY	559
Garrard County ATC	Lancaster, KY	375
Harrison County ATC	Cynthiana, KY	459
Madison County ATC	Richmond, KY	723
Mason County ATC	Maysville, KY	194
Montgomery County ATC	Mt. Sterling, KY	350
Shelby County ATC	Shelbyville, KY	430

Source: Kentucky Department of Education

APPENDIX B

**Harrison County School District Finance Corporation
School Building Revenue Bonds
Series of 2024**

Audited Financial Statement ending June 30, 2023

Harrison County School District

**Financial Statements
With Supplementary Information
Year Ended June 30, 2023
With Independent Auditors' Report**

HARRISON COUNTY SCHOOL DISTRICT

Year Ended June 30, 2023

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HARRISON COUNTY SCHOOL DISTRICT

Year Ended June 30, 2023

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HARRISON COUNTY SCHOOL DISTRICT

Year Ended 2023

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Independent Auditors' Report

To the Members of the Board of Education
Harrison County School District
Cynthiana, Kentucky

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Harrison County School District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Harrison County School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Harrison County School District, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

**Independent Auditors' Report
(Continued)**

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

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the information on pages 4-8, 53-56, and 61-70 as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Independent Auditors' Report
(Continued)**

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Harrison County School District's basic financial statements. The information on pages 51-52, 57, 58-60, and 71-73 as listed in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The information on pages 51-52, 57, 58-60, and 71-73 as listed in the table of contents is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 information on pages 51-52, 57, 58-60, and 71-73 as listed in the table of contents is 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 10, 2023 on our consideration of the Harrison County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Harrison County School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Harrison County School District's internal control over financial reporting and compliance.

Change In Accounting Principle

As discussed in Note 18 to the financial statements, the District adopted Governmental Accounting Standards Board ("GASB") Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective as of July 1, 2022. Our opinion is not modified with respect to this matter.



Crestview Hills, Kentucky
November 10, 2023

Except for the District Wide Statements and Note 16 as to which the date is December 7, 2023

HARRISON COUNTY SCHOOL DISTRICT

Management's Discussion and Analysis (MD&A) Year Ended June 30, 2023

As management of the Harrison County School District (District), we offer readers of the District's financial statement this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

FINANCIAL HIGHLIGHTS

The ending cash balance for the District was \$14,335,810 in 2023 and \$7,166,939 in 2022. This represents an increase of \$7,168,871. This large increase was due to many reasons. The district made an effort to save general fund dollars to help with our upcoming high school construction project. With the help of federal ESSER funds, we were able to set aside another \$2,500,000 during the fiscal year in the general fund for this purpose. Our Capital Outlay Fund cash and Building Fund cash both increased by \$266,426 and \$1,284,744, respectively. Again, this was an intentional effort on the district's part to save all available funds for the high school construction project. Our Food Service Fund cash increased by \$181,940 due largely in part to increased federal reimbursement rates for meals served to students during the year. Our Special Revenue Fund decreased by \$1,468,012. The reason for this decrease in cash on hand was a timing issue with reimbursement for expenses incurred at the end of the year. Lastly, our Construction Fund cash increased by \$1,660,796 due to selling bonds for our High School project at the end of June.

Our management strategies included conservative estimation of revenues, as well as conservative spending.

During fiscal year 2023, utility tax revenue was \$1,253,041. This represents an increase of 7.5% compared to the previous year.

Excluding on-behalf payments and transfers, the General Fund had \$20,376,432 in revenue and other financing sources, which primarily consisted of SEEK, property, utilities, and motor vehicle taxes. Excluding on-behalf payments and transfers, General Fund expenditures totaled \$18,595,728.

During fiscal year 2023, the District recorded in its financial statements certain payments made by the State of Kentucky on behalf of the employees of the District, such as retirement plan match and insurance payments. These on-behalf payments totaled approximately \$9,452,190 including general fund, school food service and debt service.

HARRISON COUNTY SCHOOL DISTRICT

Management's Discussion and Analysis (MD&A) Year Ended June 30, 2023 (Continued)

OVERVIEW OF FINANCIAL STATEMENTS

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

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

The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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

The district-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 district-wide financial statements can be found on pages 9 and 10 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 funds, 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 and day care operations. All other activities of the District are included in the governmental funds.

The basic governmental fund financial statements can be found on pages 11 through 19 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 district-wide and fund financial statements. The notes to the financial statements can be found on pages 20 through 50 of this report.

HARRISON COUNTY SCHOOL DISTRICT

Management's Discussion and Analysis (MD&A) Year Ended June 30, 2023 (Continued)

DISTRICT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by \$6,034,514 as of June 30, 2023.

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

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

Net Position for the years ending 2023 and 2022

The following is a summary of net position for the fiscal years ended 2023 and 2022.

	<u>2023</u>	<u>2022</u>
Current assets	\$ 17,565,014	\$ 12,145,898
Noncurrent assets	<u>25,064,489</u>	<u>22,045,056</u>
Total assets	<u>42,629,503</u>	<u>34,190,954</u>
Deferred outflows	<u>7,795,911</u>	<u>4,497,476</u>
Current liabilities	2,656,027	2,213,295
Noncurrent liabilities	<u>35,888,681</u>	<u>28,115,125</u>
Total liabilities	<u>38,544,708</u>	<u>30,328,420</u>
Deferred inflows	<u>5,846,192</u>	<u>6,479,462</u>
Net position:		
Investment in capital assets (net of debt)	8,248,903	9,402,633
Restricted	(5,765,261)	(11,261,001)
Unrestricted	<u>3,550,872</u>	<u>3,738,916</u>
Total net position	<u>\$ 6,034,514</u>	<u>\$ 1,880,548</u>

HARRISON COUNTY SCHOOL DISTRICT

**Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2023
(Continued)**

DISTRICT-WIDE FINANCIAL ANALYSIS (Continued)

Comments on General Fund Budget Comparisons

- The District's total General Fund revenue for the fiscal year ended June 30, 2023, before any interfund transfers and sale of assets, was \$28,852,314.
- General Fund budget compared to actual revenue varied from line item to line item with the ending actual balance being \$2,917,483 more than budget or approximately 11.03%.
- The total cost of General Fund programs and services was \$27,071,610, net of interfund transfers.
- General Fund revenue exceeded expenses by \$2,251,518 in fiscal year 2023.

The following table presents a summary of revenues and expenses for the fiscal years ended 2023 and 2022.

	<u>2023</u>	<u>2022</u>
Revenues		
Program revenues		
Charges for services	\$ 104,502	\$ 66,766
Operating grants and capital grants	10,188,898	10,795,818
Total grant revenues	<u>10,293,400</u>	<u>10,862,584</u>
General Revenues		
Taxes	8,534,298	8,134,492
Grants and entitlements	19,734,418	8,159,001
Earnings on investments	160,281	39,510
Miscellaneous	4,269,121	2,170,611
Total general revenues	<u>32,698,118</u>	<u>18,503,614</u>
Total revenues	<u>42,991,518</u>	<u>29,366,198</u>
Expenses		
Instructional	19,558,780	6,523,854
Student support services	2,755,915	2,499,150
Staff support	2,087,578	1,730,223
District administration	980,685	855,164
School administration	1,784,105	1,469,515
Business support	1,040,498	975,301
Plant operations	4,020,475	3,904,487
Student transportation	2,721,933	2,396,743
Other instructional	1,450	2,347
Food service operation	3,136,443	2,841,849
Community service	381,022	349,295
Other non-instructional	184	84
Facility acquisition and construction	-	133,982
Interest on long-term debt	368,484	320,118
Total expenses	<u>38,837,552</u>	<u>24,002,112</u>
Excess of revenues over expenses	<u>\$ 4,153,966</u>	<u>\$ 5,364,086</u>

HARRISON COUNTY SCHOOL DISTRICT

Management's Discussion and Analysis (MD&A) Year Ended June 30, 2023 (Continued)

BUDGETARY IMPLICATIONS

In Kentucky, the public schools fiscal year is July 1st – June 30th; other programs, i.e. some federal programs operate on a different fiscal calendar but are reflected in the district overall budget. By law, the budget must have a minimum 2% contingency. The District adopted a budget with \$3,537,067 in contingency (11.58%).

LOCAL INFORMATION

Harrison County has an estimated 18,692 residents per the 2020 census. Cynthiana is the county seat of Harrison County and was established in 1793. It is bordered on the west by the Kentucky River and on the north by the Ohio River. The city has a Mayor/Council form of government.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the school district's finances and to reflect the school district's accountability for the monies it receives. Questions about this report or additional financial information needs should be directed to Superintendent, Harry Burchett or Chief Financial Officer, Mary Grubb at (859) 234-7110 or by mail to Harrison County Public Schools, 308 Webster Avenue, Cynthiana, Kentucky 41031.

HARRISON COUNTY SCHOOL DISTRICT

Statement of Net Position – District Wide As of June 30, 2023

	Governmental Activities	Business-Type Activities	Total
Assets			
Current:			
Cash and cash equivalents	\$ 13,846,842	\$ 488,968	\$ 14,335,810
Accounts receivable	3,153,556	32,521	3,186,077
Prepays	5,497	-	5,497
Inventories for consumption	-	37,630	37,630
Total current	<u>17,005,895</u>	<u>559,119</u>	<u>17,565,014</u>
Noncurrent:			
Subscription assets	281,665	-	281,665
Less: accumulated amortization	(30,541)	-	(30,541)
Construction in progress	4,352,172	-	4,352,172
Nondepreciated capital assets:			
Land	1,164,371	-	1,164,371
Depreciated capital assets:			
Land improvements	126,282	-	126,282
Buildings and improvements	44,997,306	-	44,997,306
Infrastructure	84,283	-	84,283
Furniture and equipment	4,770,650	759,372	5,530,022
Less: accumulated depreciation	<u>(30,854,953)</u>	<u>(586,118)</u>	<u>(31,441,071)</u>
Total noncurrent	<u>24,891,235</u>	<u>173,254</u>	<u>25,064,489</u>
Total assets	<u>41,897,130</u>	<u>732,373</u>	<u>42,629,503</u>
Deferred outflows	<u>7,145,706</u>	<u>650,205</u>	<u>7,795,911</u>
Liabilities and Net Position			
Liabilities			
Current:			
Current portion of bonds payable	1,202,339	-	1,202,339
Accounts payable	593,579	6,806	600,385
Accrued interest	125,354	-	125,354
Accrued sick leave	49,929	-	49,929
Accrued payroll and related expenses	235,806	-	235,806
Unearned revenues	<u>427,278</u>	<u>14,936</u>	<u>442,214</u>
Total current	<u>2,634,285</u>	<u>21,742</u>	<u>2,656,027</u>
Noncurrent:			
Accrued sick leave	449,361	-	449,361
MIF net OPEB liability	9,034,181	339,684	9,373,865
CERS net pension liability	8,459,329	1,983,198	10,442,527
Bond obligations	<u>15,622,928</u>	<u>-</u>	<u>15,622,928</u>
Total noncurrent	<u>33,565,799</u>	<u>2,322,882</u>	<u>35,888,681</u>
Total liabilities	<u>36,200,084</u>	<u>2,344,624</u>	<u>38,544,708</u>
Deferred inflows	<u>5,417,146</u>	<u>429,046</u>	<u>5,846,192</u>
Net Position			
Invested in capital assets, net of related debt	8,075,649	173,254	8,248,903
Restricted	(3,701,168)	(2,064,093)	(5,765,261)
Unrestricted	<u>3,051,125</u>	<u>499,747</u>	<u>3,550,872</u>
Total net position	<u>\$ 7,425,606</u>	<u>\$ (1,391,092)</u>	<u>\$ 6,034,514</u>

The accompanying notes are an integral part of these financial statements

HARRISON COUNTY SCHOOL DISTRICT

**Statement of Activities – District Wide
Year Ended June 30, 2023**

Function/Programs	Expenses	Program Revenues			Net (expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instructional	\$ 19,558,780	\$ -	\$ 4,024,582	\$ -	\$ (15,534,198)	\$ -	\$ (15,534,198)
Student support services	2,755,915	-	173,754	-	(2,582,161)	-	(2,582,161)
Staff support services	2,087,578	-	888,130	-	(1,199,448)	-	(1,199,448)
District administration	980,685	-	382,251	-	(598,434)	-	(598,434)
School administration	1,784,105	-	-	-	(1,784,105)	-	(1,784,105)
Business support services	1,040,498	-	149,010	-	(891,488)	-	(891,488)
Plant operation and maintenance	4,020,475	-	616,203	-	(3,404,272)	-	(3,404,272)
Student transportation	2,721,933	-	665,398	-	(2,056,535)	-	(2,056,535)
Other instructional	1,450	-	-	-	(1,450)	-	(1,450)
Community service operations	381,022	-	379,972	-	(1,050)	-	(1,050)
Other non-instructional	184	-	-	-	(184)	-	(184)
Facility acquisition and construction	-	-	-	-	-	-	-
Food service operation	24,468	-	-	-	(24,468)	-	(24,468)
Interest on long-term debt	368,484	-	-	-	(368,484)	-	(368,484)
Total governmental activities	<u>35,725,577</u>	<u>-</u>	<u>7,279,300</u>	<u>-</u>	<u>(28,446,277)</u>	<u>-</u>	<u>(28,446,277)</u>
Business-type activities							
Food service	<u>3,111,975</u>	<u>104,502</u>	<u>2,909,598</u>	<u>-</u>	<u>-</u>	<u>(97,875)</u>	<u>(97,875)</u>
Total business-type activities	<u>3,111,975</u>	<u>104,502</u>	<u>2,909,598</u>	<u>-</u>	<u>-</u>	<u>(97,875)</u>	<u>(97,875)</u>
Total school district	<u>\$ 38,837,552</u>	<u>\$ 104,502</u>	<u>\$ 10,188,898</u>	<u>\$ -</u>	<u>(28,446,277)</u>	<u>(97,875)</u>	<u>(28,544,152)</u>
General revenues:							
Taxes					8,534,298	-	8,534,298
State and federal sources					19,734,418	-	19,734,418
Investment earnings					158,658	1,623	160,281
Miscellaneous					4,123,240	-	4,123,240
Special items:							
Gain on sale of fixed assets					145,881	-	145,881
Total general and special revenues					<u>32,696,495</u>	<u>1,623</u>	<u>32,698,118</u>
Change in net position					4,250,218	(96,252)	4,153,966
Net position - beginning					<u>3,175,388</u>	<u>(1,294,840)</u>	<u>1,880,548</u>
Net position - ending					<u>\$ 7,425,606</u>	<u>\$ (1,391,092)</u>	<u>\$ 6,034,514</u>

The accompanying notes are an integral part of these financial statements

HARRISON COUNTY SCHOOL DISTRICT

**Balance Sheet – Governmental Funds
As of June 30, 2023**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Building Fund</u>	<u>Construction Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets						
Current:						
Cash (overdraft) and cash equivalents	\$ 10,987,079	\$ (2,311,914)	\$ 2,265,753	\$ 1,781,938	\$ 1,123,986	\$ 13,846,842
Prepays	4,297	-	-	-	1,200	5,497
Accounts receivable	319,029	2,831,010	-	-	3,517	3,153,556
Total assets	<u>\$ 11,310,405</u>	<u>\$ 519,096</u>	<u>\$ 2,265,753</u>	<u>\$ 1,781,938</u>	<u>\$ 1,128,703</u>	<u>\$ 17,005,895</u>
Liabilities and Fund Balances						
Liabilities						
Current:						
Accounts payable	\$ 61,110	\$ 3,050	\$ -	\$ 526,669	\$ 2,750	\$ 593,579
Unearned revenue	-	427,278	-	-	-	427,278
Accrued payroll and related expenses	147,038	88,768	-	-	-	235,806
Total liabilities	<u>208,148</u>	<u>519,096</u>	<u>-</u>	<u>526,669</u>	<u>2,750</u>	<u>1,256,663</u>
Fund Balances						
Nonspendable - prepaids	4,297	-	-	-	1,200	5,497
Restricted:						
Future construction	7,000,000	-	-	-	-	7,000,000
SFCC escrow - current	-	-	2,264,846	-	532,852	2,797,698
SFCC escrow - prior	-	-	907	-	-	907
Other	-	-	-	-	-	-
Grants	-	-	-	1,255,269	-	1,255,269
Assigned:						
Site based carryforward	172,546	-	-	-	-	172,546
Sick leave	249,645	-	-	-	-	249,645
Other	-	-	-	-	591,901	591,901
Unassigned	3,675,769	-	-	-	-	3,675,769
Total fund balances	<u>11,102,257</u>	<u>-</u>	<u>2,265,753</u>	<u>1,255,269</u>	<u>1,125,953</u>	<u>15,749,232</u>
Total liabilities and fund balances	<u>\$ 11,310,405</u>	<u>\$ 519,096</u>	<u>\$ 2,265,753</u>	<u>\$ 1,781,938</u>	<u>\$ 1,128,703</u>	<u>\$ 17,005,895</u>

The accompanying notes are an integral part of these financial statements

HARRISON COUNTY SCHOOL DISTRICT

**Reconciliation of the Balance Sheet
Governmental Funds to the Statement of Net Position
As of June 30, 2023**

Total governmental fund balance		\$ 15,749,232
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		
Subscription assets	281,665	
Accumulated amortization	(30,541)	
Construction in process	4,352,172	
Cost of capital assets	51,142,892	
Accumulated depreciation	<u>(30,854,953)</u>	24,891,235
Deferred outflows		
Related to CERS	1,165,344	
CERS contributions made after the measurement date	774,776	
Related to MIF	4,699,311	
MIF contributions made after the measurement date	496,594	
Bond refunding	<u>9,681</u>	7,145,706
Deferred inflows		
Related to CERS	(1,144,900)	
Related to MIF	<u>(4,272,246)</u>	(5,417,146)
Long-term liabilities at year end consist of:		
Bonds payable		(16,966,777)
Premiums on bonds, net		(17,647)
Discounts on bonds, net		159,157
Accrued interest on bonds		(125,354)
Net pension liability		(8,459,329)
MIF net OPEB liability		(9,034,181)
Accrued sick leave		<u>(499,290)</u>
Total net position - governmental		<u>\$ 7,425,606</u>

The accompanying notes are an integral part of these financial statements

HARRISON COUNTY SCHOOL DISTRICT

**Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds
Year Ended June 30, 2023**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Building Fund</u>	<u>Construction Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues						
Taxes	\$ 7,260,800	\$ -	\$ 1,273,498	\$ -	\$ -	\$ 8,534,298
Earnings on investments	156,014	7	-	-	2,637	158,658
State sources	21,077,926	1,566,049	895,866	-	863,423	24,403,264
Federal sources	259,205	5,561,821	-	-	-	5,821,026
Other sources	98,369	151,430	-	-	984,490	1,234,289
Total revenues	<u>28,852,314</u>	<u>7,279,307</u>	<u>2,169,364</u>	<u>-</u>	<u>1,850,550</u>	<u>40,151,535</u>
Expenditures						
Instructional	15,368,647	3,761,305	-	-	838,507	19,968,459
Student support services	2,572,492	173,754	-	-	3,410	2,749,656
Staff support services	1,156,136	888,130	-	-	43,312	2,087,578
District administration	551,291	382,251	-	-	-	933,542
School administration	1,784,105	-	-	-	-	1,784,105
Business support services	889,780	149,010	-	-	-	1,038,790
Plant operation and maintenance	2,900,029	616,203	-	-	-	3,516,232
Student transportation	1,771,384	665,398	-	-	69,059	2,505,841
Other instructional	-	-	-	-	1,450	1,450
Food service operation	24,468	-	-	-	-	24,468
Community service operations	60	379,972	-	-	-	380,032
Other non-instructional	-	-	-	-	184	184
Facility acquisition and construction	-	-	-	4,108,269	-	4,108,269
Debt service:						
Principal	49,864	-	-	-	1,140,000	1,189,864
Interest	3,354	-	-	-	341,617	344,971
Total expenditures	<u>27,071,610</u>	<u>7,016,023</u>	<u>-</u>	<u>4,108,269</u>	<u>2,437,539</u>	<u>40,633,441</u>
Excess (deficit) of revenues over expenditures	<u>1,780,704</u>	<u>263,284</u>	<u>2,169,364</u>	<u>(4,108,269)</u>	<u>(586,989)</u>	<u>(481,906)</u>
Other financing sources (uses)						
Loan and bond proceeds	-	-	-	5,425,000	-	5,425,000
Bond discount	-	-	-	(69,280)	-	(69,280)
Proceeds from sale of assets	208,825	-	-	-	-	208,825
Operating transfers in	317,463	55,474	-	-	977,296	1,350,233
Operating transfers out	(55,474)	(318,758)	(884,620)	-	(91,381)	(1,350,233)
Total other financing sources (uses)	<u>470,814</u>	<u>(263,284)</u>	<u>(884,620)</u>	<u>5,355,720</u>	<u>885,915</u>	<u>5,564,545</u>
Net change in fund balance	2,251,518	-	1,284,744	1,247,451	298,926	5,082,639
Fund balance, July 1, 2022	8,850,739	-	981,009	7,818	827,027	10,666,593
Fund balance, June 30, 2023	<u>\$ 11,102,257</u>	<u>\$ -</u>	<u>\$ 2,265,753</u>	<u>\$ 1,255,269</u>	<u>\$ 1,125,953</u>	<u>\$ 15,749,232</u>

The accompanying notes are an integral part of these financial statements

HARRISON COUNTY SCHOOL DISTRICT

**Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balance of Governmental Funds to the Statement of Activities
Year Ended June 30, 2023**

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

Net changes-governmental funds \$ 5,082,639

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

Recognition of subscription asset	281,665	
Amortization of subscription asset	(30,541)	
Depreciation expense	(1,332,071)	
Capital outlays	4,183,201	
Retirement of capital assets	<u>(62,944)</u>	3,039,310

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

Bond principal paid	1,189,864	
Proceeds from sale of bonds	(5,425,000)	
Discount on sale of bonds	69,280	
Amortization of deferred outflow from bond refunding	(1,905)	
Amortization of bond premium and discount, net	(5,402)	

Deferred outflows related to pensions 652,465

Deferred outflows related to MIF 2,395,223

Deferred inflows related to pensions 424,460

Deferred inflows related to MIF 115,515

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.

(3,286,231)

Changes in net position of governmental activities \$ 4,250,218

The accompanying notes are an integral part of these financial statements

HARRISON COUNTY SCHOOL DISTRICT
Statement of Net Position – Proprietary Funds
As of June 30, 2023

	<u>Food Service</u>	<u>Total</u>
Assets		
Current		
Cash and cash equivalents	\$ 488,968	\$ 488,968
Accounts receivable	32,521	32,521
Inventories for consumption	37,630	37,630
Total current	<u>559,119</u>	<u>559,119</u>
Noncurrent		
Equipment	759,372	759,372
Less: accumulated depreciation	<u>(586,118)</u>	<u>(586,118)</u>
Total noncurrent	<u>173,254</u>	<u>173,254</u>
Total assets	<u>732,373</u>	<u>732,373</u>
Deferred outflows	<u>650,205</u>	<u>650,205</u>
Liabilities and Net Position		
Liabilities		
Current		
Accounts payable	6,806	6,806
Accrued payroll and related expenses	14,936	14,936
Total current	<u>21,742</u>	<u>21,742</u>
Noncurrent		
MIF net OPEB liability	339,684	339,684
CERS net pension liability	1,983,198	1,983,198
Total noncurrent	<u>2,322,882</u>	<u>2,322,882</u>
Total liabilities	<u>2,344,624</u>	<u>2,344,624</u>
Deferred inflows	<u>429,046</u>	<u>429,046</u>
Net Position		
Invested in assets, net of debt	173,254	173,254
Unrestricted	499,747	499,747
Restricted	<u>(2,064,093)</u>	<u>(2,064,093)</u>
Total net position	<u>\$ (1,391,092)</u>	<u>\$ (1,391,092)</u>

The accompanying notes are an integral part of these financial statements

HARRISON COUNTY SCHOOL DISTRICT

**Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds
Year Ended June 30, 2023**

	Food Service	Total
Operating revenues		
Lunchroom sales	\$ 104,840	\$ 104,840
Other operating revenues	(338)	(338)
Total operating revenues	104,502	104,502
Operating expenses		
Salaries and benefits	1,290,672	1,290,672
Contract services	88,517	88,517
Materials and supplies	1,691,741	1,691,741
Depreciation	19,877	19,877
Other operating expenses	21,168	21,168
Total operating expenses	3,111,975	3,111,975
Operating loss	(3,007,473)	(3,007,473)
Nonoperating revenues		
Federal grants	2,348,878	2,348,878
State grants	396,813	396,813
Donated commodities and other donations	163,907	163,907
Loss on sale of capital assets	-	-
Interest income	1,623	1,623
Total nonoperating revenues	2,911,221	2,911,221
Change in net position	(96,252)	(96,252)
Total net position, July 1, 2022	(1,294,840)	(1,294,840)
Total net position, June 30, 2023	\$ (1,391,092)	\$ (1,391,092)

The accompanying notes are an integral part of these financial statements

HARRISON COUNTY SCHOOL DISTRICT

**Statement of Cash Flows – Proprietary Funds
Year Ended June 30, 2023**

	Food Service Fund	Total
Cash flows from operating activities		
Cash received from lunchroom sales	\$ 104,840	\$ 104,840
Cash received from other activities	238,404	238,404
Cash payments to employees for services	(1,283,581)	(1,283,581)
Cash payments to suppliers for goods and services	(1,788,943)	(1,788,943)
Net cash used in operating activities	(2,729,280)	(2,729,280)
Cash flows from noncapital financing activities		
Non-operating revenues received	2,909,598	2,909,598
Net cash provided by noncapital financing activities	2,909,598	2,909,598
Cash flows from investing activities		
Interest on investments	1,623	1,623
Net cash provided by investing activities	1,623	1,623
Net increase in cash and cash equivalents	181,941	181,941
Cash and cash equivalents - beginning	307,027	307,027
Cash and cash equivalents - ending	\$ 488,968	\$ 488,968
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	\$ (3,007,473)	\$ (3,007,473)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation	19,877	19,877
Changes in assets and liabilities:		
Decrease in deferred outflows	(252,652)	(252,652)
Increase in deferred inflows	(93,295)	(93,295)
Decrease in CERS net pension liability	273,279	273,279
Decrease in MIF net OPEB liability	83,683	83,683
Decrease in accounts payable	(3,322)	(3,322)
Increase in accrued payroll and related expenses	(3,924)	(3,924)
Increase in accounts receivable	238,742	238,742
Increase in inventories	15,805	15,805
Net cash used in operating activities	\$ (2,729,280)	\$ (2,729,280)
Schedule of non-cash transactions:		
Donated commodities received from federal government	\$ 163,907	\$ 163,907
On behalf payments	\$ 379,311	\$ 379,311

The accompanying notes are an integral part of these financial statements

HARRISON COUNTY SCHOOL DISTRICT
Statement of Net Position – Fiduciary Funds
As of June 30, 2023

	<u>Fiduciary Funds</u>	<u>Total</u>
Assets		
Cash and cash equivalents	<u>\$ 1,872,871</u>	<u>\$ 1,872,871</u>
Total assets	<u>1,872,871</u>	<u>1,872,871</u>
Net Position		
Unrestricted	<u>1,872,871</u>	<u>1,872,871</u>
Total net position	<u><u>\$ 1,872,871</u></u>	<u><u>\$ 1,872,871</u></u>

The accompanying notes are an integral part of these financial statements

HARRISON COUNTY SCHOOL DISTRICT

**Statement of Changes in Net Position – Fiduciary Funds
For The Year Ended June 30, 2023**

	<u>Fiduciary Funds</u>	<u>Total</u>
Additions		
Interest on investments	<u>\$ 9,021</u>	<u>\$ 9,021</u>
Total additions	<u>9,021</u>	<u>9,021</u>
Deductions		
Community service operations	<u>7,400</u>	<u>7,400</u>
Total deductions	<u>7,400</u>	<u>7,400</u>
Increase in net position	1,621	1,621
Net position, July 1, 2022	<u>1,871,250</u>	<u>1,871,250</u>
Net position, June 30, 2023	<u><u>\$ 1,872,871</u></u>	<u><u>\$ 1,872,871</u></u>

The accompanying notes are an integral part of these financial statements

HARRISON COUNTY SCHOOL DISTRICT

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

Harrison County School District Finance Corporation - The Board authorized the establishment of the Harrison 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 District for financing the costs of school building facilities. The Board Members of the Harrison County Board of Education also comprise the Corporation's Board of Directors.

Basis of Presentation

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

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

HARRISON COUNTY SCHOOL DISTRICT

Notes to the Financial Statement (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

The district-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 – 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. Nonmajor 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 total net position. Proprietary funds and fiduciary funds are reported using the economic resources measurement focus.

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 specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally funded grant programs are identified in the schedule of expenditures of federal awards included in this report on page 71-72. This is a major fund of the District.
- (C) Special Revenue Activity Fund is used to support co-curricular activities and are not raised and expended by student groups. District activity funds accounted for in the District bank account are not subject to the Redbook and may be expended with more flexibility than school activity funds but must meet the "educational purpose" standard for all District expenditures.

HARRISON COUNTY SCHOOL DISTRICT

Notes to the Financial Statement (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

I. Governmental Fund Types (Continued)

- (D) The Activity Funds account for activities of student groups and other types of activities requiring clearing accounts. These funds are accounted for in accordance with Uniform Program of Accounting for School Activity Funds.
- (E) Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment (other than those financed by Proprietary Funds).
 - 1. The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund receives those funds designated by the state as Capital Outlay funds and is restricted for use in financing projects identified in the District's facility plan.
 - 2. The Facility Support Program of Kentucky Fund (FSPK) accounts for funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable. Funds may be used for projects identified in the District's facility plan.
 - 3. The Construction Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction. The District is committed to construction contracts in the amount of \$1,255,269 for ongoing projects.

II. Debt Service Fund

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

III. Proprietary Fund (Enterprise Fund)

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). The Food Service fund is a major fund of the District.

The Day Care Fund accounts for the daycare operations of the District. Amounts have been recorded for on-behalf payments for retirement and health insurance paid by the State of Kentucky.

IV. Fiduciary Fund Type (Agency and Trust Funds)

The Trust Fund is used to report trust arrangements under which principal and income benefit individuals, private organizations or other governments. Revenues consist of donations and interest income. Expenditures represent scholarships.

HARRISON COUNTY SCHOOL DISTRICT

Notes to the Financial Statement (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

IV. Fiduciary Fund Type (Agency and Trust Funds) (Continued)

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

Basis of Accounting

The District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The GASB is responsible for establishing GAAP for state and local government through its pronouncements (Statements and Interpretations).

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

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

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, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and 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 they can be recognized.

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

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

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

HARRISON COUNTY SCHOOL DISTRICT

Notes to the Financial Statement (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxes

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

Budgetary Process

Budgetary Basis of Accounting: The District's budgetary process accounts for certain transactions on a basis other than GAAP of the United States of America. The major differences between the budgetary basis and the GAAP basis are:

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

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

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, except for inventories in the Proprietary Fund, which are capitalized at the lower of cost or market.

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 district-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 district-wide statement of net position and in the respective funds.

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

HARRISON COUNTY SCHOOL DISTRICT

Notes to the Financial Statement
(Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Buildings and improvements	25-50 years
Land improvements	20 years
Technology equipment	5 years
Vehicles	5-10 years
General equipment	5-15 years
Food service equipment	5-12 years
Other	10 years

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 experience of making termination payments. The entire compensated absence liability is reported on the district-wide financial statements.

Interfund Balances

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.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the district-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, 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.

HARRISON COUNTY SCHOOL DISTRICT

Notes to the Financial Statement (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Reserves

Beginning with fiscal year 2012 the District implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on the District's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable fund balance - amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;

Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance – amounts constrained to specific purposes by the District itself, using its decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the District takes the action to remove or change the constraint.

Assigned fund balance – amounts the District intends to use for specific purpose (such as encumbrances); intent can be expressed by the District or by an official or body to which the District delegates the authority.

Unassigned fund balance – amounts that are available for purpose; positive amounts are reported only in the General fund.

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

Encumbrances are not liabilities and are not recorded as expenditures until receipt of material or service. Encumbrances remaining open at the end of the fiscal year are automatically re-budgeted in the following fiscal year. Encumbrances are considered a managerial assignment of fund balance in the governmental funds balance sheet.

Net Position

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

Operating Revenues and Expenses

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

HARRISON COUNTY SCHOOL DISTRICT

**Notes to the Financial Statement
(Continued)**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 as non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

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 ("TRS") and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the pensions. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Postemployment Benefits Other than Pensions (OPEB)

For purposes of measuring the liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expenses, information about the fiduciary net position of the Teachers' Retirement System of the State of Kentucky (TRS) and additions to/deductions from TRS's fiduciary net position have been determined on the same basis as they were reported by TRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

NOTE 2 ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 general purpose financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 3 CONCENTRATION OF CREDIT RISK

The District maintains its cash in bank deposit accounts which, at times, exceed federally insured limits. The amounts exceeding the federally insured limits are covered by a collateral agreement and the collateral is held by the pledging banks' trust departments in the District's name. The District has not experienced any losses in such accounts and the District believes it is not exposed to any significant credit risk on cash and cash equivalents.

HARRISON COUNTY SCHOOL DISTRICT

**Notes to the Financial Statement
(Continued)**

NOTE 4 CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2023 was as follows:

<u>Governmental Activities</u>	Balance June 30, 2022	Additions	Deductions	Balance June 30, 2023
Land	\$ 1,164,371	\$ -	\$ -	\$ 1,164,371
Land improvements	126,282	-	-	126,282
Buildings and improvements	45,002,959	-	5,653	44,997,306
Technology equipment	518,464	-	-	518,464
Vehicles	3,523,842	-	195,990	3,327,852
General equipment	924,334	-	-	924,334
Infrastructure	84,283	-	-	84,283
Construction work in progress	168,971	4,183,201	-	4,352,172
Totals at historical cost	<u>51,513,506</u>	<u>4,183,201</u>	<u>201,643</u>	<u>55,495,064</u>
Less: accumulated depreciation				
Land improvements	23,964	1,521	-	25,485
Buildings and improvements	25,980,740	1,047,027	226	27,027,541
Technology equipment	461,719	21,494	-	483,213
Vehicles	2,404,530	217,044	138,473	2,483,101
Infrastructure	58,386	4,214	-	62,600
General equipment	732,242	40,771	-	773,013
Total accumulated depreciation	<u>29,661,581</u>	<u>1,332,071</u>	<u>138,699</u>	<u>30,854,953</u>
Governmental activities capital assets - net	<u>\$ 21,851,925</u>	<u>\$ 2,851,130</u>	<u>\$ 62,944</u>	<u>\$ 24,640,111</u>
<u>Business - Type Activities</u>				
General equipment	\$ 757,149	\$ -	\$ -	\$ 757,149
Technology equipment	2,223	-	-	2,223
Totals at historical cost	<u>759,372</u>	<u>-</u>	<u>-</u>	<u>759,372</u>
Less: accumulated depreciation				
General equipment	564,018	19,877	-	583,895
Technology equipment	2,223	-	-	2,223
Total accumulated depreciation	<u>566,241</u>	<u>19,877</u>	<u>-</u>	<u>586,118</u>
Business - type activities capital assets - net	<u>\$ 193,131</u>	<u>\$ (19,877)</u>	<u>\$ -</u>	<u>\$ 173,254</u>

HARRISON COUNTY SCHOOL DISTRICT

**Notes to the Financial Statement
(Continued)**

NOTE 4 CAPITAL ASSETS (Continued)

Depreciation expense by function for the fiscal year ended June 30, 2023 was as follows:

	Governmental	Business-Type
Instruction	\$ 480,704	\$ -
Student support services	6,259	-
District administration	47,143	-
Business support services	1,708	-
Plant operation and maintenance	579,175	-
Student transportation	216,092	-
Community service	990	-
Food service	-	19,877
Total	\$ 1,332,071	\$ 19,877

NOTE 5 ACCUMULATED UNPAID SICK LEAVE BENEFITS

Upon providing proof of qualification as an annuitant from the Kentucky Teacher's Retirement System and County Employees Retirement System, certified and classified employees will receive from the District an amount equal to 30% of the value of accumulated sick leave. At June 30, 2023, this amount totaled approximately \$499,290 for those employees with twenty-seven or more years of experience.

NOTE 6 LEASE OBLIGATIONS AND BONDED DEBT

The amount shown in the accompanying financial statements as lease obligations represents the District's future obligations to make lease payments relating to the bonds issued.

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

Issue Date	Proceeds	Rates
April 1, 2012	\$ 2,210,000	2.000%
June 1, 2012	995,000	2.250%
January 1, 2013	4,300,000	2.000%
September 1, 2015	477,919	2.000%
April 1, 2016	590,000	2.950%
August 1, 2016	4,245,000	2.000%
February 1, 2018	1,140,000	3.000%
February 19, 2020	3,445,000	2.000% - 2.500%
April 1, 2020	1,265,000	2.000% - 2.375%
October 11, 2022	2,080,000	4.250%
June 29, 2023	3,345,000	3.500%

HARRISON COUNTY SCHOOL DISTRICT

Notes to the Financial Statement (Continued)

NOTE 6 LEASE OBLIGATIONS AND BONDED DEBT (Continued)

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 Harrison County School District Finance Corporation to construct school facilities.

The District entered into "participation agreements" with the School Facility Construction Commission (Commission). The Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting school construction needs. Note 16 sets forth the amount to be paid by the District and the Commission for each year until maturity of all bond issues. The liability for the total bond amount remains with the District and, as such, the total principal has been recorded in the financial statements.

All issues 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, 2023 for debt service (principal and interest) are reported in Note 16.

NOTE 7 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

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/>.

HARRISON COUNTY SCHOOL DISTRICT

**Notes to the Financial Statement
(Continued)**

NOTE 7 RETIREMENT PLANS (Continued)

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
Tier 2	Participation date	September 1, 2008 - December 31, 2013
	Unreduced retirement	At least 5 years service and 65 years old
	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. One month's service is required for death benefits prior to retirement and the employee must have suffered a duty-related death. The decedent's spouse will receive the higher of the normal death benefit and \$10,000 plus 75% of the decedent's monthly average rate of pay. If the surviving spouse remarries, the monthly rate will be recalculated to 25% of the decedent's monthly average. Any dependent child will receive 50% of the decedent's monthly final rate of pay up to 75% for all dependent children. Five years' service is required for nonservice-related disability benefits.

Contributions

Required contributions by the employee are based on the following tier:

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

The contribution requirement for CERS for the year ended June 30, 2023, was \$1,193,694, which consisted of \$956,414 from the District and \$237,280 from the employees. Total contributions for the year ended June 30, 2022 and 2021 were \$1,154,175 and \$1,126,135, respectively. The contributions have been contributed in full for fiscal years 2022, 2021 and 2020.

HARRISON COUNTY SCHOOL DISTRICT

Notes to the Financial Statement (Continued)

NOTE 7 RETIREMENT PLANS (Continued)

General information about the Teachers' Retirement System of the State of Kentucky

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—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. TRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the KRS. TRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth's financial statements. TRS issues a publicly available financial report that can be obtained at <https://trs.ky.gov/employers/gasb-65-67/>.

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. New employees hired after July 1, 2008 but before December 31, 2021 who retire with less than ten years will receive monthly benefits equal to 1.7% of their final average salary for each year of service. New employees hired between July 1, 2008 and December 31, 2021 with between 10 to 20 years of service will receive monthly benefits equal to 2% of their final average salary for each year of service. New employees hired between July 1, 2008 and December 31, 2021 with between 20 to 26 years of service will receive monthly benefits equal to 2.3% of their final average salary for each year of service. Lastly new employees hired between July 1, 2008 and December 31, 2021 with between 26 to 30 years of service will receive monthly benefits equal to 2.5% of their final average salary for each year of service. Effective January 1, 2022 the System has been amended to change the benefit structure for employees hired on or after that date.

HARRISON COUNTY SCHOOL DISTRICT

Notes to the Financial Statement (Continued)

NOTE 7 RETIREMENT PLANS (Continued)

Benefits provided (Continued)

Final average salary is defined as the member's five (5) highest annual salaries for those with less than 27 years of service. Employees at least age 55 with 27 or more years of service may use their three (3) highest annual salaries to compute the final average salary. TRS also provides disability benefits for vested employees at the rate of sixty (60) percent of the final average salary. 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. Non-university employees are required to contribute 12.8555% of their salaries to the System. University employees are required to contribute 10.400% of their salaries. KRS 161.580 allows each university to reduce the contribution of its employees by 2.215%; therefore, university employees contribute 8.185% of their salary to TRS. The contribution requirement for TRS for the year ended June 30, 2023, was \$2,505,800, which consisted of \$662,196 from the District and \$1,843,604 from the employees. Total contributions for the year ended June 30, 2022 and 2021 were \$2,390,704 and \$2,239,611, respectively. The contributions have been contributed in full for fiscal years 2023, 2022 and 2021.

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 TRS to provide post-employment healthcare benefits to eligible employees and dependents. The TRS Medical Insurance Fund is a cost-sharing multiple employer defined benefit plan. 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.

To be eligible for medical benefits, the member must have retired either for service or disability. The TRS Medical Insurance Fund (MIF) 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 TRS Medicare Eligible Health Plan.

HARRISON COUNTY SCHOOL DISTRICT

Notes to the Financial Statement
(Continued)

NOTE 7 RETIREMENT PLANS (Continued)

Funding policy

In order to fund the post-retirement healthcare benefit, 7.50% of the gross annual payroll of members is contributed. Member contributions are 3.75% and 0.75% is paid from state appropriate. Employer contributions are 3.00%. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan.

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

At June 30, 2023, the District reported a liability for its proportionate share of the net pension liability for CERS. The District did not report a liability for the District's proportionate share of the net pension liability for TRS because the Commonwealth of Kentucky provides the pension support directly to TRS on behalf of the District. 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	\$ 10,442,527
Commonwealth's proportionate share of the KTRS net pension liability associated with the District	<u>61,238,381</u>
	<u>\$ 71,680,908</u>

The net pension liability for each plan was measured as of June 30, 2022, 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, 2022, the District's proportion was 0.144453% percent.

HARRISON COUNTY SCHOOL DISTRICT

**Notes to the Financial Statement
(Continued)**

NOTE 7 RETIREMENT PLANS (Continued)

For the year ended June 30, 2023, the District recognized pension expense of \$602,247 related to CERS. The District also recognized a reduction of expense of \$3,353,872 and a reduction of revenue of \$3,353,872 for TRS support provided by the Commonwealth due to a change in assumptions. At June 30, 2023, 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
Difference between expected and actual experience	\$ 11,164	\$ 92,995
Net difference between projected and actual earnings on pension plan investments	1,420,915	1,153,207
Changes of assumptions	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	6,467	167,108
District contributions subsequent to the measurement date	956,414	-
Total	\$ 2,394,960	\$ 1,413,310

\$956,414 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, 2024. 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:	
2024	\$ (143,532)
2025	(40,127)
2026	(87,753)
2027	296,648
2028	-

HARRISON COUNTY SCHOOL DISTRICT

**Notes to the Financial Statement
(Continued)**

NOTE 7 RETIREMENT PLANS (Continued)

Actuarial assumptions

The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	CERS	KTRS
Inflation	2.30%	2.50%
Projected salary increases	3.3 - 10.3%	3.0 - 7.5%
Investment rate of return, net of investment expense and inflation	6.25%	7.10%

For CERS, mortality rates used for active members was 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 based on a 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 disabled members was PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rate, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

For TRS, mortality rates were based on Pub2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each groups: service, retirees, contingent annuitants, disabled retirees, and active members. The actuarial assumptions used were based on the results of an actuarial experience study for the 6-year period ending June 30, 2020, adopted by the board on September 10, 2021. The Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond index.

For CERS, the long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years. The most recent analysis, performed for the period covering fiscal years 2014 through 2018, is outlined in a report dated April 18, 2019. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

HARRISON COUNTY SCHOOL DISTRICT

**Notes to the Financial Statement
(Continued)**

NOTE 7 RETIREMENT PLANS (Continued)

Actuarial assumptions (Continued)

For TRS, 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 TRS' and CERS' investment consultant, are summarized in the following table:

<u>Asset Class</u>	<u>TRS Target Allocation</u>	<u>TRS Long-Term Expected Real Rate of Return</u>	<u>CERS Target Allocation</u>	<u>CERS Long-Term Expected Real Rate of Return</u>
US equity	40.0%	4.23%	50.0%	4.45%
Developed international Equity	16.5%	5.30%		
Emerging markets equity	5.5%	5.40%		
Core bonds			10.0%	0.28%
Private equity	7.0%	6.90%	10.0%	10.15%
High yield	2.0%	1.70%	10.0%	2.28%
Fixed income	15.0%	-0.10%		
Additional categories	5.0%	2.20%		
Real estate	7.0%	4.00%	7.0%	3.67%
Real return			13.0%	4.07%
Cash	2.0%	-0.30%	0.0%	-0.91%
Total	<u>100%</u>		<u>100%</u>	

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 contributions from plan employees and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment return of 6.25%. The long-term investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

For TRS, 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 statutorily required 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.

HARRISON COUNTY SCHOOL DISTRICT

**Notes to the Financial Statement
(Continued)**

NOTE 7 RETIREMENT PLANS (Continued)

Sensitivity of CERS and TRS 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's proportionate share of net pension liability	\$ 13,051,863	\$ 10,442,527	\$ 8,284,389
KTRS	6.10%	7.10%	8.10%
District's 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 TRS.

NOTE 8 OPEB PLANS

General information about the Teachers' Retirement System OPEB Plan

Plan description

Teaching-certified employees of the Harrison County Schools 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 and therefore is included in the Commonwealth's financial statements. TRS issues a publicly available financial report that can be obtained at <https://trs.ky.gov/financial-reports-information>.

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.

HARRISON COUNTY SCHOOL DISTRICT

Notes to the Financial Statement (Continued)

NOTE 8 OPEB PLANS (CONTINUED)

Medical Insurance Plan

Plan description

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

Benefits provided

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

Contributions

In order to fund the post-retirement healthcare benefit, seven and one-half percent (7.50%) of the gross annual payroll of members is contributed. Three percent (3.75%) is paid by member contributions and three quarters percent (.75%) from state appropriation and three percent (3.00%) from the employer. The state contributes the net cost of health insurance premiums for members who retired on or after July 1, 2010 who are in the non-Medicare eligible group. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan.

General information about the County Employees Retirement System Non-Hazardous OPEB Plan

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>.

HARRISON COUNTY SCHOOL DISTRICT

Notes to the Financial Statement
(Continued)

NOTE 8 OPEB PLANS (CONTINUED)

Benefits provided

CERS provides 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. See Note 7 for tier classifications.

Contributions

Required contributions by the employee are based on the tiers disclosed in Note 7.

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

At June 30, 2023, the Harrison County School District reported a liability of \$9,373,865 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, 2022, 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, 2022, the District's proportion was 0.26 percent for TRS, which represents an increase of 0.07 percent of its proportion measured as of June 30, 2021. At June 30, 2022, the District's proportion was 0.14 percent for CERS, which represents a decrease of 0.01 percent of its proportion measured as of June 30, 2021.

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	\$ 2,854,865
District's proportionate share of the TRS net OPEB liability	6,519,000
State's proportionate share of the net OPEB liability associated with the District	<u>2,142,000</u>
	<u>\$ 11,515,865</u>

HARRISON COUNTY SCHOOL DISTRICT

**Notes to the Financial Statement
(Continued)**

NOTE 8 OPEB PLANS (CONTINUED)

For the year ended June 30, 2023, the District recognized OPEB expense of \$2,396,193 and revenue of \$114,464 for support provided by the State. At June 30, 2023, 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
Difference between expected and actual experience	\$ 287,366	\$ 3,394,687
Net difference between projected and actual earnings on OPEB plan investments	878,605	415,733
Change of Assumptions	1,775,517	372,047
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,934,516	250,415
District contributions subsequent to the measurement date	515,266	-
Total	\$ 5,391,270	\$ 4,432,882

Of the total amount reported as deferred outflows of resources related to OPEB, \$515,266 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Year ended June 30:	
2024	\$ (147,513)
2025	(118,923)
2026	(214,490)
2027	423,048
2028	346,000
Thereafter	155,000

HARRISON COUNTY SCHOOL DISTRICT

**Notes to the Financial Statement
(Continued)**

NOTE 8 OPEB PLANS (CONTINUED)

Actuarial assumptions

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

	TRS	CERS
Investment rate of return	7.10%, net of OPEB plan investment expense, including inflation.	6.25%
Projected salary increases	3.00 - 7.50%, including wage inflation	3.30% to 10.30%, varies by service
Inflation rate	2.50%	2.30%
Real Wage Growth	0.25%	
Wage Inflation	2.75%	
Healthcare cost trend rates		
Under 65	7.00% for FY 2022 decreasing to an ultimate rate of 4.50% by FY 2032	Initial trend starting at 6.40% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years
Ages 65 and Older	5.125% for FY 2022 decreasing to an ultimate rate of 4.50% by FY 2025	Initial trend starting at 6.30% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years
Medicare Part B Premiums	6.97% for FY 2022 with an ultimate rate of 4.50% by 2034	
Municipal Bond Index Rate	3.37%	3.69%
Discount Rate	7.10%	5.70%
Single Equivalent Interest Rate	7.10%, net of OPEB plan investment expense, including price inflation	

For TRS, mortality rates were based on the Pub2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each of the groups; service, retirees, contingent annuitants, disabled retirees, and active members. The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation, and rates of plan election used in the June 30, 2020 valuation were based on the results of the most actuarial experience studies, which covered the five-year period ending June 30, 2020, adopted by the Board on September 20, 2021.

For CERS, mortality rates used for active members was 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 based on a mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.

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, 2021 valuation.

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

HARRISON COUNTY SCHOOL DISTRICT

**Notes to the Financial Statement
(Continued)**

NOTE 8 OPEB PLANS (CONTINUED)

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Expected Geometric Real Rate of Return</u>
Global Equity	58.0%	5.1%
Fixed Income	9.0%	-0.1%
Real Estate	6.5%	4.0%
Private Equity	8.5%	6.9%
Other Additional Categories	17.0%	1.7%
Cash (LIBOR)	1.0%	-0.3%
Total	<u>100.0%</u>	

Discount rate

For TRS, 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.

For CERS, the discount rate used to measure the total OPEB liability was 5.70%. 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.

HARRISON COUNTY SCHOOL DISTRICT

**Notes to the Financial Statement
(Continued)**

NOTE 8 OPEB PLANS (CONTINUED)

The following table presents the District's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate, 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:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
TRS			
District's net OPEB liability	\$ 8,179,000	\$ 6,519,000	\$ 5,145,000
	1% Decrease (4.70%)	Current Discount Rate (5.70%)	1% Increase (6.70%)
CERS			
Districts' net OPEB liability	\$ 3,816,499	\$ 2,854,865	\$ 2,059,914

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% Decrease	Current Trend Rate	1% Increase
TRS			
District's net OPEB liability	\$ 4,887,000	\$ 6,519,000	\$ 8,549,000
	1% Decrease	Current Trend Rate	1% Increase
CERS			
District's net OPEB liability	\$ 2,016,755	\$ 2,854,865	\$ 3,748,723

OPEB plan fiduciary net position

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

Life Insurance Plan

Plan description

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.

HARRISON COUNTY SCHOOL DISTRICT

Notes to the Financial Statement
(Continued)

NOTE 8 OPEB PLANS (CONTINUED)

Benefits provided

TRS provides a life insurance benefit of five thousand dollars payable for members who retire based on service or disability. TRS provides a life insurance benefit of two thousand dollars payable for its active contributing members. The life insurance benefit funded by the Life Insurance Fund (LIF) is payable upon the death of the member to the member's estate or to a party designated by the member.

Contributions

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

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

At June 30, 2023, the Harrison County School District did not report a liability for its proportionate share of the collective net OPEB liability for life insurance benefits because the State of Kentucky provides the OPEB support directly to TRS on behalf of the District. The amount recognized by the District as its proportionate share of the OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the District	<u>107,000</u>
	<u>\$ 107,000</u>

For the year ended June 30, 2023, the District recognized OPEB expense of \$-0- and revenue of \$8,130 for support provided by the State.

Actuarial assumptions

The total OPEB liability in the June 30, 2022 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 wage inflation
Inflation rate	2.50%
Real Wage Growth	0.25%
Wage Inflation	2.75%
Municipal Bond Index Rate	3.37%
Discount Rate	7.10%
Single Equivalent Interest Rate	7.10%, net of OPEB plan investment expense, including price inflation

HARRISON COUNTY SCHOOL DISTRICT

**Notes to the Financial Statement
(Continued)**

NOTE 8 OPEB PLANS (CONTINUED)

Mortality rates were based on the Pub2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each of the groups; service, retirees, contingent annuitants, disabled retirees, and active members. The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation, and rates of plan election used in the June 30, 2020 valuation were based on the results of the most actuarial experience studies, which covered the five-year period ending June 30, 2020, adopted by the Board on September 20, 2021.

The remaining actuarial assumptions (e.g. initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2021 valuation.

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

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

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Large Cap Equity	40.0%	4.4%
International Equity	23.0%	5.6%
Fixed Income	18.0%	-0.1%
Real Estate	6.0%	4.0%
Private Equity	5.0%	6.9%
Other Additional Categories	6.0%	2.1%
Cash (LIBOR)	2.0%	-0.3%
Total	<u>100.0%</u>	

Discount rate

The discount rate used to measure the total OPEB liability for life insurance was 7.10%. 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.

HARRISON COUNTY SCHOOL DISTRICT

**Notes to the Financial Statement
(Continued)**

NOTE 8 OPEB PLANS (CONTINUED)

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 (6.10%) or 1-percentage-point higher (8.10%) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's net OPEB liability	\$ -	\$ -	\$ -

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 9 CONTINGENCIES

Grant Fund Approval

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 grantor's 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 programs is predicated upon the grantors' satisfaction that the funds provided are being spent as intended and the grantors' intent to continue the programs.

NOTE 10 INSURANCE AND RELATED ACTIVITIES

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

NOTE 11 RISK MANAGEMENT

The District is self-insured for unemployment insurance benefits. The District reimburses the state for any claims paid. The District purchases workers' compensation insurance through Kentucky Employer's Mutual Insurance. In addition, the District continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

HARRISON COUNTY SCHOOL DISTRICT

**Notes to the Financial Statement
(Continued)**

NOTE 12 DEFICIT OPERATING/FUND BALANCES

The District's food service fund currently has a deficit fund balance. The following funds have operations that resulted in a current year deficit of revenues over expenditures, resulting in a corresponding reduction of fund balance:

Southside Elementary School	\$	8,018
Eastside Elementary School		222
Northside Elementary School		5,755

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 District at risk for a substantial loss (contingency).

NOTE 14 TRANSFER OF FUNDS

The following transfers were made during the year.

From Fund	To Fund	Purpose	Amount
General Fund	Special Revenue	Match	\$ 55,474
School Activity	School Activity	Transfers between accounts	75,113
Building Fund	Debt Service	Debt service	884,620
Special Revenue	General Fund	Indirect costs	317,463
Special Revenue	District Activity	WHHS	1,295
School Activity	District Activity	WHHS	24
District Activity	School Activity	WHHS	16,244

NOTE 15 ON-BEHALF PAYMENTS

For the year ended June 30, 2023, total payments of \$9,452,190 were made for life insurance, health insurance, TRS matching, technology and administrative fees by the Commonwealth of Kentucky on behalf of the District. These payments were recognized as on-behalf payments and recorded in the appropriate revenue and expense accounts on the statement of activities.

General Fund	\$	8,475,882
Debt Service		596,997
Food Service		379,311
Total On-Behalf		\$ 9,452,190

HARRISON COUNTY SCHOOL DISTRICT

**Notes to the Financial Statement
(Continued)**

NOTE 16 SCHEDULE OF LONG-TERM OBLIGATIONS

2012, 2012-REF, 2013, 2015 KISTA, 2016, 2016-REF, 2018, 2020, 2020B, 2022, and 2023 Issues

FISCAL YEAR	Harrison County School District			KY School Facilities Construction Commission			Requirements
	Principal	Interest	Total	Principal	Interest	Total	
2023-2024	\$ 744,296	\$ 375,628	\$ 1,119,924	\$ 463,445	\$ 114,078	\$ 577,523	\$ 1,697,447
2024-2025	708,860	370,504	1,079,364	325,176	105,057	430,233	1,509,597
2025-2026	682,361	355,058	1,037,419	322,639	97,443	420,082	1,457,501
2026-2027	695,474	343,334	1,038,808	334,526	89,892	424,418	1,463,226
2027-2028	713,086	324,341	1,037,427	321,914	82,055	403,969	1,441,396
2028-2029	586,364	307,673	894,037	268,636	74,161	342,797	1,236,834
2029-2030	604,336	289,772	894,108	285,664	67,283	352,947	1,247,055
2030-2031	622,218	271,309	893,527	282,782	60,015	342,797	1,236,324
2031-2032	639,799	252,106	891,905	295,201	52,747	347,948	1,239,853
2032-2033	659,511	232,447	891,958	230,489	45,180	275,669	1,167,627
2033-2034	490,200	209,379	699,579	239,800	39,513	279,313	978,892
2034-2035	508,600	192,181	700,781	251,400	33,528	284,928	985,709
2035-2036	526,589	174,324	700,913	253,411	27,059	280,470	981,383
2036-2037	546,208	155,570	701,778	228,792	20,426	249,218	950,996
2037-2038	565,911	136,042	701,953	234,089	14,380	248,469	950,422
2038-2039	584,327	115,674	700,001	160,673	8,208	168,881	868,882
2039-2040	607,360	94,337	701,697	167,640	4,192	171,832	873,529
2040-2041	635,000	68,394	703,394	-	-	-	703,394
2041-2042	660,000	41,431	701,431	-	-	-	701,431
2042-2043	520,000	17,350	537,350	-	-	-	537,350
	<u>\$ 12,300,500</u>	<u>\$ 4,326,854</u>	<u>\$ 16,627,354</u>	<u>\$ 4,666,277</u>	<u>\$ 935,217</u>	<u>\$ 5,601,494</u>	<u>\$ 22,228,848</u>

A summary of the changes in the principal of the outstanding bond obligations and sick leave accrual for the District during the year ended June 30, 2023 is as follows:

Governmental Activities	July 1, 2022	Additions	Payments	June 30, 2023
Bond obligations	<u>\$ 12,731,641</u>	<u>\$ 5,425,000</u>	<u>\$ 1,189,864</u>	<u>\$ 16,966,777</u>
Bond premium	<u>\$ 20,769</u>	<u>\$ -</u>	<u>\$ 3,122</u>	<u>\$ 17,647</u>
Bond discount	<u>\$ (98,401)</u>	<u>\$ (69,280)</u>	<u>\$ (8,524)</u>	<u>\$ (159,157)</u>
Accrued sick leave	<u>\$ 511,320</u>	<u>\$ 121,487</u>	<u>\$ 133,517</u>	<u>\$ 499,290</u>

NOTE 17 SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The District has various subscription-based information technology arrangements (SBITAs) which are used for educational and administrative purposes. These arrangements grant licenses to use the underlying IT assets of the vendors for periods expiring between June 2024 and June 2028. The District recognized an intangible asset for the value of the licenses during the term of the arrangements. These assets are amortized on a straight-line basis over the subscription term.

HARRISON COUNTY SCHOOL DISTRICT

**Notes to the Financial Statement
(Continued)**

NOTE 17 SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (CONTINUED)

The following table shows the District’s change in subscription asset accounts for the year ended June 30, 2023:

<u>Governmental Activities</u>	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2023</u>
Subscription assets	\$ -	\$ 281,665	\$ -	\$ 281,665
Accumulated amortization	\$ -	\$ 30,541	\$ -	\$ 30,541

The District’s SBITAs do not require any future payments for the remainder of the term and no variable costs or other payments are required. Therefore, no liability is recorded by the District.

NOTE 18 CHANGE IN ACCOUNTING PRINCIPLE

Effective July 1, 2022, the District elected to adopt Governmental Accounting Standards Board (“GASB”) Statement no. 96, *Subscription-Based Information Technology Arrangements*, as it relates to accounting and financial reporting for subscription-based information technology arrangements (SBITAs). Under this Statement, contracts that provide the District with IT software and associated tangible capital assets are recognized as a right of use subscription asset and a corresponding subscription liability. Subscription assets and liabilities are recognized and measured using the facts and circumstances that existed at the beginning of the period of implementation.

NOTE 19 SUBSEQUENT EVENTS

Subsequent events were considered through November 10, 2023, which represents the release date of the report, except the District-Wide Statements and Note 16, as to which the date is December 7, 2023.

SUPPLEMENTARY
INFORMATION

HARRISON COUNTY SCHOOL DISTRICT

Combining Balance Sheet – Nonmajor Governmental Funds
As of June 30, 2023

	<u>Debt Service Fund</u>	<u>District Activity Fund</u>	<u>Capital Outlay Fund</u>	<u>School Activity Fund</u>	<u>Total Nonmajor Government Funds</u>
Assets					
Current:					
Cash and cash equivalents	\$ -	\$ 142,822	\$ 532,852	\$ 448,312	\$ 1,123,986
Prepaid expenses	-	-	-	1,200	1,200
Accounts receivable	-	312	-	3,205	3,517
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total current	<u>\$ -</u>	<u>\$ 143,134</u>	<u>\$ 532,852</u>	<u>\$ 452,717</u>	<u>\$ 1,128,703</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	<u>\$ -</u>	<u>\$ 677</u>	<u>\$ -</u>	<u>\$ 2,073</u>	<u>\$ 2,750</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>-</u>	<u>677</u>	<u>-</u>	<u>2,073</u>	<u>2,750</u>
Fund Balances:					
Nonspendable - prepaids	-	-	-	1,200	1,200
Assigned:					
Other	-	142,457	-	449,444	591,901
Restricted:					
SFCC escrow - current	<u>-</u>	<u>-</u>	<u>532,852</u>	<u>-</u>	<u>532,852</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>-</u>	<u>142,457</u>	<u>532,852</u>	<u>450,644</u>	<u>1,125,953</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 143,134</u>	<u>\$ 532,852</u>	<u>\$ 452,717</u>	<u>\$ 1,128,703</u>

HARRISON COUNTY SCHOOL DISTRICT

**Statement of Revenues, Expenditures and Changes in Fund Balance –
Nonmajor Governmental Funds
Year Ended June 30, 2023**

	<u>Debt Service Fund</u>	<u>District Activity Fund</u>	<u>Capital Outlay Fund</u>	<u>School Activity Fund</u>	<u>Total Nonmajor Government Funds</u>
Revenues:					
Earnings on investments	\$ -	\$ 2,634	\$ -	\$ 3	\$ 2,637
State sources	596,997	-	266,426	-	863,423
Other sources	-	119,464	-	865,026	984,490
Total revenues	<u>596,997</u>	<u>122,098</u>	<u>266,426</u>	<u>865,029</u>	<u>1,850,550</u>
Expenditures:					
Instructional	-	69,120	-	769,387	838,507
Student support services	-	356	-	3,054	3,410
Staff support services	-	30,030	-	13,282	43,312
Student transportation	-	4,009	-	65,050	69,059
Other instruction	-	-	-	1,450	1,450
Excess (deficit) of revenues over expenditures	<u>(884,620)</u>	<u>18,583</u>	<u>266,426</u>	<u>12,622</u>	<u>(586,989)</u>
Other Financing Sources (Uses)					
Operating transfers in	884,620	1,319	-	91,357	977,296
Operating transfers out	-	(16,244)	-	(75,137)	(91,381)
Total other financing sources(uses)	<u>884,620</u>	<u>(14,925)</u>	<u>-</u>	<u>16,220</u>	<u>885,915</u>
Net change in fund balance	-	3,658	266,426	28,842	298,926
Fund balance, July 1, 2022	-	138,799	266,426	421,802	827,027
Fund balance, June 30, 2023	<u>\$ -</u>	<u>\$ 142,457</u>	<u>\$ 532,852</u>	<u>\$ 450,644</u>	<u>\$ 1,125,953</u>

HARRISON COUNTY SCHOOL DISTRICT

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual – General Fund
Year Ended June 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Taxes	\$ 7,082,244	\$ 7,082,244	\$ 7,260,800	\$ 178,556
Earnings on investments	35,000	35,000	156,014	121,014
State sources	19,015,495	19,016,289	21,077,926	2,061,637
Federal sources	228,000	228,000	259,205	31,205
Other sources	82,022	99,586	624,657	525,071
	<u>26,442,761</u>	<u>26,461,119</u>	<u>29,378,602</u>	<u>2,917,483</u>
Expenditures				
Instructional	14,397,952	14,397,274	15,368,647	(971,373)
Student support services	2,490,371	2,490,371	2,572,492	(82,121)
Staff support services	1,091,319	1,141,719	1,156,136	(14,417)
District administration	754,229	754,229	551,291	202,938
School administration	1,654,453	1,655,131	1,784,105	(128,974)
Business support services	951,390	951,390	889,780	61,610
Plant operation and maintenance	3,281,382	3,230,982	2,900,029	330,953
Student transportation	2,208,416	2,208,416	1,771,384	437,032
Food service operation	25,647	25,647	24,468	1,179
Community service operations	36,448	36,448	60	36,388
Debt service	53,218	53,218	53,218	-
Other	3,593,016	3,611,374	55,474	3,555,900
	<u>30,537,841</u>	<u>30,556,199</u>	<u>27,127,084</u>	<u>3,429,115</u>
Net change in fund balance	(4,095,080)	(4,095,080)	2,251,518	6,346,598
Fund balance, July 1, 2022	4,095,080	4,095,080	8,850,739	4,755,659
Fund balance, June 30, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,102,257</u>	<u>\$ 11,102,257</u>

HARRISON COUNTY SCHOOL DISTRICT

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual – Special Revenue Fund
Year Ended June 30, 2023**

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Earnings on investments	\$ -	\$ -	\$ 7	\$ 7
State sources	1,150,190	1,792,943	1,566,049	(226,894)
Federal sources	2,385,675	2,384,464	5,561,821	3,177,357
Other sources	59,949	59,949	206,904	146,955
Total revenues	3,595,814	4,237,356	7,334,781	3,097,425
Expenditures				
Instructional	2,164,191	2,949,058	3,761,305	(812,247)
Student support services	92,325	68,301	173,754	(105,453)
Staff support services	707,475	703,753	888,130	(184,377)
District administration	-	-	382,251	(382,251)
Business support services	65,668	65,668	149,010	(83,342)
Plant operation and maintenance	122,697	126,518	616,203	(489,685)
Student transportation	30,292	30,292	665,398	(635,106)
Community service operations	355,580	355,980	379,972	(23,992)
Other	57,586	57,467	318,758	(261,291)
Total expenditures	3,595,814	4,357,037	7,334,781	(2,977,744)
Net change in fund balance	-	(119,681)	-	-
Fund balance, July 1, 2022	-	-	-	-
Fund balance, June 30, 2023	\$ -	\$ (119,681)	\$ -	\$ -

HARRISON COUNTY SCHOOL DISTRICT

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual – Building Fund
Year Ended June 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Revenues				
Taxes	\$ 1,273,498	\$ 1,273,498	\$ 1,273,498	\$ -
State sources	895,866	895,866	895,866	-
Total revenues	<u>2,169,364</u>	<u>2,169,364</u>	<u>2,169,364</u>	<u>-</u>
Expenditures				
Other	<u>3,149,466</u>	<u>3,149,466</u>	<u>884,620</u>	<u>2,264,846</u>
Total expenditures	<u>3,149,466</u>	<u>3,149,466</u>	<u>884,620</u>	<u>2,264,846</u>
Net change in fund balance	(980,102)	(980,102)	1,284,744	2,264,846
Fund balance, July 1, 2022	<u>980,102</u>	<u>980,102</u>	<u>981,009</u>	<u>907</u>
Fund balance, June 30, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,265,753</u>	<u>\$ 2,265,753</u>

HARRISON COUNTY SCHOOL DISTRICT

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual – Construction Fund
Year Ended June 30, 2023**

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Other sources	\$ -	\$ -	\$ 5,425,000	\$ 5,425,000
Total revenues	-	-	5,425,000	5,425,000
Expenditures				
Facility acquisition and construction	-	(168,971)	4,108,269	(4,277,240)
Other	-	-	69,280	(69,280)
Total expenditures	-	(168,971)	4,177,549	(4,346,520)
Net change in fund balance	-	168,971	1,247,451	1,078,480
Fund balance, July 1, 2023	-	-	7,818	7,818
Fund balance, June 30, 2022	\$ -	\$ 168,971	\$ 1,255,269	\$ 1,086,298

HARRISON COUNTY SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balance
Bond and Interest Redemption Funds
For the Year Ended June 30, 2023**

	<u>Issue of 2012</u>	<u>Issue of 2012 - Ref</u>	<u>Issue of 2013</u>	<u>Issue of 2015 KISTA</u>	<u>Issue of 2016</u>
Cash at July 1, 2022	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:					
Transfers and miscellaneous deposits	<u>67,070</u>	<u>237,169</u>	<u>337,840</u>	<u>53,218</u>	<u>38,128</u>
Disbursements:					
Bonds paid	50,000	230,000	250,000	49,864	25,000
Interest coupons	<u>17,070</u>	<u>7,169</u>	<u>87,840</u>	<u>3,354</u>	<u>13,128</u>
Total disbursements	<u>67,070</u>	<u>237,169</u>	<u>337,840</u>	<u>53,218</u>	<u>38,128</u>
Excess of receipts over disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash at June 30, 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance at June 30, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
	<u>Issue of 2018</u>	<u>Issue of 2020</u>	<u>Issue of 2020B</u>	<u>Issue of 2022</u>	<u>Total</u>
Cash at July 1, 2022	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:					
Transfers and miscellaneous deposits	<u>71,469</u>	<u>189,712</u>	<u>42,085</u>	<u>41,744</u>	<u>1,534,835</u>
Disbursements:					
Bonds paid	45,000	120,000	15,000	-	1,189,864
Interest coupons	<u>26,469</u>	<u>69,712</u>	<u>27,085</u>	<u>41,744</u>	<u>344,971</u>
Total disbursements	<u>71,469</u>	<u>189,712</u>	<u>42,085</u>	<u>41,744</u>	<u>1,534,835</u>
Excess of receipts over disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash at June 30, 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance at June 30, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HARRISON COUNTY SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balance
Harrison County High School Activity Fund
For the Year Ended June 30, 2023**

	Fund Balance July 1, 2022	Receipts	Disbursements	Fund Balance June 30, 2023
Academic Team	\$ 1,331	\$ -	\$ 92	\$ 1,239
AFJROTC	11,807	21,933	22,114	11,626
Archery	15,218	51,204	43,714	22,708
Art Club	2,302	1,304	1,919	1,687
Athletic	2,683	1,330	2,254	1,759
Athletic Concessions	6,538	42,409	40,397	8,550
Athletic Officials	1,330	43,756	44,500	586
Band Boosters	5,112	87,397	69,091	23,418
Band Trips	55	-	-	55
Baseball	19,341	33,566	35,750	17,157
Beta Club	866	6,942	6,365	1,443
Book Club	454	-	-	454
Bowling	7,564	6,188	4,788	8,964
Boys Basketball	12,835	49,006	46,473	15,368
Boys Soccer	7,184	4,210	4,441	6,953
Boys Track	2,352	3,344	2,738	2,958
Cheerleading	14,477	26,948	34,870	6,555
Chorus	1,517	2,935	2,271	2,181
Class of 2023	725	-	725	-
Class of 2024	9	329	-	338
Class of 2025	38	374	-	412
Class of 2026	-	350	-	350
Community Enrichment Club	947	-	-	947
Counselors	5,525	2,906	2,336	6,095
Cross Country	3,216	-	2,049	1,167
Culinary Club	2,521	21,803	19,122	5,202
Dance Team	735	6,487	7,036	186
District/Region Tournament	-	7,634	7,634	-
Esports	-	3,020	2,265	755
FCCLA	4,225	740	4,012	953
FFA	8,927	11,534	11,552	8,909
FFA Greenhouse	22,131	28,383	36,307	14,207
FFA Service Project	-	6,790	6,417	373
FFA- Soil Conservation	823	-	-	823
Football	2,145	43,781	27,589	18,337
Football Boosters	434	-	434	-
General	4,400	347	1,748	2,999
Girls Basketball	6,753	29,568	26,912	9,409
Girls Soccer	19,025	15,095	12,545	21,575
Girls Track	2,536	3,344	2,738	3,142
Golf Team	3,964	18,382	14,210	8,136
Health Explorers Club	428	250	2	676
High School Gaming	506	4,027	4,024	509
High School Musical	3,961	-	-	3,961

HARRISON COUNTY SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balance
Harrison County High School Activity Fund
Year Ended June 30, 2023
(Continued)**

	Fund Balance July 1, 2022	Receipts	Disbursements	Fund Balance June 30, 2023
Kuna	352	3,460	3,300	512
Library	27	445	199	273
Pep Club	531	-	-	531
Project Graduation	309	22,279	21,449	1,139
Prom	8,995	18,701	19,167	8,529
Regional Soccer	-	3,470	3,470	-
ROTC Marksmanship Team	61	-	59	2
Softball	\$ 18,455	\$ 28,469	\$ 38,160	\$ 8,764
Softball Boosters	9,995	7,013	9,185	7,823
Spanish Club	179	-	-	179
Speech Club	492	931	1,020	403
Staff Account	155	143	210	88
Student Council	596	2,582	868	2,310
Swim Team	41	-	-	41
Tennis	4,119	1,985	1,213	4,891
Track Boosters	2,316	1,062	2,149	1,229
Tri-M	352	765	100	1,017
Volleyball	5,282	10,053	9,487	5,848
Volleyball Boosters	8,258	12,487	14,273	6,472
Wrestling	9,945	13,518	12,398	11,065
Wrestling Boosters	8,786	5,433	5,184	9,035
Yearbook Fund	3,703	1,001	-	4,704
Youth Service Center	11	-	-	11
Total	\$ 289,900	\$ 721,413	\$ 693,325	\$ 317,988

HARRISON COUNTY SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balance
School Activity Funds
For the Year Ended June 30, 2023**

	<u>Northside Elementary School</u>	<u>Southside Elementary School</u>	<u>Westside Elementary School</u>	<u>Eastside Elementary School</u>	<u>Harrison County Middle School</u>	<u>Total</u>
Fund balance at July 1, 2022	\$ 16,246	\$ 31,767	\$ 9,242	\$ 11,876	\$ 62,772	\$ 131,903
Add: receipts	21,202	23,912	6,145	43,579	140,136	234,974
Less: disbursements	<u>(26,957)</u>	<u>(31,930)</u>	<u>(4,086)</u>	<u>(43,801)</u>	<u>(127,447)</u>	<u>(234,221)</u>
Fund balance at June 30, 2023	<u>\$ 10,491</u>	<u>\$ 23,749</u>	<u>\$ 11,301</u>	<u>\$ 11,654</u>	<u>\$ 75,461</u>	<u>\$ 132,656</u>

HARRISON COUNTY SCHOOL DISTRICT

Schedule of District's Proportionate Share of the Net Pension Liability – TRS

	Last 10 Fiscal Years*									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability	0%	0%	0%	0%	0%	0%	0%	0%	*	*
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	*
State's proportionate share of the net pension liability associated with the District	61,238,381	45,751,641	50,070,447	48,760,694	48,627,737	99,430,873	108,642,112	86,783,333	*	*
Total	\$ 61,238,381	\$ 45,751,641	\$ 50,070,447	\$ 48,760,694	\$ 48,627,737	\$ 99,430,873	\$ 108,642,112	\$ 86,783,333	*	*
District's covered-employee payroll	\$ 13,521,540	\$ 12,053,828	\$ 12,569,716	\$ 12,323,286	\$ 12,606,882	\$ 12,303,521	\$ 11,518,006	*	*	*
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0%	0%	0%	0%	0%	0%	0%	*	*	*
Plan fiduciary net position as a percentage of the total pension liability	58.41%	65.59%	58.27%	58.76%	59.27%	39.83%	35.22%	42.49%	45.59%	*

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

Changes of benefit terms: A new benefit tier was added for members joining the System on and after January 1, 2022

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

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

Changes of assumption: In the 2016 valuation, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience. In the 2016 valuation, the Assumed Salary Scale, Price Inflation, and Wage Inflation were adjusted to reflect a decrease. In addition, the calculation for the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 4.88% to 4.20%.

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

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

Changes of assumption: In the 2020 experience study, rates of withdrawal, retirement, disability, mortality, and rates of salary increases were adjusted to reflect actual experience more close. The expectation of mortality was changed to the Pub2010 Mortality Tables projected generationally with MP-2020 with various set forwards, set-backs, and adjustments for each of the groups; service retirees, contingent annuitants, disabled retirees, and actives. The assumed long-term investment rate of return was changed from 7.50% to 7.10% and the price inflation assumption was lowered from 3% to 2.50%. In addition, the calculation of the SEIR results in an assumption change from 7.50% to 7.10%.

HARRISON COUNTY SCHOOL DISTRICT

Schedule of District Contributions – TRS

Last 10 Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 662,196	\$ 655,698	\$ 595,835	\$ 551,718	\$ 543,374	\$ 530,186	\$ 517,880	\$ 485,598	*	*
Contributions in relation to the contractually required contribution	<u>(662,196)</u>	<u>(655,698)</u>	<u>(595,835)</u>	<u>(551,718)</u>	<u>(543,374)</u>	<u>(530,186)</u>	<u>(517,880)</u>	<u>(485,598)</u>	<u>*</u>	<u>*</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>*</u>	<u>*</u>
District's covered-employee payroll	\$ 14,333,603	\$ 13,521,540	\$ 12,053,828	\$ 12,569,716	\$ 12,323,286	\$ 12,606,882	\$ 12,303,521	\$ 11,518,006	*	*
Contributions as a percentage of of covered-employee payroll	4.62%	4.85%	4.94%	4.39%	4.41%	4.21%	4.21%	4.22%	*	*

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

HARRISON COUNTY SCHOOL DISTRICT

Schedule of the District's Proportionate Share of the Net Pension Liability – CERS

	Last 10 Fiscal Years*									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of net pension liability	0.144453%	0.146369%	0.150889%	0.149036%	0.154528%	0.157587%	0.157211%	0.163326%	0.164955%	*
District's proportionate share of the net pension liability	\$ 10,442,527	\$ 9,332,173	\$ 11,573,061	\$ 10,481,768	\$ 9,411,226	\$ 9,224,052	\$ 7,740,457	\$ 7,022,415	\$ 5,351,760	*
Total net pension liability	\$ 7,229,013,496	\$ 6,375,784,388	\$ 7,669,917,211	\$ 7,033,044,552	\$ 6,090,304,793	\$ 5,853,307,482	\$ 4,923,618,237	\$ 4,299,525,565	\$ 3,244,377,000	*
District's covered-employee payroll	\$ 3,451,501	\$ 3,807,137	\$ 3,865,481	\$ 3,758,761	\$ 3,915,252	\$ 3,908,124	\$ 3,732,093	\$ 3,839,356	\$ 3,790,176	*
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	302.55%	245.12%	299.40%	278.86%	240.37%	236.02%	207.40%	182.91%	141.20%	*
Plan fiduciary net position as a percentage of the total pension liability	52.42%	57.33%	47.81%	50.45%	53.54%	53.30%	55.50%	59.97%	66.80%	*

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

Changes of benefit terms: The following changes were made by the Kentucky Legislature and reflected in the valuation performed as of June 30 listed below:

2014: As cash balance plan was introduced for member whose participation date is on or after January 1, 2014.

Changes of assumption: The following changes were made by the Kentucky Legislature and reflected in the valuation performed as of June 30 listed below:

2015: The assumed investment rate of return was decreased from 7.75% to 7.50%.

2015: The assumed rate of inflation was reduced from 3.50% to 3.25%.

2015: The assumed rate of wage inflation was reduced from 1.00% to 0.75%.

2015: Payroll growth assumption was reduced from 4.50% to 4.00%.

2015: 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).

2015: 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 1 year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted.

2015: The assumed rates of Retirement, Withdrawal and Disability were updated to more accurately reflect experience.

2017: The assumed investment rate of return was decreased from 7.50% to 6.25%.

2017: The assumed rate of inflation was reduced from 3.25% to 2.30%.

2017: The assumed rate of salary growth was reduced from 4.00% to 3.05%.

HARRISON COUNTY SCHOOL DISTRICT

Schedule of District Contributions – CERS

	Last 10 Fiscal Years*									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 956,414	\$ 929,420	\$ 915,720	\$ 930,037	\$ 807,737	\$ 566,595	\$ 544,978	\$ 466,930	\$ 487,636	\$ 378,121
Contributions in relation to the contractually required contribution	<u>(956,414)</u>	<u>(929,420)</u>	<u>(915,720)</u>	<u>(930,037)</u>	<u>(807,737)</u>	<u>(566,595)</u>	<u>(544,978)</u>	<u>(466,930)</u>	<u>(487,636)</u>	<u>(378,121)</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 4,225,085	\$ 3,451,501	\$ 3,807,137	\$ 3,865,481	\$ 3,758,761	\$ 3,915,252	\$ 3,908,124	\$ 3,732,093	\$ 3,839,356	\$ 3,790,176
Contributions as a percentage of covered-employee payroll	22.64%	26.93%	24.05%	24.06%	21.49%	14.47%	13.94%	12.51%	12.70%	9.98%

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

HARRISON COUNTY SCHOOL DISTRICT

Schedule of the District's Proportionate Share of the Net OPEB Liability - LIF

Last 10 Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the collective trust OPEB liability	0%	0%	0%	0%	0%	0%	*	*	*	*
District's proportionate share of the collective net OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	*	*	*	*
State's proportionate share of the collective net OPEB liability (asset) associated with the District	107,000	44,000	117,000	105,000	99,000	52,000	*	*	*	*
Total net OPEB liability	\$ 107,000	\$ 44,000	\$ 117,000	\$ 105,000	\$ 99,000	\$ 52,000	*	*	*	*
District's covered-employee payroll	\$ 13,521,540	\$ 13,251,540	\$ 12,569,716	\$ 12,323,286	\$ 12,606,882	\$ 12,303,521	*	*	*	*
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	*	*	*	*
Plan fiduciary net position as a percentage of the total OPEB liability	73.97%	89.15%	71.57%	73.40%	74.97%	79.99%	*	*	*	*

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

Changes of benefit terms - None.

Methods and assumptions used in the actuarially determined contributions - The actuarially determined contribution rates, as a percentage of payroll, used to determine the actuarially determined contribution amounts in the Schedule of Employer Contributions are calculated as of the indicated valuation date. The following actuarial methods and assumptions (from the indicated actuarial valuations) were used to determine contribution rates reported in that schedule for the year ending June 30, 2022:

Valuation date	June 30, 2019
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll
Amortization period	25 years
Asset valuation method	Five-year smoothed value
Inflation	3.00%
Real wage growth	0.50%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% - 7.45%
Discount rate	7.50%

HARRISON COUNTY SCHOOL DISTRICT

Schedule of District Contributions – LIF

	Last 10 Fiscal Years*									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	*	*	*	*
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	*	*	*	*
Contribution deficiency	-	-	-	-	-	-	*	*	*	*
District's covered-employee payroll	\$ 14,333,603	\$ 13,521,540	\$ 12,053,828	\$ 12,569,716	\$ 12,323,286	\$ 12,606,882	*	*	*	*
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	*	*	*	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available. No changes were made to the assumptions or benefit terms.

HARRISON COUNTY SCHOOL DISTRICT

Schedule of the District's Proportionate Share of the Net OPEB Liability – MIF

	Last 10 Fiscal Years*									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the collective trust OPEB liability	0.262595%	0.188780%	0.190887%	0.191690%	0.192762%	0.195477%	*	*	*	*
District's proportionate share of the collective net OPEB liability	\$ 6,519,000	\$ 4,051,000	\$ 4,818,000	\$ 5,610,000	\$ 6,688,000	\$ 6,970,000	*	*	*	*
State's proportionate share of the collective net OPEB liability associated with the District	\$ 2,142,000	\$ 3,290,000	\$ 3,859,000	\$ 4,531,000	\$ 5,764,000	\$ 5,637,000	*	*	*	*
Total net OPEB liability	\$ 8,661,000	\$ 7,341,000	\$ 8,677,000	\$ 10,141,000	\$ 12,452,000	\$ 12,607,000	*	*	*	*
District's covered-employee payroll	\$ 13,521,540	\$ 13,251,540	\$ 12,569,716	\$ 12,323,286	\$ 12,606,882	\$ 12,303,521	*	*	*	*
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	48.2%	30.6%	38.3%	45.5%	53.1%	56.7%	*	*	*	*
Plan fiduciary net position as a percentage of the total OPEB liability	47.75%	51.74%	39.05%	32.58%	25.54%	21.18%	*	*	*	*

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

Changes of benefit terms - None

The Health Trust is not funded based on actuarially determined contribution, but instead is funded based on statutorily determined amounts as noted in the assumed asset allocation for MIF.

HARRISON COUNTY SCHOOL DISTRICT

Schedule of District Contributions – MIF

	Last 10 Fiscal Years*									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 348,431	\$ 335,086	\$ 337,119	\$ 333,785	\$ 343,370	334,908	*	*	*	*
Contributions in relation to the contractually required contribution	<u>(348,431)</u>	<u>(335,086)</u>	<u>(337,119)</u>	<u>(333,785)</u>	<u>(343,370)</u>	<u>(334,908)</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>
Contribution deficiency	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>
District's covered-employee payroll	\$ 14,333,603	\$ 13,521,540	\$ 12,053,828	\$ 12,569,716	\$ 12,323,286	\$ 12,606,882	*	*	*	*
Contributions as a percentage of covered-employee payroll	2.43%	2.48%	2.80%	2.66%	2.79%	2.66%	*	*	*	*

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

Changes of benefit terms - None

The Health Trust is not funded based on actuarially determined contribution, but instead is funded based on statutorily determined amounts as noted in the assumed asset allocation for MIF.

HARRISON COUNTY SCHOOL DISTRICT

Schedule of the District's Proportionate Share of the Net OPEB Liability – MIF (CERS)

	Last 10 Fiscal Years*									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the collective trust OPEB liability	0.144659%	0.146335%	0.150845%	0.148900%	0.154522%	0.157587%	*	*	*	*
District's proportionate share of the collective net OPEB liability	\$ 2,854,865	\$ 2,801,510	\$ 3,642,448	\$ 2,506,062	\$ 2,743,507	\$ 3,168,038	*	*	*	*
State's proportionate share of the collective net OPEB liability associated with the District	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	*	*	*	*
Total net OPEB liability	\$ 2,854,865	\$ 2,801,510	\$ 3,642,448	\$ 2,506,062	\$ 2,743,507	\$ 3,168,038	*	*	*	*
District's covered-employee payroll	\$ 3,451,501	\$ 3,807,137	\$ 3,865,481	\$ 3,758,761	\$ 3,915,252	\$ 3,908,124	*	*	*	*
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	82.7%	73.6%	94.2%	66.7%	70.1%	81.1%	*	*	*	*
Plan fiduciary net position as a percentage of the total OPEB liability	60.95%	62.91%	51.67%	60.44%	57.62%	52.40%	*	*	*	*

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

Changes in assumptions: None

2018: Updated health care trend rates were implemented.

HARRISON COUNTY SCHOOL DISTRICT
Schedule of District Contributions – MIF (CERS)

	Last 10 Fiscal Years*									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 166,835	\$ 177,960	\$ 183,974	\$ 197,740	\$ 180,008	\$ 183,909	*	*	*	*
Contributions in relation to the contractually required contribution	<u>(166,835)</u>	<u>(177,960)</u>	<u>(183,974)</u>	<u>(197,740)</u>	<u>(180,008)</u>	<u>(183,909)</u>	*	*	*	*
Contribution deficiency	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	*	*	*	*
District's covered-employee payroll	\$ 4,225,085	\$ 3,451,501	\$ 3,807,137	\$ 3,865,481	\$ 3,758,761	\$ 3,915,252	*	*	*	*
Contributions as a percentage of covered-employee payroll	3.95%	5.16%	4.83%	5.12%	4.79%	4.70%	*	*	*	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available. No changes were made to the assumptions or benefit terms.

HARRISON COUNTY SCHOOL DISTRICT

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023**

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Agreement Number</u>	<u>Federal Expenditures for FYE 06/30/2023</u>
U.S. Department of Education			
Passed through Kentucky Department of Education			
Special Education Cluster			
Special Education_Grants to States	84.027	3810002 21	\$ 110,481
Special Education_Grants to States	84.027	3810002 22	611,602
Total Federal Assistance #84.027			<u>722,083</u>
Special Education_Preschool Grants	84.173	3800002 21	\$ 604
Special Education_Preschool Grants	84.173	3800002 22	26,279
COVID-related funding:			
Special Education_Preschool Grants	84.173X	4900002-21	107,482
Special Education_Preschool Grants	84.173X	4900002-22	6,514
Total Federal Assistance #84.173			<u>140,879</u>
Total Special Education Cluster			<u>862,962</u>
Title I Grants to Local Educational Agencies	84.010	310002 20	33,802
Title I Grants to Local Educational Agencies	84.010	310002 21	263,939
Title I Grants to Local Educational Agencies	84.010	310002 22	682,152
Total Federal Assistance #84.010			<u>979,893</u>
Vocational Education - Basic Grants to States	84.048	3710002 21	27,831
Total Federal Assistance #84.048			<u>27,831</u>
Twenty-First Century Community Learning Centers	84.287	3400002 20	89,767
Twenty-First Century Community Learning Centers	84.287	3400002 21	463,697
Total Federal Assistance #84.287			<u>553,464</u>
Title II Improving Teacher Quality State Grants	84.367	3230002 20	717
Title II Improving Teacher Quality State Grants	84.367	3230002 21	33,544
Title II Improving Teacher Quality State Grants	84.367	3230002 22	110,638
Total Federal Assistance #84.367			<u>144,899</u>
Title IV, Part A, Student Support and Academic Enrichment	84.424A	3420002 21	7,821
Title IV, Part A, Student Support and Academic Enrichment	84.424A	3420002 22	55,741
Total Federal Assistance #84.424A			<u>63,562</u>
2020-2021 Digital Learning Coaches	84.425D	4200003-21	3,495
FY 21 Elementary and Secondary School Emergency Relief Fund II	84.425D	4200002-21	62,234
FY 21 Elementary and Secondary School Emergency Relief Fund II	84.425D	4200003-21	2,621
American Rescue Plan (Kentucky Virtual Library)	84.425U	4300003-21	3,276
American Rescue Plan (ESSER III)	84.425U	4300002-21	2,822,015
American Rescue Plan (Homeless Children and Youth Phase II)	84.425W	4980001-21	9,315
Total Federal Assistance #84.425			<u>2,902,956</u>
Total Passed through Kentucky Department of Education			<u>5,535,567</u>
Passed through Kentucky Association of Educational Cooperatives			
American Rescue Plan (Deeper Learning)	84.425U		14,163
Total U.S. Department of Education			<u>5,549,730</u>
Federal Communications Commission			
Passed through Kentucky Department of Education			
Emergency Connectivity Fund Program	32.009	5591	11,691
Total Federal Assistance #32.009			<u>11,691</u>
Total Federal Communications Commission			

HARRISON COUNTY SCHOOL DISTRICT

**Schedule of Expenditures of Federal Awards
(Continued)
For the Year Ended June 30, 2023**

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Agreement Number</u>	<u>Federal Expenditures for FYE 06/30/2023</u>
<u>U.S. Department of Defense</u>			
<i>Passed through Kentucky Department of Education</i>			
ROTC	12.000	31002 13	59,071
Total U.S. Department of Defense			59,071
<u>U.S. Department of Health and Human Services</u>			
<i>Passed through Kentucky Department of Education</i>			
Cooperative agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	93.079	2100001	400
Total U.S. Department of Health and Human Services			400
<u>U.S. Department of Agriculture</u>			
Child Nutrition Cluster			
<i>Passed through Kentucky Department of Education</i>			
Summer Food Service Program for Children	10.559	7690024 22	794
Summer Food Service Program for Children	10.559	7740023 22	7,588
Summer Food Service Program for Children	10.559	7690024 23	3,051
Summer Food Service Program for Children	10.559	7740023 23	29,470
National School Lunch Program	10.555	7750002 22	332,215
National School Lunch Program	10.555	7750002 23	1,275,002
National School Lunch Program	10.555	9980000 22	77,170
National School Lunch Program	10.555	9980000 23	36,404
School Breakfast Program	10.553	7760005 21	110,523
School Breakfast Program	10.553	7760005 22	397,498
			2,269,715
<i>Passed through Kentucky Department of Agriculture</i>			
National School Lunch Program - Food Donation (Commodities)	10.555	057502-02	163,907
Total Child Nutrition Cluster			2,433,622
<i>Passed through Kentucky Department of Education</i>			
Child and Adult Care Food Program	10.558	7790021 22	12,130
Child and Adult Care Food Program	10.558	7790021 23	56,714
Child and Adult Care Food Program	10.558	7800016 22	903
Child and Adult Care Food Program	10.558	7800016 23	4,222
Total Federal Assistance #10.558			73,969
State Pandemic Electronic Benefit Transfer (P-EBT) Administrative Costs Grants	10.649	9990000 21	3,135
State Administrative Expenses for Child Nutrition	10.560	7700001 21	2,059
Total U.S. Department of Agriculture			2,512,785
Total Expenditures of Federal Awards			\$ 8,133,677

HARRISON COUNTY SCHOOL DISTRICT

**Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023**

NOTE 1 BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Harrison County School District under programs of the federal government for the year ended June 30, 2023, and is reported on the accrual basis of accounting. 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 Harrison County School District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair value of the commodities disbursed. For the year ended June 30, 2023, the District reported food commodities expended in the amount of \$163,907.

NOTE 4 INDIRECT COST RATE

The District has elected not to use the 10% de minimus indirect cost rate allowed under Uniform Guidance.

NOTE 5 SUBRECIPIENTS

The District did not have any subrecipients during the year ended June 30, 2023.

**INDEPENDENT AUDITORS' 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 Members of the Board of Education
Harrison County School District
Cynthiana, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Harrison County School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Harrison County School District's basic financial statements, and have issued our report thereon dated November 10, 2023.

Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

We noted other matters that we reported to management of the District on pages 81-82.

**INDEPENDENT AUDITORS' 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
(CONTINUED)**

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.

Barnes, Dennig & Co., Ltd.

Crestview Hills, Kentucky
November 10, 2023

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

Members of the Board of Education
Harrison County School District
Cynthiana, Kentucky

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Harrison County School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Harrison County School District's major federal programs for the year ended June 30, 2023. Harrison 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, Harrison 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, 2023.

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 Harrison 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 Harrison 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 Harrison County School District's federal programs.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE
(CONTINUED)**

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Harrison 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 Harrison 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 Harrison 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.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE
(CONTINUED)**

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.

Barnes, Dennig & Co., Ltd.

Crestview Hills, Kentucky
November 10, 2023

HARRISON COUNTY SCHOOL DISTRICT

**Schedule of Findings of Questioned Costs
Year Ended June 30, 2023**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No

- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None noted

- Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No

- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None noted

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

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

Identification of major programs

CFDA No.	Name of Federal Program or Cluster
84.425	Education Stabilization Fund
10.553/10.555/10.559	Child Nutrition Cluster
84.010	Title I Grants to Local Educational Agencies

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

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

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters are reportable

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COST

No matters are reportable

HARRISON COUNTY SCHOOL DISTRICT

**Summary Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, Error! Bookmark not defined.**

<u>Reference Number</u>	<u>Summary of Findings</u>	<u>Status</u>
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SECTION I -SUMMARY OF AUDITOR'S RESULTS

No matters are reportable.

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters are reportable

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COST

No matters are reportable

HARRISON COUNTY SCHOOL DISTRICT

**Management Letter Comments
Year Ended June 30, 2023**

In planning and performing our audit of the financial statements of Harrison County School District for the year ended June 30, 2023, we considered the District's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

This letter summarizes our comments and suggestions regarding those matters. A separate report dated November 10, 2023 contains our report on significant deficiencies and material weaknesses in the District's internal control structure. This letter does not affect our report dated November 10, 2023, on the financial statements of the Harrison County School District.

CURRENT YEAR RECOMMENDATIONS

CENTRAL OFFICE

No matters are reportable

ACTIVITY FUNDS

Harrison County High School

No matters are reportable

Harrison County Middle School

No matters are reportable

Northside Elementary School

No matters are reportable

Southside Elementary School

No matters are reportable

Eastside Elementary School

No matters are reportable

Westside Elementary School

No matters are reportable

HARRISON COUNTY SCHOOL DISTRICT

**Management Letter Comments (Continued)
Year Ended June 30, 2023**

STATUS OF PRIOR YEAR RECOMMENDATIONS

CENTRAL OFFICE

No matters are reportable

Harrison County High School

No matters are reportable

Harrison County Middle School

No matters are reportable

Northside Elementary School

No matters are reportable

Southside Elementary School

No matters are reportable

Eastside Elementary School

No matters are reportable

Westside Elementary School

No matters are reportable

APPENDIX C

**Harrison County School District Finance Corporation
School Building Revenue Bonds
Series of 2024**

Continuing Disclosure Undertaking Agreement

CONTINUING DISCLOSURE UNDERTAKING AGREEMENT

This Continuing Disclosure Undertaking Agreement ("Agreement") made and entered into as of July 16, 2024 by and between the Board of Education of Harrison County, Kentucky ("Board"); the Harrison County School District Finance Corporation, an agency and instrumentality of the Board ("Corporation") and the Registered and Beneficial Owners of the Bonds hereinafter identified as third-party beneficiaries to this Agreement. For the purposes of this Agreement "Beneficial Owner" means the person or entity treated as the owner of the Bonds for federal income tax purposes and "Registered Owner" means the person or entity named on the registration books of the bond registrar.

WITNESSETH:

WHEREAS, the Corporation has acted as issuing agency for the Board pursuant to the provisions of Section 162.385 of the Kentucky Revised Statutes ("KRS") and the Corporation's Bond Resolution in connection with the authorization, sale and delivery of \$41,600,000 of the Corporation's School Building Revenue Bonds, Series of 2024, dated July 16, 2024 ("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, 2024, 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 HARRISON COUNTY,
KENTUCKY**

Attest:

Chairman

Secretary

**HARRISON COUNTY SCHOOL
DISTRICT FINANCE CORPORATION**

Attest:

President

Secretary

APPENDIX D

**Harrison County School District Finance Corporation
School Building Revenue Bonds
Series of 2024**

Official Terms and Conditions of Bond Sale

OFFICIAL TERMS AND CONDITIONS OF BOND SALE

\$41,600,000*

**Harrison County School District Finance Corporation
School Building Revenue Bonds, Series of 2024
Dated July 16, 2024**

SALE: June 25, 2024 AT 11:00 A.M., E.D.S.T.

As published on PARITY®, a nationally recognized electronic bidding system, the Harrison County School District Finance Corporation ("Corporation") will until June 25, 2024, at the hour of 11:00 A.M., E.D.S.T., in the office of the Executive Director of the Kentucky School Facilities Construction Commission, 700 Louisville Rd, Carriage House, Frankfort, KY 40601, receive competitive bids for the revenue bonds herein described. To be considered, bids must be submitted on an Official Bid Form and must be delivered to the Corporation at the address indicated on the date of sale no later than the hour indicated. Bids may be submitted manually or by facsimile or electronically via PARITY. Bids will be considered by the Corporation and may be accepted without further action by the Corporation's Board of Directors.

Subject to a Permitted Adjustment* increasing or decreasing the issue by up to \$4,160,000.

HARRISON 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 Harrison 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 III construction of a new High School (the "Project") and are secured by a statutory mortgage 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, 2025; provided, however, said lien and pledge are on parity with a similar lien and pledge securing the Corporation's School Building Revenue Bonds previously issued to finance or refinance the school building(s) which constitute the school building Project (the "Parity Bonds").

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

The rental of the school building Project property from the Corporation to the Board is to be effected under a certain Lease Agreement by and between the Corporation and the Board (the "Lease"), whereunder the school building Project property is leased to the Board for the initial period ending June 30, 2025, 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 \$129,265 to be applied to the annual debt service requirements for the Bonds herein identified through August 1, 2044, 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 \$129,265 to be applied to the annual debt service requirements for the Bonds herein identified each year through August 1, 2044; 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, 2026; 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 August 1, 2044, 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, 2026. Inter alia, the Budget provides \$116,928,400 in FY 2024-2025 and \$126,269,500 in FY 2025-2026 to pay debt service on existing and future bond issues. There are \$75,900,000 of the Commission's previous Offers of Assistance made during the last biennium. It authorizes \$85,000,000 in additional Offers of Assistance for the current biennium to be funded in the Budget for the biennium ending June 30, 2026.

ADDITIONAL PARITY BONDS

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

BOND MATURITIES, PRIOR REDEMPTION PROVISIONS AND PAYING AGENT

All such Bonds shall be in denominations in multiples of \$5,000 within the same maturity, bear interest from July 16, 2024, payable on February 1, 2025, and semi-annually thereafter and shall mature as to principal on August 1 in each of the years as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2025	\$ 650,000	2039	\$1,630,000
2026	680,000	2040	1,700,000
2027	705,000	2041	1,775,000
2028	880,000	2042	2,020,000
2029	915,000	2043	2,630,000
2030	955,000	2044	1,755,000
2031	995,000	2045	1,835,000
2032	1,035,000	2046	1,920,000
2033	1,275,000	2047	2,010,000
2034	1,325,000	2048	2,105,000
2035	1,380,000	2049	2,205,000
2036	1,435,000	2050	2,310,000
2037	1,495,000	2051	2,415,000
2038	1,565,000		

*Subject to a Permitted Adjustment of the amount of Bonds awarded of up to \$4,160,000 which may be applied in any or all maturities.

The Bonds maturing on or after August 1, 2033 are subject to redemption at the option of the Corporation prior to their stated maturity on any date falling on or after August 1, 2032, 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 February 1 and August 1 of each year, beginning February 1, 2025 (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 \$40,768,000 (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 \$41,600,000 principal amount of Bonds offered for sale under the terms and conditions herein specified, but the Corporation may adjust the principal amount of Bonds upward or downward by \$4,160,000 (the "Permitted Adjustment") which may be awarded to such best bidder may be a minimum of \$37,440,000 or a maximum of \$45,760,000. In the event of such Permitted Adjustment, no rebidding or recalculation of a submitted bid will be required or permitted and the Underwriter's Discount on the Bonds as submitted by the successful bidder shall be held constant. The Underwriter's Discount shall be defined as the difference between the purchase price of the Bonds submitted by the bidder and the price at which the Bonds will be issued to the public, calculated from information provided by the bidder, divided by the par amount of the Bonds bid. The price of which such adjusted principal amount of Bonds will be sold will be the same price per \$5,000 of Bonds as the price per \$5,000 for the \$41,600,000 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 June 25, 2024.

(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 August 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, 2026

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, 2026 which was approved and signed by the Governor. Such budget becomes effective beginning July 1, 2024. 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, Harrison County Board of Education, 308 Webster Avenue, Cynthiana, Kentucky 41031 (859.234.7110).

TAX EXEMPTION; NOT BANK QUALIFIED

Bond Counsel advises as follows with respect to the Bonds:

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

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

(C) As a result of certifications by the Board and the Corporation, indicating the issuance of MORE than \$10,000,000 of tax-exempt obligations during the calendar year ending December 31, 2024, the Bonds may NOT be treated by financial institutions as "qualified tax-exempt obligations" within the meaning of the Internal Revenue Code of 1986, as amended.

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.

**HARRISON COUNTY SCHOOL DISTRICT
FINANCE CORPORATION**

By /s/Maria Bell
Secretary

APPENDIX E

**Harrison County School District Finance Corporation
School Building Revenue Bonds
Series of 2024**

Official Bid Form

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

The Harrison County School District Finance Corporation ("Corporation" or "Issuer"), will until 11:00 A.M., E.D.S.T., on June 25, 2024, receive in the office of the Executive Director of the Kentucky School Facilities Construction Commission, 700 Louisville Rd, Carriage House, Frankfort, KY 40601, (telephone 502-564-5582; fax 888-979-6152) competitive bids for its \$41,600,000 School Building Revenue Bonds, Series of 2024, dated July 16, 2024; maturing August 1, 2025 through 2051 ("Bonds").

We hereby bid for said \$41,600,000* principal amount of Bonds, the total sum of \$ (not less than \$40,768,000) plus accrued interest from July 16, 2024 payable February 1, 2025 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 August 1 in the years as follows:

<u>Year</u>	<u>Amount*</u>	<u>Rate</u>	<u>Year</u>	<u>Amount*</u>	<u>Rate</u>
2025	\$ 650,000	_____%	2039	\$1,630,000	_____%
2026	680,000	_____%	2040	1,700,000	_____%
2027	705,000	_____%	2041	1,775,000	_____%
2028	880,000	_____%	2042	2,020,000	_____%
2029	915,000	_____%	2043	2,630,000	_____%
2030	955,000	_____%	2044	1,755,000	_____%
2031	995,000	_____%	2045	1,835,000	_____%
2032	1,035,000	_____%	2046	1,920,000	_____%
2033	1,275,000	_____%	2047	2,010,000	_____%
2034	1,325,000	_____%	2048	2,105,000	_____%
2035	1,380,000	_____%	2049	2,205,000	_____%
2036	1,435,000	_____%	2050	2,310,000	_____%
2037	1,495,000	_____%	2051	2,415,000	_____%
2038	1,565,000	_____%			

* Subject to Permitted Adjustment

We understand this bid may be accepted for as much as \$45,760,000 of Bonds or as little as \$37,440,000 of Bonds, at the same price per \$5,000 Bond, with the variation in such amount occurring in any maturity or all maturities, which will be determined at the time of acceptance of the best bid.

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

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

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

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

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

- (a) *Holding Period* means, with respect to a Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which the successful purchaser has sold at least 10% of such Maturity to the Public at prices that are no higher than the Initial Offering Price for such Maturity.
- (b) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.
- (c) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50% common ownership, directly or indirectly.
- (d) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is June 25, 2024.
- (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 August 1 in accordance with the maturity schedule setting the actual size of the issue.

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

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

No certified or bank cashier's check will be required to accompany a bid, but the successful bidder shall be required to wire transfer an amount equal to 2% of the principal amount of Bonds awarded by the close of business on the date following the award. Said good faith amount will be applied (without interest) to the purchase price on delivery. Wire transfer procedures should be arranged through U.S. Bank Trust Company, National Association, Louisville, Kentucky, Attn: Mr. Charles Lush, Trust Officer (502.797.6421).

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

If we are the successful bidder, we agree to accept and make payment for the Bonds in Federal Funds on or about July 16, 2024 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 July 16, 2024 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 Harrison County School District Finance Corporation for \$ _____ amount of Bonds at a price of \$ _____ as follows:

<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Year</u>	<u>Amount</u>	<u>Rate</u>
2025	_____,000	_____%	2039	_____,000	_____%
2026	_____,000	_____%	2040	_____,000	_____%
2027	_____,000	_____%	2041	_____,000	_____%
2028	_____,000	_____%	2042	_____,000	_____%
2029	_____,000	_____%	2043	_____,000	_____%
2030	_____,000	_____%	2044	_____,000	_____%
2031	_____,000	_____%	2045	_____,000	_____%
2032	_____,000	_____%	2046	_____,000	_____%
2033	_____,000	_____%	2047	_____,000	_____%
2034	_____,000	_____%	2048	_____,000	_____%
2035	_____,000	_____%	2049	_____,000	_____%
2036	_____,000	_____%	2050	_____,000	_____%
2037	_____,000	_____%	2051	_____,000	_____%
2038	_____,000	_____%			

Dated: June 25, 2024

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