PRELIMINARY OFFICIAL STATEMENT

DATED JUNE 10, 2020

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

RATING
Moody's: " "

In the opinion of Bond Counsel, under existing law (i) interest on the Bonds will be excludable from gross income of the holders thereof for purposes of federal taxation and (ii) interest on the Bonds will not be a specific item of tax preference for purposes of computing the Federal alternative minimum tax all subject to the qualifications described herein under the heading "Tax Exemption." The Bonds and interest thereon are exempt from income taxation and ad valorem taxation by the Commonwealth of Kentucky and political subdivisions thereof (see "Tax Exemption" herein).

$1,720,000*
FRANKLIN COUNTY SCHOOL DISTRICT FINANCE CORPORATION
SCHOOL BUILDING REVENUE BONDS
SERIES OF 2020

Dated: JULY 9, 2020 **Due: as shown below**

Interest on the Bonds is payable each December 1 and June 1, beginning December 1, 2020. The Bonds will mature as to principal on June 1, 2021, and each June 1 thereafter as shown below. The Bonds are being issued in Book-Entry-Only Form and will be available for purchase in principal amounts of $5,000 and integral multiples thereof.

Maturing 1-Jun	Amount*	Interest Rate	Reoffering Yield	CUSIP	Maturing 1-Jun	Amount*	Interest Rate	Reoffering Yield	CUSIP
2021	$600,000	%	%	%	2026	$125,000	%	%	%
2022	$115,000	%	%	%	2027	$125,000	%	%	%
2023	$115,000	%	%	%	2028	$130,000	%	%	%
2024	$120,000	%	%	%	2029	$135,000	%	%	%
2025	$120,000	%	%	%	2030	$135,000	%	%	%

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

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

The Bonds constitute a limited indebtedness of the Franklin 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 on an annual renewable basis to the Franklin County Board of Education.

The Franklin County School District Finance Corporation will until June 18, 2020, at 11:00 A.M., E.S.T., receive competitive bids for the Bonds at the office of the Executive Director of the Kentucky School Facilities Construction Commission, 229 West Main Street, Suite 102, Frankfort, Kentucky 40601.

***As set forth in the "Official Terms and Conditions of Bond Sale," the principal amount of Bonds sold to the successful bidder is subject to a Permitted Adjustment by increasing or decreasing the amount not to exceed $170,000.**

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

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

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

RSA advisors

FRANKLIN COUNTY
BOARD OF EDUCATION

Natalie Lile, Chairperson
Chuck Fletcher, Vice-Chair
Belinda Henson, Member
Larry Perkins, Member
Justin Watterson, Member

Mark Kopp, Superintendent
Rebecca Roberts, Secretary

FRANKLIN COUNTY SCHOOL DISTRICT
FINANCE CORPORATION

Natalie Lile, President
Chuck Fletcher, Vice-President
Belinda Henson, Member
Larry Perkins, Member
Justin Watterson, Member

Rebecca Roberts, Secretary
Shane Smith, Treasurer

BOND COUNSEL

Steptoe & Johnson PLLC
Louisville, Kentucky

FINANCIAL ADVISOR

RSA Advisors, LLC
Lexington, Kentucky

PAYING AGENT AND REGISTRAR

U.S. Bank, 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 Franklin County School District Finance Corporation School Building Revenue Bonds, Series of 2020, identified on the cover page hereof. No person has been authorized by the Corporation or the Board to give any information or to make any representation other than that contained in the Official Statement, and if given or made such other information or representation must not be relied upon as having been given or authorized. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of the Bonds by any person in any jurisdiction in which it is unlawful to make such offer, solicitation or sale.

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

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

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

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OFFICIAL STATEMENT
Relating to the Issuance of

$1,720,000*

FRANKLIN COUNTY SCHOOL DISTRICT
FINANCE CORPORATION
SCHOOL BUILDING REVENUE BONDS,
SERIES OF 2020

** 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 Franklin County School District Finance Corporation (the "Corporation") School Building Revenue Bonds, Series of 2020 (the "Bonds").

The Bonds are being issued to finance installation of turf fields at Western Hills High School and Franklin County High School (the "Projects").

The Bonds are revenue bonds and constitute a limited indebtedness of the Corporation. The Bonds will be secured by a pledge of the rental income derived by the Corporation from leasing the Project to the Franklin 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 Franklin 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 9, 2020, may be obtained at the office of Steptoe & Johnson PLLC, Bond Counsel, 700 N. Hurstbourne Parkway, Ste. 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 2 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 162.290 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 <u>White v. City of Middlesboro</u>, Ky. 414 S.W.2d 569.

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

KENTUCKY SCHOOL FACILITIES CONSTRUCTION COMMISSION; NO PARTICIPATION IN THIS ISSUE

The 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.

The General Assembly of the Commonwealth adopted the State's Budget for the fiscal year ending June 30, 2021. Inter alia, the Budget provides $124,836,200 in FY 2020-21 to pay debt service on existing and future bond issues; $58,000,000 of the Commission's previous Offers of Assistance made during the last biennium; and authorizes $58,000,000 in additional Offers of Assistance for the current biennium to be funded in the Budget for the biennium ending June 30, 2022.

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

Biennium	Appropriation
1986-88	$18,223,200
1988-90	14,050,700
1990-92	13,542,800
1992-94	3,075,300
1994-96	2,800,000
1996-98	4,996,000
1998-00	12,141,500
2000-02	8,100,000
2002-04	9,500,000
2004-06	14,000,000
2006-08	9,000,000
2008-10	10,968,000
2010-12	12,656,200
2012-14	8,469,200
2014-16	8,764,000
2016-18	23,019,400
2018-20	7,608,000
2020-21	2,946,900
Total	$183,861,200

COMMONWEALTH BUDGET FOR PERIOD ENDING JUNE 30, 2021

The Kentucky General Assembly, during its Regular Session, adopted a budget for the fiscal year ending June 30, 2021 which was approved and signed by the Governor. Such budget is effective beginning July 1, 2020.

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
2008-REF	$1,690,000	$195,000	$1,654,542	$35,458	3.200%	2020
2010-REF	$7,440,000	$2,045,000	$6,055,000	$1,385,000	2.500% - 2.625%	2021
2012	$10,050,000	$9,370,000	$8,201,749	$1,848,251	3.000% - 4.000%	2032
2012-REF	$5,750,000	$2,645,000	$5,011,848	$738,152	2.050% - 2.050%	2023
2012B-REF	$10,550,000	$4,405,000	$10,316,492	$233,508	2.000% - 4.000%	2024
2013-REF	$10,235,000	$6,055,000	$3,753,999	$6,481,001	2.000% - 3.000%	2025
2013-Energy	$3,215,000	$2,065,000	$3,215,000	$0	2.500% - 4.125%	2028
2015-REF	$3,430,000	$3,315,000	$3,430,000	$0	3.000%	2030
2016-REF	$10,105,000	$9,055,000	$9,697,702	$407,298	4.000%	2027
2017	$16,180,000	$15,435,000	$14,508,994	$1,671,006	2.000% - 3.250%	2037
2018	$9,580,000	$9,505,000	$9,580,000	$0	3.000% - 3.650%	2039
TOTALS:	$88,225,000	$64,090,000	$75,425,326	$12,799,674		

AUTHORITY

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

i) the issuance of approximately $1,720,000 of Bonds subject to a permitted adjustment of $170,000;

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 9, 2020, will bear interest from that date as described herein, payable semi-annually on December 1 and June 1 of each year, commencing December 1, 2020 and will mature as to principal on June 1, 2021, and each June 1 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, 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 December 1 and June 1 of each year, beginning December 1, 2020 (Record Date is 15th day of month preceding interest due date).

Redemption

The Bonds maturing on or after June 1, 2024, are subject to redemption at the option of the Corporation prior to their stated maturity on any date falling on or after June 1, 2023, in any order of maturities (less than all of a single maturity to be selected by lot),in whole or in part, upon notice of such prior redemption being given by the Paying Agent in accordance with DTC requirements not less than thirty (30) days prior to the date of redemption, upon terms of the face amount, plus accrued interest, but without redemption premium.

Redemption Date	Redemption Price
June 1, 2023 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 for redemption on any day at par upon the total destruction by fire, lightning, windstorm or other hazard of any of the building(s) constituting the Project(s) and apply casualty insurance proceeds to such purpose.

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 Projects financed from the Bond proceeds from the Corporation to the Board. The Bonds are secured by pledges of revenues on and from the Project; provided, however, said lien and pledge are on parity with similar lien and pledge securing the Corporation's School Building Revenue Bonds previously issued to improve of refinance certain of the building(s) in which the Project is located (the "Parity Bonds").

The Lease; Pledge of Rental Revenues

The Board has leased the school Project securing the Bonds for an initial period from July 9, 2020, through June 30, 2021, with the option in the Board to renew said Lease from year to year for one year at a time, at annual rentals, sufficient in each year to enable the Corporation to pay, solely from the rental due under the Lease, the principal and interest on all of the Bonds as same become due. The Lease provides further that so long as the Board exercises its annual renewal options, its rentals will be payable according to the terms and provisions of the Lease until June 1, 2030, the final maturity date of the Bonds. Under the lease, the Corporation has pledged the rental revenue to the payment of the Bonds.

STATE INTERCEPT

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

THE PROJECTS

After payment of the Bond issuance costs, the Board plans to deposit the net Bond proceeds to finance installation of turf fields at Western Hills High School and Franklin County High School (the "Projects").

The Board has reported construction bids have been let for the Projects and approval of the Kentucky Department of Education, Buildings and Grounds, to award the construction contracts are expected prior to the sale and delivery of the Bonds.

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

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 the same pledges of revenues, but only if and to the extent the issuance of such additional parity bonds are in accordance with the plans and specifications approved by the Board, Commissioner of Education, and filed in the office of the Secretary of the Corporation.

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 pay 100% of the debt service of the Bonds.

		Series 2020 Sch Bldg Rev Bonds (100% General Fund)			
Fiscal Year Ending June 30	**Current Local Bond Payments**	**Principal Portion**	**Interest Portion**	**Total Payment**	**Total Local Restricted Fund Bond Payments**
2020	$4,745,217	$600,000	$32,520	$632,520	$4,745,217
2021	$4,699,669	$115,000	$24,958	$139,958	$4,699,669
2022	$4,682,440	$115,000	$22,715	$137,715	$4,682,440
2023	$4,693,803	$120,000	$20,415	$140,415	$4,693,803
2024	$4,665,302	$120,000	$17,955	$137,955	$4,665,302
2025	$4,666,046	$125,000	$15,435	$140,435	$4,666,046
2026	$4,692,733	$125,000	$12,748	$137,748	$4,692,733
2027	$4,631,056	$130,000	$9,935	$139,935	$4,631,056
2028	$3,981,821	$135,000	$6,750	$141,750	$3,981,821
2029	$4,148,147	$135,000	$3,443	$138,443	$4,148,147
2030	$4,151,802				$4,151,802
2031	$3,949,930				$3,949,930
2032	$3,832,656				$3,832,656
2033	$1,871,330				$1,871,330
2034	$2,200,641				$2,200,641
2035	$2,167,968				$2,167,968
2036	$2,233,558				$2,233,558
2037	$2,158,739				$2,158,739
2038	$2,166,348				$2,166,348
2039	$558,065				$558,065
TOTALS:	$70,897,272	$1,720,000	$166,872	$1,886,872	$70,897,272

Notes: Numbers are Rounded to the nearest $1.00.

ESTIMATED USE OF BOND PROCEEDS

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

Sources:	
Par Amount of Bonds	$1,720,000.00
Total Sources	$1,720,000.00
Uses:	
Deposit to Construction Fund	$1,671,750.00
Underwriter's Discount (1%)	17,200.00
Cost of Issuance	31,050.00
Total Uses	$1,720,000.00

DISTRICT STUDENT POPULATION

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

Year	Average Daily Attendance	Year	Average Daily Attendance
2000-01	5,306.3	2010-11	5,500.3
2001-02	5,251.4	2011-12	5,449.6
2002-03	5,210.0	2012-13	5,493.3
2003-04	5,196.0	2013-14	5,583.5
2004-05	5,234.0	2014-15	5,617.9
2005-06	5,289.3	2015-16	5,628.3
2006-07	5,274.2	2016-17	5,7141
2007-08	5,321.2	2017-18	5,700.2
2008-09	5,353.2	2018-19	5,704.3
2009-10	5,383.8	2019-20	5,669.4

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 Franklin County School District for certain preceding school years. Beginning 1990-91, the allotment is based on average daily attendance as required by law.

Year	Capital Outlay Allotment	Year	Capital Outlay Allotment
2000-01	530,630.0	2010-11	550,027.0
2001-02	525,140.0	2011-12	544,958.0
2002-03	521,000.0	2012-13	549,334.0
2003-04	519,600.0	2013-14	558,346.0
2004-05	523,400.0	2014-15	561,789.0
2005-06	528,930.0	2015-16	562,829.0
2006-07	527,420.0	2016-17	571,410.0
2007-08	532,120.0	2017-18	570,020.0
2008-09	535,324.0	2018-19	570,428.6
2009-10	538,383.0	2019-20	566,940.0

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

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

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

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

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

LOCAL SUPPORT

Homestead Exemption. Section 170 of the Kentucky Constitution was amended at the General Election held November 2, 1971, to exempt from property taxes $6,500 of value of single unit residential property of taxpayers 65 years of age or older. The 1972 General Assembly amended KRS Chapter 132 to permit counties and school districts to adjust their local tax revenues lost through the application of this Homestead Exemption. The "Single Unit" qualification has been enlarged to subsequent sessions of the General Assembly to provide that such exemption shall apply to such property maintained as the permanent resident of the owner and the dollar amount has been construed to mean $6,500 in terms of the purchasing power of the dollar in 1972. Every two years thereafter, if the cost of living index of the U.S. Department of Labor has changed as much as 1%, the maximum exemption shall be adjusted accordingly. Under the cost of living formula, the maximum was increased to $39,300 effective January 1, 2019.

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) and (2) an amended KRS 157.440.

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

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

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

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

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

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

Local Tax Rates, Property Assessments and Revenue Collections

Tax Year	Combined Equivalent Rate	Total Property Assessment	Property Revenue Collections
2000-01	51.6	2,126,593,004	10,973,220
2001-02	52.7	2,244,046,500	11,826,125
2002-03	53.6	2,329,942,038	12,488,489
2003-04	53.6	2,490,931,253	13,351,392
2004-05	66.4	2,614,723,145	17,361,762
2005-06	59.7	2,743,669,217	16,379,705
2006-07	61	2,898,792,624	17,682,635
2007-08	59.7	3,036,365,811	18,127,104
2008-09	61.3	3,170,851,768	19,437,321
2009-10	61.3	3,162,717,851	19,387,460
2010-11	62.4	3,199,730,798	19,966,320
2011-12	67.4	3,307,734,552	22,294,131
2012-13	67.5	3,343,797,547	22,570,633
2013-14	68.8	3,334,224,323	22,939,463
2014-15	72.8	3,313,407,453	24,121,606
2015-16	73.7	3,427,935,324	25,263,883
2016-17	73.8	3,500,004,402	25,830,032
2017-18	75.2	3,613,052,599	27,170,156
2018-19	77.4	3,682,284,091	28,500,879
2019-20	79.4	3,868,043,097	30,712,262

OVERLAPPING BOND INDEBTEDNESS

The following table shows any other overlapping bond indebtedness of the Franklin County School District or other issuing agency within the County as reported by the State Local Debt Officer for the period ending June 30, 2020.

Issuer	Original Principal Amount	Amount of Bonds Redeemed	Current Principal Outstanding
Franklin County			
General Obligation	2,200,000	615,000	1,585,000
Real Property Renewable	875,000	628,000	247,000
Educational Development Revenue	1,760,000	1,175,000	585,000
Refinancing Revenue	13,010,000	1,085,000	11,925,000
Justice Center Revenue	5,125,000	0	5,125,000
Pool Funding Refunding Revenue	6,175,000	1,435,000	4,740,000

City of Frankfort			
General Obligation	14,437,415	2,341,387	12,096,028
Building Revenue	590,750	297,722	293,028
Sewer Revenue	19,990,000	7,500,000	12,490,000
Multiple Purpose Revenue	13,445,000	6,205,000	7,240,000
Dispatch Equipment Lease Revenue	530,257	380,626	149,631
Special Districts			
Farmdale Water District	1,858,000	113,500	1,744,500
Peaks Mill Water District	627,000	203,600	423,400
Frankfort Electric & Water Plant Board	65,845,012	31,685,000	34,160,012
Franklin County Industrial Development Authority	250,000	195,000	55,000
Totals:	146,718,434	53,859,835	92,858,599

Source: 2020 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.

	Base Funding	Local Tax Effort	Total State & Local Funding
2019-20 SEEK	19,910,471	30,712,262	50,622,733
2018-19 SEEK	20,409,506	28,500,879	48,910,385
2017-18 SEEK	20,107,673	27,170,156	47,277,829
2016-17 SEEK	20,454,172	25,830,032	46,284,204
2015-16 SEEK	20,095,120	25,263,883	46,284,204
2014-15 SEEK	20,153,528	24,121,606	44,275,134
2013-14 SEEK	18,817,626	22,939,463	41,757,089
2012-13 SEEK	18,269,516	22,570,633	40,840,149
2011-12 SEEK	18,499,485	22,294,131	40,793,616
2010-11 SEEK	17,222,699	19,966,320	37,189,019
2009-10 SEEK	16,991,577	19,387,460	36,379,037
2008-09 SEEK	18,590,082	19,437,321	38,027,403
2007-08 SEEK	18,348,263	18,127,104	36,475,367
2006-07 SEEK	16,106,368	17,682,635	33,789,003
2005-06 SEEK	16,072,451	16,379,705	32,452,156
2004-05 SEEK	15,102,042	17,361,762	32,463,804
2003-04 SEEK	14,690,359	13,351,392	28,041,751
2002-03 SEEK	14,776,873	12,488,489	27,265,362
2001-02 SEEK	14,666,579	11,826,125	26,492,704
2000-01 SEEK	14,777,237	10,973,220	25,750,457

(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 $0.669 for FY 2018-19. 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.

COVID-19

The recent outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, which was first detected in China and has since spread to other countries, including the United States and the Commonwealth of Kentucky, has been declared a Pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to affect economic growth worldwide. On March 13, 2020, President Donald Trump declared a national emergency to unlock federal funds to help states and local governments fight the pandemic.

While the collection of property taxes, which are a significant source of building fund revenue for the payment of principal and interest due on the bonds (see "LOCAL SUPPORT" herein) may be impacted by the COVID-19 emergency, the District does not expect the impact to be significant unless the economic hardship is long term. In addition, the Commonwealth of Kentucky revenues are also likely to be impacted by a long-term economic hardship caused by declining collections of sales taxes, wage taxes, income taxes, property taxes and other revenue sources. The impact of those declining revenue collections on state education funds (see "STATE SUPPORT" herein) is unknown. Although the potential impact of the virus on the Commonwealth and the Board of Education's future ability to make payments under the Lease cannot be predicted at this time, the continued spread of the outbreak could have a material adverse effect on the Board of Education and ultimately, the Corporation.

On March 24, 2020 the Governor of Kentucky signed Senate Bill 177 which provides relief to Kentucky School Districts in light of the Coronavirus emergency. Among other things, it removes the limits on the number of days that a district can utilize an approved Non-Traditional Instruction program ("NTI"). Senate Bill 177 also authorizes Kentucky Superintendents to use their school year 2018-2019 attendance data on their Superintendent's Annual Attendance Report. The report determines a district's average daily attendance used in calculating Support Education Excellence in Kentucky ("SEEK") funds. On April 2, 2020, the Governor of Kentucky has recommended that all schools remain closed until at least May 1, 2020, and all 172 Kentucky school districts are utilizing KDE's Non-Traditional Instruction (NTI) Program. For more information on the Kentucky Department of Education's response to COVID 19, please see their website at https://education.ky.gov/comm/Pages/COVID-19-Updates.aspx.

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

The Board and Corporation have been timely in making required filings under the terms of the Continuing Disclosure Agreement for the past five years.

Financial information regarding the Board may be obtained from Superintendent, Franklin County Board of Education, 190 King’s Daughters Dr. #300, Frankfort, Kentucky 40601 Telephone (502) 695-6700.

TAX EXEMPTION; BANK QUALIFIED

Bond Counsel is of the opinion that:

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

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

(C)As a result of designations and certifications by the Board and the Corporation, indicating the issuance of less than $10,000,000 of tax-exempt obligations during the calendar year ending December 31, 2020, the Bonds are"qualified tax-exempt obligations" within the meaning of the Internal Revenue Code of 1986, as amended.

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

Original Issue Premium

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

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

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

ABSENCE OF MATERIAL LITIGATION

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

APPROVAL OF LEGALITY

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

NO LEGAL OPINION EXPRESSED AS TO CERTAIN MATTERS

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

BOND RATING

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

FINANCIAL ADVISOR

Prospective bidders are advised that RSA Advisors, LLC ("RSA") has been employed as Financial 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 Franklin 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 Franklin County Board of Education or the Financial 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 Franklin 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 Financial 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

Franklin County School District Finance Corporation
School Building Revenue Bonds
Series of 2020

Demographic and Economic Data

FRANKLIN COUNTY, KENTUCKY

Frankfort, the county seat of Franklin County had an estimated 2013 population of 27,453. Frankfort is located 84 miles southwest of Cincinnati, Ohio; 27 miles northwest of Lexington, Kentucky; and 54 miles east of Louisville, Kentucky. Franklin County had an estimated population of 50,485 persons in 2017.

The Economic Framework

The total number of people employed in Franklin County in 2015 averaged 31,689. Construction firms in the county reported 844 employees; trade, transportation, and public utilities 3,242 jobs; 320 employed in information roles; 1,032 in financial activities; 2,888 employed in professional and business services; 2,780 in leisure and hospitality; 728 people in other services and unclassified; and 17,884 are in private industries.

Labor Supply

There is a current estimated labor supply of 64,103 persons available for industrial jobs in the labor market area. In addition, from 2014 through 2017, 79,727 young persons in the area will become 18 years of age and potentially available for industrial jobs.

Transportation

U.S. Highway 64, runs through Franklin County. The nearest commercial airline service is in Lexington, Kentucky at the Blue Grass Airport, which is located 27 miles southeast of Frankfort.

Power and Fuel

Electric power is provided to Franklin County by the E.ON U S-KU, Frankfort Electric & Water Plant Board, East Kentucky Power Cooperative, Blue Grass Energy Cooperative Corp, and Shelby Energy Cooperative Inc. Natural gas services are provided by Atmos Energy Corporation and Columbia Gas of Kentucky, Inc.

Education

The Franklin County School System and Frankfort Independent Schools provide primary education to the residents of Franklin County. There are 72 colleges and universities and 18 technology centers (ATC) within 60 miles of Frankfort.

LOCAL GOVERNMENT

Structure

Frankfort's Government structure consists of a mayor and three magistrates. The mayor serves a four-year term while the council members serve two-year terms. Franklin County is served by a judge/executive and six magistrates. The judge executive and magistrates are elected to serve a four-year term.

Planning and Zoning

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

Sales and Use Tax

A state sales and use tax is levied at the rate of 6.0% on the purchase or lease price of taxable goods and on utility services. Local sales taxes are not levied in Kentucky.

State and Local Property Taxes

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

LABOR MARKET STATISTICS

The Frankfort Labor Market Area includes Owen, Henry, Oldham, Scott, Jefferson, Shelby, Franklin, Bourbon, Spencer, Woodford, Anderson, Fayette, Clark, Jessamine, Washington, Mercer, and Madison Counties in Kentucky.

Population

	----------------------Estimate Year----------------------				
Description	**2013**	**2014**	**2015**	**2016**	**2017**
Franklin County	49,600	49,963	50,273	50,560	50,485
Frankfort	27,375	27,605	27,775	27,885	N/A
Labor Market Area	1,588,940	1,600,303	1,612,653	1,624,736	1,640,824

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

Population Projections

Description	2025	2030	2035
Franklin County	51,123	51,201	51,028

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

EDUCATION

Public Schools

	Franklin County Schools	Frankfort Independent Schools
Total Enrollment (2016-2017)	6,218	779
Pupil-Teacher Ratio	17.0 - 1	12.2 - 1

Vocational - Technical Schools

Institution	Location	Enrollment (2016-2017)
Franklin County Career & Technical	Frankfort	892
Elkhorn Crossing School	Georgetown	885
Shelby County ATC	Shelbyville	565
Eastside Technical Center	Lexington	820
Southside Technical Center	Lexington	438
Jessamine Career & Tech Center	Nicholasville	3,338
Hughes Jones Harrodsburg ATC	Harrodsburg	255
Oldham County ATC	Buckner	450
Harrison County ATC	Cynthiana	1,098
Carroll County ATC	Carrollton	723
Clark County ATC	Winchester	689
Nelson County ATC	Bardstown	472
Garrard County ATC	Lancaster	368
Madison County ATC	Richmond	808
Lincoln County ATC	Stanford	407
Marion County ATC	Lebanon	916
Bullitt County ATC	Shepherdsville	346
Montgomery County ATC	Mt. Sterling	657
Campbell County ATC	Alexandria	417
Casey County ATC	Liberty	514

Colleges and Universities

Institution	Location	Enrollment (Fall 2016)
Kentucky State University	Frankfort	1,736
Bluegrass Community & Technical College	Lexington	9,940
Bellarmine University	Louisville	3,973
Spalding University	Louisville	2,322
University of Louisville	Louisville	21,578
Midway College	Midway	1,194
Georgetown College	Georgetown	1,526
Asbury University	Wilmore	1,854
Sullivan University	Louisville	3,462
University of Kentucky	Lexington	29,781
Centre College	Danville	1,430

EXISTING INDUSTRY

Firm	Product	Total Employed
Frankfort		
Artiflex Manufacturing	Manufacturer of metal stamping dies, die repair service, producer of metal stamped parts	41
Beam, Inc.	Production and value added packaging for spirits	320
Beam Suntory	Distilled liquor bottling	305
Buffalo Trace Distillery	Distiller of world class and award winning bourbons and American whiskeys	353
Capital City Tool Inc	Machine shop: custom, general, lathe, mill & CNC machining; plastic machined parts, screw machined parts & grinding service	90
CENTRIA	Steel building components	119
Custom Data Processing, Inc.	Processing/storage of electronic medical records for health departments & other health agencies	59
DXC Technology	Call center, help desk, data center, mail room, print operations, programming, data analytics, application testing services, data entry	100
Greenheck Fan Corp	Manufactures an distributes commercial and industrial air moving and control equipment	250
Harrod Concrete & Stone Co	Ready-mixed concrete & crushed limestone	105
Hayashi Telempu North America	Automotive interior components	120
Investors Heritage Capital Corporation	Headquarters, corporate office	80
McLane Foodservice	Distribution and warehousing center	90
Meritor Inc.	Truck Axles	150
Mitsui Kinzoku Catalysts America, Inc.	Manufacture catalytic converters for automobiles & motorcycles in the US	42
Montaplast of North America	Plastic injection molding automotive	800
Nashville Wire Products	Material handling storage products, wire mesh decking for pallet rack storage	65
The Recon Group	Repackages and handles returns for an online retailer	60
TOPY America Inc	Steel road wheels for passenger cars and light trucks	325
Washington Penn Plastic Co Inc	Compounder of thermoplastic	81

Source: Kentucky Cabinet for Economic Development (7/15/18)

FINANCIAL INSTITUTIONS

Institution	Total Assets	Total Deposits
The Bankers Bank of Kentucky, Inc.	$103,112,000	$ 89,268,000
United Bank & Capitol Trust	$1,619,961,000	$1,377,501,000

Source: McFadden American Financial Directory (January-June 2018 Edition)

APPENDIX B

Franklin County School District Finance Corporation
School Building Revenue Bonds
Series of 2020

Audited Financial Statement ending June 30, 2019

FRANKLIN COUNTY SCHOOL DISTRICT
Frankfort, Kentucky

FINANCIAL STATEMENTS
June 30, 2019

CONTENTS

Members American Institute of Certified Public Accountants
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INDEPENDENT AUDITORS' REPORT

To the State Committee for School District Audits and
Members of the Board of Education
Franklin County School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Franklin County School District as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Franklin County School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Independent Auditor's Contract, including Appendix II – Instructions for Submissions of the Audit Report*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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 Franklin County School District, as of June 30, 2019, 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.

RFH, PLLC • 300 West Vine Street, Suite 800 • Lexington, Kentucky 40507-1812
Phone: 859-231-1800 • **Fax:** 859-422-1800 • **Toll-Free:** 1-800-342-7299 **www.rfhcpas.com**

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension and OPEB schedules on pages 3-7 and 50-61 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Franklin County School District's basic financial statements. The combining nonmajor fund financial statements, the combining student group fiduciary fund financial statements, and the high school fiduciary financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* 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 combining nonmajor fund financial statements, the combining student group fiduciary fund financial statements, the high school fiduciary financial statements and the schedule of expenditures of federal awards are 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 combining nonmajor fund financial statements, the combining student group fiduciary fund financial statements, the high school fiduciary financial statements and the schedule of expenditures of federal awards, are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2019, on our consideration of the Franklin County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Franklin 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 Franklin County School District's internal control over financial reporting and compliance.

RFH

RFH, PLLC
Lexington, Kentucky
December 12, 2019

As management of the Franklin County School District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

FINANCIAL HIGHLIGHTS

The beginning cash balance, including activity funds, for the District was $24,225,751. The ending cash balance, including activity funds, for the District was $24,393,875.

The General Fund had $61,142,248 in revenue, which primarily consisted of the state program (SEEK), property, utilities, and motor vehicle taxes. Excluding inter-fund transfers, there were $59,820,424 in General Fund expenditures. This includes on-behalf payments.

The District levied tax rates of 69.5 cents (real estate), 69.5 cents (tangible property) and 51.0 cents (motor vehicles) per $100 of assessed value, and continued the 3% utility tax.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

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

The district-wide financial statements outline functions of the District that are principally supportec by property taxes and intergovernmental revenues (governmental activities). The governmenta 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 deb is also supported by taxes and intergovernmental revenues.

The district-wide financial statements can be found on pages 8 and 9 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 Distric can be divided into three categories: governmental, proprietary funds and fiduciary funds. Fiduciary funds are trust funds established by benefactors to aid in student education, welfare and teacher support. There are proprietary funds for food service and the after school program. All other activities of the district are included in the governmental funds.

The basic fund financial statements can be found on pages 10-15 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 16-49 of this report.

DISTRICT-WIDE FINANCIAL ANALYSIS

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 may serve over time as a useful indicator of a government's financial position. The change in the net position during the 2019 fiscal year, after allowing for the recognition of the pension and OPEB liabilities, was $790,835.

The District's net position reflects $35.66 million of net investment in capital assets (capital assets less any debt used to acquire those assets that is still outstanding). The District uses these capita 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.

Net position as of June 30, 2019 and June 30, 2018:

	Governmental Activities	Business-type Activities	Total Primary Government June 30, 2019	Total Primary Government June 30, 2018
Current Assets	$ 17,837,648	$ 921,591	$ 18,759,239	$ 16,370,121
Noncurrent Assets	105,298,296	304,318	105,602,614	95,726,238
Total Assets	123,135,944	1,225,909	124,361,853	112,096,359
Deferred outflows of resources	6,460,513	1,355,673	7,816,186	8,871,930
Defeasance on refunding	1,155,415	-	1,155,415	1,370,470
Total Assets and Deferred outflows	130,751,872	2,581,582	133,333,454	122,338,759
Current Liabilities	10,635,021	62,530	10,697,551	7,357,223
Noncurrent Liabilities	106,140,818	5,958,168	112,098,986	106,962,344
Total Liabilities	116,775,839	6,020,698	122,796,537	114,319,567
Deferred inflows of resources	2,428,430	370,019	2,798,449	1,071,559
Net invested in capital assets	35,359,817	304,318	35,664,135	31,171,312
Restricted	7,568,416	(4,113,453)	3,454,963	7,197,974
Unrestricted Fund Balance	(31,380,630)	-	(31,380,630)	(31,421,653)
Total Net Position	$ 11,547,603	$ (3,809,135)	$ 7,738,468	$ 6,947,633

The following table presents a summary of revenue and expenses for the fiscal year ended June 30, 2019 and 2018

	Governmental	Business-type	Total Primary Government 2019	Total Primary Government 2018
Revenues				
Local Revenue Sources	$ 29,492,247	$ -	$ 29,492,247	$ 28,409,042
State Revenue Sources	40,145,761	412,832	40,558,593	40,500,572
Federal Revenue Sources	3,268,579	2,484,653	5,753,232	5,739,101
Investments	650,708	4,579	655,287	414,160
Lunchroom sales	-	362,041	362,041	375,757
Other	-	1,575,692	1,575,692	1,509,639
Total Revenues	73,557,295	4,839,797	78,397,092	76,948,271
Expenses				
Instruction	43,711,473	-	43,711,473	42,554,817
Student Support Services	3,621,835	-	3,621,835	3,393,794
Instructional Support	3,982,357	-	3,982,357	3,807,931
District Administration	1,745,802	-	1,745,802	1,500,812
School Administration	4,640,862	-	4,640,862	4,773,056
Business Support	1,107,429	-	1,107,429	1,101,916
Plant Operations	5,984,168	-	5,984,168	6,068,810
Student Transportation	4,765,590	-	4,765,590	4,860,740
Community Services	589,098	-	589,098	559,647
Food Service	-	3,402,453	3,402,453	3,451,610
After School	-	1,916,349	1,916,349	2,049,663
Interest	2,362,344	-	2,362,344	2,104,346
Other	165,406	-	165,406	251,669
Total Expenses	72,676,364	5,318,802	77,995,166	76,478,811
Extraordinary item - insurance	379,441	-	379,441	
Gain (Loss) on sale of assets	9,468	-	9,468	24,410
Transfers in (out)	(10,476)	10,476	-	23,075
Change in net position	$ 1,259,364	$ (468,529)	$ 790,835	$ 516,945

The government's overall financial position and results of operations increased as a result of the year's operations as reflected in the increase in net position for the year.

FUND FINANCIAL ANALYSIS

Analysis of balances and transactions of individual funds

Fund	Beginning	Revenues	Expenses	Transfer / Other	Ending
General Fund	$ 11,050,410	$ 61,142,248	$ 59,820,425	$ 31,846	$ 12,404,079
Special Revenue	$ 381,298	$ 5,573,135	$ 6,051,103	$ 269,881	$ 173,211
Construction	$ 7,895,393	$ 73,514	$ 14,009,406	$ 10,860,444	$ 4,819,945
Debt Service	$ 165,499	$ 1,230,532	$ 6,016,890	$ 4,620,859	$ -
Capital Outlay	$ 821,254	$ 576,298	$ -	$ (521,329)	$ 876,223
Building	$ 1,681,475	$ 4,766,492	$ -	$ (5,080,951)	$ 1,367,016
District Activity	$ 204,884	$ 195,073	$ 225,337	$ -	$ 174,620

BUDGETARY IMPLICATIONS

In Kentucky the public school fiscal year is July 1 - June 30; other programs, i.e. some federal operate on a different fiscal calendar, but are reflected in the district overall budget. By law the budget must have a minimum 2% contingency. The district adopted a budget for 2018-2019 with $9,623,269 in contingency.

Comments on Budget Comparisons

The original budget was amended to reflect various needs of the district that arose after the working budget was approved, and to adjust for the anticipated revenues once more accurate data was available.

INFRASTRUCTURE

The District has not reported any infrastructure in the current financial statements.

CAPITAL ASSETS AND LONG-TERM DEBT

Governmental	Beginning	Additions	Deductions	Ending
Capital Assets	$ 143,755,478	$ 15,815,745	$ 878,958	$ 158,692,265
Accumulated Depreciation	$ 57,316,972	$ 3,837,419	$ 437,046	$ 60,717,345
Business-Type				
Capital Assets	$ 1,661,032	$ 13,887	$ 5,796	$ 1,669,123
Accumulated Depreciation	$ 1,325,598	$ 45,003	$ 5,796	$ 1,364,805

Governmental				
Bonds Payable	$ 62,710,000	$ 9,580,000	$ 4,120,000	$ 68,170,000
KISTA Lease Payable	$ 2,874,880	$ 315,639	$ 437,350	$ 2,753,169
Capital Lease Payable	$ 38,013	$ -	$ 38,013	$ -
Compensated absences	$ 160,078	$ 154,723	$ -	$ 314,801
KSBIT	$ 103,403	$ -	$ -	$ 103,403
Premium on Bonds	$ 418,352	$ -	$ 49,218	$ 369,134
Discount on Bonds	$ (115,849)	$ (93,324)	$ (10,764)	$ (198,409)

CURRENT ISSUES

For 2018-2019 the board approved a 4% tax increase above the compensating rate plus the $0.001 exoneration recovery rate for real estate and tangible property of 71.5 cents per $100 of assessed value. The compensating tax rate is the rate which applied to the current year's tax assessment of property produces an amount of revenue approximately equal to that produced in the preceding year.

Contacting the District's Financial Management

Questions regarding this report should be directed to Shane Smith, Finance Officer 190 Kings Daughters Drive Bldg. 300, Frankfort, KY 40601 (502-) 695-6700.

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives.

FRANKLIN COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2019

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	$ 15,821,980	$ 787,678	$ 16,609,658
Accounts receivable	2,015,668	60,447	2,076,115
Inventory	-	73,466	73,466
Total current assets	17,837,648	921,591	18,759,239
Noncurrent assets			
Restricted cash and cash equivalents	7,323,376	-	7,323,376
Land and construction in progress	24,550,436	-	24,550,436
Other capital assets, net of depreciation	73,424,484	304,318	73,728,802
Total noncurrent assets	105,298,296	304,318	105,602,614
Total assets	123,135,944	1,225,909	124,361,853
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - pension - CERS	3,847,181	960,538	4,807,719
Deferred outflows - OPEB - CERS	1,605,957	395,135	2,001,092
Deferred outflows - OPEB - KTRS	1,007,375	-	1,007,375
Defeasance on refunding	1,155,415	-	1,155,415
Total deferred outflows of resources	7,615,928	1,355,673	8,971,601
Total assets and deferred outflows of resources	$ 130,751,872	$ 2,581,582	$ 133,333,454
LIABILITIES			
Current liabilities			
Accounts payable	$ 2,072,501	$ 13,826	$ 2,086,327
Accrued salaries and benefits payable	1,389,756	48,704	1,438,460
Construction retainage payable	1,120,304	-	1,120,304
Unearned revenues	763,369	-	763,369
Interest payable	681,441	-	681,441
KSBIT assessment - current	68,935	-	68,935
KISTA lease - current	458,715	-	458,715
Bond obligations - current	4,080,000	-	4,080,000
Total current liabilities	10,635,021	62,530	10,697,551
Noncurrent liabilities			
Compensated absences	314,801	-	314,801
KSBIT assessment - noncurrent	34,468	-	34,468
Capital lease - noncurrent	2,294,454	-	2,294,454
Bond obligations - noncurrent	64,260,725	-	64,260,725
Net pension liability - CERS	18,638,228	4,618,452	23,256,680
Net OPEB liability - CERS	5,439,937	1,339,716	6,779,653
Net OPEB liability - KTRS	15,158,205	-	15,158,205
Total noncurrent liabilities	106,140,818	5,958,168	112,098,986
Total liabilities	116,775,839	6,020,698	122,796,537
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - pension - CERS	497,666	121,625	619,291
Deferred inflows - OPEB - CERS	1,038,643	248,394	1,287,037
Deferred inflows - OPEB - KTRS	892,121	-	892,121
Total deferred inflows of resources	2,428,430	370,019	2,798,449
NET POSITION			
Net investment in capital assets	35,359,817	304,318	35,664,135
Restricted for			
Compensated absences	157,401	-	157,401
Grants	173,211	-	173,211
Food service	-	(2,022,882)	(2,022,882)
After school	-	(2,090,571)	(2,090,571)
KSFCC escrow	880,193	-	880,193
SFCC escrow	1,363,046	-	1,363,046
Other	174,620	-	174,620
Future construction	4,819,945	-	4,819,945
Unrestricted	(31,380,630)	-	(31,380,630)
Total net position	11,547,603	(3,809,135)	7,738,468
Total liabilities, deferred inflows of resources and net position	$ 130,751,872	$ 2,581,582	$ 133,333,454

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

FRANKLIN COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
for the year ended June 30, 2019

		Program Revenues			Net (Expense) Revenue and Changes in Net Position Primary Government		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-type Activities**	**Total**
Primary government							
Governmental activities							
Instruction	$ 43,711,474	$ 35,904	$ 3,446,296	$ 108,465	$ (40,120,809)	$ -	$ (40,120,809)
Support Services:							
Student	3,621,834	-	414,648	-	(3,207,186)	-	(3,207,186)
Instruction staff	3,982,357	-	949,216	-	(3,033,141)	-	(3,033,141)
District administrative	1,745,802	-	-	-	(1,745,802)	-	(1,745,802)
School administrative	4,640,862	-	122,204	-	(4,518,658)	-	(4,518,658)
Business	1,107,429	-	6,553	-	(1,100,876)	-	(1,100,876)
Plant operation and maintenance	5,984,168	-	43,562	-	(5,940,606)	-	(5,940,606)
Student transportation	4,765,590	-	3,487	-	(4,762,103)	-	(4,762,103)
Community service activities	589,098	-	478,706	-	(110,392)	-	(110,392)
Interest on long-term debt	2,362,344	-	-	208,183	(2,154,161)	-	(2,154,161)
Bond issuance cost	165,406	-	-	-	(165,406)	-	(165,406)
Total governmental activities	72,676,364	35,904	5,464,672	316,648	(66,859,140)	-	(66,859,140)
Business-type activities							
Food service	3,402,453	362,229	2,892,864	-	-	(147,360)	(147,360)
After school programs	1,916,349	1,394,767	185,358	-	-	(336,224)	(336,224)
Total business-type activities	5,318,802	1,756,996	3,078,222	-	-	(483,584)	(483,584)
Total school district	$ 77,995,166	$ 1,792,900	$ 8,542,894	$ 316,648	(66,859,140)	(483,584)	(67,342,724)

	Governmental Activities	Business-type Activities	Total
General revenues			
Taxes:			
Property taxes	23,862,504	-	23,862,504
Motor vehicle taxes	2,015,251	-	2,015,251
Utility taxes	3,071,768	-	3,071,768
State aid-formula grants	37,686,301	-	37,686,301
Investment earnings	650,708	4,579	655,287
Miscellaneous	453,539	-	453,539
Total general revenues	67,740,071	4,579	67,744,650
Extraordinary item - insurance reimbursement	379,441	-	379,441
Operating transfers in (out)	(10,476)	10,476	-
Gain on sale of assets	9,468	-	9,468
Change in Net Position	1,259,364	(468,529)	790,835
Net position-beginning, as restated	10,288,239	(3,340,606)	6,947,633
NET POSITION-ENDING	$ 11,547,603	$ (3,809,135)	$ 7,738,468

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

FRANKLIN COUNTY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2019

	General Fund	Special Revenue Fund	Construction Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 12,764,278	$ 641,404	$ 7,323,376	$ 2,416,298	$ 23,145,356
Other receivables	1,565,876	446,788	-	3,004	2,015,668
Total assets	$ 14,330,154	$ 1,088,192	$ 7,323,376	$ 2,419,302	$ 25,161,024
LIABILITIES					
Accounts payable	$ 547,926	$ 140,005	$ 1,383,127	$ 1,443	$ 2,072,501
Accrued salaries and benefits	1,378,149	11,607	-	-	1,389,756
Construction retainage payable	-	-	1,120,304	-	1,120,304
Unearned revenues	-	763,369	-	-	763,369
Total liabilities	1,926,075	914,981	2,503,431	1,443	5,345,930
FUND BALANCES					
Restricted					
Compensated absences	157,401	-	-	-	157,401
Grants	-	173,211	-	-	173,211
KSFCC escrow	-	-	-	880,193	880,193
SFCC escrow	-	-	-	1,363,046	1,363,046
Other	-	-	-	174,620	174,620
Future construction	-	-	4,819,945	-	4,819,945
Assigned	724,337	-	-	-	724,337
Unassigned	11,522,341	-	-	-	11,522,341
Total fund balances	12,404,079	173,211	4,819,945	2,417,859	19,815,094
Total liabilities and fund balances	$ 14,330,154	$ 1,088,192	$ 7,323,376	$ 2,419,302	$ 25,161,024

Amounts reported for *governmental activities* in the statement of net position are different because:	
Fund balances reported above	$ 19,815,094
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	97,974,920
Interest accrued on general long term debt is not a current expenditure and is not reported in the funds.	(681,441)
Net deferred inflows/outflows related to the long-term net pension and OPEB liabilities are not reported in the funds.	4,032,082
Long-term liabilities, including bond obligations, KSBIT assessment, net pension liability, net OPEB liability, capital leases and compensated absences are not due and payable in the current period and therefore are not reported in the funds.	(109,593,052)
Net position of governmental activities	$ 11,547,603

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

FRANKLIN COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
for the year ended June 30, 2019

	General	Special Revenue Fund	Construction Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
From local sources					
Property taxes	$ 20,180,220	$ -	$ -	$ 3,682,284	$ 23,862,504
Motor vehicle taxes	2,015,251	-	-	-	2,015,251
Utility taxes	3,071,768	-	-	-	3,071,768
Earnings on investments	577,194	-	73,514	-	650,708
Tuition	35,904	-	-	-	35,904
Other local revenues	243,478	53,279	-	210,060	506,817
Intergovernmental - State	34,924,334	2,345,376	-	2,876,051	40,145,761
Intergovernmental - Federal	94,099	3,174,480	-	-	3,268,579
Total revenues	61,142,248	5,573,135	73,514	6,768,395	73,557,292
EXPENDITURES					
Instruction	35,929,547	3,748,024	-	159,934	39,837,505
Support services					
Student	3,139,766	450,854	-	-	3,590,620
Instructional staff	2,745,375	1,032,100	-	65,403	3,842,878
District administration	1,716,518	-	-	-	1,716,518
School administration	4,299,480	132,874	-	-	4,432,354
Business	1,019,636	7,125	-	-	1,026,761
Plant operation and maintenance	5,263,878	47,365	-	-	5,311,243
Student transportation	3,743,443	3,791	-	-	3,747,234
Community service activities	35,964	520,505	-	-	556,469
Capital outlay	1,421,361	108,465	13,844,000	-	15,373,826
Debt service	505,456	-	-	6,016,890	6,522,346
Bond issue costs	-	-	165,406	-	165,406
Total expenditures	59,820,424	6,051,103	14,009,406	6,242,227	86,123,160
Excess (deficiency) of revenues over expenditures	1,321,824	(477,968)	(13,935,892)	526,168	(12,565,868)
OTHER FINANCING SOURCES (USES)					
Proceeds from capital lease	315,639	-	-	-	315,639
Proceeds from bond issuance	-	-	9,580,000	-	9,580,000
Proceeds from sale of assets	9,468	-	-	-	9,468
Bond issue discount	-	-	(93,324)	-	(93,324)
Operating transfers in	111,649	269,881	1,373,768	4,620,859	6,376,157
Operating transfers out	(784,352)	-	-	(5,602,280)	(6,386,632)
Total other financing sources and uses	(347,596)	269,881	10,860,444	(981,421)	9,801,308
EXTRAORDINARY ITEM - INSURANCE	379,441	-	-	-	379,441
Net change in fund balances	1,353,669	(208,087)	(3,075,448)	(455,253)	(2,385,119)
Fund balances-beginning, as restated	11,050,410	381,298	7,895,393	2,873,112	22,200,213
Fund balances-ending	$ 12,404,079	$ 173,211	$ 4,819,945	$ 2,417,859	$ 19,815,094

Reconciliation to government-wide change in net position:	
Net change in fund balances	$ (2,385,119)
add: capital outlay expenditures capitalized	15,373,826
add: debt service expenditures	6,522,346
add: gain on disposal of capital assets	9,468
add: discount on bond issuance	93,324
add: change in long term compensated absences	(154,724)
less: proceeds from sale of capital assets	(9,468)
less: change in net pension liability	(1,821,929)
less: change in net OPEB liability	(272,958)
less: proceeds from capital lease	(315,639)
less: proceeds from bonds	(9,580,000)
less: depreciation on governmental activities assets	(3,837,419)
less: interest on long term debt	(2,362,344)
Change in net position governmental activities	$ 1,259,364

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

FRANKLIN COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2019

	Food Service Fund	After School Programs Fund	Totals
ASSETS			
Current assets			
Cash and cash equivalents	$ 569,699	$ 217,979	$ 787,678
Accounts receivable	43,869	16,578	60,447
Inventory	73,466	-	73,466
Total current assets	687,034	234,557	921,591
Noncurrent assets			
Capital assets, net of depreciation	304,318	-	304,318
Total assets	991,352	234,557	1,225,909
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - pension - CERS	522,568	437,970	960,538
Deferred outflows - OPEB - CERS	209,780	185,355	395,135
Total deferred outflows of resources	732,348	623,325	1,355,673
Total assets and deferred outflows of resources	$ 1,723,700	$ 857,882	$ 2,581,582
LIABILITIES			
Current liabilities			
Accounts payable	$ 4,559	$ 9,267	$ 13,826
Accrued salaries and benefits	8,329	40,375	48,704
Total current liabilities	12,888	49,642	62,530
Noncurrent liabilities			
Net pension liability - CERS	2,520,281	2,098,171	4,618,452
Net OPEB liability - CERS	711,006	628,710	1,339,716
Total noncurrent liabilities	3,231,287	2,726,881	5,958,168
Total liabilities	3,244,175	2,776,523	6,020,698
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - pension - CERS	64,741	56,884	121,625
Deferred inflows - OPEB - CERS	133,348	115,046	248,394
Total deferred inflows of resources	198,089	171,930	370,019
NET POSITION			
Net investment in capital assets	304,318	-	304,318
Restricted net position	(2,022,882)	(2,090,571)	(4,113,453)
Total net position	(1,718,564)	(2,090,571)	(3,809,135)
Total liabilities, deferred inflows of resources and net position	$ 1,723,700	$ 857,882	$ 2,581,582

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

FRANKLIN COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
for the year ended June 30, 2019

	Food Service Fund	After School Programs Fund	Totals
Operating revenues			
Lunchroom sales	$ 362,041	$ -	$ 362,041
Other revenues	188	1,394,767	1,394,955
Total operating revenues	362,229	1,394,767	1,756,996
Operating expenses			
Salaries and wages	1,872,890	1,662,906	3,535,796
Contract services	72,495	110,885	183,380
Materials and supplies	1,401,591	95,811	1,497,402
Other expenses	10,474	46,747	57,221
Depreciation	45,003	-	45,003
Total operating expenses	3,402,453	1,916,349	5,318,802
Operating (loss)	(3,040,224)	(521,582)	(3,561,806)
Nonoperating revenues			
Federal grants	2,484,653	-	2,484,653
Commodities received	180,736	-	180,736
State grants	26,734	-	26,734
State on-behalf payments	200,741	185,358	386,099
Interest income	4,579	-	4,579
Operating transfers in	-	10,476	10,476
Total nonoperating revenue	2,897,443	195,834	3,093,277
Change in net position	(142,781)	(325,748)	(468,529)
Total net position-beginning of year	(1,575,783)	(1,764,823)	(3,340,606)
TOTAL NET POSITION-ENDING	$ (1,718,564)	$ (2,090,571)	$ (3,809,135)

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

FRANKLIN COUNTY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
for the year ended June 30, 2019

	Food Service Fund	After School Programs Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	$ 363,220	$ 1,417,590	$ 1,780,810
Cash paid to employees, including benefits	(1,413,859)	(1,256,858)	(2,670,717)
Cash paid to suppliers	(1,339,758)	(213,293)	(1,553,051)
Net cash (used) by operating activities	(2,390,397)	(52,561)	(2,442,958)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash received from government funding	2,511,387	-	2,511,387
Transfers (to) from other funds	-	10,476	10,476
Net cash provided by noncapital financing activities	2,511,387	10,476	2,521,863
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(13,887)	-	(13,887)
Net cash (used) by capital and related financing activities	(13,887)	-	(13,887)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	4,579	-	4,579
Net cash provided by investing activities	4,579	-	4,579
Net increase (decrease) in cash and cash equivalents	111,682	(42,085)	69,597
Balances-beginning of the year	458,017	260,064	718,081
BALANCES-END OF THE YEAR	$ 569,699	$ 217,979	$ 787,678
Reconciliation of operating (loss) to net cash (used) by operating activities:			
Operating (loss)	$ (3,040,224)	$ (521,582)	$ (3,561,806)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:			
Depreciation expense	45,003	-	45,003
Net change in pension liability	232,318	198,499	430,817
Net change in OPEB liability	25,972	22,191	48,163
Donated commodities	180,736	-	180,736
On-behalf payments	200,741	185,358	386,099
Change in assets and liabilities			
Decrease in inventory	(40,978)	-	(40,978)
(Increase) decrease in accounts receivable	991	22,823	23,814
Increase (decrease) in accrued salaries and benefits	8,329	40,375	48,704
Increase (decrease) in accounts payable	(3,285)	(225)	(3,510)
Net cash (used) by operating activities	$ (2,390,397)	$ (52,561)	$ (2,442,958)
Schedule of non-cash activities			
Donated commodities received from federal government	$ 180,736	$ -	$ 180,736
On-behalf payments received from the state government	$ 200,741	$ 185,358	$ 386,099

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

FRANKLIN COUNTY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2019

	SCHOOL ACTIVITY FUNDS
ASSETS	
Cash and cash equivalents	$ 460,841
Total assets	$ 460,841
LIABILITIES	
Due to student groups	$ 460,841
NET POSITION	
Restricted	-
Total liabilities and net position	$ 460,841

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

The District, for financial purposes, includes all of the funds and account groups relevant to the operation of the Franklin 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 District itself such as Band Boosters, Parent-Teacher Associations, etc.

The financial statements of the Board include those of separately administered organizations that are controlled by or are dependent on the District. 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 is included in the accompanying financial statements:

Franklin County School District Finance Corporation (the Corporation)

The Franklin County Board of Education has established the Franklin County School District Finance Corporation (a non-profit, non-stock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS Section 58.180) as an agency of the Board for financing the costs of school building facilities. The Board Members of the Franklin County Board of Education also comprise the Corporation's Board of Directors.

B. 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 reconciliations with brief explanations to better identify the relationship between the district-wide statements and the statements for governmental funds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation, continued

District-wide Financial Statements, 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 proprietary 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 fund balance. Proprietary funds and fiduciary funds are reported using the economic resources measurement focus. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

The District has the following funds:

Governmental Fund Types:

General Fund – The primary operating fund of the District. It accounts for and reports all financial resources not accounted for and reported in another fund. 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.

Special revenue funds –The District has the following special revenue funds:

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

District Activity Fund – This is a non-major fund of the District and accounts for district activity funds that are legally restricted to expenditure for specified purposes imposed by external parties, enabling legislation, or by board action.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation, continued

Capital Project Funds – Capital project funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital project funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

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. This is a non-major fund for the District

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

The Construction Fund accounts for activities arising from authorized construction and/or renovation projects. This is a major fund for the District.

Debt Service Fund – The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest on long-term debt. Debt service funds are used to report resources if legally mandated. Financial resources that are being accumulated for principal and interest maturing in future years are reported in debt service funds. This is a non-major fund for the District.

Proprietary Funds (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). This is a major fund for the District.

The After School Program Fund is used to account for after school program revenues and related expenses.

Fiduciary Fund Type (Agency Funds):

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

C. Basis of Accounting

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting, continued

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

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the 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 non-exchange transactions must also be available before they can be recognized.

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

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

D. 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.

E. Prepaid Assets

Payments made that will benefit periods beyond June 30, 2019 are recorded as prepaid items using the consumption method. Prepaid assets are only recorded if material to the financial statements.

F. Inventories

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

On fund financial statements, inventories are stated at cost. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. The food service fund uses the specific identification method and the general fund uses the first-in, first-out method.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. 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.

The property tax rates assessed for the year ended June 30, 2019, to finance operations were $.695 per $100 valuation for real property, $.695 per $100 valuation for business personal property and $.510 per $100 valuation for motor vehicles.

Utility Tax Revenues

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

H. Fund Balance Classification Policies and Procedures

Nonspendable Fund Balance – Amounts that cannot be spent because they are either not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact will be classified as nonspendable fund balance.

Restricted Fund Balance – Fund balance will be reported as restricted when constraints placed on the use of resources are either; (a) externally imposed by creditors, grantors, contributors, or laws or regulations or other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Education will be reported as committed fund balance.

Assigned Fund Balance – Amounts that have been assigned for a specific purpose by formal resolution of the Board of Education will be reported as assigned fund balance.

Unassigned Fund Balance – The residual classification for the General Fund or the negative fund balance of any other governmental fund.

When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, the funds will first be spent from restricted, then committed, then assigned, and then finally unassigned.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. 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.

J. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District 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.

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

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

K. Accumulated Unpaid Sick Leave Benefits

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Accumulated Unpaid Sick Leave Benefits, continued

For governmental fund financial statements the current portion of unpaid accrued sick leave is the amount expected to be paid using expendable available resources. These amounts are recorded in the account “accumulated sick leave payable” in the General Fund. The noncurrent portion of the liability is not reported.

L. 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.

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

N. Postemployment Benefits Other Than Pensions (OPEB)

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Net Position

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

P. 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 and collections for services such as after school fees. All other revenues are considered to be non-operating.

Q. Contributions of Capital

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

R. Construction Retainage Payables

Construction retainage payables reflect amounts due to contractors for work on construction projects, which were incurred but unpaid at year end. The liability includes amount held by the District for retainage, which is to be paid upon completion of the construction projects.

S. Interfund Activity

Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T. Budgetary Process

Once the budget is approved, it can be amended. Amendments are presented to the Board at their regular meetings.

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

U. Use of Estimates

The process of preparing financial statements in conformity with generally accepted accounting principles of 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 financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

V. Management's Review of Subsequent Events

The District has evaluated and considered the need to recognize or disclose subsequent events through December 12, 2019, which represents the date that these financial statements were available to be issued. Subsequent events past this date, as they pertain to the fiscal year ended June 30, 2019, have not been evaluated by the District.

2. PROPERTY TAX CALENDAR

Property taxes for fiscal year 2019 were levied on the assessed valuation of property located in the School District as of January 1, 2018 lien date. The due date and collection periods for all taxes exclusive of vehicle taxes are as follows:

Description	Date per KRS 134.015
Due date for payment of taxes	Upon receipt
Face value amount payment date	December 31
Delinquent date, 5% penalty	January 1
Delinquent date, 10% penalty	February 1

Vehicle taxes are collected by the County Clerk and are due and collected in the birth month of the vehicle's licensee.

3. CASH AND CASH EQUIVALENTS

Interest rate risk – In accordance with the District's investment policy, interest rate risk is limited by investing in public funds with the highest rate of return with the maximum security of principal. Investments are undertaken in a manner that seeks to ensure preservation of the capital in its portfolio.

Credit risk – The District's investment policy limits the types of authorized investment instruments to obligations of the United States, its agencies, and instrumentalities. In addition, certificates of deposit or bonds of a bank or the Commonwealth of Kentucky, securities issued by a state or local government or shares of mutual funds are acceptable investments.

3. CASH AND CASH EQUIVALENTS (CONTINUED)

Concentration of credit risk – The District may invest, at any one time, funds in any one of the above listed categories with no limitation of the total amount of funds invested on behalf of the District.

Custodial credit risk – For deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned. The District maintains deposits with financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). As allowed by law the depository bank should pledge securities along with FDIC insurance at least equal to the amount on deposit at all times.

At year end, the bank balances of the District's total cash and cash equivalents was $26,559,981. Of the total cash balance, $250,000 was covered by Federal Depository insurance, and the remainder was covered by collateral agreements and collateral held by pledging banks' trust department in the District's name. The District had a FHLB letter of credit pledged at June 30, 2019 for $33,300,000 in addition to pledged securities held in the District's name of $1,654,571.

Cash and cash equivalents at June 30, 2019, consisted of the following:

	Bank Balance	Book Balance
General checking account:		
General Fund		$ 12,764,278
Special Revenue Fund		641,404
District Activity Fund		173,059
SEEK Capital Outlay Fund		876,223
FSPK Building Fund		1,367,016
Construction Fund		7,323,376
Debt Service Fund		-
Food Service Fund		569,699
After School Program Fund		217,979
Total general checking account	$ 26,078,823	23,933,034
Fiduciary Funds – School Activity	481,158	460,841
Total	$ 26,559,981	$ 24,393,875

Governmental Funds	$ 23,145,356
Proprietary Funds	787,678
Fiduciary Funds	460,841
Total	$ 24,393,875

4. ACCOUNTS RECEIVABLE

There was no allowance for uncollectible accounts at June 30, 2019. Receivables at year end for the District's major individual funds and nonmajor funds in the aggregate are as follows:

Governmental activities:	General	Special Revenue	Other Governmental	Total
Taxes	$ 807,295	$ -	$ -	$ 807,295
Intergovernmental	-	446,788	-	446,788
Other	758,581	-	3,004	761,585
Total	$ 1,565,876	$ 446,788	$ 3,004	$ 2,015,668

4. ACCOUNTS RECEIVABLE (CONTINUED)

Business-type activities:	Food Service	After School Program	Total
Intergovernmental	$ 43,869	$ 16,578	$ 60,447

5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2019, was as follows:

Governmental activities	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
Capital assets not being depreciated:				
Land	$ 1,738,545	$ -	$ -	$ 1,738,545
Construction in progress	9,782,788	13,471,015	(441,912)	22,811,891
Total	11,521,333	13,471,015	(441,912)	24,550,436
Capital assets being depreciated:				
Land improvements	3,590,716	111,031	-	3,701,747
Buildings and improvements	115,007,811	1,406,690	-	116,414,501
Technology equipment	3,568,871	123,958	(158,490)	3,534,339
Vehicles	7,690,915	343,466	(278,556)	7,755,825
General equipment	2,375,832	359,585	-	2,735,417
Total	132,234,145	2,344,730	(437,046)	134,141,829
Total capital assets	143,755,478	15,815,745	(878,958)	158,692,265
Less: accumulated depreciation				
Land improvements	2,783,008	110,090	-	2,893,098
Buildings and improvements	44,746,980	2,983,257	-	47,730,237
Technology equipment	3,346,581	80,232	(158,490)	3,268,323
Vehicles	4,684,963	531,183	(278,556)	4,937,590
General equipment	1,755,440	132,657	-	1,888,097
Total accumulated depreciation	57,316,972	3,837,419	(437,046)	60,717,345
Governmental activities capital assets, net	$ 86,438,506	$ 11,978,326	$ (441,912)	$ 97,974,920

Construction in Progress additions for fiscal year 2019 include $4,840,098 of costs related to the construction of the new Collins Lane Elementary School and $7,615,694 of costs related to the HVAC replacement project.

5. CAPITAL ASSETS (CONTINUED)

Business-type Activities	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
Capital assets being depreciated:				
Technology equipment	$ 45,323	$ -	$ -	$ 45,323
Vehicles	49,973	-	-	49,973
Machinery and equipment	1,565,736	13,887	(5,796)	1,573,827
Total capital assets	1,661,032	13,887	(5,796)	1,669,123
Less: accumulated depreciation				
Technology equipment	38,782	2,066	-	40,848
Vehicles	32,477	4,285	-	36,762
Machinery and equipment	1,254,339	38,652	(5,796)	1,287,195
Total accumulated depreciation	1,325,598	45,003	(5,796)	1,364,805
Business-type activities capital assets, net	$ 335,434	$ (31,116)	$ -	$ 304,318

Depreciation expense was charged to functions of the governmental activities as follows:

Instruction	$ 3,056,882
Support Services:	
Student	8,130
Instructional staff	47,891
District administration	138
School administration	446
Plant operations and maintenance	213,854
Student transportation	509,162
Community services	916
Total	$ 3,837,419

6. LONG TERM DEBT

Compensated Absences

Upon retirement from the school system, an employee will receive from the District an amount equal to 30% of the value of accumulated sick leave. At June 30, 2019, this amount totaled $314,801, of which $157,401 is restricted in the current year fund balance of the General Fund.

KSBIT

During a prior fiscal year, the District was notified that the Kentucky School Board Insurance Trust (KSBIT) would be dissolving as the self-insurance provider for school districts in Kentucky. On July 17, 2014, the Franklin Circuit Court issued an order informing the former members of the Kentucky School Board Insurance Trust Workers' Compensation Fund that they would be assessed a portion of the fund's unfunded liability. The District elected to pay their assessment in accordance with the following schedule:

June 30,	
2020	$ 68,935
2021	34,468
Total payments	$ 103,403

6. LONG TERM DEBT (CONTINUED)

Bond Obligations

The amount shown in the accompanying financial statements as bond obligations represents the following bonds:

Issue	June 30, 2019 Balance	Rates
2008R	$ 385,000	3.16%
2010R	2,930,000	2.63%
2012	9,455,000	3.85%
2012R	3,100,000	2.05%
2012BR	5,450,000	4.00%
2013R	6,615,000	3.00%
2013E	2,255,000	2.00%-4.125%
2015R	3,340,000	1.00%-3.00%
2016	9,250,000	2.00%-4.00%
2017	15,810,000	2.00%-3.25%
2018	9,580,000	3.00%-3.650%
Total	$ 68,170,000	

The Debt Service Fund is primarily responsible for paying the bond obligations through funding from the SEEK Capital Outlay and FSPK funds.

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

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

The bonds may be called prior to maturity and redemption premiums are specified in each issue. Assuming no bonds are called prior to scheduled maturity, the minimum obligations of the District, including amounts to be paid by the Commission, at June 30, 2018 for debt service (principal and interest) are as follows:

Fiscal Year	Franklin County Principal	Franklin County Interest	SFCC Participation Principal	SFCC Participation Interest	Total
2020	$ 3,246,178	$ 2,078,145	$ 833,822	$ 182,149	$ 6,340,294
2021	3,366,019	1,861,843	848,981	163,978	6,240,821
2022	3,444,829	1,779,847	865,171	145,494	6,235,341
2023	3,544,690	1,706,929	885,310	125,125	6,262,054
2024	3,616,797	1,624,468	828,203	99,834	6,169,302
2025-2029	18,756,981	6,211,845	1,008,019	308,637	26,285,482
2030-2034	14,891,670	3,025,362	838,330	137,219	18,892,581
2035-2039	10,796,218	857,817	398,782	31,556	12,084,373
	$ 61,663,382	$ 19,146,256	$ 6,506,618	$ 1,193,992	$ 88,510,248

6. LONG TERM DEBT (CONTINUED)

KISTA Lease

The School District participates in the Kentucky Inter-Local School Transportation Association (KISTA) equipment lease revenue bonds program for the purpose of acquiring replacement buses.

The issue date, interest rate, and June 30, 2019, balances are summarized below:

	Balance	Rate
2009C	$ 25,446	2.00%-3.60%
2011	14,869	1.00%-4.00%
2012	117,163	2.00%-2.625%
2013	223,844	2.00%
2015	670,622	1.00%-2.625%
2016	445,108	2.00%-2.625%
2017	483,482	2.55%
2018	456,996	2.00-3.00%
2019	315,639	3.00%
	$ 2,753,169	

During 2019, the school purchased three school buses through the KISTA equipment lease revenue bonds program. The total capital lease proceeds for the buses was $315,639 and is to be repaid over ten years with an interest rate of 3.00 percent.

At June 30, 2019 minimum lease payments (principal and interest) are as follows:

	Franklin County School District		
	Principal	Interest	Total
2020	$ 458,715	$ 79,621	$ 538,336
2021	427,979	68,286	496,265
2022	409,114	57,083	466,197
2023	381,235	46,279	427,514
2024	319,268	35,908	355,176
2025-2029	756,858	60,393	817,251
	$ 2,753,169	$ 347,570	$ 3,100,739

6. LONG TERM DEBT (CONTINUED)

The following is a summary of the District's long-term debt transactions for the year:

	July 1, 2018	Additions	Retirements	June 30, 2019
Governmental activities				
Bonds	$ 62,710,000	$ 9,580,000	$ 4,120,000	$ 68,170,000
Premium on bonds	418,352	-	49,218	369,134
Discount on bonds	(115,849)	(93,324)	(10,764)	(198,409)
KISTA lease	2,874,880	315,639	437,350	2,753,169
Capital lease	38,013	-	38,013	-
Compensated absence	160,078	154,723	-	314,801
Net pension liability – CERS	17,746,053	892,175	-	18,638,228
Net OPEB liability - CERS	6,110,455	-	670,518	5,439,937
Net OPEB liability - KTRS	15,641,035	-	482,830	15,158,205
KSBIT	103,403	-	-	103,403
Total governmental activities	105,686,420	10,849,213	5,787,165	110,748,468
Business-type activities				
Net pension liability – CERS	4,407,487	210,965	-	4,618,452
Net OPEB liability - CERS	1,498,268	-	158,552	1,339,716
Total business-type activities	5,905,755	210,965	158,552	5,958,168
Total District wide	$ 111,592,175	$ 11,060,179	$ 5,945,717	$ 116,706,637

7. RETIREMENT PLANS

The School District is a participating employer of the County Employees' Retirement System (CERS) and the Kentucky Teachers' Retirement System (KTRS). KTRS requires that members of KTRS occupy a position requiring either a four (4) year college degree or certification by the Kentucky Department of Education (KDE). Job classifications that permit experience to substitute for either of these requirements do not participate in KTRS. CERS covers employees whose position does not require a college degree or teaching certificate.

KTRS

Plan description – Teaching-certified employees of the Kentucky School District are provided pensions through the Teachers' Retirement System of the State of Kentucky (TRS)—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 state. TRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the Kentucky Revised Statutes (KRS). TRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth's financial statements. TRS issues a publicly available financial report that can be obtained at https://trs.ky.gov/financial-reports-information.

7. RETIREMENT PLANS (CONTINUED)

KTRS, continued

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

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

Non-university members 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. Non-university members who became members on or after July 1, 2002 will receive monthly benefits equal to 2% of their final average salary for each year of service if, upon retirement, their total service is less than ten years. New members after July 1, 2002 who retire with ten or more years of total service will receive monthly benefits equal to 2.5% of their final average salary for each year of service, including the first ten years. In addition, members who retire July 1, 2004 and later with more than 30 years of service will have their multiplier increased for all years over 30 from 2.5% to 3.0% to be used in their benefit calculation.

Final average salary is defined as the member's five (5) highest annual salaries for those with less than 27 years of service. Members at least age 55 with 27 or more years of service may use their three (3) highest annual salaries to compute the final average salary. For all members, the annual allowance is reduced by 5% per year from the earlier of age 60 or the date the member would have completed 27 years of service. The minimum annual service allowance for all members is $440 multiplied by credited service.

Benefits provided - For members who have established an account in a retirement system by the Commonwealth on or after July 1, 2008:

1.) Attain age sixty (60) and complete five (5) years of Kentucky service, or
2.) Complete 27 years of Kentucky service, or
3.) Attain age fifty-five (55) and complete ten (10) years of Kentucky service.

The annual retirement allowance for non-university members is equal to: (a) one and seven tenths percent (1.7%) of final average salary for each year of credited service if their service is 10 years or less; (b) two percent (2.0%) of final average salary for each year of credited service if their service is greater than 10 years but no more than 20 years; (c) two and three tenths percent (2.3%) of final average salary for each year of credited service if their service is greater than 20 years but no more than 26 years; (d) two and one half percent (2.5%) of final average salary for each year of credited service if their service is greater than 26 years but no more than 30 years; (e) three percent (3.0%) of final average salary for years credited service greater than 30 years.

The final average salary is the member's five (5) highest annual salaries except members at least age fifty-five (55) with twenty-seven (27) or more years of service may use their three (3) highest annual salaries. For all members, the annual allowance is reduced by 6% per year from earlier of age 60 or the date the member would have completed 27 years of service.

Other benefits – TRS also provides disability benefits for vested members 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 members and $5,000 for retired or disabled members, and TRS also provides post-employment healthcare benefits to eligible members and dependents.

7. RETIREMENT PLANS (CONTINUED)

KTRS, continued

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

Contributions – Contribution rates are established by Kentucky Revised Statutes (KRS). Non-university members are required to contribute 12.855% of their salaries to the System.

The Commonwealth of Kentucky, as a non-employer contributing entity, pays matching contributions of the amount 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 members 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.

CERS

The District is a participating employer of the County Employees' Retirement System (CERS). Under the provisions of Kentucky Revised Statute 61.645, the Board of Trustees of Kentucky Retirement Systems administers the CERS. The plan issues publicly available financial statements which may be downloaded from the Kentucky Retirement Systems website.

Plan Description – CERS is a cost-sharing multiple-employer defined benefit pension plan that covers substantially all regular full-time members employed in positions of each participating county, city, and school board, and any additional eligible local agencies electing to participate in the System. The plan provides for retirement, disability, and death benefits to plan members. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances. Cost-of-living adjustments (COLA) are provided at the discretion of state legislature.

Contributions – For the year ended June 30, 2019, plan members were required to contribute 5.00% of wages for non-hazardous job classifications. Employees hired after September 1, 2008 are required to contribute an additional 1% to cover the cost of medical insurance that is provided through CERS. Participating employers were required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 78.545(33), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last proceeding the July 1 of a new biennium. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contributions rates are necessary to satisfy requirements determined in accordance with actuarial basis adopted by the Board. For the year ended June 30, 2019, participating employers contributed 21.48% of each employee's wages, for non-hazardous job classifications. The contributions are allocated to both the pension and insurance trusts. The insurance trust is more fully described in Note 8. Plan members contributed 16.22% to the pension trust for non-hazardous job classifications. The contribution rates are equal to the actuarially determined rate set by the Board. Administrative costs of Kentucky Retirement System are financed through employer contributions and investment earnings.

7. RETIREMENT PLANS (CONTINUED)

CERS, continued

Plan members who began participating on, or after, January 1, 2014, are required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own account. Plan members contribute 5% of wages to their own account and 1% to the health insurance fund. The employer contribution rate is set annually by the Board based on an actuarial valuation. The employer contributes a set percentage of each member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. For non-hazardous members, their account is credited with a 4% employer pay credit. The employer pay credit represents a portion of the employer contribution.

The District contributed $2,237,959 for the year ended June 30, 2019, or 100% of the required contribution. The contribution was allocated $1,689,930 to the CERS pension fund and $548,029 to the CERS insurance fund.

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

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

7. RETIREMENT PLANS (CONTINUED)

CERS and KTRS:

Pension Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources - At June 30, 2019, the District reported a liability of $23,256,680 for its proportionate share of the net pension liability for CERS. The net pension liability was measured as of June 30, 2018, 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 was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2018, the District's proportion was .382 percent. The District's proportion at June 30, 2017 was .378 percent, a decrease of .003 percent.

The District did not report a liability for the District's proportionate share of the net pension liability for KTRS because the Commonwealth of Kentucky provides the pension support directly to KTRS on behalf of the District. The Commonwealth of Kentucky recognized $111,237,275 for its proportionate share of the net pension liability for KTRS. The net pension liability was measured as of June 30, 2018, 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 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, 2018, the State's proportion was .8495 percent.

For the year ended June 30, 2019, the District recognized pension expense of $3,845,379 related to CERS and $8,059,990 related to KTRS. The District also recognized revenue of $8,059,990 for KTRS support provided by the Commonwealth of Kentucky. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual results	$ 758,568	$ 340,429
Changes of assumptions	2,272,854	-
Net difference between projected and actual earnings on plan investments	-	278,862
Changes in proportion and differences between District contributions and proportionate share of contributions	183,959	-
District contributions subsequent to the measurement date	1,592,338	-
Total	$ 4,807,719	$ 619,291

The $1,592,338 of deferred outflows of resources resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources at June 30, 2019 will be recognized in pension expense as follows:

Year ending June 30,	
2020	$ 1,968,603
2021	$ 1,000,063
2022	$ (247,752)
2023	$ (124,824)

7. RETIREMENT PLANS (CONTINUED)

Actuarial Assumptions – The total pension liability in the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

CERS:

Inflation	2.30%
Salary increases	3.05%, average, including inflation
Investment rate of return	6.25%, net of Plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 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.

The actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the period July 1, 2008 - June 30, 2013.

KTRS:

Valuation date	6/30/17
Actuarial cost method	Entry age
Investment rate of return	7.50%, net of plan investment expense, including inflation
Projected salary increases	3.50 – 7.30%
Inflation rate	3.00%
Municipal Bond Index Rate	3.89%
Single Equivalent Interest Rate	7.50%

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale BB to 2025, set forward two years for males and one year for females. The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2010 – June 30, 2015.

Target Allocations

CERS

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

7. RETIREMENT PLANS (CONTINUED)

CERS, Continued

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	**17.50%**	
US Large Cap	5.00%	4.50%
US Mid Cap	6.00%	4.50%
US Small Cap	6.50%	5.50%
Non US Equity	**17.50%**	
International Developed	12.50%	6.50%
Emerging Markets	5.00%	7.25%
Global Bonds	4.00%	3.00%
Credit Fixed	**24.00%**	
Global IG Credit	2.00%	3.75%
High Yield	7.00%	5.50%
EMD	5.00%	6.00%
Illiquid Private	10.00%	8.50%
Private Equity	10.00%	6.50%
Real Estate	5.00%	9.00%
Absolute Return	10.00%	5.00%
Real Return	10.00%	7.00%
Cash	2.00%	1.50%
Total	**100.00%**	**6.09%**

KTRS

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

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

Asset Class	Target Allocation	Long-term Nominal Real Rate of Return
U.S. Equity	40%	4.20%
International Equity	22%	5.20%
Fixed Income	15%	1.20%
Additional Categories	8%	3.30%
Real Estate	6%	3.80%
Private Equity	7%	6.30%
Cash	2%	0.90%
Total	100%	

7. RETIREMENT PLANS (CONTINUED)

Discount Rate

CERS

The discount rate used to measure the total pension liability was 6.25 percent. The projection of cash flows used to determine the discount rate assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 25-year amortization period of the unfunded actuarial accrued liability. The actuarial determined contribution rate is adjusted to reflect the phase in of anticipated gains on actuarial value of assets over the first four years of the projection period. The discount rate does not use a municipal bond rate.

KTRS

For 2018, the discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at the Actuarially Determined Contribution rates, adjusted by 95%, for all fiscal years in the future. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the District's proportionate share of the net pension liability calculated using the current discount rate, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25 percent) or 1-percentage-point higher (7.25 percent) than the current rate:

	CERS Discount rate	CERS District's proportionate share of net pension liability
1% decrease	5.25%	$ 29,277,753
Current discount rate	6.25%	$ 23,256,680
1% increase	7.25%	$ 18,212,078

8. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) - CERS

Plan Description – As more fully described in Note 7, the District participates in the County Employees' Retirement System (CERS). CERS is a cost-sharing multiple-employer defined benefit pension plan that covers substantially all regular full-time members employed in positions of each participating county, city, and school board, and any additional eligible local agencies electing to participate in the System. In addition to retirement benefits, the plan provides for health insurance benefits to plan members (other postemployment benefits or OPEB). OPEB benefits may be extended to beneficiaries of plan members under certain circumstances.

8. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) - CERS

Contributions – As more fully described in Note 7, plan members contribute to CERS for non-hazardous job classifications. For the year ending June 30, 2019, the employer's contribution was 5.26% to the insurance trust for non-hazardous job classifications. Employees hired after September 1, 2008, are required to contribute an additional 1% to cover the cost of medical insurance that is provided through CERS. Participating employers are required to contribute at an actuarially determined rate.

Per Kentucky Revised Statute Section 78.545(33), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last proceeding the July 1 of a new biennium. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial basis adopted by the Board. The contribution rates are equal to the actuarially determined rate set by the Board. Administrative costs of Kentucky Retirement System are financed through employer contributions and investment earnings.

For the year ended June 30, 2019, the District contributed $548,029, or 100% of the required contribution for non-hazardous job classifications.

Benefits – CERS provides health insurance benefits to Plan employees and beneficiaries. For retirement purposes, employees are grouped into three tiers based on hire date:

Tier 1	Participation date	Before July 1, 2003
	Insurance eligibility	10 years of service credit required
	Benefit	Set percentage of single coverage health insurance based on service credit accrued at retirement
Tier 1	Participation date	Before September 1, 2008 but after July 1, 2003
	Insurance eligibility	10 years of service credit required
	Benefit	Set dollar amount based on service credit accrued, increased annually
Tier 2	Participation date	After September 1, 2008 and before December 31, 2013
	Insurance eligibility	15 years of service credit required
	Benefit	Set dollar amount based on service credit accrued, increased annually
Tier 3	Participation date	After December 31, 2013
	Insurance eligibility	15 years of service credit required
	Benefit	Set dollar amount based on service credit accrued, increased annually

OPEB Liabilities, Expense, Deferred Outflows of Resources and Deferred Inflows of Resources – At June 30, 2019, the District reported a liability for its proportionate share of the net OPEB liability of $6,779,653.

8. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) – CERS (CONTINUED)

The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating entities, actuarially determined. The District's proportionate share at June 30, 2018, was .382%. This represented an increase of .003% over the District's proportion at June 30, 2017.

For the year ended June 30, 2019, the District recognized OPEB expense of $865,610. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual results	$ -	$ 790,079
Changes of assumptions	1,353,997	15,664
Net difference between projected and actual earnings on Plan investments	-	466,985
Changes in proportion and differences between District contributions and proportionate share of contributions	21,344	14,309
District contributions subsequent to the measurement date	625,751	-
Total	$ 2,001,092	$ 1,287,037

The $625,751 of deferred outflows of resources resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2020. This includes an adjustment of $109,370 related to the implicit subsidy, which is required to be recognized as a deferred outflow of resources. It also includes an adjustment of ($31,648) related to retired and rehired employees which is excluded from deferred outflows of resources. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year ending June 30,	
2020	$ 24,814
2021	$ 24,814
2022	$ 24,814
2023	$ 115,511
2024	$ (58,226)
2025	$ (43,423)

Actuarial Assumptions – The total OPEB liability in the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

8. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) – CERS (CONTINUED)

Non-hazardous

Inflation	2.30%
Salary increases	3.05%, average, including inflation
Investment rate of return	6.25%, net of Plan investment expense, including inflation
Healthcare trend	
Pre – 65:	Initial trend starting at 7.00% at January 1, 2020, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years.
Post – 65:	Initial trend starting at 5.00% at January 1, 2020, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 10 years.

Mortality rates were based on the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 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.

The actuarial assumptions used in the June 30, 2017, valuation were based on the results of an actuarial experience study for the period July 1, 2008 - June 30, 2013. The total OPEB liability, net OPEB liability, and sensitivity information as of June 30, 2018 was based on an actuarial valuation date of June 30, 2017. The total OPEB liability was rolled-forward from the valuation date (June 30, 2017) to the plan's fiscal year ending June 30, 2018.

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

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

Asset Class	**Target Allocation**	**Long-Term Expected Real Rate of Return**
US Equity	**17.50%**	
US Large Cap	5.00%	4.50%
US Mid Cap	6.00%	4.50%
US Small Cap	6.50%	5.50%
Non US Equity	**17.50%**	
International Developed	12.50%	6.50%
Emerging Markets	5.00%	7.25%
Global Bonds	4.00%	3.00%
Credit Fixed	**24.00%**	
Global IG Credit	2.00%	3.75%
High Yield	7.00%	5.50%
EMD	5.00%	6.00%
Illiquid Private	10.00%	8.50%
Private Equity	10.00%	6.50%
Real Estate	5.00%	9.00%
Absolute Return	10.00%	5.00%
Real Return	10.00%	7.00%
Cash	2.00%	1.50%
Total	**100.00%**	**6.09%**

8. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) – CERS (CONTINUED)

Discount Rate – The discount rate used to measure the total OPEB liability was 5.85 percent for non-hazardous classifications. The projection of cash flows used to determine the discount rate assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 25-year amortization period of the unfunded actuarial accrued liability. The discount rate determination used an expected rate of return of 6.25 percent, and a municipal bond rate of 3.62 percent, as reported in Fidelity Index's "20 –Year Municipal GO AA Index" as of June 30, 2018. However, the cost associated with the implicit employer subsidy was not included in the calculation of the System's actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the System's trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate – The following presents the District's proportionate share of the net OPEB liability calculated using the discount rate as well as what the District's proportionate share of the 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:

	Discount rate		District's proportionate share of net OPEB liability
1% decrease	4.85%	$	8,805,682
Current discount rate	5.85%	$	6,779,653
1% increase	6.85%	$	5,053,846

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate – The following presents the District's proportionate share of the net OPEB liability calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

		District's proportionate share of net OPEB liability
1% decrease	$	5,047,519
Current trend rate	$	6,779,653
1% increase	$	8,821,341

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

9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) – KTRS

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

9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) – KTRS (CONTINUED)

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

Medical Insurance Plan

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

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

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

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs – At June 30, 2019, the District reported a liability of $15,158,204 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, 2018, 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, 2018, the District's proportion was .437 percent, which is a .002 percent decrease from the previous year.

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	$ 15,158,205
State's proportionate share of the net OPEB liability associated with the District	13,063,206
Total	$ 28,221,411

9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) – KTRS (CONTINUED)

For the year ended June 30, 2019, the District recognized OPEB expense of $777,000 and revenue of $670,651 for support provided by the State. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual results	$ -	$ 776,413
Changes of assumptions	208,383	-
Net difference between projected and actual earnings on Plan investments	-	61,708
Changes in proportion and differences between District contributions and proportionate share of contributions	-	54,000
District contributions subsequent to the measurement date	798,992	-
Total	$ 1,007,375	$ 892,121

Of the total amount reported as deferred outflows of resources related to OPEB, $798,992 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Year ending June 30,	
2020	$ (137,000)
2021	$ (137,000)
2022	$ (137,000)
2023	$ (109,000)
2024	$ (115,000)
2025	$ (48,738)

Actuarial assumptions – The total OPEB liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	8.00%, net of OPEB plan investment expense, including inflation.
Projected salary increases	3.50 – 7.20%, including inflation
Inflation rate	3.00%
Real Wage Growth	0.50%
Wage Inflation	3.50%
Healthcare cost trend rates	
Under 65	7.75% for FY 2018 decreasing to an ultimate rate of 5.00% by FY 2024
Ages 65 and Older	5.75% for FY 2018 decreasing to an ultimate rate of 5.00% by FY 2021
Medicare Part B Premiums	0.00% for FY 2018 with an ultimate rate of 5.00% by 2030
Municipal Bond Index Rate	3.89%
Discount Rate	8.00%
Single Equivalent Interest Rate	8.00%, net of OPEB plan investment expense, including inflation.

9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) – KTRS (CONTINUED)

Mortality rates were based on the RP-2000 Combined Mortality Table projected to 2025 with projection scale BB, and set forward two years for males and one year for females is used for the period after service retirement and for dependent beneficiaries. The RP-2000 Disabled Mortality Table set forward two years for males and seven years for females is used for the period after disability retirement. The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation, and rates of plan election used in the June 30, 2017 valuation were based on the results of the most recent actuarial experience studies for the System, which covered the five-year period ending June 30, 2015. The remaining actuarial assumptions used in the June 30, 2017 valuation of the MIF were based on a review of recent plan experience done concurrently with the June 30, 2017 valuation. The health care cost trend rate assumption was updated for the June 30, 2017 valuation and was shown as an assumption change in the TOL roll forward while the change in initial per capita claims costs were included with experience in the TOL roll forward.

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

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	58.0%	4.6%
Fixed Income	9.0%	1.2%
Real Estate	5.5%	3.8%
Private Equity	6.5%	6.3%
Other Additional Categories	20.0%	3.3%
Cash	1.0%	.9%
Total	100%	

Discount rate - The discount rate used to measure the total OPEB liability was 8.00%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 74.

The following table presents the District's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 8.00%, 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 (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
District's net OPEB liability	$ 17,775,198	$ 15,158,205	$ 12,978,198

9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) – KTRS (CONTINUED)

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

	1% Decrease	Current Trend Rate	1% Increase
District's net OPEB liability	$ 12,569,294	$ 15,158,205	$ 18,352,262

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

Life Insurance Plan

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

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

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

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs – At June 30, 2019, the District did not report a liability for its proportionate share of the collective net OPEB liability for life insurance benefits because the State of Kentucky provides the OPEB support directly to TRS on behalf of the District. The amount recognized by the District as its proportionate share of the OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the net OPEB liability	$ -
State's proportionate share of the net OPEB liability associated with the District	224,000
Total	$ 224,000

For the year ended June 30, 2019, the District recognized revenue of $7,782 for support provided by the State.

9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) – KTRS (CONTINUED)

Actuarial assumptions – The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	7.50%, net of OPEB plan investment expense, including inflation.
Projected salary increases	4.000 – 8.10%, including inflation
Inflation rate	3.50%
Real Wage Growth	0.50%
Wage Inflation	4.00%
Municipal Bond Index Rate	3.89%
Discount Rate	7.50%
Single Equivalent Interest Rate	7.50%, net of OPEB plan investment expense, including inflation.

Mortality rates were based on the RP-2000 Combined Mortality Table projected to 2025 with projection scale BB, and set forward two years for males and one year for females is used for the period after service retirement and for dependent beneficiaries. The RP-2000 Disabled Mortality Table set forward two years for males and seven years for females is used for the period after disability retirement. The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation, and rates of plan election used in the June 30, 2017 valuation were based on the results of the most recent actuarial experience studies for the System, which covered the five-year period ending June 30, 2015.

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

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

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity	40.0%	4.2%
International Equity	23.0%	5.2%
Fixed Income	18.0%	1.2%
Real Estate	6.0%	3.8%
Private Equity	5.0%	6.3%
Additional Categories	6.0%	3.3%
Cash	2.0%	.9%
Total	100%	

Discount rate - The discount rate used to measure the total OPEB liability for life insurance was 7.50 percent. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 74.

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

10. CONTINGENCIES

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

11. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To obtain insurance for workers' compensation, errors and omissions, and general liability coverage, the District purchases various insurance policies. 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.

12. COBRA

Under COBRA, employers are mandated to notify terminated employees of available continuing insurance coverage. Failure to comply with this requirement may put the school district at risk for a substantial loss. The District notifies the Department of Employee Insurance (DEI) when an employee is no longer employed. DEI sends the employee the COBRA requirements.

13. ON-BEHALF PAYMENTS

The financial statements include payments made by the Commonwealth of Kentucky for insurance, flexible spending, vocational and retirement benefits. The following amounts are included in each of the functions.

Health insurance	$ 6,353,591
Life insurance	10,253
Administrative fees	84,444
Health reimbursement account	278,025
Federal reimbursement	(257,122)
Kentucky Teachers' Retirement - pension	8,059,990
Kentucky Teachers' Retirement – medical insurance	7,782
Kentucky Teachers' Retirement – life insurance	670,651
Technology	114,324
SFCC	1,230,532
Total on-behalf payments	$ 16,552,470

14. TRANSFER OF FUNDS

The following transfers were made during the year:

Type	From Fund	To Fund	Purpose	Amount
Operating	1	2	KETS Matching	$ 119,790
Operating	1	2	Project Deficit	$ 150,091
Operating	1	52	Project Deficit	$ 10,475
Operating	1	360	Approved Projects	$ 236,812
Debt Service	1	400	Bond Payments	$ 267,184
Operating	310	360	Approved Projects	$ 521,329
Debt Service	320	400	Bond Payments	$ 4,353,674
Capital	320	1	Capital Purchases	$ 111,649
Capital	320	360	Approved Projects	$ 615,627

15. RESTATEMENT OF FUND BALANCE AND NET POSITION

General Fund

The District is restating beginning fund balance in the General Fund to correct projects that were not properly closed out in previous years and to correct a prepaid that was incorrectly recorded. These changes have resulted in a restatement of fund balance as follows:

	2018
General Fund	
Fund balance-beginning	$ 11,576,763
Prior year projects	(456,840)
Prepaid correction	(69,513)
Fund balance-beginning, as restated	$ 11,050,410

Special Revenue Fund

The District is restating beginning fund balance in the Special Revenue Fund to correct projects that were not properly closed out in previous years. This change has resulted in a restatement of fund balance as follows:

	2018
Special Revenue Fund	
Fund balance-beginning	$ 203,625
Prior year projects	177,673
Fund balance-beginning, as restated	$ 381,298

Construction Fund

The District is restating beginning fund balance in the Construction Fund to correct projects that were not properly closed out in previous years. This change has resulted in a restatement of fund balance as follows:

	2018
Construction Fund	
Fund balance-beginning	$ 7,616,225
Prior year projects	279,168
Fund balance-beginning, as restated	$ 7,895,393

15. RESTATEMENT OF FUND BALANCE AND NET POSITION (CONTINUED)

Governmental Activities

The District is restating beginning net position in the governmental activities to correct amounts inappropriately recorded as prepaids and construction in progress. These changes have resulted in a restatement of net position as follows:

	2018
Net position-beginning	$ 10,531,687
Prepaid expense	(69,513)
Construction in progress	(173,935)
Net position-beginning, as restated	$ 10,288,239

Supplementary Information

FRANKLIN COUNTY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
for the year ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	$ 25,213,508	$ 24,311,182	$ 25,267,239	$ 956,057
Other local sources	316,337	316,337	856,576	540,239
State sources	29,565,740	29,547,506	34,924,334	5,376,828
Federal sources	63,000	63,000	94,099	31,099
TOTAL REVENUES	55,158,585	54,238,025	61,142,248	6,904,223
EXPENDITURES				
Instruction	31,966,587	32,183,395	35,929,547	(3,746,152)
Support services				
Student	2,694,171	2,690,288	3,139,766	(449,478)
Instructional staff	2,799,024	2,843,237	2,745,375	97,862
District administration	1,545,668	1,554,189	1,716,518	(162,329)
School administration	4,456,400	4,344,459	4,299,480	44,979
Business	1,066,553	1,071,196	1,019,636	51,560
Plant operation and maintenance	5,266,853	6,210,852	5,263,878	946,974
Student transportation	3,930,579	3,959,046	3,743,443	215,603
Community services activities	121,467	121,467	35,964	85,503
Contingency	8,041,866	9,623,269	-	9,623,269
Capital outlay (Note 1)	-	-	1,421,361	(1,421,361)
Debt service	1,316,282	1,316,282	505,456	810,826
TOTAL EXPENDITURES	63,205,450	65,917,680	59,820,424	6,097,256
Excess (Deficit) of Revenues Over Expenditures	(8,046,865)	(11,679,655)	1,321,824	(13,001,479)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	111,649	(111,649)
Operating transfers out	-	-	(784,352)	784,352
Proceeds from capital lease	-	-	315,639	(315,639)
Proceeds from sale of assets	5,000	5,000	9,468	(4,468)
TOTAL OTHER FINANCING SOURCES (USES)	5,000	5,000	(347,596)	352,596
EXTRAORDINARY ITEM - INSURANCE	-	-	379,441	(379,441)
NET CHANGE IN FUND BALANCE	(8,041,865)	(11,674,655)	1,353,669	13,028,324
Fund balances-beginning	8,041,865	11,674,655	11,050,410	(624,245)
Fund balances-ending	$ -	$ -	$ 12,404,079	$ 12,404,079

Note 1: Capital outlay expenditures were budgeted with their respective function.

FRANKLIN COUNTY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - SPECIAL REVENUE FUND
for the year ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local sources	$ -	$ 170,532	$ 53,279	$ (117,253)
State sources	1,199,181	2,467,679	2,345,376	(122,303)
Federal sources	3,144,639	3,568,875	3,174,480	(394,395)
TOTAL REVENUES	4,343,820	6,207,086	5,573,135	(633,951)
EXPENDITURES				
Instruction	2,954,769	4,445,961	3,748,024	697,937
Support services				
Student	1,100,000	73,710	450,854	(377,144)
Instructional staff	269,051	965,972	1,032,100	(66,128)
School administration	-	133,177	132,874	303
Business	-	-	7,125	(7,125)
Plant operation and maintenance	-	39,116	47,365	(8,249)
Student transportation	-	73,122	3,791	69,331
Community services activities	-	525,659	520,505	5,154
Capital outlay (Note 1)	-	-	108,465	(108,465)
TOTAL EXPENDITURES	4,323,820	6,256,717	6,051,103	205,614
Excess (Deficit) of Revenues Over Expenditures	20,000	(49,631)	(477,968)	(428,337)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	119,791	269,881	150,090
Operating transfers out	(20,000)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(20,000)	119,791	269,881	150,090
NET CHANGE IN FUND BALANCE	-	70,160	(208,087)	(278,247)
Fund balances-beginning, as restated	-	-	381,298	-
Fund balances-ending	$ -	$ 70,160	$ 173,211	$ (278,247)

Note 1: Capital outlay expenditures were budgeted with their respective function.

FRANKLIN COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY SCHEDULE OF
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
COUNTY EMPLOYEES' RETIREMENT SYSTEM
Last Five Fiscal Years

	2015	2016	2017	2018	2019
District's proportion of the net pension liability	0.371%	0.374%	0.376%	0.378%	0.382%
District's proportionate share of the net pension liability (asset)	$ 12,035,204	$ 16,070,557	$ 18,510,424	$ 22,153,540	$ 23,256,680
District's covered employee payroll	$ 8,739,632	$ 8,739,632	$ 9,385,182	$ 9,705,779	$ 10,015,042
District's share of the net pension liability (asset) as a percentage of its covered employee payroll	137.71%	183.88%	197.23%	228.25%	232.22%
Plan fiduciary net position as a percentage of the total pension liability	66.80%	59.97%	55.50%	53.32%	53.54%

Notes:

There were no changes in benefit terms, size or composition of the population covered by the benefit terms, or the assumptions used in the current fiscal year.

The measurement date of the net pension liability is one year preceding the fiscal year of the District.

The District's covered payroll reported above is payroll for the corresponding measurement date of the net pension liability and differs from the District's fiscal year payroll, reported on the Schedule of Contributions.

The above schedule will present 10 years of historical data, once available.

FRANKLIN COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY SCHEDULE OF
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
KENTUCKY TEACHERS' RETIREMENT SYSTEM
Last Four Fiscal Years

	2016	2017	2018	2019
District's proportion of the net pension liability	0.0000%	0.0000%	0.0000%	0.0000%
District's proportionate share of the net pension liability (asset)	$ -	$ -	$ -	$ -
State's proportionate share of the net pension liability (asset)	188,106,881	244,592,180	224,641,329	111,237,275
Total	$ 188,106,881	$ 244,592,180	$ 224,641,329	$ 111,237,275
District's covered employee payroll	$ 24,935,547	$ 26,247,179	$ 26,588,087	$ 27,475,553
District's share of the net pension liability (asset) as a percentage of its covered employee payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	42.49%	35.22%	39.83%	59.30%

Notes:
Changes of benefit terms – None.

Changes of assumptions – The discount rate used to measure the total net pension liability was increased from 4.49% to 7.50% in the current year.

The District's covered payroll reported above is payroll for the corresponding measurement date of the net pension liability and differs from the District's fiscal year payroll, reported on the Schedule of Contributions.

The above schedule will present 10 years of historical data, once available.

FRANKLIN COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY SCHEDULE OF
PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
COUNTY EMPLOYEES' RETIREMENT SYSTEM
Last Three Fiscal Years

	2017	**2018**	**2019**
District’s proportion of the net OPEB liability	0.378%	0.378%	0.382%
District’s proportionate share of the net OPEB liability (asset)	$ 5,968,055	$ 7,608,723	$ 6,779,653
District’s covered employee payroll	$ 9,385,182	$ 9,705,779	$ 10,015,042
District’s share of the net OPEB liability (asset) as a percentage of its covered employee payroll	63.59%	78.39%	67.69%
Plan fiduciary net position as a percentage of the total OPEB liability	unavailable	52.39%	57.62%

Notes:
There were no changes in benefit terms, size or composition of the population covered by the benefit terms, or the assumptions used in the current fiscal year.

The measurement date of the net OPEB liability is one year preceding the fiscal year of the District.

The District's covered payroll reported above is payroll for the corresponding measurement date of the net OPEB liability and differs from the District's fiscal year payroll, reported on the Schedule of Contributions.

FRANKLIN COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY SCHEDULE OF
PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - MEDICAL INSURANCE PLAN
KENTUCKY TEACHERS' RETIREMENT SYSTEM
Last Three Fiscal Years

	2017	2018	2019
District's proportion of the collective net OPEB liability	0.439%	0.439%	0.437%
District's proportionate share of the collective net OPEB liability (asset)	$ 15,486,000	$ 15,641,035	$ 15,158,205
State's proportionate share of the collective net OPEB liability (asset) associated with the District	12,649,000	12,776,473	13,063,206
Total	$ 28,135,000	$ 28,417,508	$ 28,221,411
District's covered employee payroll	$ 24,677,435	$ 25,106,477	$ 25,934,497
District's proportionate share of the collective net OPEB liability (asset) as a percentage of its covered employee payroll	62.75%	62.30%	58.45%
Plan fiduciary net position as a percentage of the total OPEB liability	unavailable	21.20%	25.50%

Notes:

Changes of benefit terms – With the passage of House Bill 471, the eligibility for non-single subsidies *(NSS) for the* KEHP-participating members who retired prior to July 1, 2010 is restored, but the state will only finance, via its KEHP "Shared Responsibility" contributions, the costs of the NSS related to those KEHP-participating members who retired on or after July 1, 2010.

Changes of assumptions – Updated health care trend rates were implemented.

The District's covered payroll reported above is payroll for the corresponding measurement date of the net OPEB liability and differs from the District's fiscal year payroll, reported on the Schedule of Contributions.

The above schedule will present 10 years of historical data, once available.

FRANKLIN COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY SCHEDULE OF
PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - LIFE INSURANCE PLAN
KENTUCKY TEACHERS' RETIREMENT SYSTEM
Last Three Fiscal Years

	2017	2018	2019
District's proportion of the collective net OPEB liability	0.0000%	0.0000%	0.0000%
District's proportionate share of the collective net OPEB liability (asset)	$ -	$ -	$ -
State's proportionate share of the collective net OPEB liability (asset) associated with the District	117,000	171,000	224,000
Total	$ 117,000	$ 171,000	$ 224,000
District's covered employee payroll	$ 26,247,179	$ 26,588,087	$ 27,475,553
District's proportionate share of the collective net OPEB liability (asset) as a percentage of its covered employee payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	unavailable	80.00%	74.97%

Notes:
Changes of benefit terms – None.

Changes of assumptions – None.

The District's covered payroll reported above is payroll for the corresponding measurement date of the net OPEB liability and differs from the District's fiscal year payroll, reported on the Schedule of Contributions.

The above schedule will present 10 years of historical data, once available.

FRANKLIN COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY
SCHEDULE OF PENSION CONTRIBUTIONS
COUNTY EMPLOYEES' RETIREMENT SYSTEM
Last Five Fiscal Years

	2015	2016	2017	2018	2019
Contractually required employer contribution	$ 1,103,465	$ 1,164,923	$ 1,354,299	$ 1,450,178	$ 1,689,930
Contributions relative to contractually required employer contribution	1,103,465	1,164,923	1,354,299	1,450,178	1,689,930
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered employee payroll	$ 8,739,632	$ 9,385,182	$ 9,705,779	$ 10,015,042	$ 10,415,387
Employer contributions as a percentage of covered-employee payroll	12.63%	12.41%	13.95%	14.48%	16.23%

Notes:
There were no changes in benefit terms, size or composition of the population covered by the benefit terms, or the assumptions used in the current fiscal year.

Contractually required employer contributions exclude the portion of contributions paid to CERS but allocated to the insurance fund of the CERS. The above contributions only include those contributions allocated directly to the CERS pension fund.

The District's covered payroll reported above is payroll for the District's corresponding fiscal year and differs from the covered payroll reported on the Schedule of Proportionate Share of the Net Pension Liability.

The above schedule will present 10 years of historical data, once available.

FRANKLIN COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY
SCHEDULE OF PENSION CONTRIBUTIONS
KENTUCKY TEACHERS' RETIREMENT SYSTEM
Last Five Fiscal Years

	2015	2016	2017	2018	2019
Contractually required employer contribution	$ -	$ -	$ -	$ -	$ -
Contributions relative to contractually required employer contribution	-	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered employee payroll	$ 24,935,547	$ 26,247,179	$ 26,588,087	$ 27,475,553	$ 28,122,613
Employer contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%

Notes:
The required employer contributions and percent of those contributions actually made are presented in the schedule.

The District's covered payroll reported above is payroll for the District's corresponding fiscal year and differs from the covered payroll reported on the Schedule of Proportionate Share of the Net Pension Liability.

The above schedule will present 10 years of historical data, once available.

FRANKLIN COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY
SCHEDULE OF OPEB CONTRIBUTIONS
COUNTY EMPLOYEES' RETIREMENT SYSTEM
Last Five Fiscal Years

	2015	2016	2017	2018	2019
Contractually required employer contribution	$ 425,808	$ 435,205	$ 459,199	$ 470,707	$ 548,029
Contributions relative to contractually required employer contribution	425,808	435,205	459,199	470,707	548,029
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District’s covered employee payroll	$ 8,739,632	$ 9,385,182	$ 9,705,779	$ 10,015,042	$ 10,415,387
Employer contributions as a percentage of covered-employee payroll	4.87%	4.64%	4.73%	4.70%	5.26%

Notes:
There were no changes in benefit terms, size or composition of the population covered by the benefit terms, or the assumptions used in the current fiscal year.

Contractually required employer contributions exclude the portion of contributions paid to CERS but allocated to the pension fund of the CERS. The above contributions only include those contributions allocated directly to the CERS OPEB fund.

The District's covered payroll reported above is payroll for the District's corresponding fiscal year and differs from the covered payroll reported on the Schedule of Proportionate Share of the Net OPEB Liability.

The above schedule will present 10 years of historical data, once available.

FRANKLIN COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY
SCHEDULE OF OPEB CONTRIBUTIONS - MEDICAL INSURANCE PLAN
KENTUCKY TEACHERS' RETIREMENT SYSTEM
Last Four Fiscal Years

	2016	2017	2018	2019
Contractually required employer contribution	$ 740,329	$ 751,680	$ 778,201	$ 798,992
Contributions relative to contractually required employer contribution	740,329	751,680	778,201	798,992
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District’s covered employee payroll	$ 24,677,435	$ 25,106,477	$ 25,934,497	$ 26,632,917
Employer contributions as a percentage of covered-employee payroll	3.00%	3.00%	3.00%	3.00%

Notes:

Changes of benefit terms – With the passage of House Bill 471, the eligibility for non-single subsidies (NSS) for the KEHP-participating members who retired prior to July 1, 2010 is restored, but the state will only finance, via its KEHP “Shared Responsibility” contributions, the costs of the NSS related to those KEHP-participating members who retired on or after July 1, 2010.

The District's covered payroll reported above is payroll for the District's corresponding fiscal year and differs from the covered payroll reported on the Schedule of Proportionate Share of the Net OPEB Liability - medical insurance plan.

The above schedule will present 10 years of historical data, once available.

FRANKLIN COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY
SCHEDULE OF OPEB CONTRIBUTIONS - LIFE INSURANCE PLAN
KENTUCKY TEACHERS' RETIREMENT SYSTEM
Last Five Fiscal Years

	2015	2016	2017	2018	2019
Contractually required employer contribution	$ -	$ -	$ -	$ -	$ -
Contributions relative to contractually required employer contribution	-	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered employee payroll	$ 24,935,547	$ 26,247,179	$ 26,588,087	$ 24,475,553	$ 28,122,613
Employer contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%

Notes:
Changes of benefit terms – None.

The District's covered payroll reported above is payroll for the District's corresponding fiscal year and differs from the covered payroll reported on the Schedule of Proportionate Share of the Net OPEB Liability - life insurance plan.

The above schedule will present 10 years of historical data, once available.

FRANKLIN COUNTY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
for the year ended June 30, 2019

	SEEK Capital Outlay Fund	FSPK Fund	Debt Service Fund	District Activity Fund	Total
ASSETS					
Cash and cash equivalents	$ 876,223	$ 1,367,016	$ -	$ 173,059	$ 2,416,298
Accounts receivable	-	-	-	3,004	3,004
Total assets	$ 876,223	$ 1,367,016	$ -	$ 176,063	$ 2,419,302
LIABILITIES					
Accounts payable	$ -	$ -	$ -	$ 1,443	$ 1,443
Total liabilities	-	-	-	1,443	1,443
FUND BALANCE					
Restricted					
Other	-	-	-	174,620	174,620
KSFCC escrow	-	880,193	-	-	880,193
SFCC escrow	876,223	486,823	-	-	1,363,046
Unassigned	-	-	-	-	-
Total fund balance	876,223	1,367,016	-	174,620	2,417,859
Total liabilities and fund balance	$ 876,223	$ 1,367,016	$ -	$ 176,063	$ 2,419,302

FRANKLIN COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BLANACES
NONMAJOR GOVERNMENTAL FUNDS
for the year ended June 30, 2019

	SEEK Capital Outlay Fund	FSPK Fund	Debt Service Fund	District Activity Fund	Total
REVENUES					
Taxes	$ -	$ 3,682,284	$ -	$ -	$ 3,682,284
Other local sources	5,869	9,118	-	195,073	210,060
Intergovernmental-State	570,429	1,075,090	1,230,532	-	2,876,051
Total revenues	576,298	4,766,492	1,230,532	195,073	6,768,395
EXPENDITURES					
Instruction	-	-	-	159,934	159,934
Instructional staff support services	-	-	-	65,403	65,403
Debt service	-	-	6,016,890	-	6,016,890
Total expenditures	-	-	6,016,890	225,337	6,242,227
Excess (deficit) revenues over expenditures	576,298	4,766,492	(4,786,358)	(30,264)	526,168
OTHER FINANCING SOURCES (USES)					
Operating transfers in	-	-	4,620,859	-	4,620,859
Operating transfers out	(521,329)	(5,080,951)	-	-	(5,602,280)
Total other financing sources (uses)	(521,329)	(5,080,951)	4,620,859	-	(981,421)
Excess (deficit) revenues and other financing sources over expenditures and other financing uses	54,969	(314,459)	(165,499)	(30,264)	(455,253)
Fund balances-beginning	821,254	1,681,475	165,499	204,884	2,873,112
Fund balances-ending	$ 876,223	$ 1,367,016	$ -	$ 174,620	$ 2,417,859

FRANKLIN COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF FIDUCIARY NET POSITION
SCHOOL ACTIVITY FUNDS
for the year ended June 30, 2019

	Western Hills High School	Franklin County High School	Franklin County Career & Technical School	Elkhorn Middle School	Bondurant Middle School	Bridgeport Elementary School	Collins Lane Elementary School	Early Learning Village East	Hearn Elementary School	Peaks Mill Elementary School	Westridge Elementary School	Elkhorn Elementary School	Total
ASSETS													
Cash and equivalents	$ 137,420	$ 82,372	$ 9,215	$ 76,291	$ 85,749	$ 12,973	$ 10,225	$ 17,306	$ 7,233	$ 13,087	$ 7,239	$ 1,731	$ 460,841
Total assets	$ 137,420	$ 82,372	$ 9,215	$ 76,291	$ 85,749	$ 12,973	$ 10,225	$ 17,306	$ 7,233	$ 13,087	$ 7,239	$ 1,731	$ 460,841
LIABILITIES													
Due to student groups	$ 137,420	$ 82,372	$ 9,215	$ 76,291	$ 85,749	$ 12,973	$ 10,225	$ 17,306	$ 7,233	$ 13,087	$ 7,239	$ 1,731	$ 460,841
Total liabilities	$ 137,420	$ 82,372	$ 9,215	$ 76,291	$ 85,749	$ 12,973	$ 10,225	$ 17,306	$ 7,233	$ 13,087	$ 7,239	$ 1,731	$ 460,841

FRANKLIN COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF FIDUCIARY RECEIPTS, DISBURSEMENTS, AND DUE TO STUDENT GROUPS
SCHOOL ACTIVITY FUNDS
for the year ended June 30, 2019

	Cash Balances July 01, 2018	Receipts	Disbursements	Cash Balances June 30, 2019	Accounts Receivable June 30, 2019	Accounts Payable June 30, 2019	Fund Balances June 30, 2019
Western Hills High School	$ 116,193	$ 309,425	$ (288,198)	$ 137,420	$ -	$ -	$ 137,420
Franklin County High School	66,719	331,004	(315,351)	82,372	-	-	82,372
Franklin County Career & Technical School	11,982	17,099	(19,866)	9,215	-	-	9,215
Elkhorn Middle School	49,377	103,759	(76,845)	76,291	-	-	76,291
Bondurant Middle School	101,369	169,863	(185,483)	85,749	-	-	85,749
Bridgeport Elementary School	20,811	27,700	(35,538)	12,973	-	-	12,973
Collins Lane Elementary School	7,686	52,533	(49,994)	10,225	-	-	10,225
Early Learning Village East	19,636	16,627	(18,957)	17,306	-	-	17,306
Hearn Elementary School	12,200	18,768	(23,735)	7,233	-	-	7,233
Peaks Mill Elementary School	11,694	28,667	(27,274)	13,087	-	-	13,087
Westridge Elementary School	8,167	29,186	(30,114)	7,239	-	-	7,239
Elkhorn Elementary School	2,362	15,300	(15,931)	1,731	-	-	1,731
TOTAL ACTIVITY FUNDS	$ 428,196	$ 1,119,931	$ (1,087,286)	$ 460,841	$ -	$ -	$ 460,841

FRANKLIN COUNTY SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND DUE TO STUDENT GROUPS
WESTERN HILLS HIGH SCHOOL
for the year ended June 30, 2019

	Cash Balances Beginning	Receipts	Disbursements	Transfers	Cash Balances Year End	Accounts Receivable Year End	Accounts Payable Year End	Fund Balances Year End
Operating Fund	$ 1,062	$ 4,456	$ (1,655)	$ 145	$ 4,008	$ -	$ -	$ 4,008
KSU Classes	80	-	-	-	80	-	-	80
Postage	73	-	-	-	73	-	-	73
Coke Teachers Lounge	2,235	1,157	(2,307)	276	1,361	-	-	1,361
Parking Fees	234	1,940	(1,728)	(353)	93	-	-	93
AP Exams	3,343	24,778	(22,624)	-	5,497	-	-	5,497
Student Incentives	196	-	(141)	-	55	-	-	55
Class of 2018	1,101	-	-	(1,101)	-	-	-	-
Class of 2019	-	15,665	(11,544)	5,224	9,345	-	-	9,345
Class of 2020	329	-	-	-	329	-	-	329
Athletic Budget	17,234	67,075	(59,694)	(5,720)	18,895	-	-	18,895
Boys Golf	4,712	-	(1,423)	40	3,329	-	-	3,329
Baseball	1,448	-	(1,448)	240	240	-	-	240
Basketball-Boys	415	3,159	(1,571)	600	2,603	-	-	2,603
Cheerleaders	687	7,521	(5,068)	1,700	4,840	-	-	4,840
Dance Team	12	261	(500)	500	273	-	-	273
Football	138	230	(374)	765	759	-	-	759
Girls Golf	57	-	-	-	57	-	-	57
Boys Soccer	4,062	6,264	(9,148)	120	1,298	-	-	1,298
Girls Basketball	3,354	721	(2,941)	200	1,334	-	-	1,334
Softball	905	5,401	(5,719)	200	787	-	-	787
Subtotal	$ 41,677	$ 138,628	$ (127,885)	$ 2,836	$ 55,256	$ -	$ -	$ 55,256

FRANKLIN COUNTY SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND DUE TO STUDENT GROUPS
WESTERN HILLS HIGH SCHOOL
for the year ended June 30, 2019

	Cash Balances Beginning	Receipts	Disbursements	Transfers	Cash Balances Year End	Accounts Receivable Year End	Accounts Payable Year End	Fund Balances Year End
Track	$ 8,261	$ 11,199	$ (11,674)	$ 560	$ 8,346	$ -	$ -	$ 8,346
Swim	-	400	(400)	80	80	-	-	80
Volleyball	100	-	(150)	120	70	-	-	70
Cross Country	1,803	1,673	(1,473)	160	2,163	-	-	2,163
Dist/Reg Tournament	44	1,630	(1,630)	-	44	-	-	44
Tennis - girls	961	30	(321)	(396)	274	-	-	274
Wrestling	468	-	(175)	115	408	-	-	408
Tennis - boys	-	-	(85)	596	511	-	-	511
Girls Soccer	1,877	3,009	(1,540)	-	3,346	-	-	3,346
Gbk Sp-Coach Account	1,073	-	(515)	-	558	-	-	558
Bbk Special-Coach	1,755	357	(1,371)	-	741	-	-	741
Football Special	57	878	(485)	-	450	-	-	450
Archery	3,793	13,906	(15,768)	(40)	1,891	-	-	1,891
Academic Team	971	1,160	(1,641)	-	490	-	-	490
Art Club	69	250	(181)	-	138	-	-	138
Beta Club	2,141	10,377	(10,659)	(40)	1,819	-	-	1,819
Y-Club	402	20,714	(20,729)	(50)	337	-	-	337
Cultural Diversity	42	-	-	-	42	-	-	42
Drama Club	16,802	3,560	(4,640)	4,093	19,815	-	-	19,815
Ecology Club	407	-	-	-	407	-	-	407
FFA	3,510	19,238	(18,702)	1,525	5,571	-	-	5,571
Subtotal	$ 44,536	$ 88,381	$ (92,139)	$ 6,723	$ 47,501	$ -	$ -	$ 47,501

FRANKLIN COUNTY SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND DUE TO STUDENT GROUPS
WESTERN HILLS HIGH SCHOOL
for the year ended June 30, 2019

	Cash Balances Beginning	Receipts	Disbursements	Transfers	Cash Balances Year End	Accounts Receivable Year End	Accounts Payable Year End	Fund Balances Year End
FCCLA	$ 640	$ 807	$ (599)	$ (40)	$ 808	$ -	$ -	$ 808
French Honor Society	632	509	(599)	(50)	492	-	-	492
National Honor Society	285	800	(810)	(50)	225	-	-	225
Pep Club	11	10	-	-	21	-	-	21
Spanish Honor	394	856	(979)	(40)	231	-	-	231
Student Council	1,746	-	-	(40)	1,706	-	-	1,706
KJHS	12	10	-	-	22	-	-	22
Book Club	36	-	-	-	36	-	-	36
Wolverine Warehouse	75	-	-	-	75	-	-	75
Future Educators	30	-	-	-	30	-	-	30
DECA	104	11,205	(10,314)	(40)	955	-	-	955
Young Republicans	27	230	(85)	(40)	132	-	-	132
Young Democrats	92	195	(227)	-	60	-	-	60
Science Club	1,988	3,859	(2,521)	(40)	3,286	-	-	3,286
Key Club	114	-	-	(40)	74	-	-	74
Mu Alpha Theta	765	289	(394)	(40)	620	-	-	620
Gay/Straight Alliance	110	-	-	-	110	-	-	110
Band	1,193	-	(495)	(160)	538	-	-	538
Business Dept.	8	-	-	-	8	-	-	8
Chorus	121	-	(65)	-	56	-	-	56
Technology	590	-	-	-	590	-	-	590
Subtotal	$ 8,973	$ 18,770	$ (17,088)	$ (580)	$ 10,075	$ -	$ -	$ 10,075

FRANKLIN COUNTY SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND DUE TO STUDENT GROUPS
WESTERN HILLS HIGH SCHOOL
for the year ended June 30, 2019

	Cash Balances Beginning	Receipts	Disbursements	Transfers	Cash Balances Year End	Accounts Receivable Year End	Accounts Payable Year End	Fund Balances Year End
English Dept.	$ 171	$ 20	$ (269)	$ 100	$ 22	$ -	$ -	$ 22
Famco Fees	1,114	1,744	(1,331)	-	1,527	-	-	1,527
Foreign Language	235	-	-	-	235	-	-	235
Journalism-Print	376	-	-	(376)	-	-	-	-
Library	296	214	(56)	-	454	-	-	454
Math Dept.	44	-	-	-	44	-	-	44
PE Dept.	15	-	-	-	15	-	-	15
Resource Spec. Ed.	6	-	-	-	6	-	-	6
Science Dept.	258	-	(246)	-	12	-	-	12
Social Studies	46	1,751	(1,683)	-	114	-	-	114
Horticulture	6,990	24,698	(20,070)	(1,600)	10,018	-	-	10,018
Outdoor Classroom	200	-	-	-	200	-	-	200
Living to serve	-	3,000	(3,075)	75	-	-	-	-
Counselors	188	1,380	(1,289)	-	279	-	-	279
Learning Center	145	-	-	(145)	-	-	-	-
Pageant	-	9,740	(2,335)	(7,305)	100	-	-	100
Yearbook	8,242	4,549	(2,655)	-	10,136	-	-	10,136
CRP/HOSA	913	4,575	(5,425)	312	375	-	-	375
Memorial Garden	1,768	-	(717)	-	1,051	-	-	1,051
General Fund Sweep	-	11,975	(11,935)	(40)	-	-	-	-
Totals	$ 116,193	$ 309,425	$ (288,198)	$ -	$ 137,420	$ -	$ -	$ 137,420

FRANKLIN COUNTY SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND DUE TO STUDENT GROUPS
FRANKLIN COUNTY HIGH SCHOOL
for the year ended June 30, 2019

	Cash Balances Beginning	Receipts	Disbursements	Transfers	Cash Balances Year End	Accounts Receivable Year End	Accounts Payable Year End	Fund Balances Year End
General	$ 75	$ 84	$ -	$ -	$ 159	$ -	$ -	$ 159
Field Trips	89	130	-	-	219	-	-	219
Interest	429	2,213	(182)	(650)	1,810	-	-	1,810
Postage	27	24	(22)	-	29	-	-	29
Parking	95	3,525	(2,576)	-	1,044	-	-	1,044
FEA Club	1,080	-	-	(1,080)	-	-	-	-
Disc Golf	500	-	(464)	-	36	-	-	36
Teachers Lounge	731	1,526	(1,126)	130	1,261	-	-	1,261
Athletic	3,345	115,645	(128,031)	13,260	4,219	-	-	4,219
FB Playoffs	88	4,045	(1,371)	(2,762)	-	-	-	-
Boys/Girls Tennis	10	1,800	(1,810)	-	-	-	-	-
Cheerleaders	255	5,929	(4,802)	(60)	1,322	-	-	1,322
Swim Team	2	380	(271)	-	111	-	-	111
SB Showcase	24	3,022	(1,105)	(200)	1,741	-	-	1,741
Art Club	322	432	(215)	-	539	-	-	539
Art Ceramics	-	1,543	(924)	-	619	-	-	619
Beta Club	119	23,555	(22,011)	(85)	1,578	-	-	1,578
Deca Club	1,757	5,868	(6,649)	(559)	417	-	-	417
AP Euro Binders	-	120	(180)	60	-	-	-	-
Bus. Management	-	273	(313)	40	-	-	-	-
FFA Club	628	5,853	(5,242)	(280)	959	-	-	959
Subtotal	$ 9,576	$ 175,967	$ (177,294)	$ 7,814	$ 16,063	$ -	$ -	$ 16,063

FRANKLIN COUNTY SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND DUE TO STUDENT GROUPS
FRANKLIN COUNTY HIGH SCHOOL
for the year ended June 30, 2019

	Cash Balances Beginning	Receipts	Disbursements	Transfers	Cash Balances Year End	Accounts Receivable Year End	Accounts Payable Year End	Fund Balances Year End
Academic Club	$ 70	$ 707	$ (732)	$ -	$ 45	$ -	$ -	$ 45
Key Club	537	630	(744)	-	423	-	-	423
NHS Club	424	1,435	(830)	-	1,029	-	-	1,029
Pep Club	154	-	(101)	-	53	-	-	53
Student Council	365	495	(850)	150	160	-	-	160
Y Club	16	12,015	(11,169)	(495)	367	-	-	367
Safe Place	-	120	-	-	120	-	-	120
College ALG.	600	-	(360)	(240)	-	-	-	-
Drama	2,998	20,879	(16,335)	(125)	7,417	-	-	7,417
FB Qback Club	105	-	(101)	-	4	-	-	4
ROTC Cadet	965	1,357	(2,405)	83	-	-	-	-
ROTC Cadets	702	12,692	(13,025)	(83)	286	-	-	286
Class of 2018	76	-	-	(76)	-	-	-	-
Class of 2019	-	1,926	(1,873)	1,062	1,115	-	-	1,115
AP Exams	4,393	13,900	(14,962)	-	3,331	-	-	3,331
Book Club	53	34	(24)	-	63	-	-	63
PSAT	114	1,344	(624)	-	834	-	-	834
Archery Tourney	318	-	(318)	-	-	-	-	-
Yearbook Ads	21,425	12,588	(8,862)	(1,740)	23,411	-	-	23,411
Sophmore Class	-	725	(526)	(25)	174	-	-	174
Miss FCHS Pageant	-	400	-	(400)	-	-	-	-
Subtotal	$ 33,315	$ 81,247	$ (73,841)	$ (1,889)	$ 38,832	$ -	$ -	$ 38,832

FRANKLIN COUNTY SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND DUE TO STUDENT GROUPS
FRANKLIN COUNTY HIGH SCHOOL
for the year ended June 30, 2019

	Cash Balances Beginning	Receipts	Disbursements	Transfers	Cash Balances Year End	Accounts Receivable Year End	Accounts Payable Year End	Fund Balances Year End
Dance Team	$ 133	$ 5,303	$ (3,298)	$ 600	$ 2,738	$ -	$ -	$ 2,738
FB Bowls	14	-	-	-	14	-	-	14
Archery Team	226	1,687	(1,741)	-	172	-	-	172
Track Team	264	3,306	(3,690)	720	600	-	-	600
Soccer Camp	9,288	-	(9,255)	(33)	-	-	-	-
Band Camp	153	-	-	-	153	-	-	153
Boys soccer	-	5,000	(1,776)	16	3,240	-	-	3,240
Girls soccer	-	6,200	(3,689)	321	2,832	-	-	2,832
Cross Country Team	10,701	18,975	(15,700)	(3,240)	10,736	-	-	10,736
Spanish Club	143	238	(215)	-	166	-	-	166
Flyer Connection	716	12,262	(10,803)	1,139	3,314	-	-	3,314
Young Democrats	381	167	(188)	(55)	305	-	-	305
Fellowship/Christian	5	-	-	195	200	-	-	200
Young Republicans	152	-	-	-	152	-	-	152
SB Player Fees	-	7,400	(5,806)	-	1,594	-	-	1,594
VB Team	49	-	-	(49)	-	-	-	-
Step Team/Club	464	2,611	(2,340)	(24)	711	-	-	711
Film Club	550	-	-	-	550	-	-	550
Junior Class	538	28	(65)	(501)	-	-	-	-
Boys Golf Team	40	-	-	(40)	-	-	-	-
Girls B-Ball Trip	11	10,493	(5,530)	(4,974)	-	-	-	-
All Region Team Trophies	-	120	(120)	-	-	-	-	-
Totals	$ 66,719	$ 331,004	$ (315,351)	$ -	$ 82,372	$ -	$ -	$ 82,372

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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 State Committee for School District Audits and
Members of the Board of Education
Franklin County School District

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 the Franklin County School District, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Franklin County School District's basic financial statements and have issued our report thereon dated December 12, 2019.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items (2019-001 and 2019-002) that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Franklin 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 certain matters that we reported to management of the Franklin County School District, in a separate letter dated December 12, 2019.

Franklin County School District's Response to Findings

Franklin County School District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Franklin County School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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.

RFH

RFH, PLLC
Lexington, Kentucky
December 12, 2019

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

To the State Committee for School District Audits and
Members of the Board of Education
Franklin County School District

Report on Compliance for Each Major Federal Program

We have audited the Franklin 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 the Franklin County School District's major federal programs for the year ended June 30, 2019. Franklin 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.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Franklin County School District's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Franklin County School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Franklin County School District's compliance.

Opinion on Each Major Federal Program

In our opinion, the Franklin 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, 2019.

Report on Internal Control over Compliance

Management of the Franklin County School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Franklin County School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Franklin County School District's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

RFH

RFH, PLLC
Lexington, Kentucky
December 12, 2019

FRANKLIN COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
for the year ended June 30, 2019

GRANTOR/PROGRAM TITLE	Federal CFDA Number	Pass Through Grantor's Number	Expenditures
U.S. Department of Agriculture (USDA)			
Passed through Kentucky Department of Education			
Child Nutrition Cluster			
National School Lunch Program	10.555	7750002	$ 1,748,151
National School Breakfast Program	10.553	7760005	642,412
Summer Food Service Program for Children	10.559	7690024/ 7740023	94,090
Passed through Kentucky Department of Agriculture			
Commodities (Note 2)	10.555	Note 6	180,736
Total U.S. Department of Agriculture			**$ 2,665,389**
U.S. Department of Education			
Passed through Kentucky Department of Education			
Title I, Part A Cluster	84.010	3100002	$ 1,413,991
Title I, Neglected and Delinquent Children and Youth	84.013	Note 6	13,596
Special Education Cluster (IDEA)			
Special Education - Grants to States (IDEA, Part B)	84.027	3810002	1,279,596
Special Education - Preschool Grants (IDEA, Preschool)	84.173	3800002	83,641
Total Special Education Cluster (IDEA)			1,363,237
Vocational Education	84.048	3710002/ 3710006	65,585
Service Projects - Project Respect	84.128	Note 6	44,110
Title III: Limited English Proficiency	84.365	3300002	34,905
Student Support and Academic Enrichment Grant	84.424	Note 6	56,726
Improving Teacher Quality State Grants	84.367	3230002	182,330
Total U.S. Department of Education			**$ 3,174,480**
Total expenditures of federal awards			**$ 5,839,869**

Note 1 - Basis of Presentation
The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Franklin County School District and is presented 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 (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in, or used, in the preparation of, the basic financial statements may differ from those numbers.

Note 2 - Nonmonetary assistance is reported in the schedule at the fair market value of the commodities disbursed.

Note 3 - The District did not pass through any funds to subrecipients.

Note 4 - Indirect Cost Rates
The District did not elect to use the 10 percent de minimis cost rate as allowed under the Uniform Guidance.

Note 5 - Passthrough entity numbers are presented when available.

Note 6 - Pass through grantor's number not available.

FRANKLIN COUNTY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
for the year ended June 30, 2019

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements:
Type of auditors' report issued: Unmodified

Internal control over financial reporting:		
Material weaknesses identified	X Yes	_No
Significant deficiencies identified that are not considered to be material weaknesses	_Yes	X None reported
Non-compliance material to financial statements noted	_Yes	X No
Federal Awards:		
Internal control over major programs:		
Material weaknesses identified	_Yes	X No
Significant deficiencies identified that are not considered to be material weaknesses	_Yes	X None reported

Type of auditors' report issued on compliance for major programs:
Unmodified for all major programs.

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

Major Programs:

CFDA Number	**Name of Federal Program or Cluster**
84.027 and 84.173	Special Education Cluster (IDEA)
84.010	Title I, Part A Cluster

Dollar threshold used to distinguish between type A and type B programs:	$ 750,000	
Auditee qualified as a low-risk auditee?	__Yes	X No

II. FINDINGS RELATED TO FINANCIAL STATEMENTS

Finding 2019-001 (Repeat)

Criteria:
The District should have internal controls in place to allow it to complete the fiscal year-end financial reporting process and identify and correct material misstatements.

Condition:
The District on occasion takes on large construction projects, issues debt and implements new accounting standards. In addition, the District is required to record year end accrual entries for accounts payable to present financial statements in accordance with generally accepted accounting principles. The District had turnover in the finance department during the year end accrual process.

Cause:
During the fiscal year the District had complex activity related to construction and a debt issuance. Inexperience with this type of activity, as well as turnover during the year end closing process, caused the District's unadjusted financial statements to be materially misstated.

Effect:
Material audit adjustments were required so that the District's financial statements were fairly stated.

Recommendation:
We recommend the District review its controls over the fiscal year-end financial reporting process. We recommend when management encounters unusual or complex financial activity, they engage a consultant to help management identify adjustments required so that its financial statements are fairly presented.

Response:
The new finance officer will attend trainings and review accounting processes to ensure transactions are properly recorded to prevent future issues. The finance officer will consult with the auditor to clarify further questions on fiscal year-end financial reporting processes.

Finding 2019-002

Criteria:
Segregation of duties is required to ensure internal controls are operating effectively. No one employee should have access to both physical assets and the related accounting records or to all phases of a transaction. If segregation of duties is limited due to the staff size, compensating controls and reviews should be in place to ensure appropriate oversight.

Condition:
The District's segregation of accounting duties and related compensating controls was not adequate to ensure expenditures were recorded accurately in the financial statements.

Cause:
Members of the finance department are able to both control physical assets and perform accounting functions related to those assets. Compensating controls were not operating effectively to mitigate the risk caused by the inadequate segregation of duties.

Effect:
The District recorded inappropriate financial statement activity, including issuance of checks that were not valid budgetary expenditures. Material misstatements were noted as a result of the activity.

Recommendation:
We recommend the District review its internal controls related to the cash disbursement process. Monthly bank statements and cancelled checks should be received and reviewed by someone other than the employee maintaining cash records. The statements should be reviewed prior to turning them over for reconciliation. Reconciliations should also be reviewed, once completed. We recommend that the District maintain a log that shows all check runs and the log should be signed and dated by the individual who performed the check runs. The District should re-emphasize the importance of each employee not allowing other employees to access their accounting software log-in information. Access to certain accounting software features should be limited to the individual needing access to perform their duties. All purchases should be in accordance with the District's purchasing policy and all purchases should be supported with a completed signed purchase order. Purchase orders should not be initiated or approved by staff involved in the check writing process. The District should evaluate whether additional staff is needed in the finance department to either properly segregate duties or provide appropriate compensating controls that function as designed.

Response:
The new finance officer will try to establish and monitor effective internal controls to the extent feasible within the staffing constraints. The finance officer will work closely with the auditor and consult with other districts on best practices for segregation of duties within a school district.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

NONE

IV. PRIOR AUDIT FINDINGS

Condition 2019-001 is a repeat finding from the prior year.

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Members American Institute of Certified Public Accountants
and Kentucky Society of Certified Public Accountants

Members of the Board of Education
Franklin County School District
Frankfort, Kentucky

In planning and performing our audit of the financial statements of the Franklin County School District for the year ended June 30, 2019, 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.

However, during our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated December 12, 2019 on the financial statements of the Franklin County Board of Education. We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various District personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Respectfully,

RFH

RFH, PLLC
December 12, 2019

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Phone: 859-231-1800 • **Fax:** 859-422-1800 • **Toll-Free:** 1-800-342-7299 **www.rfhcpas.com**

DISTRICT

Current Year Comments

None.

Status of Prior Year Comments

There were no management letter comments at the District level in the prior year.

SCHOOL ACTIVITY FUNDS

FRANKLIN COUNTY HIGH SCHOOL

2019-01: Purchase Orders

Condition:
During testing multiple instances of purchases approved after being obligated were noted. Purchase orders should be completed prior to all purchases.

Response:
Principals and bookkeepers will attend Redbook trainings annually at a minimum, with additional trainings and resources available. The district will increase the audience for future Redbook trainings to include teachers, athletic coaches, external booster groups, and SBDM individuals to increase awareness of Redbook procedures. Purchases made without a pre-approved order will not be honored by the school.

Status of Prior Year Comments

Condition 2019-01 is a repeat finding from the prior year. No other findings from the prior year were noted.

WESTERN HILLS HIGH SCHOOL

2019-01: Purchase Orders

Condition:
During testing multiple instances of purchases approved after being obligated were noted. Purchase orders should be completed prior to all purchases.

Response:
Principals and bookkeepers will attend Redbook trainings annually at a minimum, with additional trainings and resources available. The district will increase the audience for future Redbook trainings to include teachers, athletic coaches, external booster groups, and SBDM individuals to increase awareness of Redbook procedures. Purchases made without a pre-approved order will not be honored by the school.

2019-02: Receipts

Condition:
Money should be remitted to the treasurer on the date of collection, or if collected after hours, the following business day. Testing disclosed instances of money not being remitted timely to the treasurer. Testing also disclosed an instance that form F-SA-6 was not completed.

WESTERN HILLS HIGH SCHOOL (CONTINUED)

2019-02: Receipts, continued

Response:
Principals and bookkeepers will attend Redbook trainings annually at a minimum, with additional trainings and resources available. The district will increase the audience for future Redbook trainings to include teachers, athletic coaches, external booster groups, and SBDM individuals to increase awareness of Redbook procedures. Principals and bookkeepers will ensure that all money is deposited daily and staff will be reminded that money must be turned in daily. As money is turned in on the Multiple Receipt Form, bookkeepers are double checking to make sure the form is complete, specifically including dates, signatures, and totals or the money will not be deposited into the account until the form is corrected.

Status of Prior Year Comments

Condition 2019-01 is a repeat finding from the prior year. No other findings from the prior year were repeated.

FRANKLIN COUNTY CAREER AND TECHNICAL CENTER

No findings in the current year.

Status of Prior Year Comments

No findings from the prior year were repeated.

ELKHORN MIDDLE SCHOOL

No findings in the current year.

Status of Prior Year Comments

No findings from the prior year were repeated.

BONDURANT MIDDLE SCHOOL

2019-01: Receipts

Condition:
Money should be remitted to the treasurer on the date of collection, or if collected after hours, the following business day. Testing disclosed instances of money not being remitted timely to the treasurer.

Response:
Principals and bookkeepers will attend Redbook trainings annually at a minimum, with additional trainings and resources available. The district will increase the audience for future Redbook trainings to include teachers, athletic coaches, external booster groups, and SBDM individuals to increase awareness of Redbook procedures. Principals and bookkeepers will ensure that all money is deposited daily and staff will be reminded that money must be turned in daily.

2019-02: Purchase Orders

Condition:
During testing, instances of purchases being approved after being obligated were noted. There was also a purchase that was operational that should have been purchased at the District level. Purchase orders should be completed prior to all purchases and operational purchases should be made at the District level.

Response:
Principals and bookkeepers will attend Redbook trainings annually at a minimum, with additional trainings and resources available. The district will increase the audience for future Redbook trainings to include teachers, athletic coaches, external booster groups, and SBDM individuals to increase awareness of Redbook procedures. Purchases made without a pre-approved order will not be honored by the school.

Status of Prior Year Comments

Condition 2019-02 is a repeat finding from the prior year. No other findings from the prior year were repeated.

BRIDGEPORT ELEMENTARY SCHOOL

2019-01: Purchase Orders

Condition:
During testing, multiple instances of purchases approved after being obligated were noted. Purchase orders should be completed prior to all purchases.

Response:
Principals and bookkeepers will attend Redbook trainings annually at a minimum, with additional trainings and resources available. The district will increase the audience for future Redbook trainings to include teachers, athletic coaches, external booster groups, and SBDM individuals to increase awareness of Redbook procedures. Purchases made without a pre-approved order will not be honored by the school.

Status of Prior Year Comments

Condition 2019-01 is a repeat finding from the prior year. No other findings from the prior year were repeated.

COLLINS LANE ELEMENTARY

2019-01: Purchase Orders

Condition:
During testing, an instance of a purchase approved after being obligated was noted. Purchase orders should be completed prior to all purchases.

Response:
Principals and bookkeepers will attend Redbook trainings annually at a minimum, with additional trainings and resources available. The district will increase the audience for future Redbook trainings to include teachers, athletic coaches, external booster groups, and SBDM individuals to increase awareness of Redbook procedures. Purchases made without a pre-approved order will not be honored by the school.

Status of Prior Year Comments

There were no prior year conditions repeated in the current year.

EARLY LEARNING VILLAGE EAST

No findings in the current year.

Status of Prior Year Comments

There were no prior year conditions repeated in the current year.

ELKHORN ELEMENTARY

2019-01: Receipts

Condition:
Teachers, sponsors, or students shall use the Multiple Receipt Form (Form F-SA-6) or pre-numbered receipts when collecting money. Testing disclosed an instance that form F-SA-6 was not completed.

Response:
Principals and bookkeepers will attend Redbook trainings annually at a minimum, with additional trainings and resources available. The district will increase the audience for future Redbook trainings to include teachers, athletic coaches, external booster groups, and SBDM individuals to increase awareness of Redbook procedures. As money is turned in on the Multiple Receipt Form, bookkeepers are double checking to make sure the form is complete, specifically including dates, signatures, and totals or the money will not be deposited into the account until the form is corrected.

Status of Prior Year Comments

There were no prior year conditions repeated in the current year.

HEARN ELEMENTARY

2019-01: Purchase Orders

Condition:
During testing, an instance of a purchase approved after being obligated was noted. Purchase orders should be completed prior to all purchases.

Response:
Principals and bookkeepers will attend Redbook trainings annually at a minimum, with additional trainings and resources available. The district will increase the audience for future Redbook trainings to include teachers, athletic coaches, external booster groups, and SBDM individuals to increase awareness of Redbook procedures. Purchases made without a pre-approved order will not be honored by the school.

Status of Prior Year Comments

Condition 2019-01 is a repeat finding from the prior year. No other findings from the prior year were repeated.

PEAKS MILLS ELEMENTARY SCHOOL

No findings in the current year.

Status of Prior Year Comments

There were no prior year conditions repeated in the current year.

WESTRIDGE ELEMENTARY SCHOOL

2019-01: <u>Purchase Orders</u>

Condition:
During testing an instance of a purchase approved after being obligated was noted. Purchase orders should be completed prior to all purchases.

Response:
Principals and bookkeepers will attend Redbook trainings annually at a minimum, with additional trainings and resources available. The district will increase the audience for future Redbook trainings to include teachers, athletic coaches, external booster groups, and SBDM individuals to increase awareness of Redbook procedures. Purchases made without a pre-approved order will not be honored by the school.

Status of Prior Year Comments

Condition 2019-01 is a repeat finding from the prior year. No other findings from the prior year were repeated.

APPENDIX C

Franklin County School District Finance Corporation
School Building Revenue Bonds
Series of 2020

Continuing Disclosure Agreement

CONTINUING DISCLOSURE UNDERTAKING AGREEMENT

This Continuing Disclosure Undertaking Agreement ("Agreement") made and entered into as of the 9th day of July, 2020, by and between the Board of Education of Franklin County, Kentucky School District ("Board"); the Franklin County School District Finance Corporation, an agency and instrumentality of the Board ("Corporation") and the Registered and Beneficial Owners of the Bonds hereinafter identified as third party beneficiaries to this Agreement. For the purposes of this Agreement "Beneficial Owner" means the person or entity treated as the owner of the Bonds for federal income tax purposes and "Registered Owner" means the person or entity named on the registration books of the bond registrar.

W I T N E S S E T H:

WHEREAS, the Corporation has acted as issuing agency for the Board pursuant to the provisions of Section 162.385 of the Kentucky Revised Statutes ("KRS") and the Corporation's Bond Resolution in connection with the authorization, sale and delivery of $1,720,000 of the Corporation's School Building Revenue Bonds, Series of 2020, dated as of July 9, 2020 ("Bonds"), which Bonds were offered for sale under the terms and conditions of a Final Official Statement ("FOS") prepared by RSA Advisors, LLC, Lexington, Kentucky ("Financial Advisor") and approved by the authorized representatives of the Board and the Corporation, and

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

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

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

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

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

1. ANNUAL FINANCIAL INFORMATION

The Board agrees to provide the annual financial information contemplated by Rule 15c2-12(b)(5)(i) relating to the Board for its fiscal years ending June 30 of each year 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

1. Principal/interest payment delinquency;

2. Nonpayment related default, if material;

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

4. Unscheduled draw on credit enhancement reflecting financial difficulties;

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

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

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

8. Bond call, if material and tender offers;

9. Defeasance;

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

11. Rating change;

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

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

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

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

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

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

(A) Debt obligation;

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

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

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

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

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

3. SPECIAL REQUESTS FOR INFORMATION

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

4. DISCLAIMER OF LIABILITY

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

5. FINAL OFFICIAL STATEMENT

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

6. DURATION OF THE AGREEMENT

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

7. AMENDMENT; WAIVER

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

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

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

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

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

8. DEFAULT

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

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

BOARD OF EDUCATION OF FRANKLIN COUNTY, KENTUCKY SCHOOL DISTRICT

Attest:

____
Chairperson

____
Secretary

FRANKLIN COUNTY SCHOOL DISTRICT FINANCE CORPORATION

Attest:

____
President

____
Secretary

APPENDIX D

Franklin County School District Finance Corporation
School Building Revenue Bonds
Series of 2020

Official Terms and Conditions of Bond Sale

OFFICIAL
TERMS AND CONDITIONS OF BOND SALE

$1,720,000*
Franklin County School District Finance Corporation
School Building Revenue Bonds, Series of 2020
Dated July 9, 2020

SALE: June 18, 2020 AT 11:00 A.M., E.D.S.T.

As published on PARITY®, a nationally recognized electronic bidding system, the Franklin County School District Finance Corporation ("Corporation") will until June 18, 2020, 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 $170,000.

FRANKLIN 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 the Franklin County, Kentucky School District (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 installation of turf field at Western Hills High School and Franklin County High School (the "Project") and are secured by a lien upon and a pledge of the revenues from the rental of the school building to the Board under the Lease on a year to year basis; the first rental period ending June 30, 2021; 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 improve or refinance certain of the building(s) in which the Project is located (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 Project but foreclosure and sale are not available as remedies.

The rental of the Project from the Corporation to the Board is to be effected under a certain Lease Agreement by and between the Corporation and the Board (the "Lease"), whereunder the Project is leased to the Board for the initial period ending June 30, 2021, with an option in the Board to renew the Lease each year at rentals sufficient to provide for the principal and interest requirements on the Bonds as they become due, plus the costs of insurance, maintenance, depreciation, and bond issuance and administration expenses; the Board being legally obligated only for the initial rental period and for one year at a time thereafter each time the Lease is renewed.

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

ADDITIONAL PARITY BONDS

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

BOND MATURITIES, PRIOR REDEMPTION PROVISIONS AND PAYING AGENT

All such Bonds shall be in denominations in multiples of $5,000 within the same maturity, bear interest from July 9, 2020, payable on December 1, 2020, and semi annually thereafter and shall mature as to principal on June 1 in each of the years as follows:

Year	Amount
2021	$600,000
2022	115,000
2023	115,000
2024	120,000
2025	120,000
2026	125,000
2027	125,000
2028	130,000
2029	135,000
2030	135,000

*Subject to a Permitted Adjustment of the amount of Bonds awarded of up to $170,000 which may be applied in any or all maturities.

The Bonds maturing on or after June 1, 2024 are subject to redemption at the option of the Corporation prior to their stated maturity on any date falling on or after June 1, 2023, 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 National Association, Louisville, Kentucky, has been designated as the Bond Registrar and Paying Agent, shall remit interest on each semiannual due date to Cede & Co. Principal and interest will be payable through the Book-Entry-Only-System administered by The Depository Trust Company: Please see "BOOK-ENTRY-ONLY-SYSTEM" below. Interest on the Bonds will be paid at rates to be established upon the basis of competitive bidding as hereinafter set forth, such interest to be payable on December 1 and June 1 of each year, beginning December 1, 2020 (Record Date is the 15th day of month preceding interest due date).

BIDDING CONDITIONS AND RESTRICTIONS

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

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

(C) The minimum bid shall be not less than $1,702,800 (99% of par) plus accrued interest. Interest rates shall be in multiples of 1/8 or 1/20 of 1% or both. Only one interest rate shall be permitted per Bond, and all Bonds of the same maturity shall bear the same rate. Interest rates must be on an ascending scale, in that the interest rate stipulated in any year may not be less than that stipulated for any preceding maturity. There is no limit on the number of different interest rates.

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

(E) The determination of the best purchase bid for said Refunding Bonds shall be made on the basis of all bids submitted for exactly $1,720,000 principal amount of Refunding Bonds offered for sale under the terms and conditions herein specified, but the Corporation may adjust the principal amount of Bonds upward or downward by $170,000 (the "Permitted Adjustment") which may be awarded to such best bidder may be a minimum of $1,550,000 or a maximum of $1,890,000. 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 $1,720,000 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 18, 2020.
>
> (e) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

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

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

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

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

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

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

(M) The Corporation and the Board agree to cooperate with the successful bidder in the event said purchaser desires to purchase municipal bond insurance regarding the 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 100% of fair cash value.

BIENNIAL BUDGET FOR PERIOD ENDING JUNE 30, 2021

The Kentucky General Assembly, during its Regular Session, adopted a budget for the biennium ending June 30, 2021 which was approved and signed by the Governor. Such budget is effective beginning July 1, 2020.

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. Proposals are currently pending in both Federal houses which, if passed, would eliminate the ability of the issuer to advance refund the Bonds. 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, Franklin County School District Board of Education, 190 Kings Daughters Drive #300, Frankfort, Kentucky 40601, Telephone 502-695-6700.

TAX EXEMPTION; BANK QUALIFIED

Bond Counsel is of the opinion that the Bonds are "qualified tax-exempt obligations" within the meaning of the Internal Revenue Code of 1986, as amended, and therefore advises as follows:

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

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

(C) As a result of certifications by the Board and the Corporation, indicating the issuance of less than $10,000,000 of tax-exempt obligations during the calendar year ending December 31, 2020, the Bonds may be treated by financial institutions as "qualified tax-exempt obligations" under Section 265(b)(3) of the Code.

BOOK-ENTRY-ONLY-SYSTEM

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

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

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

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

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

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

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

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

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

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

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

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

FRANKLIN COUNTY SCHOOL
DISTRICT FINANCE CORPORATION

by /s/ Rebecca Roberts
Secretary

APPENDIX E

Franklin County School District Finance Corporation
School Building Revenue Bonds
Series of 2020

Official Bid Form

OFFICIAL BID FORM
(Bond Purchase Agreement)

The Franklin County School District Finance Corporation ("Corporation" or "Issuer"), will until 11:00 A.M., E.D.S.T., on June 18, 2020, 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 $1,720,000 School Building Revenue Bonds, Series of 2020, dated July 9, 2020; maturing June 1, 2021 through 2030 ("Bonds").

We hereby bid for said $1,720,000* principal amount of Bonds, the total sum of $_______________ (not less than $1,702,800) plus accrued interest from July 9, 2020 payable December 1, 2020 and semiannually thereafter at the following annual rates, (rates on ascending scale in multiples of 1/8 or 1/20 of 1%; number of interest rates unlimited) and maturing as to principal on June 1 in the years as follows:

Year	Amount*	Rate
2021	$600,000	_________%
2022	115,000	_________%
2023	115,000	_________%
2024	120,000	_________%
2025	120,000	_________%
2026	125,000	_________%
2027	125,000	_________%
2028	130,000	_________%
2029	135,000	_________%
2030	135,000	_________%

* Subject to Permitted Adjustment

We understand this bid may be accepted for as much as $1,890,000 of Bonds or as little as $1,550,000 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 18, 2020.

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

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

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

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

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

No certified or bank cashier's check will be required to accompany a bid, but the successful bidder shall be required to wire transfer an amount equal to 2% of the principal amount of Bonds awarded by the close of business on the date following the award. Said good faith amount will be applied (without interest) to the purchase price on delivery. Wire transfer procedures should be arranged through U.S. Bank National Association, Louisville, Kentucky, Attn: Mr. Charles Lush, Trust Officer (502-562-6436).

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 9, 2020 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 9, 2020 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 Financial Advisor and Agent for the Franklin County School District Finance Corporation for $________________ amount of Bonds at a price of $______________ as follows:

Year	Amount	Rate
2021	_______,000	________%
2022	_______,000	________
2023	_______,000	________
2024	_______,000	________
2025	_______,000	________
2026	_______,000	________
2027	_______,000	________
2028	_______,000	________
2029	_______,000	________
2030	_______,000	________

Dated: June 18, 2020

____
RSA ADVISORS, LLC,
as Agent for the Franklin County
School District Finance Corporation