PRELIMINARY OFFICIAL STATEMENT

DATED JULY 21, 2020

NEW ISSUE **RATING**
Electronic Bidding via Parity® ***Moody's: " "***
Bank Interest Deduction Eligible
BOOK-ENTRY-ONLY SYSTEM

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

In the opinion of Bond Counsel, under existing law (i) interest on the Bonds will be excludable from gross income of the holders thereof for purposes of federal taxation and (ii) interest on the Bonds will not be a specific item of tax preference for purposes of the federal alternative minimum tax, 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).

$23,590,000*
BARDSTOWN INDEPENDENT SCHOOL DISTRICT FINANCE CORPORATION
SCHOOL BUILDING REVENUE BONDS,
SERIES OF 2020

Dated: August 19, 2020 **Due: as shown below**

Interest on the Bonds is payable each February 1 and August 1, beginning February 1, 2021. The Bonds will mature as to principal on August 1, 2021 and each August 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-Aug	Amount	Interest Rate	Reoffering Yield	CUSIP	Maturing 1-Aug	Amount	Interest Rate	Reoffering Yield	CUSIP
2021	$50,000	%	%		2031	$1,525,000	%	%	
2022	$50,000	%	%		2032	$1,570,000	%	%	
2023	$50,000	%	%		2033	$1,620,000	%	%	
2024	$140,000	%	%		2034	$1,670,000	%	%	
2025	$145,000	%	%		2035	$1,730,000	%	%	
2026	$825,000	%	%		2036	$1,785,000	%	%	
2027	$1,015,000	%	%		2037	$1,845,000	%	%	
2028	$1,180,000	%	%		2038	$1,910,000	%	%	
2029	$1,215,000	%	%		2039	$1,975,000	%	%	
2030	$1,245,000	%	%		2040	$2,045,000	%	%	

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

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

The Bonds constitute a limited indebtedness of the Bardstown Independent School District Finance Corporation and are payable from and secured by a pledge of the gross income and revenues derived by leasing the Project (as hereinafter defined) on an annual renewable basis to the Bardstown Independent Board of Education.

The Bardstown Independent (Kentucky) School District Finance Corporation will until July 29, 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 $2,360,000.**

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

BARDSTOWN INDEPENDENT
BOARD OF EDUCATION

Kathy Reed, Chairman
Jim Roby, Member
Jennifer Shrewsbury, Member
Franklin Hibbs III, Member
Andy Stone, Member

Dr. Ryan Clak, Superintendent/Secretary

BARDSTOWN INDEPENDENT SCHOOL DISTRICT
FINANCE CORPORATION

Kathy Reed, President
Jim Roby, Member
Jennifer Shrewsbury, Member
Franklin Hibbs III, Member
Andy Stone, Member

Dr. Ryan Clark, Secretary
Tracy Rogers, 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 Bardstown Independent 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.

TABLE OF CONTENTS

OFFICIAL STATEMENT
Relating to the Issuance of

$23,590,000*

BARDSTOWN INDEPENDENT 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 Bardstown Independent School District Finance Corporation (the "Corporation") School Building Revenue Bonds, Series of 2020 (the "Bonds").

The Bonds are being issued to finance construction of a new Elementary School (the "Project").

The Bonds are revenue bonds and constitute a limited indebtedness of the Corporation. The Bonds will be secured by a lien and a pledge of the rental income derived by the Corporation from leasing the Projects (as hereinafter defined) to the Bardstown Independent 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 Bardstown Independent 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, the Participation Agreement, and the Lease Agreement, dated August 19, 2020, may be obtained at the office of Steptoe & Johnson PLLC, Bond Counsel, 700 N. Hurstbourne Parkway, Suite 115, Louisville, Kentucky 40222.

BOOK-ENTRY-ONLY-SYSTEM

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

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

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

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

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

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

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

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

THE CORPORATION

The Corporation has been formed in accordance with the provisions of Sections 162.120 through 162.290 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 White v. City of Middlesboro, Ky. 414 S.W.2d 569.

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

KENTUCKY SCHOOL FACILITIES CONSTRUCTION COMMISSION

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

The Commission will enter into a Participation Agreement with the Board whereunder the Commission, will agree to continue to pay approximately $52,036 to be applied to the debt service of the Refunding Bonds through February 1, 2030; provided, however, that the contractual commitment of the Commission to pay the annual Agreed Participation is limited to the biennial budget period of the Commonwealth, with the first such biennial budget period terminating on June 30, 2021.

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

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

BIENNIAL BUDGET FOR PERIOD ENDING JUNE 30, 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
2007-REF	$940,000	$165,000	$673,148	$266,852	3.900%	2020
2008	$1,620,000	$685,000	$1,620,000	$0	3.700% - 4.000%	2028
2010-REF	$6,380,000	$4,490,000	$6,380,000	$0	3.000% - 3.100%	2024
2012-REF	$4,650,000	$2,465,000	$113,783	$4,536,217	2.000% - 2.625%	2024
2012-Energy	$275,000	$213,115	$275,000	$0	2.500% - 3.000%	2027
2013-REF	$2,750,000	$2,300,000	$2,750,000	$0	2.000%	2025
2014	$925,000	$845,000	$528,020	$396,980	2.000% - 3.750%	2034
2015A-REF	$1,245,000	$1,060,000	$1,245,000	$0	2.000%	2026
2015B-REF	$2,075,000	$1,905,000	$2,003,795	$71,205	2.550%	2030
2016	$4,505,000	$4,460,000	$4,505,000	$0	2.150% - 3.125%	2036
2017	$1,250,000	$1,220,000	$1,250,000	$0	3.000% - 3.500%	2037
2019	$1,770,000	$1,730,000	$1,770,000	$0	2.500% - 3.250%	2039
TOTALS:	$28,385,000	$21,538,115	$23,113,746	$5,271,254		

AUTHORITY

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

i) the issuance of approximately $23,590,000 of Bonds subject to a permitted adjustment of $2,360,000;

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 August 19, 2020, will bear interest from that date as described herein, payable semi-annually on February 1 and August 1 of each year, commencing February 1, 2021, and will mature as to principal on August 1, 2021 and each February 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 February 1 and August 1 of each year, beginning February 1, 2021 (Record Date is 15th day of month preceding interest due date).

Redemption

The Bonds maturing on or after August 1, 2028 are subject to redemption at the option of the Corporation prior to their stated maturity on any date falling on or after August 1, 2027, in any order of maturities (less than all of a single maturity to be selected by lot),in whole or in part, upon notice of such prior redemption being given by the Paying Agent in accordance with DTC requirements not less than thirty (30) days prior to the date of redemption, upon terms of the face amount, plus accrued interest, but without redemption premium.

Redemption Date	Redemption Price
August 1, 2027 and thereafter	100%

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

SECURITY

General

The Bonds are revenue bonds and constitute a limited indebtedness of the Corporation. The Bonds are payable as to both principal and interest solely from the income and revenues derived from the leasing of the Project financed from the Bond proceeds from the Corporation to the Board. The Bonds are secured by a pledge of revenue on and from the Project; provided, however, said lien and pledge are on parity with the liens and pledges securing the Corporation's outstanding School Building Revenue Bonds issued to improve the building in which the Project is located.

The Lease; Pledge of Rental Revenues

The Board has leased the school Project securing the Bonds for an initial period from August 19, 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 August 1, 2040, 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 Section 157.627(5) of the Act and KRS 160.160(5), in the event of a failure by the Board to pay the rentals due under the Lease, and unless sufficient funds have been transmitted to the Paying Agent, or will be so transmitted, for paying said rentals when due, the Board has granted under the terms of the Lease and Participation Agreement to the Corporation and the Commission the right to notify and request the Kentucky Department of Education to withhold from the Board a sufficient portion of any undisbursed funds then held, set aside, or allocated to the Board and to request said Department or Commissioner of Education to transfer the required amount thereof to the Paying Agent for the payment of such rentals.

COMMISSION'S PARTICIPATION

The Commission has determined that the Board is eligible for an average annual participation equal to approximately $52,036 from the Commission's appropriation by the Kentucky General Assembly which will be used to meet a portion of the debt service of the Bonds. The plan for financing the Project will require the Commission to pay approximately three percent (3%) of the debt service of the Bonds.

The Participation Agreement to be entered into with the Board will be limited to the biennial budget period of the Commonwealth of Kentucky, with the first such biennial period terminating on June 30, 2021. The right is reserved in the Commission to terminate the commitment to pay the agreed participation every two years thereafter. The obligation of the Commission to make payments of the agreed participation shall be automatically renewed each two years thereafter unless the Commission gives notice to the Board of its intention not to participate not less than sixty days prior to the end of the biennium. However, the Commission has expressed its intention to continue to pay the agreed participation in successive biennial budget periods until the Bonds are retired, but the Commission is not required to do so.

THE PROJECT

After payment of the Bond issuance costs, the Board plans to deposit the net Bond proceeds to finance the construction of a new Elementary School (the "Project").

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

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

ESTIMATED BOND DEBT SERVICE

The following table shows by fiscal year the current bond payments of the Board. The plan of financing provides for the Board to meet approximately 97% of the debt service of the Bonds.

Fiscal Year Ending June 30	Current Local Bond Payments	----- Series 2020 School Building Revenue Bonds -----					Total Local Bond Payments
		Principal Portion	Interest Portion	Total Payment	SFCC Portion	Local Portion	
2021	$2,043,257		$368,513	$368,513	$11,055	$357,457	$2,400,714
2022	$2,041,844	$50,000	$736,338	$786,338	$23,590	$762,747	$2,804,591
2023	$2,042,942	$50,000	$734,963	$784,963	$23,549	$761,414	$2,804,355
2024	$2,041,493	$50,000	$733,588	$783,588	$23,508	$760,080	$2,801,572
2025	$1,955,846	$140,000	$730,975	$870,975	$26,129	$844,846	$2,800,692
2026	$1,956,636	$145,000	$727,056	$872,056	$26,162	$845,895	$2,802,530
2027	$1,290,069	$825,000	$713,719	$1,538,719	$46,162	$1,492,557	$2,782,626
2028	$1,124,156	$1,015,000	$688,419	$1,703,419	$51,103	$1,652,316	$2,776,472
2029	$987,464	$1,180,000	$658,238	$1,838,238	$55,147	$1,783,090	$2,770,554
2030	$986,186	$1,215,000	$625,306	$1,840,306	$55,209	$1,785,097	$2,771,283
2031	$990,406	$1,245,000	$591,481	$1,836,481	$55,094	$1,781,387	$2,771,792
2032	$709,221	$1,525,000	$553,394	$2,078,394	$62,352	$2,016,042	$2,725,263
2033	$711,048	$1,570,000	$510,838	$2,080,838	$62,425	$2,018,412	$2,729,460
2034	$711,553	$1,620,000	$462,520	$2,082,520	$62,476	$2,020,044	$2,731,597
2035	$638,356	$1,670,000	$408,235	$2,078,235	$62,347	$2,015,888	$2,654,244
2036	$640,026	$1,730,000	$352,135	$2,082,135	$62,464	$2,019,671	$2,659,697
2037	$165,853	$1,785,000	$294,138	$2,079,138	$62,374	$2,016,763	$2,182,616
2038	$50,678	$1,845,000	$234,243	$2,079,243	$62,377	$2,016,865	$2,067,543
2039	$54,154	$1,910,000	$172,285	$2,082,285	$62,469	$2,019,816	$2,073,970
2040		$1,975,000	$107,195	$2,082,195	$62,466	$2,019,729	$2,019,729
2041		$2,045,000	$36,810	$2,081,810	$62,454	$2,019,356	$2,019,356
TOTALS:	$21,141,183	$23,590,000	$10,440,385	$34,030,385	$1,020,912	$33,009,473	$54,150,657

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	$23,590,000.00
Total Sources	$23,590,000.00
Uses:	
Deposit to Escrow Fund	$22,979,990.00
Underwriter's Discount (2%)	471,800.00
Cost of Issuance	138,210.00
Total Uses	$23,590,000.00

DISTRICT STUDENT POPULATION

Selected school census and average daily attendance for the Bardstown Independent School District is as follows:

Year	Average Daily Attendance	Year	Average Daily Attendance
1990-91	1,414.8	2004-05	1,822.0
1991-92	1,431.4	2005-06	1,918.9
1992-93	1,445.7	2006-07	2,000.1
1993-94	1,425.3	2007-08	2,030.2
1994-95	1,455.9	2008-09	2,068.9
1995-96	1,407.1	2009-10	2,139.1
1996-97	1,410.3	2010-11	2,156.6
1997-98	1,517.6	2011-12	2,226.2
1998-99	1,517.6	2012-13	2,230.8
1999-00	1,640.4	2013-14	2,251.5
2000-01	1,689.6	2014-15	2,307.7
2001-02	1,742.5	2015-16	2,286.4
2002-03	1,747.0	2016-17	2,258.7
2003-04	1,722.7	2017-18	2,209.2

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 Bardstown Independent 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**
1990-91	141,480.0	2004-05	182,200.0
1991-92	143,140.0	2005-06	191,890.0
1992-93	144,570.0	2006-07	200,010.0
1993-94	142,530.0	2007-08	203,020.0
1994-95	145,590.0	2008-09	206,886.0
1995-96	140,710.0	2009-10	213,913.0
1996-97	141,030.0	2010-11	215,659.0
1997-98	151,760.0	2011-12	222,615.0
1998-99	151,760.0	2012-13	223,077.0
1999-00	164,040.0	2013-14	225,146.0
2000-01	168,960.0	2014-15	230,766.0
2001-02	174,250.0	2015-16	228,644.0
2002-03	174,700.0	2016-17	225,870.0
2003-04	172,270.0	2017-18	220,920.0

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) [a new section of the statute] and (2) an amended KRS 157.440.

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

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

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

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

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

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

Local Tax Rates, Property Assessments and Revenue Collections

Tax Year	Combined Equivalent Rate	Total Property Assessment	Property Revenue Collections
1991-92	56	344,958,377	1,931,767
1992-93	56.6	366,848,795	2,076,364
1993-94	55.5	390,850,885	2,169,222
1994-95	58.2	422,535,145	2,459,155
1995-96	56.3	467,042,079	2,629,447
1996-97	56	506,304,235	2,835,304
1997-98	56.7	535,122,625	3,034,145
1998-99	56.7	553,992,583	3,141,138
1999-00	55.5	611,486,902	3,393,752
2000-01	55.7	655,427,486	3,650,731
2001-02	55.5	691,553,457	3,838,122
2002-03	60.6	702,616,648	4,257,857
2003-04	60.6	732,299,372	4,437,734
2004-05	66.9	779,297,953	5,213,503
2005-06	65.5	835,938,051	5,475,394
2006-07	69.3	886,179,062	6,141,221
2007-08	65.5	957,194,118	6,269,621
2008-09	71.7	1,019,760,534	7,311,683
2009-10	71.7	1,030,900,076	7,391,554
2010-11	69.1	1,053,690,013	7,280,998
2011-12	74	1,075,923,519	7,961,834
2012-13	77.6	1,102,145,486	8,552,649
2013-14	78.1	1,103,973,109	8,622,030
2014-15	82.1	1,116,675,206	9,167,903
2015-16	78.1	1,124,050,759	8,778,836
2016-17	84.3	1,177,199,641	9,923,793
2017-18	84.3	1,255,339,615	10,582,513

Overlapping Bond Indebtedness

The following table shows any other overlapping bond indebtedness of the Bardstown Independent School District or other issuing agency within the County as reported by the State Local Debt Officer for the period ending June 30, 2018.

Issuer	Original Principal Amount	Amount of Bonds Redeemed	Current Principal Outstanding
County of Nelson			
General Obligation	$131,900	$99,702	$32,198
Courthouse Revenue	$22,385,000	$13,505,000	$8,880,000
Airport Renewable	$100,000	$75,000	$25,000
Refinancing Revenue	$7,905,000	$3,310,000	$4,595,000

City of Bardstown			
General Obligation	$14,030,000	$9,280,000	$4,750,000
Utilities Revenue	$44,000,000	$31,580,000	$12,420,000
City of Bloomfield			
Water & Sewer Revenue	$738,000	$513,000	$225,000
Improvement Project Revenue	$1,520,000	$68,000	$1,452,000
Refunding Revenue	$965,000	$0	$965,000
City of New Haven			
Water & Sewer Revenue	$316,000	$70,100	$245,900
Special Districts			
Nelson County Public Library	$2,965,000	$565,000	$2,400,000
North Nelson Water District	$4,678,000	$1,720,500	$2,957,500
Totals:	$99,733,900	$60,786,302	$38,947,598

Source: 2018 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. These receipts are compared to the 1989-90 fiscal year funding prior to enactment of the Kentucky Education Reform Act:

SEEK	Base Funding	Local Tax Effort	Total State & Local Funding
1991-92	3,224,664	1,931,767	5,156,431
1992-93	3,255,627	2,076,364	5,331,991
1993-94	3,194,600	2,169,222	5,363,822
1994-95	3,330,906	2,459,155	5,790,061
1995-96	3,344,464	2,629,447	5,973,911
1996-97	3,531,138	2,835,304	6,366,442
1997-98	3,910,151	3,034,145	6,944,296
1998-99	4,492,617	3,141,138	7,633,755
1999-00	4,802,284	3,393,752	8,196,036
2000-01	5,255,562	3,650,731	8,906,293
2001-02	5,448,016	3,838,122	9,286,138
2002-03	5,861,163	4,257,857	10,119,020
2003-04	6,103,773	4,437,734	10,541,507
2004-05	6,282,699	5,213,503	11,496,202
2005-06	7,073,637	5,475,394	12,549,031
2006-07	7,555,615	6,141,221	13,696,836
2007-08	8,129,439	6,269,621	14,399,060
2008-09	8,534,772	7,311,683	15,846,455
2009-10	8,025,738	7,391,554	15,417,292
2010-11	8,077,171	7,280,998	15,358,169
2011-12	9,156,312	7,961,834	17,118,146
2012-13	9,180,208	8,552,649	17,732,857
2013-14	9,332,938	8,622,030	17,954,968
2014-15	9,829,090	9,167,903	18,996,993
2015-16	9,921,654	8,778,836	18,700,490
2016-17	9,686,101	9,923,793	19,609,894
2017-18	9,440,398	10,582,513	20,022,911

(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 $0.843 for FY 2017-18. The equivalent tax rate" is defined as the rate which results when the income from all taxes levied by the district for school purposes is divided by the total assessed value of property plus the assessment for motor vehicles certified by the Commonwealth of Kentucky Revenue Cabinet.

State Budgeting Process

i) Each district board of education is required to prepare a general school budget on forms prescribed and furnished by the Kentucky Board of Education, showing the amount of money needed for current expenses, debt service, capital outlay, and other necessary expenses of the school during the succeeding fiscal year and the estimated amount that will be received from all sources.

ii) By September 15 of each year, after the district receives its tax assessment data from the Department of Revenue and the State Department of Education, 3 copies of the budget are forwarded to the State Department for approval or disapproval.

iii) The State Department of Education has adopted a policy of disapproving a school budget if it is financially unsound or fails to provide for:

a) payment of maturing principal and interest on any outstanding voted school improvement bonds of the district or payment of rental in connection with any outstanding school building revenue bonds issued for the benefit of the school district; or

b) fails to comply with the law.

POTENTIAL LEGISLATION

No assurance can be given that any future legislation, including amendments to the Code, if enacted into law, or changes in interpretation of the Code, will not cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent owners of the Bonds from realizing the full current benefit of the tax exemption of such interest. In addition, current and future legislative proposals, if enacted into law, may cause interest on state or local government bonds (whether issued before, on the date of, or after enactment of such legislation) to be subject, directly or indirectly, to federal income taxation by, for example, changing the current exclusion or deduction rules to limit the amount of interest on such bonds that may currently be treated as tax exempt by certain individuals. 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 has been timely in making all required disclosure filings in the past five (5) years.

The Board has adopted new procedures to assure timely and complete filings in the future with regard to the Rule in order to provide required financial reports and operating data or notices of material events.

Financial information regarding the Board may be obtained from Superintendent, Bardstown Independent School District Board of Education, 308 N. Fifth Street, Bardstown, Kentucky 40004, Telephone 502-331-8800.

TAX EXEMPTION; NOT BANK QUALIFIED

Bond Counsel is of the opinion that:

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

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

(C) As a result of designations and certifications by the Board and the Corporation, indicating the issuance of more than $10,000,000 of tax-exempt obligations during the calendar year ending December 31, 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 and Special Tax 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.

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.

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 Bardstown Independent 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 Bardstown Independent 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 Bardstown Independent 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

Bardstown Independent School District Finance Corporation
School Building Revenue Bonds
Series of 2020

Demographic and Economic Data

BARDSTOWN, KENTUCKY

Bardstown, the county seat of Nelson County and home of My Old Kentucky Home, is located in the outer Bluegrass Region of Central Kentucky. Bardstown is located 47 miles south of Louisville, Kentucky, 61 miles west of Lexington, Kentucky; and 154 miles northeast of Nashville, Tennessee. Bardstown had an estimated population of 13,227 in 2016.

Nelson County, with a topography that varies from nearly flat to rolling hills, covers a total land area of 423 square miles. Nelson County had an estimated 2017 population of 45,640 persons.

The Economic Framework

The total number of peoples employed in Nelson County in 2017 averaged 17,567. Manufacturing firms in the county reported 4,428 employees; trade, transportation and utilities provided 2,850 jobs; 4,172 people were employed in service occupations; and contract construction firms provided 1,253 jobs; financial services provided 455 jobs and, information services provided 114 jobs.

Transportation

Highways serving Bardstown include the Blue Grass Parkway, U.S. Highway 62, U.S. 31E, U.S. 150, Kentucky 49 and Kentucky Highway 245. Interstate 65 is accessible 17 miles northwest of Bardstown via Kentucky 245. Twenty-one common carrier trucking companies provide interstate and/or intrastate service to Nelson County. Rail service is provided to Bardstown by the R.J. Corman Railroad Corporation. Samuels Field, two miles west of Bardstown, maintains a 4,000-foot paved runway. The nearest scheduled commercial airline service is available at Lousiville International Airport, 41 miles north of Bardstown.

Power and Fuel

Electric power is provided to Bardstown by the Bardstown Municipal Electric Department. Nelson County is provided electric power by Kentucky Utilities Company and Salt River Electric Cooperative Corporation. Natural gas is provided to Bardstown by the Louisville Gas & Electric Company.

Education

Primary and secondary education is provided by the Bardstown Independent School System, the Nelson County and Bethlehem High School. Parochial schools available in Nelson County include one high school and five elementary schools. Eighteen institutions of higher learning are located within 60 miles of Bardstown. The Nelson County Area Technology Center provides secondary technical training. The nearest technical college providing post-secondary technical training is the Elizabethtown Technical College.

LOCAL GOVERNMENT

Structure

Bardstown is served by a mayor and six council members. The mayor is elected a four-year term and six council members to serve two-year terms. Nelson County is served by a county judge/executive and five magistrates. Each county official is elected to a four-year term.

Planning and Zoning

Joint agency - Joint City-County Planning Commission of Nelson County
Participating Cities-Bardstown, Bloomfield, Fairfield and New Haven
Zoning enforced - All areas
Subdivision regulations enforced - All areas
Local codes enforced - Building and housing within corporate limits of Bardstown
Mandatory state codes enforced - Kentucky Plumbing Code, National Electric code, Kentucky Boiler Regulations and Standards, Kentucky Building Code (modeled after BOCA code)

Local Fees and Licenses

The City of Bardstown levies a business license fee that ranges from $10 to $500 per year, depending upon the type of business. The annual business license fee is $125 for manufacturing.

Property Taxes

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

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

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

LABOR MARKET STATISTICS

The Bardstown Labor Market Area includes Nelson County and the adjoining Kentucky counties of Anderson, Bullitt, Hardin, Jefferson, Larue, Marion, Spencer and Washington.

Population

Area	2015	2016	2017
Labor Market Area	1,145,047	1,149,528	1,158,538
Bardstown	13,100	13,227	NA
Nelson County	45,117	45,559	45,640

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

EDUCATION

Public Schools

	Bardstown Independent	Nelson County
Total Enrollment (2016-17)	2,449	4,471
Pupil-Teacher Ratio (2014-15)	15.8-1	16.9-1

Vocational Training

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

Vocational School	Location	Enrollment (2016-2017)
Nelson County ATC	Bardstown, KY	472
Bullitt County ATC	Shepardsville, KY	346
Marion County ATC	Lebanon, KY	916
Shelby County ATC	Shelbyville, KY	565
Harrodsburg ATC	Harrodsburg, KY	238
Green County ATC	Greensburg, KY	800
Meade County ATC	Brandenburg, KY	637
Casey Co. ATC	Liberty, KY	514
Lincoln Co. ATC	Stanford, KY	407
Garrard Co. ATC	Lancaster, KY	368
Breckinridge Co. ATC	Harned, KY	879
Lake Cumberland ATC	Russell Springs, KY	753
Franklin County Career & Tech Ctr.	Frankfort, KY	892
Grayson County AVEC	Leitchfield, KY	1,014
Eastside Technical Center	Lexington, KY	820
Southside Technical Center	Lexington, KY	438

Training Resources

Bluegrass State Skills Corporation - The Bluegrass State Skills Corporation (BSSC) was established in 1984 by the General Assembly of the Commonwealth of Kentucky as in independent, de jure corporation to stimulate economic development through customized business and industry specific skills training programs. The BSSC works with business and industry and Kentucky's educational institutions to establish programs of skills training. The BSSC is attached to the Kentucky Cabinet for Economic Development for administrative purposes, in recognition of the relationship between economic development and skills training efforts.

The BSSC is comprised of two economic development tools, matching grants and recently authorized Skills Training Investment Tax Credit. The BSSC grant program is available to new, expanding and existing business and industry. Eligible training activities include pre-employment skills training and assessment; entry-level skills upgrade and occupational upgrade training; train-the-trainer travel; and capacity building. The Skills Training Investment Credit Act provides credits to existing businesses for skills upgrade training.

Information on other customized training, assessment services and adult education services can be obtained by contacting the local economic development agency.

Colleges and Universities

Name	Location	Enrollment (Fall 2016)
Elizabethtown Community College	Elizabethtown, KY	6,868
Bellarmine University	Louisville, KY	3,973
Jefferson Community College	Louisville, KY	11,902
University of Louisville	Louisville, KY	21,578
Campbellsville University	Campbellsville, KY	3,675
Centre College	Danville, KY	1,430
Kentucky State University	Frankfort, KY	1,736
Asbury University	Wilmore, KY	1,854
Midway University	Midway, KY	1,194
Transylvania University	Lexington, KY	963
University of Kentucky	Lexington, KY	29,781
Georgetown College	Georgetown, Kentucky	1,526
Bluegrass Community & Tech. College	Lexington, KY	9,940
Spalding University	Louisville, KY	2,322
Sullivan University	Louisville, KY	3,462
Lindsey Wilson College	Columbia, KY	2,588

FINANCIAL INSTITUTIONS

Institution	Total Assets	Total Deposits
Town & Country Bank and Trust Co.	$303,607,000	$265,851,000
Wilson & Muir Bank & Trust Company	489,013,000	434,574,000

Source: McFadden American Financial Directory, January-June 2019 Edition.

EXISTING INDUSTRY

Firm	Product	Total Employed
Bardstown:		
American Fuji Seal, Inc.	Plastic carriers & bottle labels	548
Armag Corporation	Steel fabricating: ammunition & explosive storage magazines	53
Ballard Inc.	Trucking, except local	49
Chris' Custom Cabinets	Custom kitchen cabinets	50
FET Engineering Inc.	Nickel molds, vacuum form tooling and trials, fixtures, jigs, foam tooling, guages	51
Flowers Foods Inc.	Producer and marketer of packaged bakery foods	164
Heaven Hill Distilleries, Inc.	Whiskey, gin & vodka distillation	413
INOAC Packaging Group, Inc.	Plastic cosmetic bottles	105
Johnan America, Inc.	Automotive door window regulators and sunroof units	210
MAGO Construction Co. LLC	Asphalt & asphalt products, crushed stone, surface & bituminous concrete mixes	70
Mitsuba Bardstown Inc.	Windshield wiper, power window & cooling fan motors; cruise control devices	140
NPR Manufacturing Kentucky LLC	Manufacture and sell piston rings for autos	148
ORBIS Materials Handling Inc.	Collapsible containers	200
Polyair Corporation	Manufacture foam packaging materials	70
Sazerac Distilleries, Inc.	Dried grain & whiskey distillation, processing	473
Tower International Inc.	Metal & automotive stampings	536
Toyota Boshoku Kentucky LLC	Automotive door trim & interior parts	354
Trade Winds Transit, Inc.	Trucking, except local	77
Bloomfield:		
Blend Pak Inc.	Seasoned flour, marinades and rubs, spices and seasoning blends, seasoned coatings, batters, breaders for red meat, poultry and seafood	48
Boston:		
Beam Suntory	Whiskey & bourbon dist.	92

Source: Kentucky Cabinet for Economic Development (3/10/19).

APPENDIX B

Bardstown Independent School District Finance Corporation
School Building Revenue Bonds
Series of 2020

Audited Financial Statement ending June 30, 2019

BARDSTOWN INDEPENDENT SCHOOL DISTRICT

BASIC FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION, AND
INDEPENDENT AUDITOR'S REPORTS
YEAR ENDED JUNE 30, 2019

Supplementary Information

Chris R. Carter, CPA
Ann M. Fisher, CPA
Scott Kisselbaugh, CPA
Philip A. Logsdon, CPA
Brian S. Woosley, CPA

Stiles, Carter & Associates
Certified Public Accountants
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American Institute of CPAs
Kentucky Society of CPAs

INDEPENDENT AUDITOR'S REPORT

Kentucky State Committee for School District Audits and
Members of the Board of Education
Bardstown Independent School District
Bardstown, Kentucky 40004

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 Bardstown Independent School District (the "District"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the 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.

Auditor's 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; 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*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 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 on 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.

2901 Ring Road East, P.O. Box 622 / Elizabethtown, KY 42702-0622 / Phone 270-769-6371 / Fax 270-765-7934
713 McDowell Blvd. / Bardstown, KY 40004 / Phone 502-348-1433 / Fax 502-349-6365

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 Bardstown Independent 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, during the year ended June 30, 2019, the District adopted Governmental Accounting Standards Board Statement 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements. Our opinion is not modified with respect to this matter.

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 schedules on pages 4 – 11 and 55 – 65 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 District's basic financial statements. The combining and individual nonmajor fund financial statements and school activity funds 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 (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, school activity funds, 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 and individual nonmajor fund financial statements, school activity funds, 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 a report dated November 14, 2018, on our consideration of Bardstown Independent 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 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 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 Bardstown Independent School District's internal control over financial reporting and compliance.

Stiles, Carter & Associates, CPAs, P.S.C.

Stiles, Carter & Associates, CPAs, P.S.C.
Bardstown, Kentucky
November 14, 2019

As management of the Bardstown Independent 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, 2019. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit. The reporting model is a combination of both government-wide financial statements and fund financial statements.

FINANCIAL HIGHLIGHTS

- The ending cash and cash equivalents balance for the District was $4.474 million, including $1.720 million held for construction projects.
- Local tax was levied at the three percent rate increase of 83.7 cents per $100 for real estate and tangible property. No change was made in the motor vehicle tax at 53.1 cents per $100 of assessed property.
- From fiscal year 2018 to 2019, total revenues from governmental activities decreased approximately $14.722 million primarily due to TRS of Ky revised their discount rate for the actuarial analysis for the June 30, 2018 measurement which decreased the unfunded liability and the District's share of pension expense contributed by the State through on-behalf funding. For the District's FY2019, this adjustment decreased both operating grant revenues and instruction benefits by $10.6 million. Since this adjustment is higher than the District's other operating grant revenue, operating grants at the governmentwide level are reported as a negative revenue. Compared to FY2018, this adjustment represents a $14.6 million decrease in on-behalf revenues and instruction expenses.
- Tax revenues increased ($.654 million) while state grant revenues decreased ($4.285 million).
- The district adopted a $29.9 million general fund budget in September 2019 for the upcoming year with 3.2% of the budgeted expenses set aside for contingency.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

The government–wide financial statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of Governmental and Business-Type Activities for the District accompanied by a total column.

These statements are presented on an "economic resources'" measurement focus and the accrual basis of accounting. Accordingly, all of the District's assets and liabilities, including capital assets as well as long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability incurred. The types of transactions reported as program revenues for the District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

The government-wide financial statements can be found on pages 11 through 12 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 basic financial statements can be found on pages 21 - 54 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. This is a state mandated uniform system and chart of accounts for all Kentucky public school districts utilizing the MUNIS administrative software. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental, proprietary and fiduciary funds. Fiduciary funds are trust funds established by benefactors to aid in student education, welfare and teacher support. The only proprietary funds are food service, day care operations, and adult education. All other activities of the district are included in the governmental funds.

The basic governmental fund financial statements can be found on pages 13 through 16 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets plus deferred outflows of resources were less than liabilities plus deferred inflows of resources by $10.760 million as of June 30, 2019 compared to $10,705 million as of June 30, 2018. This shortfall is caused primarily by the balances related to pensions and OPEB which will require additional resources in the future. Total net position decreased $55 thousand in fiscal year 2019 as the District adjusted its spending to reflect decreases in state education funding.

The net pension and OPEB liabilities represents the District's proportionate share of the collective liability for District employees who participate in the CERS statewide cost-sharing defined benefit pension and OPEB plans. In addition, the District must recognize its proportionate share of the net OPEB liability in the KTRS system. The net pension liability increased from $10.2 million in 2018 to $10.7 million in 2019, primarily because the KRS revised investment policy continued to lower yields on investments. The CERS insurance funds are funded at higher ratios, so the OPEB liabilities decreased from $11.2 million in 2018 to $10.7 million in 2019.

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

Net Position

The 2019 Government-wide net position compared to 2018 is as follows:

Net Position (Table 1)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Current and other assets	$ 5,061,659	$ 3,481,578	$ 56,757	$ 86,045	$ 5,118,416	$ 3,567,623
Capital assets	26,158,850	25,630,368	69,060	79,085	26,227,910	25,709,453
Total assets	31,220,509	29,111,946	125,817	165,130	31,346,326	29,277,076
Total Deferred Outflows	3,441,012	3,871,870	748,950	907,036	4,189,962	4,778,906
Long-term liabilities	19,921,785	21,506,423	20,716	-	19,942,501	21,506,423
Net pension liabilities	8,495,845	8,042,553	2,217,733	2,129,559	10,713,578	10,172,112
Net OPEB liabilities	10,056,658	10,521,068	646,500	731,406	10,703,158	11,252,474
Other liabilities	3,098,409	581,369	17,522	30,442	3,115,931	611,811
Total liabilities	41,572,697	40,651,413	2,902,471	2,891,407	44,475,168	43,542,820
Total Deferred Inflows	1,530,507	974,645	290,144	243,499	1,820,651	1,218,144
Net position:						
Net investment in capital assets	4,745,818	4,516,003	69,060	79,085	4,814,878	4,595,088
Restricted	1,221,863	226,355	18,517	55,603	1,240,380	281,958
Unrestricted	(14,409,364)	(13,384,600)	(2,405,425)	(2,197,428)	(16,814,789)	(15,582,028)
Total Net Position	$ (8,441,683)	$ (8,642,242)	$ (2,317,848)	$ (2,062,740)	$ (10,759,531)	$ (10,704,982)

The following are significant current year transactions impacting the Statement of Net Position:

- Capital assets increased with additional construction on the new bus garage, indoor athletic, and storage facility was completed during FY 2019. The District also initiated an energy efficiency project across all campus facilities that was completed in September 2019. The other capital projects include a special education van, new bus, computer tablets for students, vision screening equipment, security access equipment, and playground equipment.
- Total long-term obligations for bonds increased $.219 million with the annual principal paid during FY 2019 and $1,770,000 new bonds issued for the energy efficiency project. The district also borrowed $192,000 for the new bus. Also, the District paid $10,044 toward a claim related to outstanding claims and deficits of the Kentucky School Boards Insurance Trust (KSBIT).
- With these two changes, the net investment in capital assets increased $.220 million.
- Deferred outflows of resources related to pensions decreased as a balances for prior years were amortized and investment yields were higher than anticipated in the assumptions. OPEB balances for deferred inflows increased with variances between actual and estimated amounts in the second year of implementation of GASBS No. 75. The FY 2019 statement of net position also reports deferred inflows of resources—$.809 million for pensions and $.1,012 million for OPEB. Each year, certain variances between actual experience and assumptions in the prior actuarial valuations are recognized over several future periods. More information about these changes is discussed in Note H for the retirement plans and Note Q for the OPEB plans, and in the Required Supplementary Information.
- Cash increased from $2.9 million to $4.5 million as a portion of the bond proceeds were not spent on current construction projects until September 2019.
- Tax receivables decreased from $94,051 to $85,750 as collection efforts continue to be successful for reducing delinquent balances and increasing current collections.

Change in Net Position

Table 2 presents the summary of changes in net position for the fiscal years ending June 30, 2019 and 2018.

Changes in Net Position (Table 2)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018 Restated	2019	2018	2019	2018 Restated
Revenues:						
Program revenues:						
Charges for services	$ 249,178	$ 259,599	$ 878,692	$ 767,538	$ 1,127,870	$ 1,027,137
Operating grants	(1,883,062)	13,047,925	1,667,128	1,674,572	(215,934)	14,722,497
Capital grants	76,298	76,298	-	-	76,298	76,298
General revenues:					-	-
Property taxes	8,440,819	8,126,139	-	-	8,440,819	8,126,139
Motor vehicles taxes	477,170	414,684	-	-	477,170	414,684
Utility taxes	1,040,160	1,067,845	-	-	1,040,160	1,067,845
Distilled spirits tax	1,949,260	1,644,594	-	-	1,949,260	1,644,594
Interest and investment earnings	39,648	3,177	6	35	39,654	3,212
State Aid formula grants	11,496,504	11,375,280	-	-	11,496,504	11,375,280
Gain on Disposal of Fixed Assets	669	828	-	-	669	828
Miscellaneous	131,757	163,527	-	32	131,757	163,559
Total Revenues	22,018,401	36,179,896	2,545,826	2,442,177	24,564,227	38,622,073

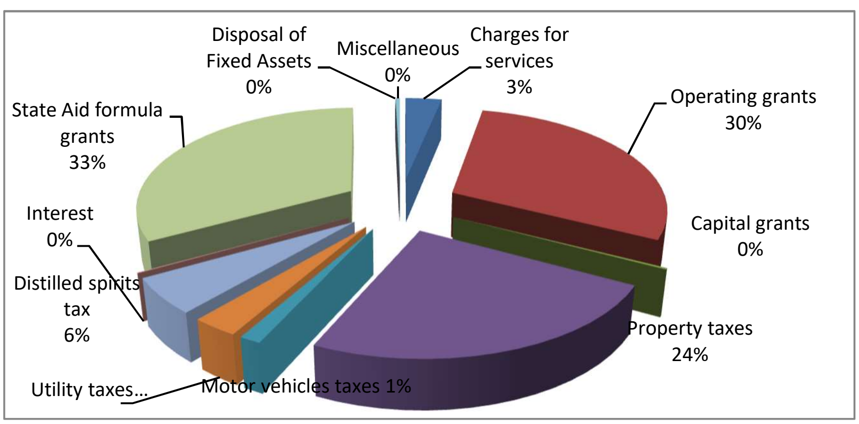
Changes in Net Position (Table 2 continued)

	Governmental Activities 2019	Governmental Activities 2018 Restated	Business-Type Activities 2019	Business-Type Activities 2018	Total Primary Government 2019	Total Primary Government 2018 Restated
Program Expenses:						
Instruction	9,148,476	23,992,101	-	-	9,148,476	23,992,101
Support Services					-	-
Student	2,086,298	2,033,566	-	-	2,086,298	2,033,566
Instruction staff	1,013,532	996,923	-	-	1,013,532	996,923
District administration	1,198,434	1,454,801	-	-	1,198,434	1,454,801
School administration	1,916,373	1,894,672	-	-	1,916,373	1,894,672
Business	854,392	682,498	-	-	854,392	682,498
Plant operation and maintenance	3,496,312	3,609,117	-	-	3,496,312	3,609,117
Student transportation	1,380,182	1,275,297	-	-	1,380,182	1,275,297
Adult education	50,296	-	-	233	50,296	233
Community service activities	212,092	313,203	-	-	212,092	313,203
Food service	-	-	1,926,240	2,183,044	1,926,240	2,183,044
Child care	-	-	903,168	897,682	903,168	897,682
Interest on long-term debt	432,984	767,056	-	-	432,984	767,056
Total Expenses	21,789,371	37,019,234	2,829,408	3,080,959	24,618,779	40,100,193
Excess (deficiency) before transfers and special items	229,030	(839,338)	(283,582)	(638,782)	(54,552)	(1,478,120)
Transfers	(28,473)	23,247	28,473	(23,247)	-	-
Net increase (decrease) in net position	$ 200,557	$ (816,091)	$ (255,109)	$ (662,029)	$ (54,552)	$ (1,478,120)

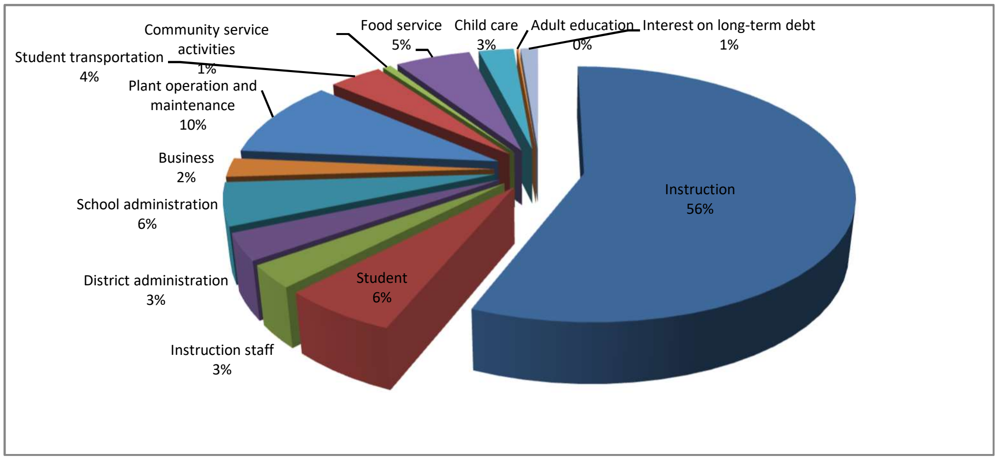
The following are significant current year transactions impacting the Changes in Net Position:

- TRS of Ky revised their discount rate for the actuarial analysis for the June 30, 2018 measurement which decreased the unfunded liability and the District's share of pension expense contributed by the State through on-behalf funding. For the District's FY2019, this adjustment decreased both operating grant revenues and instruction benefits by $10.6 million. Since this adjustment is higher than the District's other operating grant revenue, operating grants at the governmentwide level are reported as a negative revenue. Compared to FY2018, this adjustment represents a $14.6 million decrease in on-behalf revenues and instruction expenses.
- Property taxes increased from $8.1 million to $8.4 million as a result of new property within the school taxing district.
- Interest on long-term debt decreased $334,072 after the District retired principal for prior bond issues.
- Grant revenues and instruction expense have been revised for 2018 to delete a duplicate entry for the on-behalf employer contributions from the Commonwealth of Kentucky directly to TRS of Ky for pension and OPEB benefits. 2018 revenues and expenses were both decreased by $4.5 million, so there is no impact on net position for this correction.

The following provides a breakdown of total primary government revenues for the year ending June 30, 2019:



The following provides a breakdown of total primary government expenses for the year ending June 30, 2019:



ANALYSIS OF THE DISTRICT'S FUNDS

Governmental Funds

The General Fund ended FY 2019 with a decrease in fund balance of $252,315. Total revenues were less than expenditures by $162,311 million due primarily to Capital Funds Request transfer availability was not utilized as a revenue source as in previous years. The ending fund balance for General Fund represents 9.27% of the total expenditures, or about a reserve that would cover just over 1 month of operations. This ratio is a decrease over the 10.49% ratio in FY 2018 as the adjusted fund balance decreased from $2.8 million to $2.5 million in FY 2019.The Special Revenue fund reports a variety of state and federal grants and always reports a zero carryover in fund balance. As of June 30, 2019, this grant fund also reported accounts receivable from federal grants of $203,531 million and a liability for grant advances of $152,371 million (for grant funds that have not yet been expended for the allowable grant programs.)

The Construction Fund has been included as a major fund in this report with the significant capital improvements during the year. Expenditures for the energy efficiency project, indoor athletics facility, bus garage and plant management storage facilities were $1.5 million, leaving $1.2 million restricted to complete the project during FY 2020.

Proprietary Funds

The District's proprietary funds include the Food Service and Child Care funds. A portion of the OPEB balances were allocated to Food Service and Child Care based on the covered payroll in each of those departments.

Food Service operations for the year ended with a deficit of $150,933 and unrestricted net position decreased from a deficit of $1.31 million to a deficit of $1.46 million. Most of this decrease occurred because the costs of pension and OPEB benefits continue to exceed the lunchroom sales and federal and state grants for the District's food service programs. Revenues decreased slightly from the prior year, but expenses increased from $1.9 million to $2.2 million. This program benefits from federal grants of $1.3 million, which were about the same as last year.

The Child Care operations provide staff childcare for infant thru two years and wrap-around childcare for school age children, up to grade 6. This fund ended the fiscal year with an operating deficit of $104,176 deficit and a deficit in net position of $856,755, including the effects of pension and OPEB balances.

GENERAL FUND – BUDGET HIGHLIGHTS

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

For the General Fund, revenues were budgeted at approximately $23.5 million with actual amounts of approximately $27.2 million. Budgeted expenditures of approximately $25.1 million compare with actual expenditures of approximately $27.4 million. The most significant fluctuation is for instruction where the actual exceeded the budgeted amount by approximately $2.0 million, primarily due to the anticipated vs. actual figure for the On-Behalf benefit payments of $7.2 from the State for pension and OPEB, technology, administration, and debt service.

CAPITAL ASSETS

At the end of fiscal year 2019, the School District had approximately $25.9 million invested in land, building and improvements, vehicles, equipment, and construction in process. Table 3 shows fiscal year 2019 and 2018 balances.

Capital Assets, Net of Depreciation (Table 3)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Land	$ 3,383,461	$ 3,383,461	$ -	$ -	$ 3,383,461	$ 3,383,461
Land improvements	$ 298,622	$ 18,366				
Buildings and improvements	20,188,909	20,061,835	-	-	20,188,909	20,061,835
Technology equipment	129,136	91,740	-	-	129,136	91,740
Vehicles	636,352	538,101	5,315	6,395	641,667	544,496
General equipment	312,000	269,822	63,745	72,689	375,745	342,511
Construction in progress	1,210,370	1,267,044	-	-	1,210,370	1,267,044
Total	$ 26,158,850	$ 25,630,369	$ 69,060	$ 79,084	$ 25,929,288	$ 25,691,087

The following were major additions and capital assets placed in service during fiscal year 2019:

- Renovation of Templin Avenue property for bus garage, indoor athletics facilities, maintenance office and storage facility were completed in FY 2019.
- An energy efficiency renovation was initiated during FY 2019 and will be completed in the fall of 2019.
- A new bus was purchased that will be delivered by the end of calendar year 2019.
- A new van for special education, vision screening equipment, computer tablets, and security system upgrades were added to the equipment categories.

LONG-TERM BONDED DEBT

At June 30, 2019, the School District had $21.0 million in bonds outstanding. Of this amount, $458,556 is to be paid by the Kentucky School Facility Construction Commission. A total of $1,566,557 is due from District funds within one year.

ECONOMIC FACTORS AND FY 2019 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 year, but are reflected in the district overall June 30 fiscal year budget. By law the budget must have a minimum 2% contingency. The district adopted a budget 2019-2020 that includes a contingency of 3.1%. However, the District expects that fund balance in the General Fund will decrease in FY 2020 from $2.8 million to $1.8 million.

Energy efficiency upgrades to buildings will be completed along with the delivery of the new bus in the fall of 2019. The District is moving forward with plans for the construction of a new elementary school on the Templin Avenue property, with a proposed completion date of August 2021.

The most significant challenge facing the District will be the recent efforts to revise pension funding for the CERS system (the District's allocation is .1759% of all employers in this system). The Kentucky General Assembly continues to develop additional legislative action to cut benefits for future employees for both teachers and the administrative employees in the District. CERS anticipates that employer contribution rates will continue to increase, but limited to 12% over the next five years, but level off as the funded status improves. The funded status at TRS of Kentucky continues to improve as investment performance exceeds actuarial assumptions.

ADDITIONAL CONTACT INFORMATION

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. Questions regarding this report or requests for additional information should be directed to Tracey Rogers, Director of Finance, 308 North Fifth Street, Bardstown, Kentucky, 40004, (502) 331-8800.

FINANCIAL STATEMENTS

BARDSTOWN INDEPENDENT SCHOOL DISTRICT
BARDSTOWN, KENTUCKY
STATEMENT OF NET POSITION
JUNE 30, 2019

		GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL
Assets:						
Current Assets						
Cash and Cash Equivalents	$	4,451,868	$	22,243	$	4,474,111
Inventory		-		15,721		15,721
Accounts Receivable						
Taxes - current		21,776		-		21,776
Taxes - delinquent		63,944		-		63,944
Interfund balances		-		-		-
Other		320,540		2,833		323,373
Intergovernmental - indirect Federal		203,531		15,960		219,491
Total Current Assets		5,061,659		56,757		5,118,416
Capital Assets - Net						
Construction in Progress		1,210,370		-		1,210,370
Land		3,383,461		-		3,383,461
Net Depreciable Capital Assets		21,565,019		69,060		21,634,079
		26,158,850		69,060		26,227,910
Total Assets	$	31,220,509	$	125,817	$	31,346,326
Deferred Outflows of Resources						
Deferred amount on refunding	$	49,960	$	-	$	49,960
Deferred Outflows-pension & OPEB contributions		2,203,547		541,534		2,745,081
Deferred Outflows-Other CERS & OPEB Factors		1,187,505		207,416		1,394,921
Total Deferred Outflows of Resources	$	3,441,012	$	748,950	$	4,189,962
Liabilities						
Current Liabilities						
Accounts Payable	$	940,458	$	17,522	$	957,980
Accrued salaries and benefits payable		43,382		-		43,382
Unearned revenues		152,371		-		152,371
Interest payable		158,207		-		158,207
Current portion of bond obligations		1,628,770		-		1,628,770
Current portion of capital lease obligations		115,426		-		115,426
Current portion of claims payable - KSBIT		10,044		-		10,044
Current portion of accrued sick leave		49,751		-		49,751
Total Current Liabilities		3,098,409		17,522		3,115,931
Noncurrent Liabilities						
Noncurrent portion of bond obligations		19,329,345		-		19,329,345
Less:bond discount		(126,939)		-		(126,939)
Noncurrent portion of capital lease obligations		466,431		-		466,431
Noncurrent portion of claims payable - KSBIT		10,044		-		10,044
Noncurrent portion of accrued sick leave		242,904		20,716		263,620
Net OPEB liability - CERS		2,476,658		646,500		3,123,158
Net OPEB liability - KTRS		7,580,000		-		7,580,000
Net pension liability - CERS		8,495,845		2,217,733		10,713,578
Total Noncurrent Liabilities		38,474,288		2,884,949		41,359,237
Total Liabilities	$	41,572,697	$	2,902,471	$	44,475,168
Deferred Inflows of Resources						
Deferred inflows of resources - pension & OPEB	$	1,530,507	$	290,144	$	1,820,651
Total Deferred Inflows of Resources	$	1,530,507	$	290,144	$	1,820,651
Net Position						
Net investment in capital assets	$	4,745,818	$	69,060	$	4,814,878
Restricted for:						
Construction		1,221,863		-		1,221,863
Food Service		-		18,517		18,517
Unrestricted		(14,409,364)		(2,405,425)		(16,814,789)
Total Net Position	$	(8,441,683)	$	(2,317,848)	$	(10,759,531)

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

BARDSTOWN INDEPENDENT SCHOOL DISTRICT
BARDSTOWN, KENTUCKY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-Type Activities**	**TOTAL**
Governmental Activities:							
Instruction	$ (9,148,476)	$ 249,178	$ (3,899,778)	$ -	$ (12,799,076)	$ -	$ (12,799,076)
Support Services:							
Student	(2,086,298)	-	568,768	-	(1,517,530)	-	(1,517,530)
Instruction staff	(1,013,532)	-	305,692	-	(707,840)	-	(707,840)
District administration	(1,198,434)	-	264,583	-	(933,851)	-	(933,851)
School administrative	(1,916,373)	-	467,445	-	(1,448,928)	-	(1,448,928)
Business	(854,392)	-	81,493	-	(772,899)	-	(772,899)
Plant operating and maintenance	(3,496,312)	-	152,574	-	(3,343,738)	-	(3,343,738)
Student transportation	(1,380,182)	-	124,260	-	(1,255,922)	-	(1,255,922)
Adult Education	(50,296)	-	50,296	-	-	-	-
Community service activities	(212,092)	-	1,605	-	(210,487)	-	(210,487)
Interest on Long-Term Debt	(432,984)	-	-	76,298	(356,686)	-	(356,686)
Total Governmental Activities	(21,789,371)	249,178	(1,883,062)	76,298	(23,346,957)	-	(23,346,957)
Business-Type Activities							
Food service	(1,926,240)	207,218	1,539,611	-	-	(179,411)	(179,411)
Child care	(903,168)	671,474	127,517	-	-	(104,177)	(104,177)
Total Business-Type Activities	(2,829,408)	878,692	1,667,128	-	-	(283,588)	(283,588)
Total Primary Government	$ (24,618,779)	$ 1,127,870	$ (215,934)	$ 76,298	$ (23,346,957)	$ (283,588)	$ (23,630,545)
			General Revenues:				
			Taxes:				
			Property taxes		$ 8,440,819	$ -	$ 8,440,819
			Motor vehicle taxes		477,170	-	477,170
			Utility taxes		1,040,160	-	1,040,160
			Distilled spirits tax		1,949,260	-	1,949,260
			Investment Income		39,648	6	39,654
			State aid formulas		11,496,504	-	11,496,504
			Gain on disposal of fixed assets		669	-	669
			Miscellaneous		131,757	-	131,757
			Transfers		(28,473)	28,473	-
			Total General Revenues		$ 23,547,514	$ 28,479	$ 23,575,993
			Change in Net Position		200,557	(255,109)	(54,552)
		Net Position June 30, 2018			(8,642,240)	(2,062,739)	(10,704,979)
		Net Position June 30, 2019			$ (8,441,683)	$ (2,317,848)	$ (10,759,531)

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

BARDSTOWN INDEPENDENT SCHOOL DISTRICT
BARDSTOWN, KENTUCKY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

	General Fund	Special Revenue Fund	Construction Fund	NonMajor Governmental Funds	Total Governmental Funds
Assets:					
Cash and cash equivalents	$ 2,647,950	$ -	$ 1,720,896	$ 83,022	$ 4,451,868
Receivables:					
Accounts receivable	320,540	-	-	-	320,540
Taxes receivable - current	21,776	-	-	-	21,776
Taxes receivable - delinquent	63,944	-	-	-	63,944
Intergovernmental - Indirect Federal	-	203,531	-	-	203,531
Due from other funds	44,773	-	-	-	44,773
Total assets	$ 3,098,983	$ 203,531	$ 1,720,896	$ 83,022	$ 5,106,432
Liabilties and Fund Balances:					
Liabilities					
Accounts payable	$ 423,242	$ 6,387	$ 499,033	$ 11,796	$ 940,458
Accrued liabilities	43,382	-	-	-	43,382
Due to other funds	-	44,773	-	-	44,773
Current portion of claims payable-KSBIT	10,044	-	-	-	10,044
Unearned revenues	-	152,371	-	-	152,371
Total liabilities	476,668	203,531	499,033	11,796	1,191,028
Deferred Inflows of Resources					
Unavailable revenues	83,797	-	-	-	83,797
Fund Balances:					
Restricted	-	-	1,221,863	-	1,221,863
Committed	59,265	-	-	71,226	130,491
Assigned	1,853,304	-	-	-	1,853,304
Unassigned	625,949	-	-	-	625,949
Total fund balances	2,538,518	-	1,221,863	71,226	3,831,607
Total Liabilities, Deferred Inflows, and Fund Balances	$ 3,098,983	$ 203,531	$ 1,720,896	$ 83,022	$ 5,106,432

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

BARDSTOWN INDEPENDENT SCHOOL DISTRICT
BARDSTOWN, KENTUCKY
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019

Total Governmental Fund Balances		$ 3,831,607
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets are not reported in the fund financial statement because they are not current financial resources, but they are reported in the Statement of Net Position		26,158,850
Deferred outflows of resources and deferred inflows of resources related to the District's proportionate share of these amounts reported by the CERS pension plan are reported in the governmental activities in the Statement of Net Position		
Deferred outflows of resources - pension contributions to CERS made after the measurement date	600,005	
Deferred outflows of resources - OPEB contributions to CERS made after the measurement date	194,576	
Deferred outflows of resources - OPEB contributions to TRS made after the measurement date	392,924	
Deferred outflows of resources - other CERS pension factors	1,565,777	
Deferred outflows of resources - other CERS OPEB factors	508,770	
Deferred outflows of resources - other TRS OPEB factors	129,000	
Deferred inflows of resources - CERS pension factors	(641,359)	
Deferred inflows of resources - CERS OPEB factors	(470,148)	
Deferred inflows of resources - TRS OPEB factors	(419,000)	
		1,860,545
Certain liabilities and deferred inflows are not reported in this fund statement because they are not due and payable, but they are presented in the Statement of Net Position		
Bonds payable	(20,958,115)	
Bond Discount	126,939	
Capital lease obligation	(581,857)	
Deferred outflows of resources - refunding	49,960	
Accrued interest	(158,207)	
Non-current portion claims payable - KSBIT	(10,044)	
Unavailable property taxes	83,797	
Proportionate share of net pension liability - CERS	(8,495,845)	
Proportionate share of net OPEB liability - CERS	(2,476,658)	
Proportionate share of net OPEB liability - KTRS	(7,580,000)	
Accrued sick leave	(292,655)	(40,292,685)
Net Position of Governmental Activities		$ (8,441,683)

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

BARDSTOWN INDEPENDENT SCHOOL DISTRICT
BARDSTOWN, KENTUCKY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	General Fund	Special Revenue Fund	Construction Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
From local sources:					
Taxes:					
Property	$ 6,487,053	$ -	$ -	$ 1,964,019	$ 8,451,072
Motor vehicle	477,170	-	-	-	477,170
Utilities	1,040,160	-	-	-	1,040,160
Distilled spirits tax	1,949,260	-	-	-	1,949,260
Tuition and fees	193,979	-	-	55,199	249,178
Earnings on investments	39,216	432	-	-	39,648
Other local revenues	59,157	70,564	-	49,702	179,423
Intergovernmental - state	16,679,683	931,651	-	862,790	18,474,124
Intergovernmental - indirect federal	306,453	1,377,549	-	-	1,684,002
Total revenues	27,232,131	2,380,196	-	2,931,710	32,544,037
Expenditures					
Current					
Instruction	16,657,359	2,021,066		246,049	18,924,474
Support services:			-		
Student	1,934,748	119,145	-	-	2,053,893
Instruction staff	852,300	82,350	-	64,568	999,218
District administration	1,155,327	-	-	-	1,155,327
School administrative	1,848,351	-	-	-	1,848,351
Business	815,312	-	50	-	815,362
Plant operation and maintenance	2,381,672	-	-	-	2,381,672
Student transportation	1,078,242	2,637	-	2,000	1,082,879
Adult education	50,296	-	-	-	50,296
Community service activities	19,109	185,011	-	-	204,120
Capital Outlay	471,750	37,379	1,454,041	-	1,963,170
Debt service - principal	115,176	-	-	1,545,221	1,660,397
Debt service - interest	12,463	-	-	554,295	566,758
Debt service - issuance costs	2,337	-		-	2,337
Total Expenditures	27,394,442	2,447,588	1,454,091	2,412,133	33,708,254
Excess (Deficit) of Revenues over Expenditures	(162,311)	(67,392)	(1,454,091)	519,577	(1,164,217)
Other Financing sources (uses)					
Proceeds from sale of bonds	-	-	1,770,000	-	1,770,000
Capital lease proceeds	184,337	-	-	-	184,337
Bond discount and fees	-	-	(46,023)	-	(46,023)
Proceeds from sale of fixed assets	669	-		-	669
Insurance recovery	9,111	-	-	-	9,111
Operating transfers in	27,543	67,392	725,622	2,213,145	3,033,702
Operating transfers out	(311,664)	-	-	(2,750,511)	(3,062,175)
Total other financing sources (uses)	(90,004)	67,392	2,449,599	(537,366)	1,889,621
Net change in fund balances	(252,315)	-	995,508	(17,789)	725,404
Fund Balance June 30, 2018	2,790,833	-	226,355	89,015	3,106,203
Fund Balance June 30, 2019	$ 2,538,518	$ -	$ 1,221,863	$ 71,226	$ 3,831,607

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

BARDSTOWN INDEPENDENT SCHOOL DISTRICT
BARDSTOWN, KENTUCKY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Net Change in Fund Balances - Total Governmental Funds		$ 725,404
Amounts reported for governmental activities in the statement of activities are different because of the following:		
Capital outlays are reported as expenditures in the fund financial statement because they are current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives. The difference is the amount by which depreciation expense exceeds capital outlays for the year.		
Capital expenditures	1,963,170	
Depreciation	(1,434,689)	528,481
Proceeds from long-term debt are reported as revenues in the fund statements because they create current financial resources, but they are separated and shown as long-term debt on the statement of net position.		
Bond proceeds	(1,770,000)	
Capital lease proceeds	(184,337)	(1,954,337)
Debt service payments are reported as expenitures in this fund financial statement because they use current financial resources, ut they are separated and shown as payments of long-term debt on the statement of net postion and interest expense on the statement of activities. The differencwe is the amount of principal payment made for the year:		
Bond principal payments	1,545,221	
Amortization of Bond discounts (premiums)	(9,997)	
Capital lease principal payments	105,132	1,640,356
Property taxes that are unavailable are deferred in the fund statements but recognized as revenues in the governmentwide statements		(10,254)
Generally, expenditures recognized in this fund financial statement are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred.		
Accrued interest on long-term debt	151,881	
Accrued sick leave long-term liabilities	69,270	
Claims payable - KSBIT (noncurrent)	10,044	
Bond discounts to be amortized in future periods	15,313	
Current year recognition of deferred outflows on refunding	(8,110)	
On-behalf revenues - KTRS share of pension and OPEB expenses	4,335,645	
On-behalf expenses - KTRS share of pension and OPEB expenses	(4,335,645)	
OPEB expense related to changes in the net OPEB liability and the net changes in deferred inflows of resources and deferred outflows of resources related to KTRS	(51,484)	
OPEB expense related to changes in the net OPEB liability and the net changes in deferred inflows of resources and deferred outflows of resources related to CERS	(102,855)	
Pension expense related to changes in the net pension liability and the net changes in deferred inflows of resources and deferred outflows of resources related to CERS	(813,152)	(729,093)
Change in Net Position of Governmental Activities		$ 200,557

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

BARDSTOWN INDEPENDENT SCHOOL DISTRICT
BARDSTOWN, KENTUCKY
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2019

	Food Service Fund	Child Care Fund	Total
Assets			
Current Assets			
Cash and cash equivalents	$ 9,872	$ 12,371	$ 22,243
Inventory	15,721	-	15,721
Accounts receivable	-	2,833	2,833
Intergovernmental receivable	15,960	-	15,960
Total Current Assets	41,553	15,204	56,757
Capital Assets, Net			
Capital Assets, net	69,060	-	69,060
Total assets	$ 110,613	$ 15,204	$ 125,817
Deferred Outflows of Resources			
Deferred Outflows-pension & OPEB contributions	$ 132,477	$ 74,939	$ 207,416
Deferred Outflows-Other CERS & OPEB Factors	345,879	195,655	541,534
Total Deferred Outflows of Resources	$ 478,356	$ 270,594	$ 748,950
Liabilities & Net Position			
Current Liabilities			
Accounts Payable	$ 14,643	$ 2,879	$ 17,522
Total Current Liabilities	14,643	2,879	17,522
Noncurrent Liabilities			
Accrued Sick Leave	20,716	-	20,716
Net Pension Liability	1,416,468	801,265	2,217,733
Net OPEB Liability	412,920	233,580	646,500
Total Noncurrent Liabilities	1,850,104	1,034,845	2,884,949
Total Liabilities	$ 1,864,747	$ 1,037,724	$ 2,902,471
Deferred Inflows of Resources			
Deferred inflows-Pension & OPEB	$ 185,315	$ 104,829	$ 290,144
Total Deferred Outflows of Resources	$ 185,315	$ 104,829	$ 290,144
NET POSITION:			
Net Investment in Capital Assets	$ 69,060	$ -	$ 69,060
Restricted	6,193	12,324	18,517
Unrestricted	(1,536,346)	(869,079)	(2,405,425)
Total Net Position	$ (1,461,093)	$ (856,755)	$ (2,317,848)

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

BARDSTOWN INDEPENDENT SCHOOL DISTRICT
BARDSTOWN, KENTUCKY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Food Service Fund	Child Care Fund	TOTAL
Operating revenues:			
Lunchroom sales	$ 207,218	$ -	$ 207,218
Tuition and fees	-	671,474	671,474
Other operating revenues	-	-	-
Total operating revenues	207,218	671,474	878,692
Operating expenses:			
Salaries and wages	1,015,216	741,160	1,756,376
Materials and supplies	873,410	79,437	952,847
Depreciation	10,025	-	10,025
Other operating expenses	27,590	82,570	110,160
Total operating expenses	1,926,241	903,167	2,829,408
Income (loss) from operations	(1,719,023)	(231,693)	(1,950,716)
Non-operating revenues (expenses):			
Federal grants	1,308,762	24,969	1,333,731
State grants - matching	15,469	21,015	36,484
State grants - on behalf	110,663	81,533	192,196
Donated commodities	104,717	-	104,717
Transfers to governmental funds	-	-	-
Transfers from governmental funds	28,473	-	28,473
Interest income	6	-	6
Total non-operating revenues	1,568,090	127,517	1,695,607
Changes in net position	(150,933)	(104,176)	(255,109)
Net Position, July 1, 2018	(1,310,160)	(752,579)	(2,062,739)
Net Positon, June 30, 2019	$ (1,461,093)	$ (856,755)	$ (2,317,848)

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

BARDSTOWN INDEPENDENT SCHOOL DISTRICT
BARDSTOWN, KENTUCKY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Food Service Fund	Child Care Fund	TOTAL
Cash Flows from Operating Activities			
Cash received from:			
Lunchroom sales	$ 207,218	$	$ 207,218
Tuition and fees		668,641	668,641
Other activities	-	-	
Cash paid to/for:			
Employees	(820,010)	(543,126)	(1,363,136)
Supplies	(754,548)	(76,558)	(831,106)
Other activities	(27,590)	(82,570)	(110,160)
Net Cash Used by Operating Activities	(1,394,930)	(33,613)	(1,428,543)
Cash Flows from Non-Capital Financing Activities			
Federal grants	1,303,293	24,969	1,328,262
State grants	15,469	21,015	36,484
Transfers	28,473	-	28,473
Net Cash Provided by Non-Capital Financing Activities	1,347,235	45,984	1,393,219
Cash Flows from Investing Activities			
Receipts of interest income	6	-	6
Net Cash Provided by Investing Activities	6	-	6
Net Increase (Decrease) in Cash and Cash Equivalents	(47,689)	12,371	(35,318)
Cash and Cash Equivalents, Beginning of Year	57,561	0	57,561
Cash and Cash Equivalents, End of Year	$ 9,872	$ 12,371	$ 22,243
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:			
Operating Loss	$ (1,719,023)	$ (231,693)	$ (1,950,716)
Adjustments to Reconcile Net Income (Loss) to Net Cash from Operating Activities:			
Depreciation/Amortization	10,025	-	10,025
Donated commodities	104,717	-	104,717
State on-behalf payments	110,663	81,533	192,196
Change in assets, deferred resources, and liabilities:			
Accounts receivable	-	(2,833)	(2,833)
Accounts payable	13,420	1,333	14,753
Inventory	726	5,487	6,213
Interfund payables	-	(3,941)	(3,941)
Accrued sick leave	(6,956)	-	(6,956)
Deferred outflows of resources	118,037	40,049	158,086
Net pension liability	16,244	71,930	88,174
Net OPEB liability	(67,993)	(16,913)	(84,906)
Deferred inflows of resources	25,210	21,435	46,645
Net Cash Provided by Operating Activities	$ (1,394,930)	$ (33,613)	$ (1,428,543)
Non-cash transactions			
Donated commodities	$ 104,717	$ -	$ 104,717
State on-behalf payments	110,663	81,533	192,196
CERS pension & OPEB expenses	91,497	116,500	207,997

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

BARDSTOWN INDEPENDENT SCHOOL DISTRICT
BARDSTOWN, KENTUCKY
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2019

		AGENCY FUNDS
ASSETS		
Cash and Cash Equivalents	$	170,446
Investments		134
TOTAL ASSETS	$	170,580
LIABILITIES		
Accounts Payable	$	1,970
Due to student groups		168,610
TOTAL LIABILITIES	$	170,580
FIDUCIARY NET POSITION	$	-

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

NOTES TO THE FINANCIAL STATEMENTS

BARDSTOWN INDEPENDENT SCHOOL DISTRICT

BARDSTOWN, KENTUCKY

TABLE OF CONTENTS — NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Bardstown Independent School District (the District) conform to generally accepted accounting principles (GAAP) as applicable to governmental entities in the United States of America. U. S. governmental accounting standards are established by the Governmental Accounting Standards Board (GASB) for state and local governmental entities. The following discussion is a summary of the more significant accounting policies that apply to the District.

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

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

The financial statements of the District include those of separately administered organizations that are controlled by or dependent on the Board. Control or dependence is determined by considering budget adoption policies, funding, and appointment of the respective governing board. Based on the foregoing criteria, the financial statements of the following organization are included in the accompanying financial statements:

Bardstown Independent School District Finance Corporation – In a prior year, the Board of Education resolved to authorize the establishment of the Bardstown Independent School District Finance Corporation (a non-profit, non-stock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS Section 58.180) (the Corporation) as an agency for the District for financing the costs of school building facilities. The members of the Board also comprise the Corporation's Board of Directors. The Corporation is blended into the District's financial statements.

Basis of Presentation
The District's basic financial statements present government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within the 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 accompanied by a total column.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Accordingly, all the District's assets and liabilities, including capital assets as well as long-term liabilities are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues for the District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

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

Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are measurable and available. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

All governmental funds are accounted for on the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statements of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financial sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the District are property tax and utility tax. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The District has the following funds:

I. Governmental Fund Types

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

B. The Special Revenue (Grant) Funds account for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances are returned to the grantor at the close of the specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally-funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report on page 71. This is a major fund of the District.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. The District Activity Fund is a Special Revenue Fund type and is used to account for funds received at the school level. This is a nonmajor fund.

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

  1. The Capital Outlay Fund receives those funds from Support Education Excellence in Kentucky (SEEK) designated by the state as Capital Outlay Funds. These resources are restricted for use in financing projects identified in the district's facility plan. This is a nonmajor fund.
  2. The Building Fund includes resources from the Facility Support Program of Kentucky (FSPK) and 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 nonmajor fund.
  3. The Construction Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction. This is a major fund of the District.

E. The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest. This is a nonmajor fund.

II. <u>Proprietary Fund Types (Enterprise Funds)</u>

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

B. The Child Care Fund is used to account for after school revenues and programs where a fee is charged for participating. Management has determined that the Child Care fund should be reported as a major fund.

III. <u>Fiduciary Fund Type (Agency and Private Purpose Trust Funds)</u>

A. The Agency fund accounts for activities of student groups and other types of activities requiring clearing accounts. These funds are accounted for in accordance with the <u>Uniform Program of Accounting for School Activity Funds</u>. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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

Revenues – Exchange and Nonexchange Transactions – Revenues resulting from exchange transactions, in which each party receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 60 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 it can be recognized.

Unearned Revenue – Unearned revenue arises when assets are recognized before eligibility criteria other than time requirements have been satisfied. Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenue. Unused donated commodities are also reported as inventory and 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.

Property Taxes

Property taxes are levied each September on the assessed value listed as of the prior January 1, for all real and personal property in the county. The billings are considered due upon receipt by the taxpayer. However, the actual due date is based on a period ending 30 days after the tax bill mailing. Property taxes collected are recorded as revenues in the fiscal year for which they were levied. All taxes collected are initially deposited into the General Fund and then transferred to the appropriate fund when tax revenues are restricted to a specific purpose. During fiscal year 2019, the Board expanded efforts to collect delinquent property taxes. Therefore, the balances as of June 30, 2019, now include legal fees for collection efforts plus penalties and interest due on the remaining balances.

The property tax rates assessed for the year ended June 30, 2019, to finance the General Fund operations were $0.814 per $100 valuation for real property, $0.814 per $100 valuation for business personal property and $0.531 per $100 valuation for motor vehicles.

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

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

Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their acquisition values as of the date received. The District maintains a capitalization threshold of $5,000 with the exception of real property for which there is no threshold. Computer equipment is inventoried for control purposes for all purchases, but the $5,000 threshold is used for financial reporting purposes. Land and building improvements are capitalized, but capitalization does not include the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an assets life.

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

Description	Estimated Lives
Buildings and Improvements	25-50 years
Land Improvements	20 years
Technology Equipment	5 years
Vehicles	5-10 years
Food Service Equipment	10-12 years
Furniture and Fixtures	7 years

Unpaid Accrued Sick Leave

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 non-current portion of the liability is not reported in the governmental funds, but is included in the government-wide financial statements.

Budgetary Process

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

a) Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP) during the year and adjusted to modified accrual for the governmental funds at year-end.
b) Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP) during the year and adjusted to modified accrual for the governmental funds at year-end.
c) Capital outlay is budgeted within the departmental budget (budgetary) as opposed to separate classification by character (GAAP).

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Once the budget is approved, it can be amended. Amendments are presented to the Board at their regular meetings. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end in accordance with state law. Each budget is prepared and controlled by the budget coordinator at the revenue and expenditure function/object level. All budget appropriations lapse at year end.

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

Inventories
On government-wide financial statements inventories are stated at cost and are expensed when used. The food service fund uses the specific identification method for valuation of ending inventory.

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

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, the non-current portion of capital leases, accumulated sick leave, contractually required pension contributions, the net pension liability, 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 60 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.

Pensions
For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County Employees Retirement System Non-Hazardous (“CERS”) and Teachers Retirement System of the State of Kentucky (“TRS of Ky”) and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by these multiple-employer cost-sharing public employee retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized by the pension plans when due and payable in accordance with the benefit terms. Investments are reported at fair value by the pension plans. Both systems publish separate financial statements as described in Note H.

Other Postemployment Benefits (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 Non-Hazardous (“CERS”) and Teachers Retirement System of the State of Kentucky (“TRS of Ky”) and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by these multiple-employer cost-sharing public employee retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized by the OPEB plans when due and payable in accordance with the benefit terms. Investments are reported at fair value by the pension systems. Both systems publish separate financial statements as described in Note G.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balances

Governmental funds report fund balance in classifications based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance for governmental funds can consist of the following:

a) Nonspendable fund balance - amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact.
b) Restricted fund balance - amounts that are restricted for specific purposes stipulated by external resource providers, constitutionally or through enabling legislation.
c) Committed fund balance – amounts constrained to specific purposes by the District itself, using its decision-making authority to be reported as committed, amounts cannot be used for any other purpose unless the District's governing Board votes to remove or change the constraint. A Board resolution is required to commit funds.
d) Assigned fund balance - amounts intended to be used by the District for specific purposes that are neither restricted nor committed. Only the Board has the authority to assign amounts to be used for specific purposes. Assigned fund balance in the General Fund includes amounts that have been appropriated for expenditures in the budget for the District's subsequent fiscal year.
e) Unassigned fund balance - This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Net Position

Net position represents the difference between a). assets and deferred outflows of resources and b). liabilities and deferred inflows of resources. Net position invested 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 School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted.

Operating Revenues

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, fees for after school programs, and fees for adult education programs.

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.

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 as 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.

NOTE B – ESTIMATES

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

NOTE C—CASH AND CASH EQUIVALENTS

At year-end, the carrying amount of the District's cash and cash equivalents was $4,474,111. $250,000 of bank account balances per separate banks is covered by Federal Depository insurance, with the remainder covered by collateral agreements and collateral held by the pledging banks' trust departments in the District's name. Cash equivalents are funds temporarily invested in securities with a maturity of 90 days or less.

Breakdown per financial statements:	
Governmental Funds	$ 4,451,868
Proprietary Funds	22,243
	$ 4,474,111

In addition to the cash and cash equivalents listed above, the district has agency funds that are not included in the governmental funds or the proprietary fund balances. The agency funds (school activity funds) at year end were $170,446. Due to the nature of the accounts and limitations imposed by the purposes of the various funds, all cash balances are considered to be restricted except for the General Fund.

NOTE D – DEPOSITS AND INVESTMENTS

The Kentucky Revised Statutes authorize the District to invest money subject to its control in obligations of the United States; bonds or certificates of indebtedness of Kentucky and its agencies and instrumentalities; savings and loan associations insured by an agency of the United States up to the amount insured; and national or state banks chartered in Kentucky and insured by an agency of the United States providing such banks pledge as security obligations, as permitted by KRS 41.240 (4), having a current quoted market value at least equal to uninsured deposits. As of June 30, 2019, the District did not hold any invested funds.

NOTE E – CAPITAL ASSETS

Governmental capital asset activity for the year ended June 30, 2019 was as follows:

	Beginning Balance	Additions	Transfers & Retirements	Ending Balance
Governmental activities:				
Non-depreciable capital assets:				
Construction in progress	$ 1,267,044	$ 1,210,370	$ (1,267,044)	$ 1,210,370
Land	3,383,461	-	-	3,383,461
Total Non-depreciable capital assets	4,650,505	1,210,370	(1,267,044)	4,593,831
Depreciable capital assets:				
Land improvements	20,220	282,444		302,664
Buildings	38,658,475	1,329,078	-	39,987,553
Technology equipment	1,581,004	105,288	-	1,686,292
Vehicles	1,898,920	233,640	-	2,132,560
Other equipment	1,173,983	69,394	-	1,243,377
Total depreciable capital assets	43,332,602	2,019,844	-	45,352,446
Less accumulated depreciation				
Land improvements	(1,854)	(2,188)		(4,042)
Buildings	(18,596,640)	(1,202,004)	-	(19,798,644)
Technology equipment	(1,489,264)	(67,892)	-	(1,557,156)
Vehicles	(1,360,819)	(135,389)	-	(1,496,208)
Other equipment	(904,161)	(27,216)	-	(931,377)
Total accumulated depreciation	(22,352,738)	(1,434,689)	-	(23,787,427)
Total depreciable capital assets, net	20,979,864	585,155	-	21,565,019
Governmental activities capital assets, net	$ 25,630,369	$ 1,795,525	$ (1,267,044)	$ 26,158,850

Depreciation expense was charged to governmental functions as follows:

Instruction	$ 379,016
Support Services	
Student	12,796
Instruction staff	111
District administration	4,797
School administration	4,004
Business	15,358
Plant operation and maintenance	882,706
Student transportation	135,901
	$ 1,434,689

Business-type Activities capital asset activity for the year ended June 30, 2019 was as follows:

	Beginning Balance	Additions	Transfers & Retirements	Ending Balance
Business-type activities:				
Depreciable capital assets:				
Vehicles	$ 10,808	$ -	$ -	$ 10,808
Equipment	609,096	-	-	609,096
Total depreciable capital assets	619,904	-	-	619,904
Less accumulated depreciation				
Vehicles	(4,413)	(1,080)	-	(5,493)
Equipment	(536,407)	(8,944)	-	(545,351)
Total accumulated depreciation	(540,820)	(10,024)	-	(550,844)
Business-type activities capital assets, net	$ 79,084	$ (10,024)	$ -	$ 69,060

NOTE F – LONG-TERM OBLIGATIONS

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

Issue Date	Original Proceeds	Interest Rates
2007 RF	$ 940,000	3.25% - 3.90%
2008	1,620,000	2.30% - 4.00%
2010 RF	6,380,000	.60% - 3.10%
2012 RF	4,650,000	1.75% - 2.62%
2012 EN	275,000	1.25% - 3.00%
2013 RF	2,750,000	.75% - 2.00%
2014	925,000	2.00% - 3.75%
2015 RF A	1,245,000	2.00% - 3.75%
2015 RF B	2,075,000	2.00% - 2.55%
2016	4,505,000	2.15% - 3.20%
2017	1,250,000	3.00% - 3.50%
2019	1,770,000	2.50% - 3.25%

The District, through the General Fund (including utility taxes and the Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund) is obligated to make payments in amounts sufficient to satisfy debt service requirements on bonds issued by the Bardstown Independent School District 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.

On April 17, 2019 the District issued $1,770,000 in Energy Conservation Revenue Bonds at interest rates ranging from 2.50% to 3.25%. The net proceeds of $1,723,987 (after $30,700 in cost of issuance and $15,313 in bond discount) were deposited in the construction fund. The final principal payment matures April 1, 2039.

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, 2019 for debt service (principal and interest) are as follows:

	Bardstown Independent School District		Kentucky School Facility Construction Commission		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	$ 1,566,557	$ 549,483	$ 62,213	$ 14,085	$ 1,628,770	$ 563,568
2021	1,604,444	509,333	32,846	12,231	1,637,290	521,564
2022	1,647,228	466,550	33,602	11,474	1,680,830	478,024
2023	1,694,426	421,884	34,434	10,642	1,728,860	432,526
2024	1,741,388	374,930	35,412	9,663	1,776,800	384,593
2025 - 2029	6,437,709	1,273,701	127,856	36,384	6,565,565	1,310,085
2030 - 2034	3,907,807	639,195	132,193	14,318	4,040,000	653,513
2035 - 2039	1,900,000	133,306	-	-	1,900,000	133,306
	$ 20,499,559	$ 4,368,382	$ 458,556	$ 108,797	$ 20,958,115	$ 4,477,179

NOTE F – LONG-TERM OBLIGATIONS (CONTINUED)

Capital Leases Payable

The District leases several buses under capital leases issued by the Kentucky Interlocal School Transportation Association (KISTA). Future minimum lease payments under the terms of the leases are as follows:

Year Ending June 30:		
2020	$	130,680
2021		110,856
2022		98,497
2023		79,537
2024		70,114
2025 - 2027		153,166
		642,850
Less: amount representing interest		(60,993)
Present value of minimum lease payments	$	581,857
Current maturities	$	115,426
Non-current maturities		466,431
	$	581,857

The assets are depreciated over the lower of their related lease terms or their estimated productive lives. Depreciation of assets under capital leases is included in depreciation expense. The book value of assets under capital lease totaled $393,548 at June 30, 2019.

Operating Leases

The District leases fifty-six copier/printers from Xerox for a lease term of 60 months, beginning June 2018 with a supplemental agreement added in August 2018. The lease requires a minimum monthly lease payment of $3,846, plus additional charges for excess usage and excluding applicable taxes. Minimum lease payments over the next five years include:

FY 2020	46,157
FY 2021	46,157
FY 2022	46,157
FY2023 (subject to renewal)	46,157
Total	$184,628

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.

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.

NOTE F – LONG-TERM OBLIGATIONS (CONTINUED)

Changes in Long-term Obligations

Long-term liability activity for the year ended June 30, 2019, was as follows:

Describe	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Revenue bonds payable	$ 20,733,336	$ 1,770,000	$ 1,545,221	$ 20,958,115	$ 1,628,770
Bond premium (discount)	(121,623)	(15,313)	(9,997)	(126,939)	(9,997)
Capital lease obligations	502,652	184,337	105,132	581,857	115,426
Claim - KSBIT	30,132	-	10,044	20,088	10,044
Accrued sick leave	361,925	53,624	102,178	313,371	49,751
Total Governmental	$ 21,506,422	$ 1,992,648	$ 1,752,578	$ 21,746,492	$ 1,793,994

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

NOTE G – FUND BALANCES

Nonspendable fund balances are those that cannot be spent on future obligations. At June 30, 2019, there were no nonspendable fund balances.

Restricted fund balances arise when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. At June 30, 2019, the District had $1,221,863 restricted fund balance for future construction projects.

Committed fund balances are those amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority, which, for the District is the Board of Education. The Board of Education must approve by majority vote the establishment (and modification or rescinding) of a fund balance commitment. At June 30, 2019, the District had $59,265 committed for the Backpack Programs and $71,226 committed fund balance for school activity funds for a total of $130,491 in committed balances in the governmental fund statements.

Assigned fund balances represent amounts that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed. The Board of Education allows program supervisors to complete purchase orders which result in the encumbrance of funds. Assigned fund balance also includes (a) all remaining amounts (except for negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed, (b) amounts in the general fund that are intended to be used for a specific purpose, and (c) amounts appropriated from existing fund balance to eliminate a projected budgetary deficit in the FY 2019 budget. The District had $1,853,304 assigned related to FY 2020 budget appropriations.

Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

The District considers unrestricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Also, the District has established the order of assigned, committed and restricted when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

NOTE H – RETIREMENT PLANS

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

General information about the County Employees Retirement System Non-Hazardous ("CERS")

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

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

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

Cost of living adjustments are provided at the discretion of the General Assembly. In 2013, the General Assembly established funding status thresholds which must be achieved before another COLA can be awarded to retirees. 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.

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.

The 2019 General Assembly enacted legislation that would eliminate the 4% guarantee of investment returns for the Tier 3 members, along with several other benefit changes. However, the Kentucky Attorney General and several other stakeholders challenged the process used to enact Senate Bill 151 and the case is currently pending in the Kentucky Supreme Court.

NOTE H – RETIREMENT PLANS (CONTINUED)

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

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

General information about the Teachers' Retirement System of the State of Kentucky ("TRS of Ky")

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

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

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

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

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

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

NOTE H – RETIREMENT PLANS (CONTINUED)

Contributions—Contribution rates are established by Kentucky Revised Statutes (KRS). Non-university employees are required to contribute 12.855% of their salaries to the System. University employees are required to contribute 10.400% of their salaries. KRS 161.580 allows each university to reduce the contribution of its employees by 2.215%; therefore, university employees contribute 8.185% of their salary to TRS of Ky.

The Commonwealth of Kentucky, as a non-employer contributing entity, pays matching contributions at the rate of 13.105% of salaries for local school district and regional cooperative employees hired before July 1, 2008 and 14.105% for those hired after July 1, 2008. For local school district and regional cooperative employees whose salaries are federally funded, the employer contributes 16.105% of salaries. If an employee leaves covered employment before accumulating five (5) years of credited service, accumulated employee pension contributions plus interest are refunded to the employee upon the member's request.

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

At June 30, 2019, the District reported a liability for its proportionate share of the net pension liability for CERS. The District did not report a liability for the District's proportionate share of the net pension liability for TRS of Ky because the Commonwealth of Kentucky provides the pension support directly to TRS of Ky on behalf of the District in a special funding situation.

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

District's proportionate share of the CERS net pension liability	$ 10,713,578
Commonwealth's proportionate share of TRS of Ky net pension liability associated with the District	55,155,039
Total	$ 65,868,617

The net pension liability for CERS was based on the total pension liability that was measured as of June 30, 2017, determined by an actuarial valuation as of that date and rolled forward to June 30, 2018, using generally accepted actuarial methods. The net pension liability for TRS of Ky was based on the total pension liability that was measured as of June 30, 2018, determined by an actuarial valuation as of that date. The collective net pension liability and the total pension liability used to calculate the collective net pension liability in both plans was based on a projection of the District's long-term share of contributions to pension plan relative to the projected contributions of all participating employers, actuarially determined.

At June 30, 2018, the District's proportion in CERS was 0.175912 percent which is a decrease of 0.00166 percent from its proportionate share measured as of June 30, 2017. For the year ended June 30, 2019, the District recognized pension expense of $1,002,328 related to CERS and a decrease in pension expense of $8,332,053 related to TRS of Ky. The District also recognized a decrease in revenue of $8,332,053 for TRS of Ky support provided by the Commonwealth paid directly to TRS of Ky.

NOTE H – RETIREMENT PLANS (CONTINUED)

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CERS	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 349,447	$ 156,824
Changes of assumptions	1,047,028	-
Net difference between projected and actual earnings on pension plan investments	498,189	626,651
Changes in proportion and idifferences between District contributions and proportionate share of contributions	79,839	25,303
District contributions subsequent to the measurement date	756,629	-
Totals	$ 2,731,132	$ 808,778

$756,629 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020 Other amounts reported as deferred outflows of resources and deferred inflows related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2020	$ 881,946
2021	451,751
2022	(110,471)
2023	(57,501)
	$ 1,165,725

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	TRS of Ky
Inflation	2.30%	3.0%
Salary Increases	3.30% - 11.55%	3.5-7.3%
Investment rate of return	6.25%	7.5%

For CERS, the mortality table used for active members 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. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted prior to the 2019 actuarial analysis.

NOTE H – RETIREMENT PLANS (CONTINUED)

For TRS of Ky, 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 AA to 2020 with a setback of 1 year for females. The last experience study was performed in 2011 and the next experience study is scheduled to be conducted in 2018.

The long-term expected return on plan assets 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.

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
U.S. Large Cap	5.0%	4.50%
U.S. Mid Cap	6.0%	4.50%
U.S. Small Cap	6.5%	5.50%
International Equity	12.5%	6.50%
Emerging Markets	5.0%	7.25%
Global Bonds	4.0%	3.00%
Global IG Credit	2.0%	3.75%
High Yield	7.0%	5.50%
Emerging Market Debt	5.0%	6.00%
Illiquid Private	10.0%	8.50%
Real Estate	5.0%	9.00%
Absolute Return	10.0%	5.00%
Real Return	10.0%	7.00%
Private Equity	10.0%	6.50%
Cash	2.0%	1.50%
	100.0%	

For TRS of Ky, 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 of Ky's investment consultant, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U. S. Equity	40.0%	4.2%
Non-U.S. Equity	22.0%	5.2%
Fixed Income	15.0%	1.2%
Additional Categories*	8.0%	3.3%
Real Estate	6.0%	3.8%
Private Equity	7.0%	6.3%
Cash	2.0%	0.9%
Total	100.0%	

* Includes high yield, non-US developed bonds, and private credit strategies

NOTE H – RETIREMENT PLANS (CONTINUED)

Discount rate—For CERS, the discount rate used to measure the total pension liability was 6.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan employees and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment return of 6.25%. The long-term investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

For TRS of Ky, the discount rate used to measure the total pension liability was 7.50%. 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 employees. Therefore, the long- term expected rate of return on pension plan investments was applied to all periods of projected benefit payments. The change in the discount rate from the 4.49% used in the 2017 disclosure reports is considered a change in the actuarial assumptions or other inputs under GASBS No. 68.

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

	1% Decrease	Current Discount	1% Increase
CERS	5.25%	6.25%	7.25%
District's proportionate share of the net pension liability	$ 13,487,284	$ 10,713,577	$ 8,389,696

The District has no proportional share of the net pension liability for TRS of Ky. The following presents the sensitivity of the System's net pension liability calculated using the discount rate of 7.50 percent, as well as what the System's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1 % Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50)
System's net pension liability (in thousands)	$ 17,595,452	$ 13,726,922	$ 10,472,071

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

Deferred Compensation

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all employees, permits them to defer a portion of their salary until future years. This deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. GASB Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, allows entities with little or no administrative involvement who do not perform the investing function for these plans to omit plan assets and related liabilities from their financial statements. The District therefore does not show these assets and liabilities on this financial statement.

NOTE I – COMMITMENTS AND CONTINGENCIES

The District receives funding from Federal, State and Local government agencies and private contributions. These funds are to be used for designated purposes only. For government agency grants, if based upon the grantor's review, the funds are considered not to have been used for the intended purpose, the grantors may request a refund of monies 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.

In addition, the District operates in a heavily regulated environment. The operations of the District are subject to the administrative directives, rules and regulations of federal and state regulatory agencies, including, but not limited to, the U.S. Department of Education and the Kentucky Department of Education. Such administrative directives, rules and regulations are subject to change by an act of Congress of the Kentucky Legislature or an administrative change mandated by the Kentucky Department of Education. Such changes may occur with little or inadequate funding to pay for the related cost, including the additional administrative burden to comply with a change.

In fiscal year 2014, the District was notified that in order to settle outstanding claims and deficits of the Kentucky School Boards Insurance Trust (KSBIT), a non-profit self-insured pool, an assessment would be made to present and prior insurance trust members.

On July 15, 2014, the District was notified of the final assessment of $80,353. The claim is to be paid over a seven-year period. Payments due under the claim at June 30, 2019 are as follows:

Year Ending June 30:	
2020	$ 10,044
2021	10,044
	$ 20,088

NOTE J – LITIGATION

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

NOTE K – INSURANCE AND RELATED ACTIVITIES

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

NOTE L – RISK MANAGEMENT

The District is exposed to various risks of loss related to injuries to employees. To obtain insurance of workers' compensation, errors and omissions, and general liability coverage, the District participates in the Kentucky School Boards Insurance Trust Liability Insurance Fund.

NOTE L – RISK MANAGEMENT (CONTINUED)

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

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

NOTE M – DEFICIT OPERATING BALANCES

There are no governmental funds of the District that currently have a deficit fund balance. In the proprietary funds, deficit net positions are caused by the recognition of the net pension liability and the net OPEB liability for CERS employees. The deficit in Food Service is $1,461,093 and Day Care is $856,755. Pension liabilities are $1,416,468 in Food Service and $801,265 in Day Care. The net OPEB liability in Food Service is $412,920 and in Day Care the balance is $233,580. These liabilities will be funded with resources in future years as local governments in Ky continue to increase contributions to reduce the unfunded liabilities of CERS.

In addition, the following funds had operations (also caused by the pension and OPEB expense for CERS) that resulted in a current year deficit of revenues over expenditures resulting in a corresponding reduction of net position / fund balance:

General fund	$ 252,315
District Activity Fund	17,789
Food Service Fund	150,933
Child Care Fund	104,176

NOTE N – COBRA

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

NOTE O - TRANSFERS

The following transfers were made during the year ending June 30, 2019:

From Fund	To Fund	Purpose	Amount
General	District Activity	Community service	189,927
General	Special Revenue	Grant match	67,392
General	Food Service	Program support	28,473
General	Construction	Templin Facility	25,872
Building	General	Capital asset purchases	27,543
Building	Debt Service	Bond payments	2,023,218
Building	Construction	Templin Facility	475,356
Capital Outlay	Construction	Templin Facility	224,394

At June 30, 2019, the Special Revenue Fund owed the General Fund $44,773 for expenses.

NOTE P – ON-BEHALF PAYMENTS

The District receives on-behalf payments from the State of Kentucky for items including retirement and insurance. The amount received for the fiscal year ended June 30, 2019 was $7,392,842. These payments were recorded as follows:

Purposes		Fund Allocations	
KTRS	$ 4,335,645	General Fund	$ 7,207,775
Other benefit payments	2,937,539	Debt Service	76,298
Technology purchases	87,189	Food Service	110,663
Administration	39,599	Child Care	81,533
Debt service	76,298		
Total	$ 7,476,270		$ 7,476,270

In addition, the District recognized revenue and expense on the governmentwide statements from TRS of Ky for on-behalf payments calculated by the TRS of Ky actuary as a nonemployer contributing entity:

Pension expense	$ (10,659,926)
OPEB-Med	119,654
OPEB-Life	15,109
Total On-behalf	$ (10,525,163)

The TRS of Ky actuarial analysis for the June 30, 2018 measurement was based on a revised discount rate of 7.5% that was a significant increase from the 2017 discount rate of 4.49%. This change in assumptions created a large decrease in pension expense and on-behalf revenues for the District's FY2019. The amounts above convert the contributions reported in the governmental funds to the actuarial pension expense in the governmentwide financial statements.

NOTE Q – POST-EMPLOYMENT HEALTH CARE BENEFITS

The District's employees are provided with two OPEB plans, based on each position's college degree requirement. The County Employees Retirement System covers employees whose position does not require a college degree or teaching certification. The Kentucky Teachers Retirement System covers positions requiring teaching certification or otherwise requiring a college degree. Retired District employees receive some health care benefits depending on their length of service. In accordance with Kentucky Revised Statutes, these benefits are provided and advance funded on an actuarially determined basis through the CERS and TRS of Ky plans. The Kentucky Retirement System's publicly available financial report may be obtained from http://kyret.ky.gov/. TRS of Ky issues a publicly available financial report that can be obtained at http://www.TRS of Ky.ky.gov/05_publications/index.htm.

CERS Other Postemployment Benefits

Plan description – The Kentucky Retirement Systems' Insurance Fund (Insurance Fund) was established to provide hospital and medical insurance for eligible members receiving benefits from CERS. The eligible non-Medicare retirees are covered by the Department of Employee Insurance (DEI) plans. KRS submits the premium payments to DEI. The Board contracts with Humana to provide health care benefits to the eligible Medicare retirees through a Medicare Advantage Plan. The Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance.

Benefits provided – For members participating prior to July 1, 2003, KRS pays a percentage of the monthly premium for single coverage based upon the service credit accrued at retirement. Members participating on or after July 1, 2003, and before September 1, 2008, are required to earn at least 10 years of service credit in order to be eligible for insurance benefits at retirement. Members participating on or after September 1, 2008 are required to earn at least 15 years of service credit in order to be eligible for insurance benefits at retirement. The monthly health insurance contribution will be $10 for each year of earned service increased by the CPI prior to July 1, 2009, and by 1.5% annually from July 1, 2009.

Contributions – For the fiscal year ended June 30, 2019, plan members who began participating prior to September 1, 2008, were required to contribute 0% of their annual creditable compensation. Those members who began participating on, or after, September 1, 2008 and before January 1, 2014 were required to contribute 1% of their annual creditable compensation. Those members who began participating on, or after, January 1, 2014 were required to contribute 1% of their annual creditable compensation but their contribution is not credited to their account and is not refundable. 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 preceding 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 bases adopted by the Board. The school districts' contractually required contribution rate for the year ended June 30, 2019, was 5.26 percent of annual creditable compensation. Contributions to the pension plan from the District were $245,368.

NOTE Q – POST-EMPLOYMENT HEALTH CARE BENEFITS (continued)

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 $3,123,158 for its proportionate share of the CERS collective net OPEB liability. The total OPEB liability, net OPEB liability, and sensitivity information are based on an actuarial valuation performed as of June 30, 2017. The total OPEB liability was rolled-forward from the valuation date to the plan's fiscal year end, June 30, 2018, using generally accepted actuarial principles. The collective net OPEB liability 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 OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the District's proportion was .175912 percent, which was an increase of .21280 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized OPEB expense of $121,677 as the OPEB liability and the related deferred inflows and outflows of resources decreased. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

CERS	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 363,963
Changes of assumptions	623,741	7,216
Net difference between projected and actual earnings on pension plan plan investments	-	215,124
Changes in proportion and idifferences between District contributions and contributions and proportionate share of contributions	17,837	6,571
District contributions subsequent to the measurement date	245,368	-
Totals	$ 886,946	$ 592,874

Of the total amount reported as deferred outflows of resources related to OPEB, $421,612 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 ended June 30:	
2020	$ 12,946
2021	12,946
2022	12,946
2023	54,727
2024	(25,311)
Thereafter	(19,550)
	$ 48,704

NOTE Q – POST-EMPLOYMENT HEALTH CARE BENEFITS (continued)

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:

Investment rate of return	6.25%, net of OPEB plan investment expense, including inflation.
Projected salary increases	3.05%, average
Inflation rate	2.30%
Real Wage Growth	2.00%
Healthcare Trend Rate:	
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.
Municipal Bond Index Rate	3.62%
Discount Rate	5.85%

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

The 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.

The long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years for the Systems. The most recent analysis, performed for the period covering fiscal years 2008 through 2013, is outlined in a report dated December 3, 2015. Several factors are considered in evaluating the long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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

NOTE Q – POST-EMPLOYMENT HEALTH CARE BENEFITS (continued)

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
U.S. Large Cap	5.0%	4.50%
U.S. Mid Cap	6.0%	4.50%
U.S. Small Cap	6.5%	5.50%
International Equity	12.5%	6.50%
Emerging Markets	5.0%	7.25%
Global Bonds	4.0%	3.00%
Global IG Credit	2.0%	3.75%
High Yield	7.0%	5.50%
Emerging Market Debt	5.0%	6.00%
Illiquid Private	10.0%	8.50%
Real Estate	5.0%	9.00%
Absolute Return	10.0%	5.00%
Real Return	10.0%	7.00%
Private Equity	10.0%	6.50%
Cash	2.0%	1.50%
	100.0%	

The projection of cash flows used to determine the discount rate of 5.85% assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 26 years (closed) amortization period of the unfunded actuarial accrued liability. The discount rate determination used an expected rate of return of 6.25%, and a municipal bond rate of 3.62%, as reported in Fidelity Index's "20 –Year Municipal GO AA Index" as of June 30, 2017. However, the cost associated with the implicit employer subsidy was not included in the calculation of the System's actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the System's trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy. The target asset allocation and best estimates of arithmetic nominal rates of return for each major asset class are summarized in the CAFR.

Discount rate – The single discount rate of 5.85% for CERS-Nonhazardous was used to measure the total OPEB liability as of June 30, 2018. The Single discount rate is based on the expected rate of return on OPEB plan investments of 6.25% and a municipal bond rate of 3.62%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2018. Future contributions are projected in accordance with the current funding policy mandated in Ky Revised Statutes 61.565, as amended, which includes the requirement that each participating employer in the System contribute the actuarially determined contribution rate, which is determined using a closed funding period (26 years as of June 30, 2018) and the actuarial assumptions and methods adopted by the Board of Trustees. Current assets, future contributions, and investment earnings are projected to be sufficient to pay the projected benefit payments from the retirement system.

However, the cost associated with the implicit employer subsidy is not currently included in the calculation of the System's actuarial determined contributions and any cost associated with the implicit subsidy is not paid out of the System's trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

NOTE Q – POST-EMPLOYMENT HEALTH CARE BENEFITS (continued)

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following table presents the District's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 5.85%, 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 (4.85%) or 1-percentage-point higher (6.85%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
CERS	5.25%	6.25%	7.25%
District's proportionate share of the net OPEB liability	$ 4,056,482	$ 3,123,158	$ 2,328,137

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 Rates	1% Increase
CERS			
District's proportionate share of the net OPEB liability	$ 2,325,222	$ 3,123,158	$ 4,063,695

The Kentucky Retirement System's publicly available financial report may be obtained from http://kyret.ky.gov/.

TRS

General Information about the OPEB Plan

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 www.trs.ky.gov.

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

NOTE Q – POST-EMPLOYMENT HEALTH CARE BENEFITS (continued)

Medical Insurance Fund

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

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

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

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

At June 30, 2019, the District reported a liability of $7,580,000 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 0.218449 percent which was an increase of .000858 percent from its proportion measured as of June 30, 2017.

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	$ 7,580,000
State's proportionate share of the net OPEB liability associated with the District	6,532,000
Total	$14,112,000

NOTE Q – POST-EMPLOYMENT HEALTH CARE BENEFITS (continued)

For the year ended June 30, 2019, the District recognized OPEB expense of $51,484 as the liability and related deferred outflows and inflows of resources decreased. In addition, the District recognized on-behalf revenue of $455,000 for support provided by the State as a nonemployer contributing entity. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

TRS	Deferred Outflows of	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 388,000
Changes of assumptions	104,000	-
Net difference between projected and actual earnings on pension plan investments plan investments	-	31,000
Changes in proportion and idifferences between District contributions and contributions and proportionate share of contributions	25,000	-
District contributions subsequent to the measurement date	392,924	-
Totals	$ 521,924	$ 419,000

Of the total amount reported as deferred outflows of resources related to OPEB, $392,924 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 ended June 30:	
2020	$ (58,000)
2021	(58,000)
2022	(58,000)
2023	(45,000)
2024	(47,000)
Thereafter	(24,000)
	$ (290,000)

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:

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.

NOTE Q – POST-EMPLOYMENT HEALTH CARE BENEFITS (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 remaining actuarial assumptions (e.g. initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2016 valuation were based on a review of recent plan experience done concurrently with the June 30, 2016 valuation.

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

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global Equity	58.0%	4.60%
Fixed Income	9.0%	1.20%
Real Estate	5.5%	3.80%
Private Equity	6.5%	6.30%
Other (LIBOR)	20.0%	3.30%
Cash	1.0%	0.90%
	100.0%	

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 assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the District's proportionate share of the collective net OPEB liability to changes in the discount rate – 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 8.00%	1% Increase 9.00%
District's proportionate share of the net OPEB liability	$ 8,888,452	$ 7,580,000	$ 6,489,623

NOTE Q – POST-EMPLOYMENT HEALTH CARE BENEFITS (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	1.02% - 7.75%	1% Increase
District's proportionate share of the net OPEB liability	$ 6,284,976	$ 7,580,000	$ 9,176,892

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 Fund

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.

<u>OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs</u>

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	$ -0-
State's proportionate share of the net OPEB liability associated with the District	112,000
Total	$ 112,000

The collective net OPEB liability for life insurance was based on an actuarial valuation performed as of June 30, 2018. The total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the State's long-term share of contributions to the State's life insurance plan for District employees relative to the projected contributions for all employees.

NOTE Q – POST-EMPLOYMENT HEALTH CARE BENEFITS (continued)

For the year ended June 30, 2019, the District recognized OPEB expense of $815 in the governmental funds and revenues of 19,000 ($815 in the governmental funds and an additional $18,185 in government-wide activities) for support provided by the Commonwealth. At June 30, 2019, the District reported no deferred outflows of resources and deferred inflows of resources related to the OPEB.

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:

Investment rate of return	7.50%, 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%
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 remaining actuarial assumptions (e.g. initial per capita costs, rate of plan participation, rates of plan election, etc.) used in the June 30, 2018 valuation were based on a review of recent plan experience done concurrently with the June 30, 2018 valuation.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S Equity	40.0%	4.2%
International Equity	23.0%	5.2%
Fixed Income	18.0%	1.2%
Additional Categories*	6.0%	3.3%
Real Estate	6.0%	3.8%
Private Equity	5.0%	6.3%
Cash	2.0%	.9%
Total	100.0%	

* Includes high yield, non-US developed bonds, and private credit strategies

NOTE Q – POST-EMPLOYMENT HEALTH CARE BENEFITS (continued)

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

OPEB plan fiduciary net position – TRS of Ky issues a publicly available financial report that can be obtained at http://www.TRS of Ky.ky.gov/05_publications/index.htm.

NOTE R – EFFECT OF NEW ACCOUNTING STANDARDS ON DISTRICT FINANCIAL STATEMENTS

Recently Issued And Adopted Accounting Principles

In April 2018, the GASB issued Statement 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This statement is effective for periods beginning after June 15, 2018. The statement was adopted during the fiscal year and did not have an effect on the District's financial statements.

Recently Issued Accounting Pronouncements

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*, effective for reporting periods beginning after December 15, 2018. This standard will require the District to revise the reporting for its "agency" funds that include checking accounts for all the schools and their activity funds. Since the District provides administrative controls over these accounts, as required by the KDE Red Book, these funds will be reclassified to Special Revenue funds and classified with other governmental funds of the District. Other significant provisions of the standard will not affect the District.

In June 2017, the GASB issued Statement No. 87, *Leases*, which will be effective for reporting periods beginning after December 15, 2019. This standard will require the District to recognize intangible assets and liabilities for lease agreements that are currently reported as operating leases and expensed as lease payments are remitted to the lessors. Since the value of the intangible asset is based on the net present value of the lease payments used to value the corresponding lease liability, this standard will not have a material impact on the District's net position.

In June 2018, the GASB issued Statement 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. This statement is effective for periods beginning after December 15, 2019. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

In August 2018, the GASB issued Statement 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*. This statement is effective for periods beginning after December 15, 2018. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

In May 2019, the GASB issued Statement 91, *Conduit Debt Obligations*. This statement is effective for periods beginning after December 15, 2020. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

NOTE S – SUBSEQUENT EVENT

Management has evaluated subsequent events through November 14, 2019, the date which the financial statements were available to be issued.

Subsequent to June 30, 2019, the District approved an increase in the property tax rate to 86.20 cents per $100 in assessed value of real estate and personal property.

REQUIRED SUPPLEMENTARY INFORMATION

BARDSTOWN INDEPENDENT SCHOOL DISTRICT
BARDSTOWN, KENTUCKY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019
GENERAL FUND

	Budget			Variance
	Original	Final	Actual	Favorable (Unfavorable)
Revenues:				
Taxes				
Property	$ 5,978,000	$ 5,978,000	$ 6,487,053	$ 509,053
Motor vehicle	501,424	501,424	477,170	(24,254)
Utilities	1,100,000	1,100,000	1,040,160	(59,840)
Distilled spirits tax	1,673,310	1,673,310	1,949,260	275,950
Tuition and fees	118,000	118,000	193,979	75,979
Earnings on investments	2,000	2,000	39,216	37,216
Other local revenues	47,583	47,583	59,157	11,574
Intergovernmental - state	13,921,428	13,926,149	16,679,683	2,753,534
Intergovernmental - federal	200,000	200,000	306,453	106,453
Total Revenues	23,541,745	23,546,466	27,232,131	3,685,665
Expenditures:				
Instruction	14,745,922	14,745,922	16,731,167	(1,985,245)
Support servicves:				
Student	1,825,568	1,825,568	1,934,748	(109,180)
Instruction staff	762,654	762,654	852,300	(89,646)
District administration	1,347,874	1,347,874	1,155,327	192,547
School administrative	1,646,152	1,646,152	1,848,351	(202,199)
Business	824,838	824,838	920,600	(95,762)
Plant operation and maintenance	2,562,752	2,562,752	2,482,479	80,273
Student transportation	1,110,058	1,110,058	1,270,089	(160,031)
Adult Education	-	-	50,296	(50,296)
Community service activities	161,104	161,104	19,109	141,995
Debt service	129,409	129,409	129,976	(567)
Total Expenditures	25,116,331	25,116,331	27,394,442	(2,278,111)
Excess (deficit) of revenues over expenditures	(1,574,586)	(1,569,865)	(162,311)	1,407,554
Other financing sources (uses)				
Proceeds from the issuance of capital leases	-	-	184,337	(184,337)
Proceeds from sale of fixed assets	-	-	669	(669)
Insurance recovery	-	-	9,111	(9,111)
Contingency	(1,555,167)	(1,441,269)	-	(1,441,269)
Operating transfers in	-	-	27,543	(27,543)
Operating transfers out	(270,000)	(270,000)	(311,664)	41,664
Total other financing sources (uses)	(1,825,167)	(1,711,269)	(90,004)	(1,621,265)
Excess (deficit) of revenues and other financing sources over expenditures and other financing uses	(3,399,753)	(3,281,134)	(252,315)	(213,711)
Fund Balance June 30, 2018	3,399,753	3,281,134	2,790,833	(490,301)
Fund Balance June 30, 2019	$ -	$ -	$ 2,538,518	$ (704,012)

BARDSTOWN INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019
SPECIAL REVENUE FUND

	Budget			Variance
	Original	Final	Actual	Favorable (Unfavorable)
Revenues				
Earnings on investments	$ -	$ -	$ 432	$ 432
Other local revenues	32,739	32,739	70,564	37,825
Intergovernmental - state	1,083,504	1,205,759	931,651	(274,108)
Intergovernmental - indirect federal	57,266	1,450,311	1,377,549	(72,762)
Total revenues	1,173,509	2,688,809	2,380,196	(308,613)
Expenditures				
Instruction	1,138,557	2,388,025	2,058,445	329,580
Support services:				
Student		32,748	119,145	(86,397)
Instruction staff	58,952	130,384	82,350	48,034
Student transportation		5,000	2,637	2,363
Community services activities	26,000	179,045	185,011	(5,966)
Total expenditures	1,223,509	2,735,202	2,447,588	287,615
Excess (Deficit) of Revenues over Expenditures	(50,000)	(46,393)	(67,392)	(20,999)
Other financing sources (uses)				
Operating transfers in	50,000	46,393	67,392	20,999
Operating transfers out			-	-
Total other financing sources (uses)	50,000	46,393	67,392	20,999
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	-	-	-	-
Fund Balance June 30, 2018	-	-	-	-
Fund Balance June 30, 2019	$ -	$ -	$ -	$ -

Budgetary Process

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

a) Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP) during the year and adjusted to modified accrual for the governmental funds at year-end.
b) Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP) during the year and adjusted to modified accrual for the governmental funds at year-end.
c) Capital outlay is budgeted within the departmental budget (budgetary) as opposed to separate classification by character (GAAP).

Once the budget is approved, it can be amended. Amendments are presented to the Board at their regular meetings. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end in accordance with state law. Each budget is prepared and controlled by the budget coordinator at the revenue and expenditure function/object level. All budget appropriations lapse at year end.

BARDSTOWN INDEPENDENT SCHOOL DISTRICT
BARDSTOWN, KENTUCKY
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019

TABLE 1--PROPORTIONATE SHARE OF COLLECTIVE LIABILITY
District 's Proportionate Share of the Net Pension Liability

	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
KTRS					
Proportionate share percentage	0.00%	0.00%	0.00%	0.00%	0.00%
Proportionate share amount	$ -	$ -	$ -	$ -	$ -
Commonwealth's proportionate share of the net pension liability	55,155,039	110,729,897	118,804,900	94,384,809	80,555,447
Total	$ 55,155,039	$ 110,729,897	$ 118,804,900	$ 94,384,809	$ 80,555,447
District's covered-employee payroll	$ 12,942,308	$ 13,006,756	$ 12,685,204	$ 12,523,890	$ 12,290,898
District's proportionate share of the net pension liability as a percentage of its covered payroll	0.0%	0.0%	0.0%	0.0%	0.0%
Plan's fiduciary net position as a percentage of total pension liability	59.30%	39.83%	35.22%	45.59%	45.59%
CERS					
Proportionate share percentage	17.59120%	17.37840%	17.54500%	17.42500%	17.32500%
Proportionate share amount	$10,713,577	$ 10,172,112	$ 8,638,512	$ 7,491,729	$ 5,619,422
Covered Payroll	$ 4,446,057	$ 4,095,797	$ 4,121,647	$ 4,192,373	$ 3,966,133
Collective share of NPL as % of payroll	241.0%	248.4%	209.6%	178.7%	141.7%
Plan's fiduciary net position as a percentage of total pension liability	53.54%	53.30%	55.50%	59.97%	66.80%

Note: This schedule will be expanded to include 10 years of information as those details become available.
Note: These amounts are based on the prior year's measurement period, not the District's fiscal year.

BARDSTOWN INDEPENDENT SCHOOL DISTRICT
BARDSTOWN, KENTUCKY
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019

TABLE 2--CONTRIBUTIONS

	2019	2018	2017	2016	2015
KTRS					
Actuarially Required Contributions (OPEB)	$ -	$ -	$ -	$ -	$ -
Contributions Recognized by Plan	$ -	$ -	$ -	$ -	$ -
Difference	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 13,097,479	$ 12,942,308	$ 13,006,756	$ 12,685,204	$ 12,523,890
Contributions as Percentage of Payroll	0.00%	0.00%	0.00%	0.00%	0.00%
CERS NONHAZARDOUS PLAN					
Actuarially Required Contributions	$ 756,629	$ 643,789	$ 625,055	$ 508,698	$ 525,510
Contributions Recognized by Plan	$ 756,629	$ 643,789	$ 625,055	$ 508,698	$ 525,510
Difference	$ -	$ -		$ -	$ -
Covered Payroll	$ 4,664,790	$ 4,446,057	$ 4,095,797	$ 4,121,647	$ 4,192,373
Contributions as Percentage of Payroll	16.22%	14.48%	15.26%	12.34%	12.53%

Note: This schedule will be expanded to include 10 years of information as those details become available.
Note: These amounts are based on the prior year's measurement period, not the District's fiscal year.

COUNTY EMPLOYEES RETIREMENT SYSTEM:

Actuarial Methods and Assumptions:

The actuarially determined contribution rates are determined on an annual basis using the actuarial valuation conducted two years prior to the year in which the contribution will be assessed. The amortization period for the unfunded liability was reset as of July 1, 2013 to a closed 30-year period. For the 2017 actuarial valuation, several key actuarial assumptions were revised. Changes in assumptions prior to 2016 provided minor adjustments to the actuarial measurements. The following table outlines the actuarial methods and assumptions that were used in 2018 and 2016 to determine contribution rates reported for all systems:

Assumption	2017 Valuation	2016 Valuation
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level of Percentage of Payroll, closed	Level of Percentage of Payroll, closed
Remaining Amortization Period	26 Years	27 Years
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Post-retirement benefit adjustments	0.00%	0.00%
Inflation	**2.30%**	**3.25%**
Salary Increase	**3.3% to 11.55%** varies by service), average, including Inflation	**4%**, average, including Inflation
Investment Rate of Return	**6.25%**, Net of Pension Plan Investment Expense, including Inflation	**7.5%**, Net of Pension Plan Investment Expense, including Inflation

Changes of Benefit Terms -

2009: A new benefit tier for members who first participate on or after September 1, 2008 was introduced which included the following changes:

1. Tiered Structure for benefit accrual rates
2. New retirement eligibility requirements
3. Different rules for the computation of final average compensation

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

KENTUCKY TEACHER'S RETIREMENT SYSTEM:

Changes of Benefit Terms - None

Changes of Assumptions – The 2018 actuarial analysis for TRS of Ky indicated that cash flow for the system would be sufficient to pay benefits in all periods. As a result, the discount rate for the 2018 study was the same as the long-term expected yield of 7.5%. In 2017, the analysis used a blended rate of 4.49% which included the application of the municipal bond index to periods after 2038.

BARDSTOWN INDEPENDENT SCHOOL DISTRICT
BARDSTOWN, KENTUCKY
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019

TABLE 3--PROPORTIONATE SHARE OF COLLECTIVE LIABILITY
District 's Proportionate Share of the Net OPEB Liability

	Fiscal Year 2018	Fiscal Year 2018
KTRS - Medical		
Proportionate share percentage	0.22%	0.22%
Proportionate share amount	$ 7,580,000	$ 7,758,821
Commonwealth's proportionate share of the net pension liability	6,532,000	6,338,000
Total	$ 14,112,000	$ 14,096,821
District's covered-employee payroll	$ 12,942,308	$ 13,006,756
District's proportionate share of the net pension liability as a percentage of its covered payroll	58.6%	59.7%
Plan's fiduciary net position as a percentage of total pension liability	25.50%	21.18%
CERS - Medical		
Proportionate share percentage	17.59120%	17.37840%
Proportionate share amount	$ 3,123,158	$ 3,123,158
Covered Payroll	$ 4,446,057	$ 4,095,797
Collective share of NPL as % of payroll	70.2%	76.3%
Plan's fiduciary net position as a percentage of total pension liability	57.62%	52.40%

Note: This schedule will be expanded to include 10 years of information as those details become available.
Note: These amounts are based on the prior year's measurement period, not the District's fiscal year.

BARDSTOWN INDEPENDENT SCHOOL DISTRICT
BARDSTOWN, KENTUCKY
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019

TABLE 4--OPEB CONTRIBUTIONS

	Fiscal Year 2018	Fiscal Year 2018
KTRS - Medical		
Actuarially Required Contributions (OPEB)	$ 392,924	$ 388,269
Contributions Recognized by Plan	392,924	388,269
Difference	$ -	$ -
Covered Payroll	$ 13,097,479	$ 13,006,756
Contributions as Percentage of Payroll	3.00%	2.99%

	2018	2018
CERS - Medical		
Actuarially Required Contributions	$ 245,368	$ 208,965
Contributions Recognized by Plan	245,368	208,965
Difference	$ -	$ -
Covered Payroll	$ 4,664,790	$ 4,446,057
Contributions as Percentage of Payroll	5.26%	4.70%

Note: This schedule will be expanded to include 10 years of information as those details become available.
Note: These amounts are based on the prior year's measurement period, not the District's fiscal year.

COUNTY EMPLOYEES RETIREMENT SYSTEM:

Valuation Date: June 30, 2018

Changes in Actuarial assumptions: The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions which were changed from the 2016 actuarial valuation, applied to all periods included in the measurement:

Investment rate of Return	6.25%, net of OPEB plan investment expense, including inflation.
Projected salary increases	4% average
Inflation rate	3.25%
Healthcare cost trend rates	
Under 65	Initial trend starting at 7.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 5 years
Ages 65 and Older	Initial trend starting at 5.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 2 years
Municipal Bond Index Rate	3.56%
Discount Rate	5.84%

KENTUCKY TEACHER'S RETIREMENT SYSTEM:

Valuation Date: June 30, 2018

2017 Changes to benefit terms:

With the passage of House Bill 471, the eligibility for non-single subsidies (NSS) for the KEHP-participating members who retire 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.

BARDSTOWN INDEPENDENT SCHOOL DISTRICT
BARDSTOWN, KENTUCKY
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019

TABLE 5 DISTRICT'S PROPORTIONATE SHARE OF NET OPEB LIABILITY
LIFE INSURANCE PLAN

TRS	**Fiscal Year 2018**	**Fiscal Year 2018**
Proportionate share percentage	0.00%	0.00%
Proportionate share amount	$ -	$ -
Commonwealth's proportionate share of the net pension liability	112,000	85,000
Total	$ 112,000	$ 85,000
District's covered payroll	$ 12,942,308	$ 13,006,756
District's proportionate share of the net pension liability as a percentage of its covered payroll	0.0%	0.0%
Plan's fiduciary net position as a percentage of total pension liability	75.00%	79.99%

Note: This schedule will be expanded to include 10 years of information as those details become available.
Note: These amounts are based on the prior year's measurement period, not the District's fiscal year.

KENTUCKY TEACHER'S RETIREMENT SYSTEM:

Valuation Date: June 30, 2018

2017 Changes to benefit terms:

With the passage of House Bill 471, the eligibility for non-single subsidies (NSS) for the KEHP-participating members who retire 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.

OTHER SUPPLEMENTARY INFORMATION

BARDSTOWN INDEPENDENT SCHOOL DISTRICT
BARDSTOWN, KENTUCKY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

	Debt Service Fund	Capital Outlay Fund	Building Fund	District Activity Fund	Total NonMajor Governmental Funds
Assets:					
Cash and cash equivalents	$ -	$ -	$ -	$ 83,022	$ 83,022
Total Assets	$ -	$ -	$ -	$ 83,022	$ 83,022
Liabilities & Fund Balances:					
Liabilities:					
Accounts Payable	$ -	$ -	$ -	$ 11,796	$ 11,796
Total Liabilities	-	-	-	11,796	11,796
Fund Balances					
Restricted	-	-	-	-	-
Committed	-	-	-	71,226	71,226
Total Fund Balances	-	-	-	71,226	71,226
Total Liabilities & Fund Balances	$ -	$ -	$ -	$ 83,022	$ 83,022

See accompanying report of independent auditors.

BARDSTOWN INDEPENDENT SCHOOL DISTRICT
BARDSTOWN, KENTUCKY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Debt Service Fund	Capital Outlay Fund	Building Fund	District Activity Fund	Total NonMajor Funds
Revenues:					
From Local Sources:					
Taxes:					
Property	$ -	$ -	$ 1,964,019	$ -	$ 1,964,019
Tuition and fees	-	-	-	55,199	55,199
Other local revenues	-	-		49,702	49,702
Intergovernmental - State	76,298	224,394	562,098	-	862,790
Total Revenues	76,298	224,394	2,526,117	104,901	2,931,710
Expenditures					
Current:					
Instruction	-	-	-	246,049	246,049
Support Services:					
Instruction staff	-	-	-	64,568	64,568
Student transportation	-	-	-	2,000	2,000
Plant operation and maintenance	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Debt service - principal	1,545,221	-	-	-	1,545,221
Debt service - interest	554,295	-	-	-	554,295
Total expenditures	2,099,516	-	-	312,617	2,412,133
Excess (Deficit) of Revenues over Expenditures	(2,023,218)	224,394	2,526,117	(207,716)	519,577
Other financing sources (uses)					
Proceeds from sale of bonds	-	-	-	-	-
Bond discount and fees	-	-	-	-	-
Operating transfers in	2,023,218	-	-	189,927	2,213,145
Operating transfers out	-	(224,394)	(2,526,117)	-	(2,750,511)
Total other financing sources (uses)	2,023,218	(224,394)	(2,526,117)	189,927	(537,366)
Net change in fund balance	-	-	-	(17,789)	(17,789)
Fund Balance June 30, 2018	-	-	-	89,015	89,015
Fund Balance June 30, 2019	$ -	$ -	$ -	$ 71,226	$ 71,226

See accompanying report of independent auditors.

BARDSTOWN INDEPENDENT SCHOOL DISTRICT
BARDSTOWN, KENTUCKY
COMBINING SCHEDULE OF FIDUCIARY NET POSITION – AGENCY FUNDS
June 30, 2019

	Bardstown Elementary	Bardstown Middle School	Bardstown High School	Bardstown Prmary	Bardstown Early Childhood	Total
ASSETS						
Cash and Cash Equivalents	$ 6,044	$ 20,970	$ 109,491	$ 28,546	$ 5,395	$ 170,446
Investments	-	-	-	134	-	134
TOTAL ASSETS	$ 6,044	$ 20,970	$ 109,491	$ 28,680	$ 5,395	$ 170,580
LIABILITIES						
Accounts Payable	$ -	$ -	$ -	$ 1,970	$ -	$ 1,970
Due to student groups	6,044	20,970	109,491	26,710	5,395	168,610
TOTAL LIABILITIES	$ 6,044	$ 20,970	$ 109,491	$ 28,680	$ 5,395	$ 170,580
FIDUCIARY NET POSITION						

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

BARDSTOWN INDEPENDENT SCHOOL DISTRICT
BARDSTOWN, KENTUCKY
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND LIABILITIES
ALL ACTIVITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Cash Balance July 1, 2018	Receipts	Disbursements	Cash Balance June 30, 2019	Accounts Receivable June 30, 2019	Accounts Payable June 30, 2019	Due to Student Groups June 30, 2019
Bardstown Elementary School	$ 9,797	$ 40,761	$ 44,514	$ 6,044	$ -	$ -	$ 6,044
Bardstown Middle School	22,803	135,565	137,398	20,970	-	-	20,970
Bardstown High School	115,199	514,246	519,954	109,491	-	-	109,491
Bardstown Primary School	29,827	40,699	41,980	28,546	134	1,970	26,710
Bardstown Early Childhood	2,691	18,650	15,946	5,395	-	-	5,395
Totals	$ 180,317	$ 749,921	$ 759,792	$ 170,446	$ 134	$ 1,970	$ 168,610

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

BARDSTOWN INDEPENDENT SCHOOL DISTRICT
BARDSTOWN, KENTUCKY
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND LIABILITIES
BARDSTOWN HIGH SCHOOL
FOR THE YEAR ENDED JUNE 30, 2019

	Cash Balance July 1, 2018	Receipts	Disbursements	Cash Balance June 30, 2019	Accounts Receivable June 30, 2019	Accounts Payable June 30, 2019	Due to Student Groups June 30, 2019
All A Classic	$ 2	$ -	$ 2	$ -	$ -	$ -	$ -
Athletics/Game Expense	-	35,555	27,743	7,812	-	-	7,812
Athletics General	-	3,448	3,448	-	-	-	-
Athletic-Gate Receipts	-	63,892	63,892	-	-	-	-
Baseball	-	8,738	8,738	-	-	-	-
Banquet	-	1,357	1,357	-	-	-	-
Basketball - Boys	-	2,743	2,743	-	-	-	-
Bowling	-	4,616	4,616	-	-	-	-
Basketball - Girls	-	9,252	9,252	-	-	-	-
Century Club - Football	-	1,405	150	1,255	-	-	1,255
District Tournaments	2,251	-	-	2,251	-	-	2,251
Football	-	9,716	9,716	-	-	-	-
Football playoffs	1,377	-	1,377	-	-	-	-
Friends of Archery	10,201	14,104	24,305	-	-	-	-
Friends of Band	2	19,420	18,523	899	-	-	899
Friends of Baseball	13,901	45,831	43,448	16,284	-	-	16,284
Friends of Bowling	-	7,191	7,167	24	-	-	24
Friends of Boy's Basketball	3,804	16,563	14,340	6,027	-	-	6,027
Friends of Cheerleading	2,500	14,300	14,002	2,798	-	-	2,798
Friends of Chorus	508	4,836	4,853	491	-	-	491
Friends of Cross Country	107	10,470	10,476	101	-	-	101
Friends of Girls Basketball	9,115	18,039	17,085	10,069	-	-	10,069
Friends of Boy's Soccer	268	4,105	3,633	740	-	-	740
Friends of Girl's Soccer	5,865	7,199	9,759	3,305	-	-	3,305
Friends of Golf	594	1,880	1,325	1,149	-	-	1,149
Friends of Orchestra	3,199	2,951	4,093	2,057	-	-	2,057
Friends of Softball	1,363	6,091	1,048	6,406	-	-	6,406
Friends of Swim	-	1,472	-	1,472	-	-	1,472
Friends of Tennis	1	-	1	-	-	-	-
Friends of Track	4,025	5,969	4,395	5,599	-	-	5,599
Friends of Volleyball	2,035	7,557	6,655	2,937	-	-	2,937
Friends of Wrestling	84	1,016	1,050	50	-	-	50
19th District Bball	891	-	891	-	-	-	-
Region Tournaments	-	-	-	-	-	-	-
Softball/Fast Pitch	-	3,201	3,201	-	-	-	-
Tennis	-	268	268	-	-	-	-
Track	-	6,949	6,949	-	-	-	-
Volleyball	-	450	450	-	-	-	-
Academic	-	290	290	-	-	-	-
Academic Club	778	-	525	253	-	-	253
Archery	-	2,141	2,141	-	-	-	-
Annual/Yearbook	5,186	3,958	9,144	-	-	-	-
Art Club	150	-	-	150	-	-	150
Aces Class	-	956	415	541	-	-	541
Band	-	5,870	5,870	-	-	-	-
Best Buddies	101	542	510	133	-	-	133
Blue Dot Books	218	16	188	46	-	-	46
Chess Club	127	-	-	127	-	-	127
Chorus	-	1,277	1,277	-	-	-	-
Debate Team	81	605	240	446	-	-	446
Drama	278	3,057	3,335	-	-	-	-
FBLA Club	3,253	12,526	14,135	1,644	-	-	1,644
FCCLA	1,545	2,835	3,263	1,117	-	-	1,117
FCA	957	656	578	1,035	-	-	1,035
General Fund	13,103	21,499	29,546	5,056	-	-	5,056
Home EC Dept	-	1,516	1,516	-	-	-	-
Industrial Technology	286	240	285	241	-	-	241
Interest on Accounts	3,578	54	-	3,632	-	-	3,632
Junior/Senior Prom	7,657	8,960	11,756	4,861	-	-	4,861
Key Club	321	7,264	7,531	54	-	-	54
Music Club	793	13,465	8,194	6,064	-	-	6,064
National Honor Society	466	3,161	2,783	844	-	-	844
Orchestra	-	1,135	1,135	-	-	-	-
Pep Club	226	2,833	3,017	42	-	-	42
Science Club	242	155	283	114	-	-	114
Science Olympiad	1,362	1,917	2,819	460	-	-	460
Senior Class	1,175	4,715	4,972	918	-	-	918
Spanish Club	196	1,099	1,011	284	-	-	284
Speech	1,332	10,078	8,690	2,720	-	-	2,720
Stem	1,319	21,458	22,777	-	-	-	-
Student Council	476	-	476	-	-	-	-
Swim Club	-	2,057	2,057	-	-	-	-
Swimming	-	2,170	2,170	-	-	-	-
Sunshine Fund	212	-	-	212	-	-	212
Testing	1,559	8,822	8,734	1,647	-	-	1,647
Textbooks	2,135	-	86	2,049	-	-	2,049
Tiger Mentoring	659	-	-	659	-	-	659
Teacher Cadet Program	457	194	638	13	-	-	13
TMH-Dorsey	7	-	7	-	-	-	-
TSA Club	76	1,466	1,542	-	-	-	-
Vending	810	589	836	563	-	-	563
Unified Bowling Team	-	1,894	1,894	-	-	-	-
Wrestling	-	2,402	2,402	-	-	-	-
Wrestling Club	19	141	160	-	-	-	-
Y-Club	1,966	19,629	19,755	1,840	-	-	1,840
Sub Total	115,199	514,226	519,934	109,491	-	-	109,491
Transfers	-	103,972	103,972	-	-	-	-
TOTAL	$ 115,199	$ 410,254	$ 415,962	$ 109,491	$ -	$ -	$ 109,491

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

BARDSTOWN INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor / Pass-through Grantor / Program Title	CFDA Number	Pass Through Grantor's Identifying Number	Federal Expenditures
U.S. Department Of Agriculture			
Child Nutrition Cluster:			
Cash Assistance			
Passed through the Kentucky Department of Education			
National School Lunch Program	10.555	7750002-18	$ 236,003
		7750002-19	732,660
School Breakfast Program	10.553	7760005-18	80,595
		7760005-19	242,877
Summer Food Service Program for Children	10.559	7740023-19	16,627
Noncash Assistance (Commodities)			
National School Lunch Program	10.555	057502-02	110,663
TOTAL CHILD NUTRITION CLUSTER			1,419,425
Other U.S. Department of Agriculture Program			
Passed through the Kentucky Department of Education			
Child and Adult Care Food Program	10.558	7790021-18	24,969
Total U.S. Department Of Agriculture			1,444,394
U.S. Department Of Education			
Special Education Cluster (IDEA)			
Special Education - Grants to State	84.027	337D	84,067
		337DP	3,639
		337E	382,775
		337EP	16,918
			487,399
Special Education - Preschool Grants	84.173	343D	3,064
		343E	19,428
			22,492
TOTAL SPECIAL EDUCATION CLUSTER (IDEA)			509,891
Other U.S. Department Of Education Programs			
Passed through the Kentucky Department of Education			
Title I - Grants to Local Educational Agencies	84.010	310D	208,237
		310E	$ 434,317
		310EM	96
			642,650
Career and Technical Education - Basic Grants to States	84.048	348CA	1,303
		348D	6,581
		348DA	934
		348E	24,343
			33,161
Supporting Effective Instruction - State Grants	84.367	401C	15,307
		401D	26,943
		401DP	22,376
		401EP	3,971
			68,597
Limited English Proficiency - Immigrant	84.365	345E	11,511
Rural Education	84.358	350C	23,853
		350D	42,317
		350E	11,577
			77,747
Student Support and Academic Enrichment Program	84.424	552D	17,287
		552ES	6,897
		552EW	9,807
			33,991
Total U.S. Department Of Education			1,377,548
Total Expenditures of Federal Awards			$ 2,821,942

BARDSTOWN INDEPENDENT SCHOOL DISTRICT

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2019

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Bardstown Independent School District under programs of the federal government for the year ended June 30, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Bardstown Independent School District, it is not intended to and does not present the financial position, changes in net position or cash flows of Bardstown Independent School District.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 – FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair value of the commodities received.

NOTE 4 – INDIRECT COST RATE

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

NOTE 5 – SUBRECIPIENTS

There were no subrecipients during the fiscal year.

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
• Material weakness(es) identified?	_____ yes	__X__ no
• Significant deficiencies(s) identified that are not considered to be material weaknesses?	_____ yes	__X__ none reported
Noncompliance material to financial statements noted?	_____ yes	__X__ no

Federal Awards

Internal control over major programs:		
• Material weakness(es) identified?	_____ yes	__X__ no
• Significant deficiencies(s) identified that are not considered to be material weakness(es)?	_____ yes	__X__ none reported
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with the 2CFR 200.516(a)?	_____ yes	__X__ no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
10.553 / 10.555 / 10.559	**Child Nutrition Cluster**

Dollar threshold used to distinguish Between type A and type B programs:	$ 750,000	
Auditee qualified as low-risk auditee?	____ yes	__X__ no

Section II – Financial Statement Findings

No findings to report.

Section III – Federal Award Findings and Questioned Costs

No findings to report.

BARDSTOWN INDEPENDENT SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

FOR THE YEAR ENDED JUNE 30, 2019

No findings reported.

Chris R. Carter, CPA
Ann M. Fisher, CPA
Scott Kisselbaugh, CPA
Philip A. Logsdon, CPA
Brian S. Woosley, CPA

Stiles, Carter & Associates
Certified Public Accountants
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American Institute of CPAs
Kentucky Society of CPAs

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

Members of the Board of Education
Bardstown Independent School District
Bardstown, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the requirements prescribed by the Kentucky State Committee for School District Audits in the *Independent Auditor's Contract*, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Bardstown Independent School District as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Bardstown Independent School District's basic financial statements, and have issued our report thereon dated November 14, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.* In addition, the results of our tests disclosed no instances of material noncompliance of specific state statutes or regulations identified in *Appendix II of the Independent Auditor's Contract – State Audit Requirements*.

2901 Ring Road East, P.O. Box 622 / Elizabethtown, KY 42702-0622 / Phone 270-769-6371 / Fax 270-765-7934
713 McDowell Blvd. / Bardstown, KY 40004 / Phone 502-348-1433 / Fax 502-349-6365

We also noted certain other matters that we reported to management of Bardstown Independent School District in a separate letter dated November 14, 2019.

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 District'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.

Stiles, Carter & Associates, CPAs, P.S.C.

Stiles, Carter & Associates, CPAs, P.S.C.
Bardstown, Kentucky
November 14, 2019

Chris R. Carter, CPA
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Members of the Board of Education
Bardstown Independent School District
Bardstown, Kentucky

Report on Compliance for Each Major Federal Program

We have audited the Bardstown Independent 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 District's major federal programs for the year ended June 30, 2019. The Bardstown Independent 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Bardstown Independent 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), and the requirements prescribed by the Kentucky State Committee for School District Audits in Appendices I, II, III, and IV of the Independent Auditor's Contract. 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 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 Bardstown Independent School District's compliance.

Opinion on Each Major Federal Program

In our opinion, the Bardstown Independent 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.

2901 Ring Road East, P.O. Box 622 / Elizabethtown, KY 42702-0622 / Phone 270-769-6371 / Fax 270-765-7934
713 MCDOWELL BLVD. / Bardstown, KY 40004 / Phone 502-348-1433 / Fax 502-349-6365

Report on Internal Control Over Compliance

The management of Bardstown Independent 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 Bardstown Independent 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 Bardstown Independent 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 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.

Stiles, Carter & Associates, CPAs, P.S.C.

Stiles, Carter & Associates, CPAs, P.S.C.
Bardstown, Kentucky
November 14, 2019

APPENDIX C

Bardstown Independent School District Finance Corporation
School Building Revenue Bonds
Series of 2020

Continuing Disclosure Undertaking Agreement

CONTINUING DISCLOSURE UNDERTAKING AGREEMENT

This Continuing Disclosure Undertaking Agreement ("Agreement") made and entered into as of the 19th day of August, 2020, by and between the Board of Education of Bardstown Independent School District ("Board"); the Bardstown Independent 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 $23,590,000 of the Corporation's School Building Revenue Bonds, Series of 2020, dated as of August 19, 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 ("Municipal Advisor") and approved by the authorized representatives of the Board and the Corporation, and

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

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

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

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

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

1. ANNUAL FINANCIAL INFORMATION

The Board agrees to provide the annual financial information contemplated by Rule 15c2-12(b)(5)(i) relating to the Board for its fiscal years ending June 30 of each year 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 September 15. Within 5 days of receipt of such audited financial report the finance officer will cause the annual financial information to be filed as required by this Agreement.

3. SPECIAL REQUESTS FOR INFORMATION

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

4. DISCLAIMER OF LIABILITY

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

5. FINAL OFFICIAL STATEMENT

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

6. DURATION OF THE AGREEMENT

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

7. AMENDMENT; WAIVER

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

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

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

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

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

8. DEFAULT

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

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

BOARD OF EDUCATION OF
BARDSTOWN, KENTUCKY

____
Chairman

Attest:

____
Secretary

BARDSTOWN INDEPENDENT SCHOOL
DISTRICT FINANCE CORPORATION

____
President

APPENDIX D

Bardstown Independent 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

$23,590,000*
Bardstown Independent School District Finance Corporation
School Building Revenue Bonds, Series of 2020
Dated as of August 19, 2020

SALE: July 29, 2020 AT 11:00 A.M., E.S.T.

As published on a nationally recognized electronic bidding system, the Bardstown Independent School District Finance Corporation ("Corporation") will until July 29, 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, 229 West Main Street, Suite 102, Frankfort, Kentucky 40601-1879, 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 $2,360,000.

BARDSTOWN INDEPENDENT SCHOOL DISTRICT FINANCE 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 of Education of the Bardstown Independent 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 162.290, 162.385, and KRS 58.180 and are issued in accordance with a Resolution of the Corporation's Board of Directors. Said Bonds are revenue bonds and constitute a limited indebtedness of the Corporation payable from rental revenues derived by the Corporation from the Board under the Lease identified below. Said Bonds are being issued to finance construction of a new Elementary 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.

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, so long as the Bonds remain outstanding and in conformance with the intent and purpose of KRS 157.627(5) and KRS 160.160(5), in the event of a failure by the Board to pay the rentals due under the Lease, and unless sufficient funds have been transmitted to the Paying Agent, or will be so transmitted, for paying said rentals when due, the Board has granted under the terms of the

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

Although the Board is obligated to pay the Corporation annual rentals in the full amount of the principal and interest requirements for the Bonds for each year in which the Lease is renewed, the Board has entered into the Lease in reliance upon a certain Participation Agreement by and between the Board and the Kentucky School Facilities Construction Commission (the "Commission"). Under the terms of the Participation Agreement, the Commission has agreed to pay annually directly to the Paying Agent for the Bonds a stated Agreed Participation equal to approximately $52,036 to be applied to the annual debt service requirements for the Bonds herein identified until their retirement, subject to the constitutional restrictions limiting the commitment to the biennium; said annual amount is to be applied only to the principal and interest requirements of the Bonds so long as the Board renews the Lease. Under the Lease, the Board has pledged and assigned all of its rights under the Participation Agreement in and to the Agreed Participation to the Corporation in order to secure the Bonds and has agreed to pay that portion of the rentals in excess of said Agreed Participation for each year in which the Lease is renewed.

KENTUCKY SCHOOL FACILITIES CONSTRUCTION COMMISSION

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

Pursuant to the provisions of the Act, the Regulations of the Kentucky Board of Education and the Commission, the Commission has determined that the Board is eligible for participation from the Commission in meeting the costs of construction of the Projects and has entered into a Participation Agreement with the Board whereunder the Commission agrees to pay an annual Agreed Participation equal to approximately $52,036 to be applied to the annual debt service requirements for the Bonds herein identified each year until their retirement; provided, however, that the contractual commitment of the Commission to pay the annual Agreed Participation is limited to the budget period of the Commonwealth, with the first such budget period terminating on June 30, 2021; the right is reserved in the Commission to terminate its commitment to pay the Agreed Participation after the initial budget period and every two years thereafter. The obligation of the Commission to make payments of the Agreed Participation shall be automatically renewed each two years for a period of two years unless the Commission shall give notice of its intention not to participate not less than sixty days prior to the end of the budget period; however, by the execution of the Participation Agreement, the Commission has expressed its present intention to continue to pay the Agreed Participation in each successive budget periods until the retirement of all of the Bonds, but such execution does not obligate the Commission to do so.

The General Assembly of the Commonwealth adopted the State's Budget for the fiscal year ending June 30, 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.

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 August 19, 2020, payable on February 1, 2021, and semi annually thereafter and shall mature as to principal on August 1 in each of the years as follows:

Year	Amount	Year	Amount
2021	$ 50,000	2031	$1,525,000
2022	50,000	2032	1,570,000
2023	50,000	2033	1,620,000
2024	140,000	2034	1,670,000
2025	145,000	2035	1,730,000
2026	825,000	2036	1,785,000
2027	1,015,000	2037	1,845,000
2028	1,180,000	2038	1,910,000
2029	1,215,000	2039	1,975,000
2030	1,245,000	2040	2,045,000

*Subject to a Permitted Adjustment of the amount of Bonds awarded of up to $2,360,000 which may be applied in any or all maturities.

The Bonds maturing on or after August 1, 2028 are subject to redemption at the option of the Corporation prior to their stated maturities on any date falling on or after August 1, 2027, 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 February 1 and August 1 of each year, beginning February 1, 2021 (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 $23,118,200 (98% of par) plus accrued interest. Interest rates shall be in multiples of 1/8 or 1/20 of 1% or both. Only one interest rate shall be permitted per Bond, and all Bonds of the same maturity shall bear the same rate. Interest rates must be on an ascending scale, in that the interest rate stipulated in any year may not be less than that stipulated for any preceding maturity. There is no limit on the number of different interest rates.

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

(E) The determination of the best purchase bid for said Bonds shall be made on the basis of all bids submitted for exactly $23,590,000 principal amount of Bonds offered for sale hereunder, but the Corporation may adjust the principal amount of Bonds upward or downward by $2,360,000 (the "Permitted Adjustment") which may be awarded to such best bidder may be a minimum of $21,230,000 or a maximum of $25,590,000. In the event of such Permitted Adjustment, no rebidding or recalculation of a submitted bid will be required or permitted. The price of which such adjusted principal amount of Bonds will be sold will be the same price per $5,000 of Bonds as the price per $5,000 for the $23,590,000 of Bonds bid.

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

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

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

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

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

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

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

(d)*Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is July 29, 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 August 1 in accordance with the maturity schedule setting the actual size of the issue.

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

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

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

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

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

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

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.

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 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, Bardstown Independent School District Board of Education, 308 N. Fifth Street, Bardstown, Kentucky 40004, Telephone 502-331-8800.

TAX EXEMPTION; NOT BANK QUALIFIED

Bond Counsel is of the opinion that the Bonds are NOT "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 computing the Federal alternative minimum tax.

(C) As a result of certifications by the Board and the Corporation, indicating the issuance of MORE than $10,000,000 of tax-exempt obligations during the calendar year ending December 31, 2020, the Bonds may NOT be treated by financial institutions as "qualified tax-exempt obligations" under Section 265(b)(3) of the Code.

BOOK-ENTRY-ONLY-SYSTEM

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

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

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

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

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

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

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

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

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

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

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

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

BARDSTOWN INDEPENDENT SCHOOL DISTRICT FINANCE CORPORATION

By /s/ Dr. Ryan Clark
Secretary

APPENDIX E

Bardstown Independent School District Finance Corporation
School Building Revenue Bonds
Series of 2020

Official Bid Form

OFFICIAL BID FORM
(Bond Purchase Agreement)

The Bardstown Independent School District Finance Corporation ("Corporation" or "Issuer"), will until 11:00 A.M., E.D.S.T., on July 29, 2020, receive in the office of the Executive Director of the Kentucky School Facilities Construction Commission, 700 Louisville Road, Carriage House, Frankfort, Kentucky 40601, (telephone 502-564-5582; fax 888-979-6152) competitive bids for its $23,590,000 School Building Revenue Bonds, Series of 2020, dated August 19, 2020; maturing August 1, 2021 through 2040 ("Bonds").

We hereby bid for said $23,590,000* principal amount of Bonds, the total sum of $_______________ (not less than $23,118,200) plus accrued interest from August 19, 2020 payable February 1, 2021 and semiannually thereafter at the following annual rates, (rates on ascending scale in multiples of 1/8 or 1/20 of 1%; number of interest rates unlimited) and maturing as to principal on August 1 in the years as follows:

Year	Amount*	Rate	Year	Amount*	Rate
2021	$ 50,000	________%	2031	$1,525,000	________%
2022	50,000	________%	2032	1,570,000	________%
2023	50,000	________%	2033	1,620,000	________%
2024	140,000	________%	2034	1,670,000	________%
2025	145,000	________%	2035	1,730,000	________%
2026	825,000	________%	2036	1,785,000	________%
2027	1,015,000	________%	2037	1,845,000	________%
2028	1,180,000	________%	2038	1,910,000	________%
2029	1,215,000	________%	2039	1,975,000	________%
2030	1,245,000	________%	2040	2,045,000	________%

* Subject to Permitted Adjustment

We understand this bid may be accepted for as much as $25,590,000 of Bonds or as little as $21,230,000 of Bonds, at the same price per $5,000 Bond, with the variation in such amount occurring in any maturity or all maturities, which will be determined at the time of acceptance of the best bid.

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

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

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

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

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

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

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

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

(d)*Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is July 29, 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.

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 December 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 (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 August 19, 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 August 19, 2020 to final maturity	$______________
Plus discount or less any premium	$______________
Net interest cost (Total interest cost plus discount or less any premium)	$______________
Average interest rate or cost (ie NIC)	______________%

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 Agent for the Bardstown Independent School District Finance Corporation for $_________________ amount of Bonds at a price of $______________ as follows:

Year	Amount	Rate	Year	Amount	Rate
2021	_______,000	________%	2031	_______,000	________%
2022	_______,000	________%	2032	_______,000	________%
2023	_______,000	________%	2033	_______,000	________%
2024	_______,000	________%	2034	_______,000	________%
2025	_______,000	________%	2035	_______,000	________%
2026	_______,000	________%	2036	_______,000	________%
2027	_______,000	________%	2037	_______,000	________%
2028	_______,000	________%	2038	_______,000	________%
2029	_______,000	________%	2039	_______,000	________%
2030	_______,000	________%	2040	_______,000	________%

Dated: July 29, 2020

____
RSA Advisors, LLC,
Financial Advisor and Agent for Bardstown
Independent School District Finance Corporation