DATED JULY 28, 2020

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

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).

$840,000*
ASHLAND INDEPENDENT SCHOOL DISTRICT FINANCE CORPORATION
SCHOOL BUILDING REVENUE BONDS,
SERIES OF 2020

Dated: September 3, 2020 **Due: as shown below**

Interest on the Bonds is payable each March 1 and September 1, beginning March 1, 2021. The Bonds will mature as to principal on September 1, 2021 and each September 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-Sep	Amount	Interest Rate	Reoffering Yield	CUSIP	Maturing 1-Sep	Amount	Interest Rate	Reoffering Yield	CUSIP
2021	$20,000	%	%		2031	$40,000	%	%	
2022	$20,000	%	%		2032	$45,000	%	%	
2023	$20,000	%	%		2033	$45,000	%	%	
2024	$25,000	%	%		2034	$45,000	%	%	
2025	$25,000	%	%		2035	$45,000	%	%	
2026	$30,000	%	%		2036	$50,000	%	%	
2027	$40,000	%	%		2037	$65,000	%	%	
2028	$40,000	%	%		2038	$70,000	%	%	
2029	$40,000	%	%		2039	$75,000	%	%	
2030	$40,000	%	%		2040	$60,000	%	%	

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 Ashland 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 Ashland Independent Board of Education.

The Ashland Independent (Kentucky) School District Finance Corporation will until August 13, 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 $85,000.**

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.

ASHLAND, KENTUCKY
BOARD OF EDUCATION

Bruce Morrison, Chairperson
David Latherow, Member
Don Ashby, Member
Dr. Patsy Lindsey, Member
Mark McCarty, Member

Sean Howard, Superintendent/Secretary

ASHLAND (KENTUCKY) INDEPENDENT SCHOOL DISTRICT
FINANCE CORPORATION

Bruce Morrison, Chairperson
David Latherow, Member
Don Ashby, Member
Dr. Patsy Lindsey, Member
Mark McCarty, Member

Sean Howard, Secretary
Kristen Martin, 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 Ashland 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

$840,000*

ASHLAND 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 Ashland Independent School District Finance Corporation (the "Corporation") School Building Revenue Bonds, Series of 2020 (the "Bonds").

The Bonds are being issued to finance improvements at Paul Blazer High 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 Ashland 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 Ashland 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 and the Lease Agreement, dated September 3, 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; NO PARTICIPATION IN THIS ISSUE

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

The General Assembly of the Commonwealth adopted the State's Budget for the fiscal year ending June 30, 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.
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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
2011	$720,000	$460,000	$0	$720,000	3.750%	2031
2012-REF	$3,655,000	$1,605,000	$2,358,059	$1,296,941	1.875% - 2.300%	2024
2013	$11,300,000	$9,355,000	$9,745,413	$1,554,587	3.000% - 4.500%	2033
2013-Energy	$2,705,000	$2,370,000	$2,705,000	$0	2.250% - 4.125%	2033
2013-QZAB	$4,043,000	$2,353,000	$4,043,000	$0	1.290%	2029
2014-REF	$3,730,000	$3,050,000	$3,211,820	$518,180	2.150% - 3.125%	2029
2015-REF	$5,830,000	$3,935,000	$5,347,020	$482,980	2.000% - 2.150%	2026
2016	$5,180,000	$4,945,000	$3,733,976	$1,446,024	2.000% - 3.375%	2036
TOTALS:	$37,163,000	$28,073,000	$31,144,288	$6,018,712		

AUTHORITY

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

i) the issuance of approximately $840,000 of Bonds subject to a permitted adjustment of $85,000;

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 September 3, 2020, will bear interest from that date as described herein, payable semi-annually on March 1 and September 1 of each year, commencing March 1, 2021, and will mature as to principal on September 1, 2021 and each September 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 March 1 and September 1 of each year, beginning March 1, 2021 (Record Date is 15th day of month preceding interest due date).

Redemption

The Bonds maturing on or after September 1, 2028 are subject to redemption at the option of the Corporation prior to their stated maturity on any date falling on or after September 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
September 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 September 3, 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 September 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 KRS 160.160(5), in the event of a failure by the Board to pay the rentals due under the Lease, and unless sufficient funds have been transmitted to the Paying Agent, or will be so transmitted, for paying said rentals when due, the Board has granted under the terms of the Lease to the Corporation the right to notify and request the Kentucky Department of Education to withhold from the Board a sufficient portion of any undisbursed funds then held, set aside, or allocated to the Board and to request said Department or Commissioner of Education to transfer the required amount thereof to the Paying Agent for the payment of such rentals.

THE PROJECT

After payment of the Bond issuance costs, the Board plans to deposit the net Bond proceeds to finance improvements at Paul Blazer High 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 100% of the debt service of the Bonds.

Fiscal Year Ending June 30	Current Local Bond Payments	----- Series 2020 School Building Revenue Bonds (100% LOCAL)					Total Local Bond Payments
		Principal Portion	Interest Portion	Total Payment	SFCC Portion	Local Portion	
2021	$2,113,200		$63,034	$12,460	$0	$12,460	$2,125,660
2022	$2,112,636	$20,000	$156,058	$44,900	$0	$44,900	$2,157,536
2023	$2,114,846	$20,000	$155,078	$44,300	$0	$44,300	$2,159,146
2024	$2,114,174	$20,000	$153,788	$43,700	$0	$43,700	$2,157,874
2025	$2,112,600	$25,000	$152,038	$48,025	$0	$48,025	$2,160,625
2026	$2,114,131	$25,000	$150,038	$47,275	$0	$47,275	$2,161,406
2027	$2,109,680	$30,000	$148,088	$51,450	$0	$51,450	$2,161,130
2028	$2,057,589	$40,000	$145,563	$60,400	$0	$60,400	$2,117,989
2029	$2,054,680	$40,000	$142,563	$59,200	$0	$59,200	$2,113,880
2030	$2,057,201	$40,000	$139,488	$58,000	$0	$58,000	$2,115,201
2031	$1,739,499	$40,000	$136,113	$56,800	$0	$56,800	$1,796,299
2032	$1,737,892	$40,000	$129,288	$55,600	$0	$55,600	$1,793,492
2033	$1,740,932	$45,000	$118,938	$59,325	$0	$59,325	$1,800,257
2034	$1,729,812	$45,000	$108,288	$57,975	$0	$57,975	$1,787,787
2035	$429,540	$45,000	$96,638	$56,625	$0	$56,625	$486,165
2036	$433,137	$45,000	$83,903	$55,275	$0	$55,275	$488,412
2037	$427,410	$50,000	$70,700	$58,850	$0	$58,850	$486,260
2038		$65,000	$56,831	$72,125	$0	$72,125	$72,125
2039		$70,000	$41,800	$75,100	$0	$75,100	$75,100
2040		$75,000	$25,397	$77,925	$0	$77,925	$77,925
2041		$60,000	$8,438	$60,900	$0	$60,900	$60,900
TOTALS:	$29,198,958	$840,000	$2,282,063	$1,156,210	$0	$1,156,210	$30,355,168

Note: numbers are rounded to the nearest $1.00.

ESTIMATED USE OF BOND PROCEEDS

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

Sources:	
Par Amount of Bonds	$840,000.00
Total Sources	$840,000.00
Uses:	
Deposit to Construction Fund	$805,110.00
Underwriter's Discount (2%)	16,800.00
Cost of Issuance	18,090.00
Total Uses	$840,000.00

DISTRICT STUDENT POPULATION

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

Year	Average Daily Attendance	Year	Average Daily Attendance
2000-01	3,052.0	2010-11	2,862.0
2001-02	2,971.8	2011-12	2,839.2
2002-03	2,919.6	2012-13	2,822.8
2003-04	2,942.3	2013-14	2,794.0
2004-05	2,941.6	2014-15	2,795.3
2005-06	2,918.9	2015-16	2,812.1
2006-07	2,877.0	2016-17	2,813.8
2007-08	2,804.8	2017-18	2,828.2
2008-09	2,804.1	2018-19	2,877.0
2009-10	2,803.7	2019-20	2,811.3

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 Ashland 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
2000-01	305,200.0	2010-11	286,197.0
2001-02	297,180.0	2011-12	283,915.0
2002-03	291,960.0	2012-13	282,282.0
2003-04	294,230.0	2013-14	279,402.0
2004-05	294,160.0	2014-15	279,534.0
2005-06	291,890.0	2015-16	281,210.0
2006-07	287,700.0	2016-17	281,380.0
2007-08	280,480.0	2017-18	282,820.0
2008-09	280,407.0	2018-19	287,704.0
2009-10	280,374.0	2019-20	281,130.0

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
2000-01	51.5	819,318,147	4,219,488
2001-02	55.7	831,905,818	4,633,715
2002-03	57.3	848,074,107	4,859,465
2003-04	57.3	845,675,698	4,845,722
2004-05	66.9	890,496,890	5,957,424
2005-06	58	912,781,936	5,294,135
2006-07	63.1	917,149,168	5,787,211
2007-08	58	931,759,407	5,404,205
2008-09	64.5	961,415,084	6,201,127
2009-10	64.5	942,108,687	6,076,601
2010-11	67.3	964,006,091	6,487,761
2011-12	73.9	967,263,326	7,148,076
2012-13	64.7	978,460,515	6,330,640
2013-14	70.7	1,035,141,500	7,318,450
2014-15	72.9	997,914,320	7,274,795
2015-16	79.1	1,011,724,229	8,002,739
2016-17	78.6	1,045,293,833	8,216,010
2017-18	78.8	1,054,040,357	8,305,838
2018-19	84.4	1,050,965,751	8,870,151
2019-20	83.8	1,101,607,744	9,231,473

Overlapping Bond Indebtedness

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

Issuer	Original Principal Amount	Amount of Bonds Redeemed	Current Principal Outstanding
County of Boyd			
General Obligation	$24,745,000	$11,751,111	$12,993,889
Land Acquisition Renewable	$500,000	$155,000	$345,000
Refinancing Refunding	$4,055,000	$1,070,000	$2,985,000
New Jail Roof Revenue	$289,900	$96,633	$193,267
City of Ashland			
General Obligation	$13,720,000	$2,660,836	$11,059,164
Solid Waste Revenue	$75,000,000	$0	$75,000,000
YMCA Revenue	$800,000	$783,434	$16,566
Refinancing Revenue	$4,890,000	$2,500,000	$2,390,000
Multiple Purposes Revenue	$1,710,000	$531,250	$1,178,750
Water & Sewer Revenue	$3,620,000	$745,000	$2,875,000

Special Districts			
Big Sandy Water District	$7,241,000	$3,272,500	$3,968,500
Boyd County Sanitation District #4	$2,274,000	$861,000	$1,413,000
Cannonsburg Fire Department	$505,268	$388,065	$117,203
Cannonsburg Water District	$2,699,000	$525,000	$2,174,000
East Fork Fire Department	$318,000	$210,339	$107,661
Greenup Boyd Riverport Authority	$3,075,000	$155,000	$2,920,000
Summit-Ironville Fire Department	$850,446	$744,256	$106,190
Westwood Fire Department	$287,000	$180,320	$106,680
Boyd County Capital Projects, Inc.	$11,040,000	$0	$11,040,000
Totals:	$157,619,614	$26,629,744	$130,989,870

Source: 2020 Kentucky Local Debt Report.

SEEK Allotment

The Board has reported the following information as to the SEEK allotment to the District, and as provided by the State Department of Education. 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
2000-01	10,069,918	4,219,488	14,289,406
2001-02	9,970,456	4,633,715	14,604,171
2002-03	10,300,624	4,859,465	15,160,089
2003-04	10,617,373	4,845,722	15,463,095
2004-05	10,558,085	5,957,424	16,515,509
2005-06	11,271,640	5,294,135	16,565,775
2006-07	11,267,960	5,787,211	17,055,171
2007-08	12,046,487	5,404,205	17,450,692
2008-09	12,441,203	6,201,127	18,642,330
2009-10	11,183,772	6,076,601	17,260,373
2010-11	11,614,621	6,487,761	18,102,382
2011-12	12,538,799	7,148,076	19,686,875
2012-13	12,109,786	6,330,640	18,440,426
2013-14	11,932,214	7,318,450	19,250,664
2014-15	12,486,896	7,274,795	19,761,691
2015-16	13,005,222	8,002,739	21,007,961
2016-17	13,361,788	8,216,010	21,577,798
2017-18	14,168,153	8,305,838	22,473,991
2018-19	14,809,136	8,870,151	23,679,287
2019-20	14,146,768	9,231,473	23,378,241

(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 $0.838 for FY 2019-20. 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 principal amount of Bonds being offered not exceeding $1,000,000 Bond Counsel has advised the Corporation and the Board that they are exempt from application of the Rule 15c2-12c2-12(b)(5) of the Securities and Exchange Commission with respect to the Bonds.

The Board has been timely in making all required disclosure filings in the past five (5) years.

Financial information regarding the Board may be obtained from Superintendent, Ashland Independent School District Board of Education, 1820 Hickman Street, Ashland, Kentucky 41101, Telephone 606-327-2706.

TAX EXEMPTION; BANK QUALIFIED

Bond Counsel is of the opinion that:

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

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

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

The Corporation will provide the purchaser the customary no-litigation certificate, and the final approving Legal Opinions of Steptoe & Johnson PLLC, Bond Counsel 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 Ashland 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 Ashland 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 Ashland 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

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

Demographic and Economic Data

ASHLAND, KENTUCKY

Boyd County, situated on the Ohio River in the Appalachian foothills of the tri-state area of Kentucky, Ohio, and West Virginia, covers 160 square miles. Ashland, the largest city in Boyd County had an estimated 2016 population of 21,038. Ashland is located in Eastern Kentucky and is 137 miles southeast of Cincinnati, Ohio; 118 miles east of Lexington, Kentucky and 190 miles east of Louisville, Kentucky. Boyd County had an estimated population of 47,979 persons in 2017.

The Economic Framework

The total number of people employed in Boyd County in 2017 averaged 26,160. Natural resources and mining provided 86 jobs; construction employed 1,586 people; manufacturing firms in Boyd County reported 1,702 employees; trade, transportation, and public utilities 5,265 jobs; information services reported 252 employees; financial activities provided 775 jobs; 7,837 people were employed in service occupations; 3,302 worked in leisure and hospitality; and 598 worked in other services or unclassified positions.

Transportation

U.S. Highways 64 runs through Boyd County. This interstate is a major east-west route and provides access to Interstates 75, 65, 71, 77, and 79. The nearest commercial airline service is in Lexington, Kentucky at the Blue Grass Airport, which is located118 miles west of Ashland.

Power and Fuel

Electric power is provided to Boyd County by AEP-Kentucky Power Company. Natural gas services are provided by Columbia Gas of Kentucky Inc and Natural Energy Utility Corporation.

Education

The Boyd County School system and Ashland Independent provide primary education to the residents of Boyd County. There are 16 colleges and universities and 7 technology centers (ATC) within 60 miles of Ashland.

LABOR MARKET STATISTICS

The Labor Market Area includes Greenup, Boyd, Carter and Lawrence counties in Kentucky. Also included, Scioto and Lawrence counties in Ohio and Putnam, Cabell and Wayne counties in West Virginia.

Population

Description	2015	2016	2017
Labor Market Area	459,856	457,353	454,441
Boyd County	48,488	48,132	47,979
Ashland	21,171	21,038	NA

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

Population Projections

Description	**2020**	**2025**	**2030**
Boyd County	47,912	47,353	46,626

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

LOCAL GOVERNMENT

Structure

Ashland's Government structure consists of a Mayor and four Commissioners. The Mayor serves a four-year term while the Commissioners serve two-year terms. Boyd County is served by a Judge/Executive and three Commissioners. The Judge/Executive and Commissioners are elected to serve a four-year term.

Planning and Zoning

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

Sales and Use Tax

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

State and Local Property Taxes

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

Education

Primary and Secondary Education. Primary and secondary education is provided by the Boyd County School System and the Ashland Independent School System.

Public Schools	**Ashland Independent**	**Boyd County**
Total Enrollment	3,085	2,838
Pupil-Teacher Ratio	14.8	11.9

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

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

Area Colleges and Universities

Institution	Location	Enrollment (Fall 2016)
Ashland Community & Tech College	Ashland	2,775
Morehead State University	Morehead	10,746
Kentucky Christian College	Grayson	556
Big Sandy Community & Tech College	Paintsville	5,057

Area Technical Schools

Institution	Location	Enrollment (2016-2017)
Boyd County Vocational School	Ashland	614
Carter County Career & Tech Center	Olive Hill	183
Foster Meade Career and Tech Center	Vanceburg	1,011
Greenup County ATC	Greenup	573
Russell County ATC	Russell	426
Martin County ATC	Inez	417
Morgan County ATC	West Liberty	635

Existing Industry

Firm	Product	Total Employed
Ashland		
Air Products & Chemicals Inc.	Industrial oxygen, nitrogen & liquid argon gases	8
AK Steel Corp	Steel slabs	262
Area Advertising	Textile screen printing, hats & advertising specialties, embroidery & trophies	15
Ashland Fabricating & Welding	Steel fabricating, arc & gas welding grinding, drilling, boring, cutting, honing, lathe & mill work	23
Ashland Office Supply Inc	Offset, letterpress & screen printing, typesetting, saddle stitch, perfect & plastic binding	45
Ashland Prosthetics & Orthotics Services	Prosthetic & Orthotic devices	5
Boyd County Glass Inc.	Machine shop; general & precision machining	4
Contech Construction Products Inc	Corrugated steel culvert pipe	10
DTR Inc.	Tire recycling, mfg barrel stabilizer, playground rubber, cow bedding, rubber mulch, pour-n-place, tire transporter & used tire casings	4
ESM Manufacturing	Metalworking machinery	33
Flowserve Corporation	Pumps, valves, seals, automation and services to the power, oil, gas, chemical and other industries	25
Gallaher's Inc	Commercial offset & letterpress printing	20
Pathways Inc	Corporate office	76
RPM Inc	Industrial pump repairing & replacement parts	45
Riggs Machine & Fabricating Inc	Machine shop; CNC, general machining	42
The Daily Independent	Newspaper publishing	63
The Hyland Co Inc	Pet food	21
The Wells Group LLC	Reday-mixed concrete	15
UPS	Small package distribution	51
Young Signs Inc	Wooden, plastic, neon, metal, vinyl lettered & electrical signs	8

Source: Kentucky Cabinet for Economic Development (02/10/2019).

Financial Institutions

Institution	Total Assets	Total Deposits
Town Square Bank	$447,803,000	$375,294,000

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

APPENDIX B

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

Audited Financial Statement ending June 30, 2019

ASHLAND INDEPENDENT SCHOOL DISTRICT

FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2019

TOGETHER WITH INDEPENDENT AUDITOR'S REPORTS

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Kelley Galloway Smith Goolsby, PSC
Certified Public Accountants and Advisors

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INDEPENDENT AUDITOR'S REPORT

Kentucky State Committee for
School District Audits
Members of the Board of Education
Ashland Independent School District
Ashland, Kentucky

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Ashland 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Auditor Responsibilities* and *State Compliance Requirements* sections contained in the Kentucky Public School Districts' Audit Contract and Requirements. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Ashland Independent School District as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund and the Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis information on pages 5 through 9 and the Schedule of District's Proportionate Share of the Net Pension Liability, Schedule of Pension Contributions, Schedule of District's Proportionate Share of the Net OPEB Liability, Schedule of OPEB Contributions on pages 53 through 62 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 Ashland Independent School District's basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations (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 non-major fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2019, on our consideration of Ashland 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 effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Kelley Galloway Smith Goolsby, PSC

Ashland, Kentucky
December 4, 2019

Ashland Independent School District - Ashland, KY
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2019

As management of the Ashland 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 within the body of the financial statements.

FINANCIAL HIGHLIGHTS

- The beginning cash balance for all funds of the District, excluding fiduciary funds and the discretely presented component unit, was approximately $161,191 and the ending balance was approximately $56,438, a decrease of $104,753 for the year.

- The General Fund had $30,814,419 in revenue, which consisted primarily of the State program (SEEK), and property, utilities, and motor vehicle taxes. Excluding interfund transfers, there was $31,167,197 in General Fund expenditures.

- Bonds are issued as the District renovates facilities consistent with a long-range facilities plan that is established with community input and in keeping with Kentucky Department of Education (KDE) stringent compliance regulations. The District's total debt decreased by $1,615,159.

- The majority of the District's General Fund revenues were derived from state sources (74%) and local taxes (26%). Regular instruction, student support services, instructional support services, and school administration accounts for 77% of the District's General Fund expenditures. Central support service expenditures were pupil transportation 5%, maintenance and operations 12% and business functions 1%, with central office support, facilities acquisitions, and fund transfers making up 5%.

- There are two sources of pension liabilities with which the District has to contend. The Kentucky Teachers Retirement System covers the District's professional staff members. It had an analysis performed by Cavanaugh Macdonald Consulting, LLC to determine each Kentucky school district's share of pension liabilities for its professional staff. This debt is the responsibility of the State of Kentucky. Our allocated amount was $59,385,104, as of June 30, 2018. Our non-professional staff members are covered by the Kentucky County Employee Retirement System. Under this system the District's share of the pension liabilities was $12,262,220, as of June 30, 2018. The District does not believe these disclosures will have a major impact on their day to day operations or the financial health of District. The District's bond rating is based on the State's rating so we have little control over our cost of borrowing.

- There are two sources of OPEB liabilities with which the District has to contend. The Kentucky Teachers Retirement System (KTRS) Medical Insurance Plan and Life Insurance Plan cover the District's professional staff members. The District's allocated OPEB liability as of June 30, 2018 for KTRS Medical Insurance Plan was $15,101,000 with the District's responsibility being $8,111,000 and the Commonwealth of Kentucky's responsibility being $6,990,000. The liability for the KTRS Life Insurance Plan is the responsibility of the Commonwealth of Kentucky and the District's allocated amount as of June 30, 2018 was $120,000. Non-professional staff members are covered by the County Employee Retirement System Insurance Fund. Under this fund the District's share of OPEB liability was $3,574,610 as of June 30, 2018. The District does not believe these disclosures will have a major impact on their day to day operations or the financial health of District.

The District's bond rating is based on the State's rating so the District has little control over the cost of borrowing.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

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

The government-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, operation and maintenance of plant, student transportation and operation of non-instructional services. Capital assets and related debt are also supported by taxes and intergovernmental revenues. The food service fund is a business-type activity. The government-wide financial statements can be found on pages 10 – 11 of this report. The District includes the financial statements of the Public School Corporation of Ashland Independent School District as a discretely presented component unit in the government-wide financial statements.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. This is a state mandated uniform system and chart of accounts for all Kentucky public school districts utilizing the MUNIS administrative software. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds and fiduciary funds. Fiduciary funds are trust funds established by benefactors to aid in student education, welfare and teacher support. The only proprietary fund is our vending and food service operations. All other activities of the District are included in the governmental funds. The basic fund financial statements can be found on pages 12 – 22 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23 – 52 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve as a useful indicator of a government's financial position. In the case of the District, liabilities and deferred inflows exceeded assets and deferred outflows by $5,302,608 for Governmental Activities as of June 30, 2019. For Business Type Activities, liabilities and deferred inflows exceeded assets and deferred outflows in the amount of $1,299,274 as of June 30, 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 is still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

Net position for the period ending June 30, 2019 as compared to June 30, 2018

	June 30, 2019	June 30, 2018
Current Assets	$ 1,599,875	$ 1,733,639
Noncurrent Assets	45,463,530	46,737,470
Total Assets	47,063,405	48,471,109
Deferred Outflows	4,735,207	5,637,334
Current Liabilities	3,542,102	3,289,402
Noncurrent Liabilities	53,430,597	54,424,450
Total Liabilities	56,972,699	57,713,852
Deferred Inflows	1,427,795	1,371,089
Net position		
Net investment in capital assets	14,329,971	14,030,529
Restricted	(1,508,016)	(1,456,674)
Unrestricted	(19,423,837)	(17,550,353)
Total Net position	$ (6,601,882)	$ (4,976,498)

The following table presents a summary of revenue and expense on a government-wide basis for the fiscal years ended June 30, 2019 and 2018, respectively.

	2019 Amount	2018 Amount
Revenues:		
Local Revenue Sources	$ 9,034,526	$ 8,884,711
State Revenue Sources	14,611,136	29,458,673
Direct Federal Sources	1,628,580	1,399,899
Indirect Federal Sources	5,336,984	5,407,318
Interest Income	31,912	29,545
Other Sources	229,764	211,441
Total revenues	30,872,902	45,391,587
Expenses:		
Instruction	13,589,580	28,928,502
Student Support Services	1,313,021	1,275,485
Instructional Support	4,102,215	4,561,013
District Administration	1,499,623	900,339
School Administration	1,475,911	1,538,109
Business Support	453,950	413,722
Plant Operations	4,623,743	4,593,720
Student Transportation	1,305,275	1,200,702
Other Instructional	8,757	6,359
Community Services	329,530	245,266
Food Service Operations	2,417,125	2,289,962

Interest	1,379,556	1,098,529
Total expenses	32,498,286	47,051,708
Revenue over (under) expenses	$ (1,625,384)	$ (1,660,121)

For the years ending June 30, 2019 and 2018, the revenues for the Component Unit were $497,515 and $529,553, respectively while the expenses were $745,308 and $499,810, respectively. Net position of the component unit was $(94,095) and $153,698, at June 30, 2019 and 2018, respectively.

FUND FINANCIAL ANALYSIS

Comments on Budget Comparisons

- The General Fund budget compared to actual revenue varied slightly from line item to line item with ending actual revenue being $195,975 or 0.85% less than budgeted.
- Actual General Fund expenditures (excluding transfers) compared to budget expenditures, net of contingency allotments, was $661,877 or 2.94% more than budgeted. Line item by line item there are a lot of variances with the largest being $752,926 of instruction more than budgeted.

The following table presents a summary of revenue and expenses, excluding transfers, for selected funds (including on-behalf payments):

For the year ending June 30, 2019

Revenues:	**General Fund**	**Special Revenue**	**Capital & Debt Service**	**Food Service**	**Component Unit**
Local sources	$ 8,028,932	$ 93,779	$ 1,075,511	$ 97,980	$ 497,515
State sources	22,653,678	878,318	2,243,920	312,697	-
Federal sources	137,309	4,931,770	-	1,896,485	-
Other sources	-	-	-	-	-
Total revenues	30,819,919	5,903,867	3,319,431	2,307,162	497,515
Expenses:					
Instruction	20,305,190	2,267,049	22,682	-	745,308
Student support	1,290,340	17,626	-	-	-
Inst. support	759,066	3,340,548	-	-	-
District admin.	1,494,817	-	-	-	-
School admin.	1,474,973	-	-	-	-
Business support	451,624	-	-	-	-
Plant operations	3,722,150	-	-	-	-
Student transp.	1,548,997	-	-	-	-
Other instructional	-	8,757	-	-	-
Community support	-	329,530	-	-	-
Debt service	70,253	-	2,853,962	-	-
Building renovations	49,787	-	587,748	-	-
Food services	-	-	-	2,417,125	-
Total expenses	31,167,197	5,963,510	3,464,392	2,417,125	745,308
Revenue over (under) Expenses Excluding Transfers	$ (347,278)	$ (59,643)	$ (144,961)	$ (109,963)	$ (247,793)

For the year ending June 30, 2018

Revenues:	**General Fund**	**Special Revenue**	**Capital & Debt Service**	**Food Service**	**Component Unit**
Local sources	$ 7,888,693	$ 57,635	$ 1,071,490	$ 107,879	$ 529,553
State sources	21,679,589	1,159,582	2,051,028	275,537	-
Federal sources	133,537	4,804,555	-	1,869,125	-
Other sources	-	-	-	-	-
Total revenues	29,701,819	6,021,772	3,122,518	2,252,541	529,553
Expenses:					
Instruction	19,864,062	2,207,959	-	-	499,810
Student support	1,161,640	108,202	-	-	-
Inst. support	1,043,722	3,513,143	-	-	-
District admin.	892,979	-	-	-	-
School admin.	1,537,171	-	-	-	-
Business support	410,964	-	-	-	-
Plant operations	3,694,037	-	-	-	-
Student transp.	1,425,682	-	-	-	-
Other instructional	-	6,359	-	-	-
Community support	-	245,266	-	-	-
Debt service	35,942	-	2,845,886	-	-
Building renovations	35,788	-	3,757,682	-	-
Food services	-	-	-	2,289,962	-
Total expenses	30,101,987	6,080,929	6,603,568	2,289,962	499,810
Revenue over (under) Expenses Excluding Transfers	$ (400,168)	$ (59,157)	$ (3,481,050)	$ (37,421)	$ 29,743

Capital Assets

At the end of June 30, 2019, the District's investment in capital assets for its governmental and business-type activities was $45,463,530, representing a decrease of $1,273,940 net of depreciation, from the prior year.

Debt Service

At year-end, the District had approximately $31.8 million in outstanding debt, compared to $33.0 million last year.

FUTURE BUDGETARY IMPLICATIONS

In Kentucky, the public schools fiscal year is July 1 - June 30; other programs, i.e. some federal programs operate on a different fiscal calendar, but are reflected in the District's overall budget. By law, the budget must have a minimum 2% contingency. The District adopted a budget for 2019 - 2020 with $951,846 or 3.99% in contingency. Significant Board action that impacts the finances includes mandated pay increases, and in depth examination of all expense categories, which would include staffing patterns, and any facility repairs outside of bonded building and renovation projects.

Questions regarding this report should be directed to Superintendent Sean Howard or to Kristen Martin, District Finance Director at 606-327-2706 or by mail at 1820 Hickman Street, P.O. Box 3000, Ashland, KY 41105.

ASHLAND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities	Business-Type Activities	Total	Component Unit
Assets				
Cash and cash equivalents	$ 7,796	$ 48,642	$ 56,438	$ 209,115
Receivables (net of allowances for uncollectibles):				
Property taxes	345,772	-	345,772	5,817
Other	93,406	-	93,406	-
Intergovernmental - state	1,052,649	-	1,052,649	-
Intergovernmental - federal	12,814	28,043	40,857	-
Inventories	-	10,753	10,753	-
Interfund receivable (payable)	(117,239)	117,239	-	-
Capital assets, not being depreciated	2,292,051	-	2,292,051	-
Capital assets, being depreciated, net	42,942,941	228,538	43,171,479	-
Total assets	46,630,190	433,215	47,063,405	214,932
Deferred Outflows of Resources				
Deferred savings from refunding bonds	304,234	-	304,234	-
Deferred OPEB related	1,603,998	123,591	1,727,589	26,836
Deferred pension related	2,384,327	319,057	2,703,384	69,279
Total deferred outflows of resources	4,292,559	442,648	4,735,207	96,115
Liabilities				
Accounts payable	470,769	39,563	510,332	-
Unearned revenue	157,479	-	157,479	-
Accrued interest payable	269,256	-	269,256	-
Portion due or payable within one year:				
Accrued sick leave	102,923	-	102,923	-
Loan payable	600,000	-	600,000	-
Debt obligations	1,825,000	-	1,825,000	-
Capital leases	62,505	-	62,505	-
KSBIT	14,607	-	14,607	-
Portion due or payable after one year:				
Net OPEB liability	11,161,826	438,794	11,600,620	84,990
Net pension liability	10,386,034	1,581,143	11,967,177	295,043
Accrued sick leave	602,139	-	602,139	-
Debt obligations, net of discounts	28,990,835	-	28,990,835	-
Capital leases	255,219	-	255,219	-
KSBIT	14,607	-	14,607	-
Total liabilities	54,913,199	2,059,500	56,972,699	380,033
Deferred Inflows of Resources				
Deferred OPEB related	1,031,367	78,063	1,109,430	16,950
Deferred pension related	280,791	37,574	318,365	8,159
Total deferred inflows of resources	1,312,158	115,637	1,427,795	25,109
Net Position				
Net investment in capital assets	14,101,433	228,538	14,329,971	-
Restricted for:				
Capital projects	-	-	-	-
Other purposes	19,796	(1,527,812)	(1,508,016)	-
Unrestricted	(19,423,837)	-	(19,423,837)	(94,095)
Total net position	$ (5,302,608)	$ (1,299,274)	$ (6,601,882)	$ (94,095)

The accompanying notes to financial statements are an integral part of this statement.

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

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-Type Activities	Net (Expense) Revenue and Changes in Net Position: Total	Component Unit
Primary government:								
Governmental activities:								
Instruction	$ 13,589,580	$ -	$ 2,173,270	$ -	$ (11,416,310)	$ -	$ (11,416,310)	$ -
Support services:								
Students	1,313,021	-	17,626	-	(1,295,395)	-	(1,295,395)	-
Instructional staff	4,102,215	-	3,340,548	-	(761,667)	-	(761,667)	-
District administration	1,499,623	-	-	-	(1,499,623)	-	(1,499,623)	-
School administration	1,475,911	-	-	-	(1,475,911)	-	(1,475,911)	-
Business and other support services	453,950	-	-	-	(453,950)	-	(453,950)	-
Operation and maintenance of plant	4,623,743	-	-	-	(4,623,743)	-	(4,623,743)	-
Student transportation	1,305,275	-	-	-	(1,305,275)	-	(1,305,275)	-
Other instructional	8,757	-	-	-	(8,757)	-	(8,757)	-
Community services	329,530	-	329,530	-	-	-	-	-
Interest	1,379,556	-	-	2,243,920	864,364	-	864,364	-
Total governmental activities	30,081,161	-	5,860,974	2,243,920	(21,976,267)	-	(21,976,267)	-
Business-type activities:								
Food service	2,417,125	97,366	2,209,182	-	-	(110,577)	(110,577)	-
Total business-type activities	2,417,125	97,366	2,209,182	-	-	(110,577)	(110,577)	-
Total primary government	$ 32,498,286	$ 97,366	$ 8,070,156	$ 2,243,920	$ (21,976,267)	$ (110,577)	$ (22,086,844)	$ -
Component unit:								
Public School Corporation of Ashland Independent School District	$ 745,308	$ -	$ -	$ -	$ -	$ -	$ -	$ (745,308)
Total component unit	$ 745,308	$ -	$ -	$ -	$ -	$ -	$ -	$ (745,308)
General revenues:								
Taxes:								
Property taxes, levied for general purposes					$ 6,678,932	$ -	$ 6,678,932	$ 448,747
Motor vehicle					615,909	-	615,909	48,768
Utilities					1,642,319	-	1,642,319	-
Intergovernmental revenues:								
State					11,262,624	-	11,262,624	-
Investment earnings					31,298	614	31,912	-
Other local revenues					229,764	-	229,764	-
Total general revenues and transfers					20,460,846	614	20,461,460	497,515
Change in net position					(1,515,421)	(109,963)	(1,625,384)	(247,793)
Net position, June 30, 2018					(3,787,187)	(1,189,311)	(4,976,498)	153,698
Net position, June 30, 2019					$ (5,302,608)	$ (1,299,274)	$ (6,601,882)	$ (94,095)

The accompanying notes to financial statements are an integral part of this statement.

ASHLAND INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

	General Fund	Special Revenue Fund	Construction Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	$ -	$ -	$ -	$ 7,796	$ 7,796
Receivables (net of allowances for uncollectibles):					
Taxes	345,772	-	-	-	345,772
Other	81,406	-	-	12,000	93,406
Interfund receivable	684,693	-	-	-	684,693
Intergovernmental - state	-	1,052,649	-	-	1,052,649
Intergovernmental - federal	-	12,814	-	-	12,814
Total assets	$ 1,111,871	$ 1,065,463	$ -	$ 19,796	$ 2,197,130
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	$ 247,478	$ 223,291	$ -	$ -	$ 470,769
Interfund payable	117,239	684,693	-	-	801,932
Line of credit	600,000	-	-	-	600,000
Unearned revenue	-	157,479	-	-	157,479
Total liabilities	964,717	1,065,463	-	-	2,030,180
Fund balances:					
Restricted for accrued sick leave	102,923	-	-	-	102,923
Restricted for capital projects	-	-	-	-	-
Restricted for debt service	-	-	-	1,810	1,810
Restricted for other	-	-	-	17,986	17,986
Unassigned	44,231	-	-	-	44,231
Total fund balances	147,154	-	-	19,796	166,950
Total liabilities and fund balances	$ 1,111,871	$ 1,065,463	$ -	$ 19,796	$ 2,197,130

The accompanying notes to financial statements are an integral part of this statement.

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

Fund balances—total governmental funds		$ 166,950
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		45,234,992
Savings from refunding bonds are not available to pay current period expenditures and, therefore, are not reported in the funds.		304,234
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		2,103,536
Deferred outflows and inflows of resources related to OPEB are applicable to future periods and, therefore, are not reported in the funds.		572,631
Some liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds.		
Net pension liability	(10,386,034)	
Net OPEB liability	(11,161,826)	
Bonds payable	(30,815,835)	
Capital leases payable	(317,724)	
KSBIT payable	(29,214)	
Accrued sick leave	(705,062)	
Accrued interest payable	(269,256)	(53,684,951)
Net position of governmental activities		$ (5,302,608)

The accompanying notes to financial statements are an integral part of this statement.

ASHLAND INDEPENDENT SCHOOL DISTRICT
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	$ 5,627,966	$ -	$ -	$ 1,050,966	$ 6,678,932
Motor vehicles	615,909	-	-	-	615,909
Utilities	1,642,319	-	-	-	1,642,319
Tuition and fees	-	-	-	-	-
Interest income	30,693	-	-	605	31,298
Other local revenues	106,545	93,779	-	23,940	224,264
Intergovernmental - State	22,653,678	878,318	-	2,243,920	25,775,916
Intergovernmental - Indirect federal	-	3,440,499	-	-	3,440,499
Intergovernmental - Direct federal	137,309	1,491,271	-	-	1,628,580
Total revenues	30,814,419	5,903,867	-	3,319,431	40,037,717
Expenditures:					
Current:					
Instruction	20,305,190	2,267,049	-	22,682	22,594,921
Support services:					
Students	1,290,340	17,626	-	-	1,307,966
Instructional staff	759,066	3,340,548	-	-	4,099,614
District administration	1,494,817	-	-	-	1,494,817
School administration	1,474,973	-	-	-	1,474,973
Business and other support services	451,624	-	-	-	451,624
Operation and maintenance of plant	3,722,150	-	-	-	3,722,150
Student transportation	1,548,997	-	-	-	1,548,997
Other instructional	-	8,757	-	-	8,757
Community services	-	329,530	-	-	329,530
Facilities acquisition and construction	49,787	-	587,748	-	637,535
Debt service	70,253	-	-	2,853,962	2,924,215
Total expenditures	31,167,197	5,963,510	587,748	2,876,644	40,595,099
Excess (deficiency) of revenues over expenditures	(352,778)	(59,643)	(587,748)	442,787	(557,382)
Other financing sources (uses):					
Sale of assets	5,500	-	-	-	5,500
Transfers in	-	59,643	587,748	2,245,950	2,893,341
Transfers out	(206,185)	-	-	(2,687,156)	(2,893,341)
Total other financing sources (uses)	(200,685)	59,643	587,748	(441,206)	5,500
Net change in fund balances	(553,463)	-	-	1,581	(551,882)
Fund balances, June 30, 2018	700,617	-	-	18,215	718,832
Fund balances, June 30, 2019	$ 147,154	$ -	$ -	$ 19,796	$ 166,950

The accompanying notes to financial statements are an integral part of this statement.

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

Net change in fund balances—total governmental funds		$ (551,882)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay	982,727	
Depreciation expense	(2,199,627)	(1,216,900)
Generally expenditures recognized in the fund financial statements are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred for the following:		
Long-term portion of accrued sick leave		(49,119)
Amortization of deferred savings from refunding bonds		(53,561)
Amortization of bond discounts and premiums		(27,171)
Accrued interest payable		10,232
Governmental funds report CERS contributions as expenditures when paid. However, in the statement of activities, pension expense is the cost of benefits earned, adjusted for member contributions, the recognition of changes in deferred outflows and inflows of resources related to pensions, and investment experience.		
KTRS nonemployer support revenue	(11,477,477)	
KTRS pension expense	11,477,477	
CERS contributions	160,199	
Pension expense	(1,402,378)	(1,242,179)
Bond and capital lease payments are recognized as expenditures of current financial resources in the fund financial statements but are reductions of liabilities in the statement of net position.		1,615,159
Change in net position of governmental activities		$ (1,515,421)

The accompanying notes to financial statements are an integral part of this statement.

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

	Food Service Fund
Assets	
Current assets:	
Cash and cash equivalents	$ 48,642
Receivables (net of allowances for uncollectibles)	
Intergovernmental - federal	28,043
Interfund receivable	117,239
Inventories	10,753
Total current assets	204,677
Noncurrent assets:	
Capital assets, net of accumulated depreciation	228,538
Total noncurrent assets	228,538
Total assets	433,215
Deferred Outflows of Resources	
Deferred OPEB related	123,591
Deferred pension related	319,057
Total deferred outflows of resources	442,648
Total assets and deferred outflows	$ 875,863
Liabilities	
Current liabilities:	
Accounts payable	$ 39,563
Interfund payable	-
Total current liabilities	39,563
Noncurrent liabilities:	
Net OPEB liability	438,794
Net pension liability	1,581,143
Total noncurrent liabilities	2,019,937
Total liabilities	2,059,500
Deferred Inflows of Resources	
Deferred OPEB related	78,063
Deferred pension related	37,574
Total deferred inflows of resources	115,637
Net Position	
Net investment in capital assets	228,538
Restricted	(1,527,812)
Total net position	(1,299,274)
Total liabilities, deferred inflows and net position	$ 875,863

The accompanying notes to financial statements are an integral part of this statement.

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

	Food Service Fund
Operating revenues:	
Lunchroom sales	$ 97,366
Total operating revenues	97,366
Operating expenses:	
Salaries and wages	627,556
Employee benefits	658,731
Materials and supplies	1,052,556
Depreciation	57,040
Other operating expenses	21,242
Total operating expenses	2,417,125
Operating loss	(2,319,759)
Nonoperating revenues (expenses):	
Federal grants	1,797,969
Investment income	614
Donated commodities	98,516
State grants	312,697
Total nonoperating revenue (expense)	2,209,796
Decrease in net position	(109,963)
Net position, June 30, 2018	(1,189,311)
Net position, June 30, 2019	$ (1,299,274)

The accompanying notes to financial statements are an integral part of this statement.

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

	Food Service Fund
Cash flows from operating activities:	
Cash received from:	
Lunchroom sales	$ 97,366
Cash paid to/for:	
Payments to suppliers and providers of goods and services	(932,650)
Payments to employees	(803,461)
Other payments	(21,242)
Net cash used for operating activities	(1,659,987)
Cash flows from noncapital financing activities:	
Interfund receivable issuance	(117,239)
Government grants	1,809,219
Net cash provided by noncapital and related financing activities	1,691,980
Cash flows from capital and related financing activities:	
Purchases of capital assets	-
Net cash used for capital and related financing activities	-
Cash flows from investing activities:	
Interest received on investments	614
Net cash provided by investing activities	614
Net change in cash and cash equivalents	32,607
Cash and cash equivalents, June 30, 2018	16,035
Cash and cash equivalents, June 30, 2019	$ 48,642
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	$ (2,319,759)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	57,040
Donated commodities	98,516
On-behalf payments	291,112
Net pension and OPEB adjustment	191,714
Change in assets and liabilities:	
Inventory	3,994
Accounts payable	17,396
Interfund payable	-
Net cash used for operating activities	$ (1,659,987)
Non-cash items:	
Donated commodities	$ 98,516
On-behalf payments	291,112

The accompanying notes to financial statements are an integral part of this statement.

ASHLAND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2019

	Trust Funds	Activity Funds
Assets		
Cash and cash equivalents	$ 3,543	$ 377,184
Accounts receivable	-	40
Total assets	3,543	377,224
Liabilities		
Accounts payable	-	5,203
Due to students	-	372,021
Total liabilities	-	377,224
Net position held in trust	$ 3,543	$ -

The accompanying notes to financial statements are an integral part of this statement.

ASHLAND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Trust Funds
Additions -	
Investment income	$ -
From local services:	
Other	-
Total Additions	-
Deductions -	
Transfer out	-
Support services:	
Community services	-
Total Deductions	-
Decrease in net position	-
Net position, June 30, 2018	3,543
Net position, June 30, 2019	$ 3,543

The accompanying notes to financial statements are an integral part of this statement

ASHLAND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Taxes -				
Property	$ 5,385,000	$ 5,635,000	$ 5,627,966	$ (7,034)
Motor vehicles	625,000	625,000	615,909	(9,091)
Utilities	1,600,000	1,750,000	1,642,319	(107,681)
Tuition and transportation	59,981	59,981	-	(59,981)
Interest income	25,000	25,000	30,693	5,693
Other local revenues	165,000	165,000	106,545	(58,455)
Intergovernmental - State	14,448,681	14,606,670	14,664,935	58,265
Intergovernmental - Direct federal	155,000	155,000	137,309	(17,691)
Total revenues	22,463,662	23,021,651	22,825,676	(195,975)
Expenditures:				
Current:				
Instruction	13,525,904	13,858,779	14,611,705	(752,926)
Support services:				
Students	853,915	877,759	827,155	50,604
Instructional staff	751,762	776,514	759,066	17,448
District administration	857,574	916,180	929,726	(13,546)
School administration	1,182,290	1,196,480	1,041,506	154,974
Business and other support services	299,449	392,474	363,065	29,409
Operation and maintenance of plant	3,227,788	3,384,064	3,264,462	119,602
Student transportation	998,003	1,042,327	1,261,729	(219,402)
Facilities acquisition and construction	-	-	49,787	(49,787)
Debt Service	72,000	72,000	70,253	1,747
Contingency	1,640,862	950,959	-	950,959
Total expenditures	23,409,547	23,467,536	23,178,454	289,082
Excess (deficiency) of revenues over expenditures	(945,885)	(445,885)	(352,778)	93,107
Other financing sources (uses):				
Gain on sale of equipment	5,000	5,000	5,500	500
Transfers out	(59,115)	(559,115)	(206,185)	352,930
Total other financing sources (uses)	(54,115)	(554,115)	(200,685)	353,430
Net change in fund balances	(1,000,000)	(1,000,000)	(553,463)	446,537
Fund balances, June 30, 2018	1,000,000	1,000,000	700,617	(299,383)
Fund balances, June 30, 2019	$ -	$ -	$ 147,154	$ 147,154
Adjustments to Generally Accepted Accounting Principles -				
Intergovernmental State Revenue			7,988,743	
On-behalf payments:				
Instruction			(5,693,485)	
Support services:				
Students			(463,185)	
Instructional staff support			-	
District administration			(565,091)	
School administration			(433,467)	
Business and other support services			(88,559)	
Operation and maintenance of plant			(457,688)	
Student transportation			(287,268)	
Fund balance, June 30, 2019 (GAAP basis)			$ 147,154	

The accompanying notes to financial statements are an integral part of this statement.

ASHLAND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Interest income	$ -	$ -	$ -	$ -
Other local revenues	9,600	71,415	93,779	22,364
Intergovernmental - State	1,050,663	1,062,452	878,318	(184,134)
Intergovernmental - Indirect federal	2,792,049	3,386,628	3,440,499	53,871
Intergovernmental - Direct federal	839,040	1,316,301	1,491,271	174,970
Total revenues	4,691,352	5,836,796	5,903,867	67,071
Expenditures:				
Current:				
Instruction	1,672,899	2,425,715	2,267,049	158,666
Support services:				
Students	69,221	20,417	17,626	2,791
Instructional staff	2,761,715	3,041,505	3,340,548	(299,043)
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other instructional	3,862	7,862	8,757	(895)
Community services	242,770	325,508	329,530	(4,022)
Operation of non-instructional services	-	-	-	-
Total expenditures	4,750,467	5,821,007	5,963,510	(142,503)
Excess (deficiency) of revenues over expenditures	(59,115)	15,789	(59,643)	(75,432)
Other financing sources (uses):				
Transfers out	(326,312)	(159,848)	-	159,848
Transfers in	385,427	218,963	59,643	(159,320)
Total other financing sources (uses)	59,115	59,115	59,643	528
Net change in fund balances	-	74,904	-	(74,904)
Fund balances, June 30, 2018	-	-	-	-
Fund balances, June 30, 2019	$ -	$ 74,904	$ -	$ (74,904)

The accompanying notes to financial statements are an integral part of this statement.

(1) REPORTING ENTITY

The Ashland 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 the Ashland Independent School District (the "District"). The District receives funding from local, state and Federal government sources and must comply with the commitment requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards as Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to develop policies which may influence operations and primary accountability for fiscal matters.

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

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

Based on the foregoing criteria, the financial statements of the following organizations are included in the accompanying financial statements. Copies of component unit reports may be obtained from the District's Finance Office at 1820 Hickman Street, Ashland, Kentucky 41101.

Blended Component Unit:

Ashland Independent School District Finance Corporation

In 1989, the Ashland Independent School District resolved to authorize the establishment of the Ashland 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) as an agency of the Board for financing the costs of school building facilities. The members of the Board also comprise the Corporation's Board of Directors.

Discretely Presented Component Unit:

Public School Corporation of Ashland Independent School District ("PSCA")

The Board formed this component unit as a nonstock, non-profit corporation to be its agency and instrumentality. Its purpose in this capacity is to finance the acquisition of properties for public school, junior college or community college uses and in furtherance of public purposes and functions of the Board.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Ashland Independent School District substantially comply with the accounting principles generally accepted in the United States and the rules prescribed by the Kentucky Department of Education for local school districts.

Basis of Presentation

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

Government-wide statements provide information about the primary government (the District). The statements include a statement of net position and a statement of activities. These statements report the financial activities of the overall government, except for fiduciary activities. They also distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties.

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

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities and segment of its business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses to programs or functions. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including internally dedicated resources and all taxes, are reported as general revenues, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

Fund financial statements provide information about the District's funds, including fiduciary funds. Separate statements are presented for the governmental, proprietary, and fiduciary fund categories. The emphasis of fund financial statements is on major funds, each displayed in a separate column. All remaining funds are aggregated and reported as nonmajor funds. Fiduciary funds are aggregated and reported by fund type.

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

I. Governmental Fund Types

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

(B) The Special Revenue Fund accounts for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes.

1. The Special Revenue Fund includes federal financial programs where unused balances are returned to the grantor, at the close of specified project periods, as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally

funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report. This is a major fund of the District.

2. The District Activity Fund is a special revenue fund used to account for funds collected at individual schools for operation costs of the school or school district that allows for more flexibility in the expenditure of those funds.

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

1. The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund receives those funds designated by the state as Capital Outlay Funds and is restricted for use in financing projects identified in the District's facility plan.

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

3. The School Construction Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction expenditures. This is a major fund of the District.

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

II. Proprietary Fund (Enterprise Fund)

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

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

The Activity Funds account for activities of student groups and other types of activities requiring clearing accounts. These funds are accounted for in accordance with *Uniform Program of Accounting for School Activity Funds.* The Trust Funds represent scholarship funds and are accounted for as expendable trust funds on the modified accrual basis.

Basis of Accounting

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

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

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

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenue. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as needed.

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.

Cash and Cash Equivalents

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

Inventories

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

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary fund. 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 capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of five thousand dollars for personal property and twenty-five thousand for real property. Improvements are capitalized; the cost of, normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets are depreciated with the exception of land. 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
Infrastructure	20 years
Technology equipment	5 years
Vehicles	5-10 years
Food service equipment	5-12 years
Other general	7-10 years

Property Taxes

Property taxes collected are recorded as revenues in the fund for which they were levied. The District's ad valorem tax is levied prior to June 30, of each year on the assessed value listed as of the prior January 1, for all real and business personal property located in the District. The assessed value of property upon which the levy for the 2019 fiscal year was based was $1,050,965,751.

The tax rates assessed for the year ended June 30, 2019 to finance general fund operations were $0.709 on real estate, $0.709 on personal property, and $0.514 on motor vehicles per $100 valuation. These rates include $0.05 per $100 valuation for Junior College Tax. Taxes are due on October 1 and become delinquent by February 1 following the October 1 levy date.

In-Kind

Local contributions, which include contributed services provided by individuals, private organizations and local governments, are used to match federal and state administered funding on various grants. The District also receives commodities from USDA. The amounts of such services and commodities are recorded in the accompanying financial statements at their estimated fair market values.

Interfund Balances

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

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 difference between the budgetary basis and the GAAP basis is that on-behalf payments made by the state for the District are not budgeted. See note (12) for these amounts which were not known by the District at the time the budget was adopted.

Once the budget is approved, it can be amended. Amendments are presented to the Board at their regular meetings. Per Board policy, only amendments that aggregate greater than $50,000 require Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end as dictated by 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.

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 the proprietary fund are reported on the proprietary fund financial statements.

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

Accumulated Unpaid Sick Leave Benefits

Upon retirement from the school system, an employee will receive from the District an amount equal to 30% of the value of accumulated sick leave. Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the District's past experience of making termination payments. The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements the current portion of unpaid accrued sick leave is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "accumulated sick leave payable" in the general fund. The noncurrent portion of the liability is not reported in the fund financial statements, but is reflected in the statement of net position.

Fund Balance Reserves

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

- Nonspendable fund balance - amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance - amounts constrained to specific purposes by the Board itself, using its decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the Board takes the action to remove or change the constraint;
- Assigned fund balance - amounts the District intends to use for a specific purpose (such as encumbrances); intent can be expressed by the District or by an official or body to which the District delegates the authority;
- Unassigned fund balance - amounts that are available for any purpose; unassigned amounts are reported only in the General Fund.

When restricted, committed, assigned and unassigned resources are available for use, it is the District's policy to use restricted, committed, and assigned resources first, then unassigned resources as they are needed.

Net Position

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

Operating Revenues and Expenses

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

Interfund Activity

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

Debt Issuance Costs

Debt issuance costs are expensed in the period they are incurred.

Estimates

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

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Pension

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

Postemployment Benefits Other Than Pensions (OPEB)

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

Recent Accounting Pronouncements

In February 2017, the GASB issued Statement No. 84, *Fiduciary Activities* ("GASB 84"). GASB 84 establishes criteria for identifying fiduciary activities of all state and local governments. Generally, the focus of the criteria relates to (1) whether a government is controlling the assets of the fiduciary activity, and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and post-employment benefit arrangements that are fiduciary activities. Additionally, GASB 84 describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust, or an equivalent arrangement, that meets specific criteria. Finally, it provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. GASB 84 will be effective for the District beginning with its year ending June 30, 2020. Management is currently evaluating the impact of this Statement on its financial statements.

In June 2017, the GASB issued Statement No. 87, *Leases* ("GASB 87"), which establishes standards of accounting and financial reporting for leases by lessees and lessors. GASB 87 (1) increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract; and (2) establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Additionally, under GASB 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. GASB 87 will be effective for the District beginning with its year ending June 30, 2021 and will be applied retroactively by restating financial statements. Management is currently evaluating the impact of this Statement on its financial statements.

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* ("GASB 88"), which seeks to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements, while providing financial statement users with additional essential information concerning debt. In particular, GASB 88 defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date that the contractual obligation is established, and it clarifies which liabilities governments should include when disclosing information related to debt. Furthermore, this Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including (1) unused lines of credit; (2) assets pledged as collateral for the debt; and (3) terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. GASB 88 is effective for the District beginning with its year ending June 30, 2019. The adoption of this standard did not have a material effect on the District's financial statements.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* ("GASB 89"), which seeks to (1) enhance the relevance and comparability of information concerning capital assets and the cost of borrowing for a reporting period, and (2) simplify accounting for interest cost incurred during the period of construction. In particular, GASB 89 establishes accounting requirements for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus, and, thus, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. GASB 89 will be effective for the District beginning with its year ending June 30, 2021. Management is currently evaluating the impact of this Statement on its financial statements.

(3) CASH AND CASH EQUIVALENTS

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

At June 30, 2019, the carrying amount of the Board's cash and cash equivalents was $646,280 and the related bank balances totaled $1,398,877. Of these total bank balances, $644,695 was insured by the Bank Insurance Fund and $754,182 was secured by collateral held by the pledging bank in the District's name.

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

(4) CAPITAL ASSETS

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

Governmental Activities	June 30, 2018	Additions	Deductions	June 30, 2019
Land and land improvements	$ 1,688,116	$ -	$ -	$ 1,688,116
Buildings and improvements	90,515,295	5,376,916	-	95,892,211
Technology equipment	3,442,662	38,852	-	3,481,514
Vehicles	2,307,618	291,871	-	2,599,489
General	2,144,365	40,066	-	2,184,431
Infrastructure	31,290	-	-	31,290
Construction-in-progress	5,368,913	575,060	5,340,038	603,935
Totals at historical cost	105,498,259	6,322,765	5,340,038	106,480,986
Less: accumulated depreciation -				
Buildings and improvements	(52,566,369)	(1,945,004)	-	(54,511,373)
Technology equipment	(3,403,367)	(14,522)	-	(3,417,889)
Vehicles	(1,849,581)	(98,990)	-	(1,948,571)
General	(1,208,421)	(139,547)	-	(1,347,968)

Infrastructure	(18,629)	(1,564)	-	(20,193)
Total accumulated depreciation	(59,046,367)	(2,199,627)	-	(61,245,994)
Governmental Activities Capital Assets - Net	$ 46,451,892	$ 4,123,138	$ (5,340,038)	$ 45,234,992
Business-Type Activities				
Food service equipment	$ 1,537,082	$ -	$ -	$ 1,537,082
Totals at historical cost	1,537,082	-	-	1,537,082
Less: accumulated depreciation				
Food service equipment	(1,251,504)	(57,040)	-	(1,308,544)
Total accumulated depreciation	(1,251,504)	(57,040)	-	(1,308,544)
Business-Type Activities Capital Assets - Net	$ 285,578	$ (57,040)	$ -	$ 228,538

Depreciation expense was allocated to governmental functions as follows:

Instruction	$ 1,234,159
Student support services	5,055
Instructional staff support	2,601
District administration	4,806
School administration	938
Business support services	2,326
Plant operation & maintenance	901,593
Student transportation	48,149
	$ 2,199,627

(5) DEBT OBLIGATIONS

Short-Term

Loan Payable

On September 27, 2018 the District entered into a line of credit with City National Bank of West Virginia in the amount of $750,000 with a maturity date of September 27, 2019. Interest on the promissory note is a variable rate of 0.92% under Prime (4.58% at June 30, 2019). The funds on the promissory note are to be used for operating expenditures in anticipation of tax receipts. The promissory note had an original maturity date of September 27, 2019 but received an extension to December 27, 2019. The outstanding balance of the promissory note at June 20, 2019 is $600,000 and is classified as portion due or payable within one year.

Short-term debt activity for the year ended June 30, 2019, was as follows:

Description	Balance at June 30, 2018	Additions	Payments	Balance at June 30, 2019
Tax anticipation note	$ -	$1,350,000	$ 750,000	$ 600,000

Long-Term

The amount shown in the accompanying financial statements as debt obligations represents the District's future obligations to make lease payments relating to bonds issued in the original amount of $39,053,000.

Bonds

The General Fund, Facilities Support Program (FSPK) Fund and the SEEK Capital Outlay Fund are obligated to make lease payments. The lease agreements provide among other things, (1) for rentals sufficient to satisfy debt service requirements on bonds issued by the Fiscal Court and the Board to construct school facilities and (2) the Board with the option to purchase the properties under leases at any time by retiring the bonds then outstanding. The proceeds from certain refunding issues have been placed in escrow accounts to be used to service the related debt.

The original amount of present outstanding issues, the issue date, and interest rates are summarized below:

Issue Date	Original Amount	Interest Rates
Issue of 2-1-09	1,890,000	2.10% to 3.40%
Issue of 6-1-11	720,000	3.75%
Issue of 6-1-12	3,655,000	1.00% to 2.30%
Issue of 8-1-13	11,300,000	3.00 to 4.50%
Issue of 9-1-13	4,043,000	1.29%
Issue of 11-1-13	2,705,000	2.00% to 4.125%
Issue of 7-1-14	3,730,000	1.00% to 3.125%
Issue of 2-1-15	5,830,000	2.00% to 2.15%
Issue of 11-1-16	5,180,000	1.10% to 3.375%
	$ 39,053,000	

The bonds may be called prior to maturity at dates and redemption premiums specified in the issues.

A summary of long-term debt and other long-term liabilities is as follows:

Description	Balance at June 30, 2018	Additions	Payments	Balance at June 30, 2019
General obligation bonds - $39,053,000 originally issued with interest rates ranging from 1.00% to 4.50%	$ 33,038,000	$ -	$ 1,890,000	$ 31,148,000
KISTA	28,277	351,065	61,618	317,724
KSBIT Payable	43,820	-	14,606	29,214
Accrued Interest Payable	279,488	-	10,232	269,256
Net OPEB Liability	12,060,184	-	374,574	11,685,610
Accumulated unpaid sick leave	655,943	49,119	-	705,062
Net pension liability	11,344,120	918,100	-	12,262,220
Less: Discounts on bonds	(359,336)	-	(27,171)	(332,165)
	$ 57,090,496	$ 1,318,284	$ 2,323,859	$ 56,084,921

The 6-1-11, 6-1-12, 8-1-13, 9-1-13, 11-1-13, 7-1-14, and 11-1-16 bond issues were sold at a discount of $14,292, $36,472, $225,259, $40,430, $52,791, $50,675, and $80,455, respectively and the 2-1-15 bond issue was sold at a premium of $22,290. These amounts are being amortized over the life of the respective debt.

In connection with the bond issues, the District entered into participation agreements with the Kentucky School Facilities Construction Commission (KSFCC), whereby the Commission has agreed to provide amounts on an annual basis (reflected in the following table) toward the payment of principal and interest requirements on the bonds. The agreements are in effect for a period of two years each. The obligations of the Commission to make said payments shall automatically renew every two years, unless the Commission provides the District notice of its intention not to participate within sixty days prior to the expiration of the two year period.

Assuming no bonds are called prior to scheduled maturity and the KSFCC continues to renew its participation to provide annual principal and interest amounts, the minimum obligations of the Funds at June 30, 2019 for debt service (principal and interest) are as follows:

	State's Portion		District's Portion		
June 30,	Interest	Principal	Interest	Principal	Total
2020	$ 208,482	$ 427,667	$ 629,712	$ 1,397,333	$ 2,663,194
2021	198,895	442,728	611,978	1,427,272	2,680,873
2022	188,232	459,083	592,916	1,455,917	2,696,148
2023	176,695	476,539	572,937	1,488,461	2,714,632
2024	164,175	495,215	551,604	1,519,785	2,730,779
2025-2029	618,171	1,959,326	2,296,082	8,095,674	12,969,253
2030-2034	246,413	2,024,697	1,017,033	7,988,303	11,276,446
2035-2037	12,893	262,654	62,741	1,227,346	1,565,634
	$ 1,813,956	$ 6,547,909	$ 6,335,003	$ 24,600,091	$ 39,296,959

Future minimum debt service on notes payable to KISTA by the District, at June 30, 2019, are as follows:

	District's Portion		
June 30,	Principal	Interest	Total
2020	$ 62,505	$ 9,049	$ 71,554
2021	41,450	7,526	48,976
2022	42,659	6,356	49,015
2023	28,231	5,133	33,364
2024	29,188	4,286	33,474
2025-2028	113,691	8,311	122,002
	$ 317,724	$ 40,661	$ 358,385

KSBIT Payable

The Kentucky School Boards Insurance Trust ("KSBIT") notified the District during the fiscal year 2013 that their self-insurance pools for worker's compensation and liability insurance were underfunded. As a result, an assessment will be required under a fair methodology to be approved by the Kentucky Department of Insurance, of current and past participating members to fund the deficit and the transfer of liability to a qualified insurer/reinsurer. On May 13, 2014, the court approved the plan of assessment tendered by KSBIT and approved the Loss Portfolio Transfer to Kentucky Employers Mutual Insurance ("KEMI"). As a result the District's portion of the liability was estimated at $116,850. The District took the option of paying 25% down by August 31, 2014 and financing the remaining balance over 6 years to be paid in equal annual installments beginning August 31, 2015 with no interest.

June 30,	Principal
2020	$ 14,607
2021	14,607
	$ 29,214

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. At June 30, 2019, this amount totaled $705,062. The District follows a policy of funding up to one-half of the total amount accrued as a reservation of the General Fund balance.

Net Pension Liability

The net pension liability is $10,386,034, $1,581,143, and $295,043 for governmental activities, business-type activities, and Component Unit activities, respectively as of June 30, 2019. See Note (6) for more detailed information.

Net OPEB Liability

The net OPEB liability is $11,161,826, $438,794, and $84,990 for governmental activities, business-type activities, and Component Unit activities, respectively as of June 30, 2019. See Note (7) for more detailed information.

(6) RETIREMENT PLANS

Kentucky Teachers Retirement System

Plan description: Teaching-certified employees of the Kentucky School District are provided pensions through the Teachers' Retirement System of the State of Kentucky (KTRS), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation established to provide retirement annuity plan coverage for local school districts and other public educational agencies in the state. KTRS 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). KTRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth's financial statements. KTRS issues a publicly available financial report that can be obtained at http://www.ktrs.ky.gov/05_publications/index.htm.

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

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

Participants that retire before age 60 with less than 27 years of service receive reduced retirement benefits. Non-university members 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 members (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 members after July 1, 2002 who retire with ten or more years of total service will receive monthly benefits equal to 2.5% of their final average salary for each year of service, including the first ten years. In addition, members who retire July 1, 2004 and later with more than 30 years of service will have their multiplier increased for all years over 30 from 2.5% to 3.0% to be used in their benefit calculation. Effective July 1, 2008, the KTRS has been amended to change the benefit structure for members 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. Members at least age 55 with 27 or more years of service may use their three (3) highest annual salaries to compute the final average salary. KTRS also provides disability benefits for vested members at the rate of sixty (60) percent of the final average salary. A life insurance benefit, payable upon the death of a member, is $2,000 for active contributing members and $5,000 for retired or disabled members.

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

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

The Commonwealth of Kentucky, as a non-employer contributing entity, pays matching contributions in the amount 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. University employers contribute 15.865% of salaries of members. For local school district and regional cooperative members whose salaries are federally funded, the employer contributes 16.105% of salaries. If an employee leaves covered employment before accumulating five (5) years of credited service, accumulated employee pension contributions plus interest are refunded to the employee upon the member's request.

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

At June 30, 2019, the District did not report a liability for its proportionate share of the net pension liability because the Commonwealth of Kentucky provides the pension support directly to KTRS on behalf of the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State 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 net Pension liability	$ -
Commonwealth's proportionate share of the Net Pension liability associated with the District	59,385,104
	$ 59,385,104

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2017. An expected total pension liability as of June 30, 2018 was determined using standard roll-forward techniques. The District's proportion of the net pension liability was based on the actual liability of the employees and former employees relative to the total liability of the Commonwealth as determined by the actuary. At June 30, 2018, the District's proportion was 0.4535%.

For the year ended June 30, 2019, the District recognized pension expense of ($7,174,570) and revenue of ($7,174,570) for support provided by the State.

Actuarial Methods and Assumptions: The total pension liability was determined by applying procedures to the actuarial valuation as of June 30, 2017. The financial reporting actuarial valuation as of June 30, 2018, used the following actuarial methods and assumptions:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal

Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	30 years
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Single Equivalent Interest Rate	7.50%
Municipal Bond Index Rate	3.89%
Inflation	3.0%
Salary Increase	3.5-7.3%, including inflation
Investment Rate of Return	7.5%, net of pension plan investment expense, including inflation
Post-retirement Benefit Increases	1.50% annually

The following change of assumptions were adopted by the Board of Trustees and reflected in the liability measurement as of June 30, 2018:

- Increased the Single Equivalent Interest rate (SEIR) from 4.49% to 7.50%

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale BB to 2025, set forward two years for males and one year for females.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2010 – June 30, 2015 adopted by the Board on November 19, 2016.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	40.0%	4.2%
International Equity	22.0%	5.2%
Fixed Income	15.0%	1.2%
Other Additional Categories*	8.0%	3.3%
Real Estate	6.0%	3.8%
Private Equity	7.0%	6.3%
Cash (LIBOR)	2.0%	0.9%
Total	100.0%	

**Includes Hedge Funds, High Yield and Non-US Developed Bonds.*

Discount Rate: The discount rate used to measure the total pension liability as of the Measurement Date 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 that Employer contributions will be made at the Actuarially Determined Contribution rates, adjusted by 95%, for all fiscal years in the future. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The change in the discount rate from the 4.49% used in the 2017 disclosure reports is considered a change in actuarial assumptions or other inputs under GASB 68.

The following table presents the net pension liability of the Commonwealth associated with the District, calculated using the discount rate of 7.50%, as well as what the Commonwealth's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current discount rate (7.50%)	1% Increase (8.50%)
Commonwealth's proportionate share of the Net Pension liability associated with the District	$ 76,121,000	$ 59,385,104	$ 45,304,000

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued KTRS financial report which is publically available at http://www.ktrs.ky.gov/.

County Employees Retirement System

Plan description: Substantially all full-time classified employees of the District participate in the County Employees Retirement System ("CERS"). CERS is a cost-sharing, multiple-employer, defined benefit pension plan administered by the Kentucky General Assembly. The plan covers substantially all regular full-time members employed in non-hazardous duty positions of each county and school board, and any additional eligible local agencies electing to participate in the plan. The plan provides for retirement, disability and death benefits to plan members.

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

Benefits provided: Benefits under the plan will vary based on final compensation, years of service and other factors as fully described in the plan documents.

Contributions: Funding for CERS is provided by members, who contribute 5.00% (6.00% for employees hired after September 1, 2008) of their salary through payroll deductions, and by employers of members. For the year ending June 30, 2019, employers were required to contribute 21.48% (16.22% - pension, 5.26% insurance) of the member's salary. During the year ending June 30, 2019, the District contributed $826,244 to the CERS pension plan. The contribution requirements of CERS are established and may be amended by the CERS Board of Trustees.

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

At June 30, 2019, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2016. An expected total pension liability as of June 30, 2018 was determined using standard roll-forward techniques. The District's proportion of the net pension liability was based on contributions to CERS during the fiscal year ended June 30, 2018. At June 30 2018, the District's proportion was 0.201340%.

For the year ended June 30, 2019, the District recognized pension expense of approximately $2,110,000. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 399,959	$ 179,493
Changes of assumptions	1,198,376	-
Net difference between projected and actual earnings on investments	-	147,031
Changes in proportion and differences between District contributions and proportionate share of contributions	348,084	-
District contributions subsequent to the measurement date	826,244	-
	$ 2,772,663	$ 326,524

The $826,244 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.

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

Year	
2020	$ 1,160,556
2021	618,778
2022	(93,625)
2023	(65,814)
	$ 1,619,895

Actuarial Methods and Assumptions: The total pension liability for CERS was determined by applying procedures to the actuarial valuation as of June 30, 2016. The financial reporting actuarial valuation as of June 30, 2018, used the following actuarial methods and assumptions:

Valuation Date	June 30, 2016
Measurement Date	June 30, 2018
Experience Study	July 1, 2008 – June 30, 2013
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll
Remaining Amortization Period	25 years, closed
Payroll growth	2.00%
Asset Valuation Method	5-year smoothed market
Inflation	2.30%
Salary Increase	3.05%, average
Investment Rate of Return	6.25%, net of pension plan investment expense, including inflation

There have been no changes in actuarial assumptions since June 30, 2017. However, during the 2018 legislative session, House Bill 185 was enacted, which updated the benefit provisions for active members who die in the line of duty. Benefits paid to the spouses of deceased members have been increased from 25% of the member's final rate of pay to 75% of the member's average pay. If the member does not have a surviving spouse, benefits paid to surviving dependent children have been increased from 10% of the member's final pay rate to 50% of average pay for one child, 65% of average pay for two children, or 75% of average pay for three children. The Total Pension Liability as of June 30, 2018 is determined using these updated benefit provisions.

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 one year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement.

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

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

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

Discount Rate: 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 members 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 assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate: The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.25%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25%) or 1-percentage-point higher (7.25%) than the current rate:

	1% Decrease (5.25%)	Current discount rate (6.25%)	1% Increase (7.25%)
District's proportionate share of the net pension liability	$ 15,436,865	$ 12,262,220	$ 9,602,423

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

Payables to the pension plan: At June 30, 2019, there was a total payable to the CERS pension plan of $151,726.

(7) OTHER POSTEMPLOYMENT BENEFIT ("OPEB") PLANS

Kentucky Teachers Retirement System OPEB Plans

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

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

Medical Insurance Plan

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

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

Contributions – In order to fund the post-retirement healthcare benefit, seven and one-half percent (7.50%) of the gross annual payroll of members is contributed. Three and three quarters 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 KTRS Medical Insurance Plan

At June 30, 2019, the District reported a liability of $8,111,000 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. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2017. An expected total OPEB liability as of June 30, 2018 was determined using standard roll-forward techniques. 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 0.435244%.

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	$ 8,111,000
Commonwealth's proportionate share of the Net OPEB liability associated with the District	6,990,000
	$ 15,101,000

For the year ended June 30, 2019, the District recognized OPEB expense of $936,000 and revenue of $486,000 for support provided by the State. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 415,000
Changes of assumptions	112,000	-
Net difference between projected and actual earnings on investments	-	33,000
Changes in proportion and differences between District contributions and proportionate share of contributions	146,000	-
District contributions subsequent to the measurement date	422,398	-
	$ 680,398	$ 448,000

Of the total amount reported as deferred outflows of resources related to OPEB, $422,398 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		
2020	$	(41,000)
2021		(41,000)
2022		(41,000)
2023		(26,000)
2024		(29,000)
Thereafter		(12,000)
	$	(190,000)

Actuarial methods and assumptions – The total OPEB liability was determined by applying procedures to the actuarial valuation as of June 30, 2017. The financial reporting actuarial valuation as of June 30, 2018, used the following actuarial methods and assumptions:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
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.

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, 2017 valuation were based on a review of recent plan experience done concurrently with the June 30, 2015 valuation.

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

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

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	58.0%	4.6%
Fixed Income	9.0%	1.2%
Real Estate	5.5%	3.8%
Private Equity	6.5%	6.3%
Other Additional Categories	20.0%	3.3%
Cash (LIBOR)	1.0%	0.9%
Total	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.

The following table presents the District's and Commonwealth'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 and Commonwealth's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	1% Decrease (7.00%)	Current discount rate (8.00%)	1% Increase (9.00%)
District's proportionate share of the net OPEB liability	$ 9,512,000	$ 8,111,000	$ 6,945,000
Commonwealth's proportionate share of the net OPEB liability associated with the District	8,197,000	6,990,000	5,985,000
Total	$ 17,709,000	$ 15,101,000	$ 12,930,000

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

	1% Decrease	Current trend rate	1% Increase
District's proportionate share of the net OPEB liability	$ 6,726,000	$ 8,111,000	$ 9,821,000
Commonwealth's proportionate share of the net OPEB liability associated with the District	5,796,000	6,990,000	8,463,000
Total	$ 12,522,000	$ 15,101,000	$ 18,284,000

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

Life Insurance Plan

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

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

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

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

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	$ -
Commonwealth's proportionate share of the Net OPEB liability associated with the District	120,000
	$ 120,000

The net OPEB liability was measured as of June 30, 2018, and the total pension liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017. An expected total OPEB liability as of June 30, 2018 was determined using standard roll-forward techniques. The District's proportion of the net OPEB liability was based on the actual liability of the employees and former employees relative to the total liability of the Commonwealth as determined by the actuary. At June 30, 2018, the District's proportion was 0.425294%.

For the year ended June 30, 2019, the District recognized OPEB expense of $20,000 and revenue of $20,000 for support provided by the State.

Actuarial methods and assumptions – The total OPEB liability was determined by applying procedures to the actuarial valuation as of June 30, 2017. The financial reporting actuarial valuation as of June 30, 2018, used the following actuarial methods and assumptions:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
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, 2017 valuation were based on a review of recent plan experience done concurrently with the June 30, 2015 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:

	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity	40.0%	4.2%
International Equity	23.0%	5.2%
Fixed Income	18.0%	1.2%
Real Estate	6.0%	3.8%
Private Equity	5.0%	6.3%
Other Additional Categories	6.0%	3.3%
Cash (LIBOR)	2.0%	0.9%
Total	100.0%	

**As the LIF investment policy is to change, the above reflects the pension allocation and returns that achieve the target 7.5% long-term rate of return.*

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

The following table presents the Commonwealth's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 7.50%, as well as what the Commonwealth's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current discount rate (7.50%)	1% Increase (8.50%)
Commonwealth's proportionate share of the net OPEB liability associated with the District	$ 183,000	$ 120,000	$ 69,000

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

County Employees Retirement System Insurance Fund

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

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

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

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

Contributions: CERS allocates a portion of the employer contributions to the health insurance benefit plans. For the year ending June 30, 2019, CERS allocated 5.26% of the 21.48% actuarially required contribution rate paid by employers for funding the healthcare benefit. In addition, 1.00% of the contributions by employees hired after September 1, 2008 are allocated to the health insurance plan. During the year ending June 30, 2019, the District contributed $267,944 to the CERS Insurance Fund. The contribution requirements of CERS are established and may be amended by the CERS Board of Trustees.

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

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

At June 30, 2019, the District reported a liability its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2016. An expected total pension liability as of June 30, 2018 was determined using standard roll-forward techniques. District's proportion of the net OPEB liability was based on contributions to CERS during the fiscal year ended June 30, 2018. At June 30 2018, the District's proportion was 0.201332%.

For the year ended June 30, 2019, the District recognized OPEB expense of $467,124, including an implicit subsidy of $42,662. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 416,573
Changes of assumptions	713,903	8,259
Net difference between projected and actual earnings on investments	-	246,220
Changes in proportion and differences between District contributions and proportionate share of contributions	92,180	7,328
District contributions subsequent to the measurement date	267,944	-
	$ 1,074,027	$ 678,380

Of the total amount reported as deferred outflows of resources related to OPEB, $267,944 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.

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

Year	
2020	$ 28,403
2021	28,403
2022	28,403
2023	76,223
2024	(15,417)
Thereafter	(18,312)
	$ 127,703

Actuarial Methods and 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:

Valuation Date	June 30, 2016
Measurement Date	June 30, 2018
Experience Study	July 1, 2008 – June 30, 2013
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay

Remaining Amortization Period	28 Years, Closed
Payroll Growth Rate	2.00%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30%
Salary Increase	3.05%, average
Investment Rate of Return	6.25%
Healthcare Trend Rates	
Pre-65	Initial trend starting at 7.25% at January 1, 2019 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Post-65	Initial trend starting at 5.10% at January 1, 2019 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 11 years.

There have been no changes in actuarial assumptions since June 30, 2017 (other than the blended discount rate used to calculate the total OPEB liability). However, during the 2018 legislative session, House Bill 185 was enacted, which updated the benefit provisions for active members who die in the line of duty. The system shall now pay 100% of the insurance premium for spouses and children of all active members who die in the line of duty. The total OPEB liability as of June 30, 2018, is determined using these updated benefit provisions.

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	17.50%	
US Large Cap	5.00%	4.50%
US Mid Cap	6.00%	4.50%
US Small Cap	6.50%	5.50%
Non US Equity	17.50%	
International Developed	12.50%	6.50%
Emerging Markets	5.00%	7.25%
Global Bonds	4.00%	3.00%
Credit Fixed	24.00%	
Global IG Credit	2.00%	3.75%
High Yield	7.00%	5.50%
EMD	5.00%	6.00%

Illiquid Private	10.00%	8.50%
Private Equity	10.00%	6.50%
Real Estate	5.00%	9.00%
Absolute Return	10.00%	5.00%
Real Return	10.00%	7.00%
Cash	2.00%	1.50%
Total	100.00%	6.09%

Discount rate - The discount rate used to measure the total OPEB liability was 5.85%. The projection of cash flows used to determine the discount rate assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 25 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, 2018. However, the cost associated with the implicit employer subsidy was not included in the calculation of the System's actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the System's trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

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 (4.85%)	Current discount rate (5.85%)	1% Increase (6.85%)
District's proportionate share of the net OPEB liability	$ 4,642,845	$ 3,574,610	$ 2,664,668

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

	1% Decrease	Current trend rate	1% Increase
District's proportionate share of the net OPEB liability	$ 2,661,332	$ 3,574,610	$ 4,651,101

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

Payables to the OPEB plan: At June 30, 2019, there was a payable to the CERS OPEB Plan of $37,155.

(8) OPERATING LEASES

The District has operating lease agreements for use of equipment and various parcels of real estate cancelable annually with the option to renew. The District recognizes the expenditures related to those obligations in the General Fund as lease payments are made. Total rent expenditures under operating type leases were approximately $11,078.

(9) CONTINGENCIES

The District receives funding from Federal, state and local government agencies and private contributions. These funds are to be used for designated purposes only. For government agency grants, if based on 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.

(10) RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To obtain insurance for workers' compensation, errors and omissions, and general liability coverage, the District participates in the Kentucky Employer's Mutual Insurance Fund. These public entity risk pools operate as common risk management and insurance programs for all school districts and other tax supported educational agencies of Kentucky who are members of the Kentucky School Boards Association. The District pays an annual premium to each fund for coverage. Contributions to the Workers' Compensation Fund are based on premium rates established by such fund in conjunction with the excess insurance carrier, subject to claims experience modifications and a group discount amount. Dividends may be declared, but are not payable until twenty-four (24) months after the expiration of the self-insurance term. The Liability Insurance Fund pays insurance premiums of the participating members established by the insurance carrier. The Trust can terminate coverage if it is unable to obtain acceptable excess general liability coverage and for any reason by giving ninety (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 member on a pro rata basis.

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

(11) COBRA

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

(12) ON-BEHALF PAYMENTS

For fiscal year 2019, the Commonwealth of Kentucky contributed estimated payments on behalf of the Ashland Independent School District as follows:

Plan/Description	Amount
Kentucky Teachers Retirement System – GASB 68	$ 4,302,907
Kentucky Teachers Retirement System – GASB 75	363,040
Health Insurance	3,496,792
Life Insurance	6,483
Administrative Fee	53,435
HRA/Dental/Vision	294,737
Federal Reimbursement	(327,478)
Technology	89,939

Debt Service	607,730
Total on-behalf	$ 8,887,585

These amounts are included in the financial statements as state revenue and an expense allocated to the different functions in the same proportion as full-time employees.

(13) TRANSFER OF FUNDS

The following transfers were made during the year:

Type	From Fund	To Fund	Purpose	Amount
Operating	General	Special Revenue	Technology Match	$ 59,643
Capital	General	Construction	Construction	146,542
Capital	Capital Outlay	Construction	Construction	287,704
Capital	Building Fund	Construction	Construction	153,502
Debt Service	Building Fund	Debt Service	Debt Service	2,245,950

(14) FUND DEFICIT

As of June 30, 2019, the Food Service Fund had a negative net position of $1,299,274. This deficit resulted from the fund's proportionate share of the net pension and OPEB liabilities recorded in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

REQUIRED SUPPLEMENTAL INFORMATION

ASHLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2019

	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)	Reporting Fiscal Year (Measurement Date) 2017 (2016)	Reporting Fiscal Year (Measurement Date) 2016 (2015)	Reporting Fiscal Year (Measurement Date) 2015 (2014)
COUNTY EMPLOYEES RETIREMENT SYSTEM:					
District and PSCA's proportion of the net pension liability	0.201340%	0.193807%	0.190616%	0.185067%	0.194032%
District and PSCA's proportionate share of the net pension liability	$ 12,262,220	$ 11,344,120	$ 9,385,192	$ 7,957,002	$ 6,295,000
District and PSCA's covered payroll	$ 4,892,500	$ 4,588,057	$ 4,447,947	$ 4,341,211	$ 4,451,392
District and PSCA's proportionate share of the net pension liability as a percentage of its covered payroll	250.633%	247.253%	211.001%	183.290%	141.416%
Plan fiduciary net position as a percentage of the total pension liability	53.540%	53.300%	55.500%	59.970%	66.800%
KENTUCKY TEACHER'S RETIREMENT SYSTEM:					
District's proportion of the net pension liability	0.4535%	0.4335%	0.4402%	0.4275%	0.4155%
District's proportionate share of the net pension liability	$ -	$ -	$ -	$ -	$ -
State's proportionate share of the net pension liability associated with the District	$ 59,385,104	$ 116,960,752	$ 129,846,495	$ 99,471,930	$ 85,384,323
Total	$ 59,385,104	$ 116,960,752	$ 129,846,495	$ 99,471,930	$ 85,384,323
District's covered payroll	$ 15,394,026	$ 15,147,175	$ 14,100,836	$ 13,325,500	$ 13,021,597
District's proportionate share of the net pension liability as a percentage of its covered payroll	0.000%	0.000%	0.000%	0.000%	0.000%
Plan fiduciary net position as a percentage of the total pension liability	59.300%	39.830%	35.220%	42.490%	45.590%

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

ASHLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF PENSION CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018	2017	2016	2015	2014
COUNTY EMPLOYEES RETIREMENT SYSTEM:						
Contractually required contribution	$ 826,244	$ 708,434	$ 640,034	$ 552,435	$ 553,504	$ 840,868
Contributions in relation to the contractually required contribution	826,244	708,434	640,034	552,435	553,504	840,868
Contribution deficiency (excess)	-	-	-	-	-	-
District and PSCA's covered payroll	$ 5,093,983	$ 4,892,500	$ 4,588,057	$ 4,447,947	$ 4,341,211	$ 4,451,392
District and PSCA's contributions as a percentage of its covered payroll	16.22%	14.48%	13.95%	12.42%	12.75%	13.74%
KENTUCKY TEACHER'S RETIREMENT SYSTEM:						
Contractually required contribution	$ -	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-
Contribution deficiency (excess)	-	-	-	-	-	-
District's covered payroll	$ 15,782,072	$ 15,394,026	$ 15,147,175	$ 14,100,836	$ 13,325,500	$ 13,021,597
District's contributions as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

ASHLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE
SHARE OF THE NET OPEB LIABILITY
FOR THE YEAR ENDED JUNE 30, 2019

	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)
COUNTY EMPLOYEES RETIREMENT SYSTEM INSURANCE FUND:		
District's proportion of the net OPEB liability	0.201332%	0.193807%
District's proportionate share of the net OPEB liability	$ 3,574,610	$ 3,896,184
District's covered payroll	$ 4,892,500	$ 4,588,057
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	73.063%	84.920%
Plan fiduciary net position as a percentage of the total OPEB liability	57.6%	52.4%
KENTUCKY TEACHER'S RETIREMENT SYSTEM - MEDICAL INSURANCE PLAN:		
District's proportion of the net OPEB liability	0.435244%	0.415961%
District's proportionate share of the net OPEB liability	$ 8,111,000	$ 8,164,000
State's proportionate share of the net OPEB liability associated with the District	6,990,000	6,669,000
Total	$ 15,101,000	$ 14,833,000
District's covered payroll	$ 13,861,733	$ 13,074,933
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	58.514%	62.440%
Plan fiduciary net position as a percentage of the total OPEB liability	25.50%	21.18%

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

ASHLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE
SHARE OF THE NET OPEB LIABILITY (CONCLUDED)
FOR THE YEAR ENDED JUNE 30, 2019

	Reporting Fiscal Year (Measurement Date) 2019 (2018)		Reporting Fiscal Year (Measurement Date) 2018 (2017)	
KENTUCKY TEACHER'S RETIREMENT SYSTEM - LIFE INSURANCE PLAN:				
District's proportion of the net OPEB liability		0.425294%		0.406460%
District's proportionate share of the net OPEB liability	$	-	$	-
State's proportionate share of the net OPEB liability associated with the District		120,000		89,000
Total	$	120,000	$	89,000
District's covered payroll	$	13,861,733	$	13,074,933
District's proportionate share of the net OPEB liability as a percentage of its covered payroll		0.000%		0.000%
Plan fiduciary net position as a percentage of the total OPEB liability		75.000%		79.990%

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

ASHLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF OPEB CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018	2017
COUNTY EMPLOYEES RETIREMENT SYSTEM INSURANCE FUND:			
Contractually required contribution	$ 267,944	$ 229,947	$ 217,001
Contributions in relation to the contractually required contribution	267,944	229,947	217,001
Contribution deficiency (excess)	-	-	-
District's covered payroll	$ 5,093,983	$ 4,892,500	$ 4,588,057
District's contributions as a percentage of its covered payroll	5.26%	4.70%	4.73%
KENTUCKY TEACHER'S RETIREMENT SYSTEM - MEDICAL INSURANCE PLAN:			
Contractually required contribution	$ 422,398	$ 415,852	$ 392,248
Contributions in relation to the contractually required contribution	422,398	415,852	392,248
Contribution deficiency (excess)	-	-	-
District's covered payroll	$ 14,079,933	$ 13,861,733	$ 13,074,933
District's contributions as a percentage of its covered payroll	3.00%	3.00%	3.00%

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

ASHLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF OPEB CONTRIBUTIONS (CONCLUDED)
FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018	2017
KENTUCKY TEACHER'S RETIREMENT SYSTEM - LIFE INSURANCE PLAN:			
Contractually required contribution	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-
Contribution deficiency (excess)	-	-	-
District's covered payroll	$ 14,079,933	$ 13,861,733	$13,074,933
District's contributions as a percentage of its covered payroll	0.00%	0.00%	0.00%

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

(1) CHANGES OF ASSUMPTIONS

KTRS

In the 2011 valuation and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Tables rather than the 1994 Group Annuity Mortality Table, which was used prior to 2011. In the 2011 valuation, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience. In the 2011 valuation, the Board adopted an interest smoothing methodology to calculate liabilities for purposes of determining the actuarially determined contributions.

In the 2016 valuation, rates of withdrawal, retirement, disability, mortality and rates of salary increase were adjusted to more closely reflect actual experience. In the 2016 valuation and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Tables projected to 2025 with projection scale BB, set forward two year for males and one year for females rather than the RP-2000 Mortality Tables projected to 2020 with projection scale AA, which was used prior to 2016.

The following change of assumptions were adopted by the Board of Trustees and reflected in the liability measurement as of June 30, 2018:

- Increased the Single Equivalent Interest rate (SEIR) from 4.49% to 7.50%

CERS

The following changes were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2015:

- The assumed investment rate of return was decreased from 7.75% to 7.50%.
- The assumed rate of inflation was reduced from 3.50% to 3.25%.
- The assumed rate of wage inflation was reduced from 1.00% to 0.75%.
- Payroll growth assumption was reduced from 4.50% to 4.00%.
- 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 1 year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement.
- The assumed rates of Retirement, Withdrawal and Disability were updated to more accurately reflect experience.

The following changes were made by the Board of Trustees and reflected in the valuation performed as of June 30, 2017:

- Decreased the price inflation assumption to 2.30%
- Decreased the assumed rate of return to 6.25%
- Decreased the payroll growth assumption to 2.00%.

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

KTRS

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

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	30 years
Asset Valuation Method	5-year smoothed market
Inflation	3.5%
Salary Increase	4.0% to 8.2%, including inflation
Investment Rate of Return	7.5%, net of pension plan investment expense, including inflation

CERS

The actuarially determined contribution rates are determined on a biennial basis beginning with the fiscal year ended 2016, determined as of July 1, 2015. The amortization period of the unfunded liability has been reset as of July 1, 2013 to a closed 30-year period. The following actuarial methods and assumptions were used to determine contribution rates reported in the most recent year of that schedule:

Experience Study	July 1, 2008 – June 30, 2013
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll
Remaining Amortization Period	27 years, closed
Payroll growth	4.00%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	3.25%
Salary Increase	4.00%, average
Investment Rate of Return	7.5%, net of pension plan investment expense, including inflation
Mortality	RP-2000 Combined Mortality Table, projected to 2013 with Scale BB (set back 1 year for females)

(3) CHANGES OF BENEFITS

KTRS

There were no changes of benefit terms for KTRS.

CERS

During the 2018 legislative session, House Bill 185 was enacted, which updated the benefit provisions for active members who die in the line of duty. Benefits paid to the spouses of deceased members have been increased from 25% of the member's final rate of pay to 75% of the member's average pay. If the member does not have a surviving spouse, benefits paid to surviving dependent children have been increased from 10% of the member's final pay rate to 50% of average pay for one child, 65% of average pay for two children, or 75% of average pay for three children. The Total Pension Liability as of June 30, 2018 is determined using these updated benefit provisions.

(1) CHANGES OF ASSUMPTIONS

KTRS

Medical Insurance Plan - There were no changes of assumptions.

Life Insurance Plan - There were no changes of assumptions.

CERS Insurance Fund

The following changes were made by the Board of Trustees and reflected in the valuation performed as of June 30, 2017:

- Decreased the price inflation assumption to 2.30%
- Decreased the assumed rate of return to 6.25%
- Decreased the payroll growth assumption to 2.00%.

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

KTRS

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

Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll
Amortization period	23 years, Closed
Asset valuation method	Five-year smoothed value
Inflation	3.00%
Real wage growth	0.50%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% - 7.20%
Discount rate	8.00%
Health care cost trends	
Under 65	7.75% for FY 2017 decreasing to an ultimate rate of 5.00% by FY 2023
Ages 65 and older	5.75% for FY 2017 decreasing to an ultimate rate of 5.00% by FY 2020
Medicare Part B premiums	1.02% for FY 2017 with an ultimate rate of 5.00% by FY 2029
Under age 65 claims	The current premium charged by KEHP is used as the base cost and is projected forward using only the health care trend assumption (no implicit rate subsidy is recognized).

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

Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll
Amortization period	30 years, Open
Asset valuation method	Market value
Inflation	3.50%
Real wage growth	0.50%
Wage inflation	4.00%
Salary increases, including wage inflation	4.00% - 8.10%
Discount rate	7.50%

CERS Insurance Fund

The following actuarial methods and assumptions, for actuarially determined contributions effective for fiscal year ending June 30, 2018:

Experience Study	July 1, 2008 – June 30, 2013
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay
Remaining Amortization Period	27 Years, Closed
Payroll Growth Rate	4.00%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	3.25%
Salary Increase	4.00%, average
Investment Rate of Return	7.50%
Healthcare Trend Rates	
Pre-65	Initial trend starting at 7.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 5 years.
Post-65	Initial trend starting at 5.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 2 years.

(3) CHANGES OF BENEFITS

KTRS

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

Life Insurance Plan – There were no changes of benefit terms.

CERS

During the 2018 legislative session, House Bill 185 was enacted, which updated the benefit provisions for active members who die in the line of duty. The system shall now pay 100% of the insurance premium for spouses and children of all active members who die in the line of duty. The total OPEB liability as of June 30, 2018, is determined using these updated benefit provisions.

SUPPLEMENTAL INFORMATION

ASHLAND INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

	Non-Major Capital Project Funds	Debt Service Funds	District Activity Funds	Total Non-Major Governmental Funds
ASSETS:				
Cash and cash equivalents	$ -	$ 1,810	$ 5,986	$ 7,796
Accounts receivable	-	-	12,000	12,000
Total assets	$ -	$ 1,810	$ 17,986	$ 19,796
LIABILITIES AND FUND BALANCE:				
Liabilities:				
Accounts payable	$ -	$ -	$ -	$ -
Total liabilities	-	-	-	-
Fund Balances:				
Restricted for SFCC escrow	-	-	-	-
Restricted for other	-	-	17,986	17,986
Restricted for debt service	-	1,810	-	1,810
Total fund balance	-	1,810	17,986	19,796
Total liabilities and fund balances	$ -	$ 1,810	$ 17,986	$ 19,796

ASHLAND INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Non-Major Capital Project Funds	Debt Service Funds	District Activity Funds	Total Non-Major Governmental Funds
REVENUES:				
From local sources -				
Property taxes	$ 1,050,966	$ -	$ -	$ 1,050,966
Earnings on investments	-	605	-	605
Student activity	-	-	23,940	23,940
Intergovernmental - State	1,636,190	607,730	-	2,243,920
Total revenues	2,687,156	608,335	23,940	3,319,431
EXPENDITURES:				
Current -				
Debt service	-	2,853,962	-	2,853,962
Instruction	-	-	22,682	22,682
Total expenditures	-	2,853,962	22,682	2,876,644
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,687,156	(2,245,627)	1,258	442,787
OTHER FINANCING SOURCES (USES):				
Operating transfers in	-	2,245,950	-	2,245,950
Operating transfers out	(2,687,156)	-	-	(2,687,156)
Total other financing sources (uses)	(2,687,156)	2,245,950	-	(441,206)
NET CHANGE IN FUND BALANCE	-	323	1,258	1,581
FUND BALANCE JUNE 30, 2018	-	1,487	16,728	18,215
FUND BALANCE JUNE 30, 2019	$ -	$ 1,810	$ 17,986	$ 19,796

ASHLAND INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR CAPITAL PROJECT FUNDS
JUNE 30, 2019

	SEEK Fund	FSPK Fund	Total Non-Major Capital Project Funds
ASSETS:			
Cash and cash equivalents	$ -	$ -	$ -
Accounts receivable	-	-	-
Total assets	$ -	$ -	$ -
LIABILITIES AND FUND BALANCE:			
Liabilities:			
Accounts payable	$ -	$ -	$ -
Total liabilities	-	-	-
Fund Balances:			
Restricted for SFCC escrow	-	-	-
Total fund balance	-	-	-
Total liabilities and fund balances	$ -	$ -	$ -

ASHLAND INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	SEEK Fund	FSPK Fund	Total Non-major Capital Project Funds
REVENUES:			
From local sources -			
Property taxes	$ -	$ 1,050,966	$ 1,050,966
Intergovernmental - State	287,704	1,348,486	1,636,190
Interest income	-	-	-
Total revenues	287,704	2,399,452	2,687,156
EXPENDITURES:			
Current -			
Facilities acquisition and construction	-	-	-
Total expenditures	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	287,704	2,399,452	2,687,156
OTHER FINANCING SOURCES (USES):			
Operating transfers in	-	-	-
Operating transfers out	(287,704)	(2,399,452)	(2,687,156)
Total other financing sources (uses)	(287,704)	(2,399,452)	(2,687,156)
NET CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE JUNE 30, 2018	-	-	-
FUND BALANCE JUNE 30, 2019	$ -	$ -	$ -

ASHLAND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
SCHOOL ACTIVITY FUNDS
PAUL BLAZER HIGH SCHOOL
FOR THE YEAR ENDED JUNE 30, 2019

	Cash Balance June 30, 2018	Receipts	Disburse-ments	Cash Balance June 30, 2019	Accounts Payable	Deposits Held in Custody for Students June 30, 2019
Academic Quiz	$ 95	$ 440	$ 407	$ 128	$ -	$ 128
Advanced Placement	4,528	14,132	12,138	6,522	-	6,522
AJM Memorial	367	2,181	1,000	1,548	-	1,548
Art Club	657	270	599	328	-	328
Art Supplies	238	520	425	333	-	333
Beta Club	4,377	885	1,482	3,780	-	3,780
Blazer Band	5,390	2,480	2,064	5,806	-	5,806
Blazer Choir	4,571	2,026	5,473	1,124	-	1,124
Cap Gown	1,995	-	-	1,995	-	1,995
Catering	1,752	4,115	4,054	1,813	-	1,813
CATS Academy	-	4,520	3,374	1,146	-	1,146
Class of 2019	4,735	861	4,950	646	-	646
Class of 2020	1,296	8,608	5,695	4,209	-	4,209
Class of 2021	312	2,451	1,351	1,412	-	1,412
Class of 2022	-	677	-	677	-	677
Creative Writing	2	-	-	2	-	2
Dance Team	88	-	-	88	-	88
FBLA	3	4,844	4,847	-	-	-
FCA	257	-	-	257	-	257
FCCLA	193	6,682	5,659	1,216	-	1,216
French Club	1,570	4,114	5,606	78	-	78
French Honor Society	12	675	353	334	-	334
General	2,695	20,148	17,854	4,989	-	4,989
Guidance	1,078	-	-	1,078	-	1,078
Health Science	-	2,570	2,372	198	-	198
Hi Life	7,839	4,604	6,670	5,773	-	5,773
Home Ec.	589	463	414	638	-	638
Hosa	49	-	-	49	-	49
Human Relations Club	230	-	-	230	-	230
Ind. Tech. Supplies	1,142	202	76	1,268	-	1,268
Key Club	751	2,295	2,406	640	-	640
Latin Club	222	124	346	-	-	-
Latin Honorary	1,255	-	1,255	-	-	-
Library	343	85	-	428	-	428

ASHLAND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
SCHOOL ACTIVITY FUNDS
PAUL BLAZER HIGH SCHOOL - (CONCLUDED)
FOR THE YEAR ENDED JUNE 30, 2019

	Cash Balance June 30, 2018	Receipts	Disburse-ments	Cash Balance June 30, 2019	Accounts Payable	Deposits Held in Custody for Students June 30, 2019
Mac Meek	398	500	898	-	-	-
Mu Alpha Theta	1,795	5,719	6,014	1,500	-	1,500
National Honor Society	227	1,990	568	1,649	-	1,649
Pep Club	28	3,616	3,644	-	-	-
Rental Fee Paid	3,948	16,033	10,556	9,425	-	9,425
ROTC	2	7,627	4,970	2,659	-	2,659
Science Club	166	1,342	1,456	52	-	52
Spade Art	170	2,048	1,417	801	-	801
Spanish Club	644	455	453	646	-	646
Spanish Honor Society	1,037	940	763	1,214	-	1,214
Sports Medicine Club	384	-	-	384	-	384
STEM Class of 1964	1,047	-	34	1,013	-	1,013
Strings	6,551	2,445	1,932	7,064	-	7,064
Student Council	11,827	6,261	4,745	13,343	-	13,343
Teacher Pop Machines	444	1,131	1,325	250	-	250
Theater Arts	1,792	9,543	10,830	505	-	505
TSA	568	697	457	808	-	808
Video Club	804	15	-	819	-	819
Ashland Inv. Tournament	1,955	16,550	18,505	-	-	-
Athletic - General	5,631	201,146	189,513	17,264	(1,419)	15,845
Baseball Fundraiser	4	25,940	15,016	10,928	-	10,928
Blazing Arrows	1,929	7,105	9,034	-	-	-
Boys Golf	4,147	7,120	10,121	1,146	-	1,146
Boys Soccer	193	-	-	193	-	193
Boys Tennis Fundraiser	103	-	-	103	(70)	33
Boys & Girls Combined Track Fund	786	602	1,388	-	-	-
Cross Country Fund	2,484	1,680	1,201	2,963	-	2,963
Girls Golf Fund	792	10,847	11,555	84	-	84
Girls Soccer Fund	23,363	6,000	6,971	22,392	(79)	22,313
Girls Tennis Fund	408	-	-	408	(70)	338
Girls Varsity B.B. Fund	809	9,415	7,226	2,998	(325)	2,673
Softball Fundraiser	2,464	3,568	3,341	2,691	(2,690)	1
Swim Team Fund	666	271	666	271	-	271
Varsity B.B. Fundraiser	4,718	34,880	39,344	254	-	254
Varsity Cheer Fund	6,611	19,385	20,012	5,984	-	5,984
Varsity F.B. Fundraiser	20,867	35,063	31,599	24,331	(550)	23,781
Volleyball Fund	5,031	12,596	13,016	4,611	-	4,611
Wrestling Fund	568	825	1,231	162	-	162
	$ 163,992	$ 544,327	$ 520,671	$ 187,648	$ (5,203)	$ 182,445

ASHLAND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
SCHOOL ACTIVITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Cash Balance June 30, 2018	Receipts	Disbursements	Cash Balance June 30, 2019	Accounts Payable	Deposits Held in Custody for Students June 30, 2019
Paul G. Blazer High School	$ 163,992	$ 544,327	$ 520,671	$ 187,648	$ (5,203)	$ 182,445
Ashland Middle School	119,735	243,712	256,619	106,828	-	106,828
Charles Russell Elementary School	14,656	33,482	33,888	14,250	-	14,250
Crabbe Elementary School	7,834	22,936	20,258	10,512	-	10,512
Hager Elementary School	11,349	45,477	47,776	9,050	-	9,050
Oakview Elementary School	7,614	28,261	30,131	5,744	40	5,784
Poage Elementary School	6,870	38,656	40,831	4,695	-	4,695
Family Resource Center	30,439	73,300	65,282	38,457	-	38,457
	$ 362,489	$ 1,030,151	$ 1,015,456	$ 377,184	$ (5,163)	$ 372,021

ASHLAND INDEPENDENT SCHOOL DISTRICT
STATEMENT OF GRANT, RECEIPTS,
DISBURSEMENTS AND FUND BALANCE
HEAD START GRANTS
FOR THE YEAR ENDED JUNE 30, 2019

	Headstart Grant No. 04CH475/03				Headstart Grant No. 04CH475/04				Headstart Grant No. 04CH475/05	
AMOUNT OF GRANT				$ 1,087,176				$ 1,111,460		$ 1,316,301
	Budget	Actual Prior Year	Actual Current Year	Total	Budget	Actual Prior Year	Actual Current Year	Total	Budget	Actual
RECEIPTS:										
Grant funds	$ 1,087,176	$ 951,074	$ 136,102	$ 1,087,176	$ 1,111,460	$ 992,513	$ 118,947	$ 1,111,460	$ 1,316,301	$ 1,218,208
Miscellaneous revenue	-	-	-	-	-	-	-	-	-	746
Grantee's in kind contributions	220,498	220,498	-	220,498	222,292	208,276	14,016	222,292	330,635	330,635
Total receipts	1,307,674	1,171,572	136,102	1,307,674	1,333,752	1,200,789	132,963	1,333,752	1,646,936	1,549,589
DISBURSEMENTS:										
HEADSTART FULL YEAR/PART DAY (PA22 & PA28)										
Personnel	723,695	610,572	136,102	746,674	692,284	666,732	89,850	756,582	718,852	596,670
Fringe benefits	246,535	224,041	-	224,041	277,770	252,498	2,025	254,523	286,963	353,955
Supplies	95,604	68,049	-	68,049	114,852	106,798	16,691	123,489	84,000	73,431
Capital outlay	-	-	-	-	-	-	-	-	192,832	197,632
Contractual	3,618	-	-	-	-	8,930	-	8,930	10,500	4,957
Travel - Out of district	70	701	-	701	5,000	9	-	9	100	716
Other	1,600	33,150	-	33,150	5,500	1,620	-	1,620	7,000	3,463
In-kind utilized	220,498	220,498	-	220,498	222,292	208,276	14,016	222,292	330,635	330,635
Totals	1,291,620	1,157,011	136,102	1,293,113	1,317,698	1,244,863	122,582	1,367,445	1,630,882	1,561,459
TRAINING AND TECHNICAL ASSISTANCE (PA 20)										
Contractual	11,054	3,044	-	3,044	11,054	3,242	8,847	12,089	11,054	794
Travel	5,000	2,353	-	2,353	5,000	2,431	-	2,431	5,000	150
Other supplies and materials	-	9,164	-	9,164	-	-	1,534	1,534	-	-
Totals	16,054	14,561	-	14,561	16,054	5,673	10,381	16,054	16,054	944
Total disbursements	1,307,674	1,171,572	136,102	1,307,674	1,333,752	1,250,536	132,963	1,383,499	1,646,936	1,562,403
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	$ -	$ -	$ -	$ -	$ -	$ (49,747)	$ -	$ (49,747)	$ -	$ (12,814)
CASH AND CASH EQUIVALENTS (DEFICIENCY), JUNE 30, 2019		-				(49,747)				(12,814)
ACCOUNTS RECEIVABLE		-				49,747				12,814
FUND BALANCE, JUNE 30, 2019		$ -				$ -				$ -

ASHLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Expenditures	
U.S. Department of Education					
Passed through State Department of Education:					
Title I Grants to Local Educational Agencies	84.010	3100202-17	-	$ 152,187	*
Title I Grants to Local Educational Agencies	84.010	3100202-18	-	1,168,503	*
				1,320,690	*
Special Education Cluster (IDEA):					
Special Education Grants to States - IDEA, Part B	84.027	3810002-16	-	244,331	
Special Education Grants to States - IDEA, Part B	84.027	3810002-17	-	32,562	
Special Education Grants to States - IDEA, Part B	84.027	3810002-18	-	828,155	
Special Education Preschool Grants	84.173	3800002-18	-	17,568	
Special Education Preschool Grants - RTC	84.173	3800003-18	-	343,094	
Special Education Preschool Grants - RTC	84.173	3800003-17	-	44,779	
Special Education Preschool Grants - RTC	84.173	3800003-16	-	190	
Total Special Education Cluster				1,510,679	
Education for Homeless Children and Youth	84.196	3990002-17	-	326	
				326	
Twenty-First Century Community Learning Centers	84.287	3400002-16	-	36,296	
Twenty-First Century Community Learning Centers	84.287	3400002-17	-	205,217	
				241,513	
Supporting Effective Instruction	84.367	3230002-17	-	898	
Supporting Effective Instruction	84.367	3230002-18	-	159,848	
				160,746	
Race to the Top - Early Learning Challenge	84.412	5060001-16	-	20,131	
Student Support and Academic Enrichment Grant	84.424	34200002-18	-	79,995	
Student Support and Academic Enrichment Grant	84.424	34200002-17	-	71,836	
				151,831	
Vocational Education Basic Grants to States	84.048	4621032-18	-	29,496	
Vocational Education Basic Grants to States	84.048	4621032-17	-	4,469	
Vocational Education Basic Grants to States	84.048	4621032-16	-	1,542	
				35,507	
Total U.S. Department of Education				3,441,423	
U.S. Department of Health and Human Services					
Direct Programs:					
Head Start	93.600	065C & 655C	-	136,102	
Head Start	93.600	065D & 655D	-	118,947	
Head Start	93.600	065E & 655E	-	1,231,022	
Total U.S. Department of Health and Human Services				1,486,071	
U.S. Department of Defense					
Direct Program:					
Basic, Applied, and Advance Research in Science and Engineering	12.630	ROTC	General Fund	53,017	
Total U.S. Department of Defense				53,017	

ASHLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONCLUDED)
FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Expenditures	
U.S. Department of Agriculture					
Cash Assistance:					
Passed through State Department of Education:					
Child and Adult Care Food Program	10.558	7790021-18	-	3,431	
Child and Adult Care Food Program	10.558	7790021-19	-	18,966	
				22,397	
Fresh Fruit and Vegetable Program	10.582	7720012-19	-	14,013	
				14,013	
Child Nutrition Cluster:					
National School Lunch Program	10.555	7750002-18	-	238,219	*
National School Lunch Program	10.555	7750002-19	-	1,075,803	*
School Breakfast Program	10.553	7760005-18	-	72,847	*
School Breakfast Program	10.553	7760005-19	-	328,124	*
Summer Food Service Program for Children	10.559	7690024-18	-	4,408	*
Summer Food Service Program for Children	10.559	7740023-18	-	42,158	*
				1,761,559	
Non-Cash Assistance:					
National School Lunch Program					
Food Donation	10.555	011-0100	-	98,516	*
Total Child Nutrition Cluster				1,860,075	
Total U.S. Department of Agriculture				1,896,485	
Total expenditures of Federal awards				$ 6,876,996	

* Denotes a major program.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Ashland Independent School District under the 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 the Ashland Independent School District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State and Local Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein, certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C - FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2019, commodities on hand are included in the total inventory of $10,753.

NOTE D - INDIRECT COST RATE

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

Kelley Galloway
Smith Goolsby, PSC
Certified Public Accountants and Advisors

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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*

Kentucky State Committee for
School District Audits
Members of the Board of Education
Ashland Independent School District
Ashland, 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 audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Auditor Responsibilities* and *State Compliance Requirements* sections contained in the Kentucky Public School Districts' Audit Contract and Requirements, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Ashland 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 and have issued our report thereon dated December 4, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be material weaknesses. See 2019-001, 2019-002, and 2019-003.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2019-004 that we consider to be a material weakness.

We noted certain matters that we reported to management of the District in a separate letter dated December 4, 2019.

District's Response to Findings

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Kelley Galloway Smith Goolsby, PSC

Ashland, Kentucky
December 4, 2019

Kelley Galloway
Smith Goolsby, PSC
Certified Public Accountants and Advisors

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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

Kentucky State Committee for
School District Audits
Members of the Board of Education
Ashland Independent School District
Ashland, Kentucky

Report on Compliance for Each Major Federal Program

We have audited Ashland 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. Ashland 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Ashland 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; 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 audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Auditor Responsibilities* and *State Compliance Requirements* sections contained in the Kentucky Public School Districts' Audit Contract and Requirements. 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 Ashland Independent School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of Ashland 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 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 Ashland 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.

Kelley Galloway Smith Goolsby, PSC

Ashland, Kentucky
December 4, 2019

ASHLAND INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

(A) SUMMARY OF AUDIT RESULTS

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal Control over financial reporting:	
Material weakness(es) identified?	_x_ yes ___ no
Significant deficiency(ies) identified?	___ yes _x_ none reported
Noncompliance material to the financial statements noted?	_x_ yes ___ no
Federal Awards	
Internal control over major federal programs:	
Material weakness(es) identified?	___ yes _x_ no
Significant deficiency(ies) identified?	___ yes _x_ none reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	___ yes _x_ no

The District had the following major Federal programs with CFDA numbers in parentheses for the year ended June 30, 2019:

Food Service Cluster (10.555, 10.553, & 10.559)
Special Education Cluster (84.027 & 84.173)

Dollar threshold to distinguish between Type A and Type B Programs:	$ 750,000
The District qualified as a low risk auditee?	___ yes _x_ no

(B) FINDINGS RELATED TO FINANCIAL STATEMENTS IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS

BOARD OF EDUCATION FINANCIALS

2019-001 – Cash Reconciliations

Condition: During our audit, we became aware that cash was not being properly reconciled and agreed to the balances in the funds on the Balance Sheet. In addition, the bank reconciliations were not reconciled on a timely basis during the year. They had not been reconciled since October 2018 as of June 30, 2019.

Criteria: Cash should be reconciled monthly and agreed to the balances on the Balance Sheet in MUNIS to ensure that all cash transaction have been properly into MUNIS.

Cause: The reconciliation process fell behind and once the Finance Director tried to perform the reconciliations, the process took a great amount of time.

Effect: Cash was not being properly reconciled and agreed to the balances on the Balance Sheet. As a result, payments on loans payable of $750,000 were not recorded in the general ledger.

Recommendation: We recommend that cash be reconciled and agreed to the balances on the Balance Sheet monthly to ensure accurate financial reporting of cash.

Management's Response: Both Payroll and General Fund reconciliations were completed. Historically, the Balance Sheet has not agreed to Munis per the auditors. The Business Office will reconcile monthly both payroll and general fund accounts.

2019-002 – Year End Close Out

Condition: When we arrived on site to perform our audit procedures, there were numerous areas of the financial statements that had not been properly recorded. The areas included, but were not limited to, cash, account receivable, inventory, recording of line of credit, donated commodities, project close-outs, transfers to cover construction, and fixed assets.

Criteria: All financial statement areas should be properly recorded.

Cause: The Finance Director did not receive adequate training when she took over the position and this has resulted in her having difficulty with the year end close out process.

Effect: Failure to have the areas properly closed out resulted in the financials that were originally given to not be properly reported.

Recommendation: We recommend that the District look into hiring a consultant to assist the Finance Director in the year end close out process as well as be available throughout the year if the Finance Director finds that she needs additional guidance in other areas.

Management's Response: All information were recorded once information was available and entries identified. The Finance Director would benefit from a Consultant at the end of the fiscal year to clear up discrepancies that were prior deficiencies not corrected in previous audits.

2019-003 – Special Revenue Fund Accounting

Condition: We noted several grants that should be closed out are still being maintained on the District's project budget report. In addition, we noted inaccurate budgets entered and expenditures in excess of the budget entered.

Criteria: The project budget report should be properly utilized to track the status of each project. Projects should be monitored and accounted for so that they do not exceed their budgeted amounts.

Cause: The process is time consuming and the Finance Director has not been properly trained.

Effect: The project budget report required a lot of correcting and clean up in order to accurately record accounts receivable and deferred revenues. Expenditures spent on projects over budget are then moved to the next year's budgeted amount resulting in decreased fund availability at that time. If there is not subsequent year for the project then the over spending is then covered by the General Fund.

Recommendation: We recommend that the Finance Officer attend training to obtain a better understanding of grant accounting. We also recommend that more care be taken to monitor the projects during the year so that the District knows if projects are going over budget. In addition, a thorough review of each project should be performed immediately to clean up any errors and/or overspending.

Management's Response: The Finance Director took additional time to correct budgets to prepare for close out. The Finance Director will benefit from Consultant assistance in closing inactive budgets before the next audit for cleanup.

2019-004 – Budget

Condition: We noted expenditures exceeded the budgeted amounts and revenues in the current year. In addition, an incorrect beginning fund balance was budgeted at $1,000,000 when it should have been $700,617.

Criteria: Exceeding of budget per KRS 160.550 states that no expenditures are permitted in excess of the revenue of any year.

Cause: The Finance Director has not been properly trained.

Effect: Expenditures exceeded revenues by $553,463.

Recommendation: We recommend that more care be taken to amend the budget as the increase in expenditures and revenues become known and prior to year-end. In addition, budgets should be monitored on a regular basis to ensure that expenditures do not exceed the budget.

Management's Response: Several transfers contributed to the negative balance during the audit process. The Finance Director will review general and grant budgets quarterly to ensure overspending is not habitual.

(C) FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

There were no findings in the current year.

ASHLAND INDEPENDENT SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED JUNE 30, 2019

Finding Number	Finding/Noncompliance	Status	Responsible Contact Person
2018-001	Cash was not being properly reconciled and agreed to the balances in the funds on the Balance Sheet.	Repeated as 2019-001	Kristen Martin, Finance Officer
2018-002	Numerous areas of the financial statements that had not been properly recorded at year-end. The areas included, but were not limited to, cash, account receivable, inventory, donated commodities, project close-outs, transfers and fixed assets.	Repeated as 2019-002	Kristen Martin, Finance Officer

ASHLAND INDEPENDENT SCHOOL DISTRICT

CORRECTIVE ACTION PLAN

FOR THE YEAR ENDED JUNE 30, 2019

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2019-001	Both Payroll and General Fund reconciliations were completed. Historically, the Balance Sheet has not agreed to Munis per the auditors. The Business Office will reconcile monthly both payroll and general fund accounts.	Immediately	Kristen Martin, Finance Officer
2019-002	All information were recorded once information was available and entries identified. The Finance Director would benefit from a Consultant at the end of the fiscal year to clear up discrepancies that were prior deficiencies not corrected in previous audits.	June 30, 2020	Kristen Martin, Finance Officer
2019-003	The Finance Director took additional time to correct budgets to prepare for close out. The Finance Director will benefit from Consultant assistance in closing inactive budgets before the next audit for cleanup.	Immediately	Kristen Martin, Finance Officer
2019-004	Several transfers contributed to the negative balance during the audit process. The Finance Director will review general and grant budgets quarterly to ensure overspending is not habitual.	June 30, 2020	Kristen Martin, Finance Officer

Kelley Galloway
Smith Goolsby, PSC
Certified Public Accountants and Advisors

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Kentucky State Committee of School District Audits
Members of the Board of Education
Ashland Independent School District
Ashland, Kentucky

In planning and performing our audit of the financial statements of Ashland Independent School District (the "District") as of and for the year ended June 30, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures 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 District's internal control.

However, during our audit, we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding these matters. This letter does not affect our report dated December 4, 2019, on the financial statements of the District.

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

Kelley Galloway Smith Goolsby, PSC

Ashland, Kentucky
December 4, 2019

BOARD OF EDUCATION CREDIT CARDS

2019-1 – Late Charges

Condition: During our testing of the credit cards, we noted that the December 2018 and February 2019 statements for City National Bank credit card were paid late, resulting in a finance charges of $97. In addition, a late charge of $110.68 was assessed on the July 2019 loan statement for City National Bank.

Criteria: All payments should be made in a timely manner.

Cause: Once all of the monthly charges were matched up to the supporting documentation there was not enough time to make the payment and have it arrive prior to the due date.

Effect: Payment was made late, resulting in a finance charge.

Recommendation: We recommend that procedures be put into place, so that payments are not paid late.

Management's Response: The RTC visas were not being reconciled and turned in timely for payments to be made timely therefore finance charges did accrue. They have agreed to turn in the bills so that timely payments can be made to avoid the finance charges in the future.

PAUL G BLAZER HIGH SCHOOL ACTIVITY FUND

2019-2 – Disbursements

Condition: We noted that checks #22811 to Country Meats and #22869 to Blick Art Material were paid from statements rather than invoices.

Criteria: Disbursements should be paid from a detailed invoices and not from a statement.

Cause: Failure to obtain all supporting documented for the disbursements.

Effect: There is a potential for unauthorized purchases.

Recommendation: We recommend that disbursements should only be paid from detailed invoices and not from statements only.

Management's Response: The bookkeeper for the high school will ensure that payments are made by invoices only and not statements to avoid unauthorized purchases.

2019-3 – Negative Account Balances

Condition: The Softball account ended the year with a negative balance of $2,690.61 before making a transfer to the account.

Criteria: The Redbook Accounting Procedures for Kentucky School Activity Funds states that an account cannot end with a negative balance.

Cause: Failure to properly account for year end accounts payable.

Effect: Violation of the Kentucky Redbook requirements.

Recommendation: We recommend training be provided to the employees preparing their activity fund's financials to ensure that they know how to properly account for accounts payable.

Management's Response: The bookkeeper has been informed that no school activity account can end in a negative balance and that a transfer is necessary prior to year-end to cover any deficiencies. This was corrected in the June financials.

POAGE ACTIVITY FUND

2019-4 – Deposit Support

Condition: We noted four instances during September 2018 and February 2019 in which the deposit tickets did not contain the support for the deposit made.

Criteria: Per the Redbook Accounting Procedures for Kentucky School Activity Funds, a multiple receipt form (Form-SA6) should be used when collecting money.

Cause: Failure to properly follow the Kentucky Redbook requirements.

Effect: It is difficult to determine if the correct amount was deposited without the completed receipt form.

Recommendation: We recommend training be provided to the employees preparing their activity fund's financials to ensure that they know how to properly account for deposits.

Management's Response: All school bookkeepers will be trained and informed on how to properly complete a deposit ticket so that the support is included and auditable.

PAYROLL

2019-5 – Employment Contract

Condition: We noted an employee being paid for 21st Century work yet there was no employment contract supporting the authorization.

Criteria: A contract should be prepared for all positions and extra work performed.

Cause: Oversight.

Effect: Documentation is missing that shows that the employee was authorized to work in the position.

Recommendation: We recommend that more care be taken to ensure that an employment contract is completed for all employees.

Management's Response: Employees who are employed to work grant programs must go through the hiring process to receive an employment recommendation for their file. The district will work with principals to ensure this procedure is followed.

TITLE I

2019-6 – Comparability Report

Condition: We were unable to obtain support showing how the District calculated the full-time equivalent on the Title I Comparability Report.

Criteria: Supporting documentation should be retained for Federal Programs if it is unable to be reproduced.

Cause: Oversight.

Effect: Failure to comply with the statutory requirement listed in the Cross-Cutting Compliance Supplement under Comparability Compliance Requirements.

Recommendation: We recommend that more care be taken to ensure that all supporting documentation is retained as required.

Management's Response: The support for the Title I Comparability report will be maintained for reference in calculating the full-time equivalents.

DISTRICT BOOSTER CLUBS

2019-7 – Booster Clubs

Condition: Per discussion with the Finance Director and review of documentation, we noted that a large number of District Booster Clubs are not properly following the Kentucky Department of Education's Accounting Procedures for Kentucky School Activity Funds (the Redbook). Some of the items noted included, but were not limited to:

- Some Booster Clubs have been instructed by employees at the school level to use the District's Federal Employer Identification Number (FEIN) rather than getting their own FEIN.
- Some Booster Clubs are not carrying their own separate insurance for general liability and providing support to the principal.
- Some Booster Clubs are not completing and / or submitting an annual External Support/Booster Organization Budget worksheet (Form F-SA-4B) to the principal.
- Some Booster Clubs are not completing and / or submitting an annual financial report to the principal.
- Some Booster Clubs are not reporting expenditures annually to the principal.

Criteria: All Booster Clubs are to properly follow guidelines set forth in the Redbook as required by 702 KAR 3:130.

Cause: There is a lack of guidance / training at both the school level as well as the Booster Club level resulting in proper Redbook guidance not being followed.

Effect: Booster Clubs are not following the criteria set forth in the Redbook.

Recommendation: We recommend that all District Principals attend a detailed Redbook training course so that they better understand their responsibilities when it comes to obtaining and reviewing documentation from Booster Clubs. We also recommend that a standard packet is created and disbursed annually to all Booster Clubs notifying them of their individual responsibilities as established by the Redbook.

Management's Response: The district will host a Redbook training for all principals and booster club administration so that they can comply with laws and guidance regarding proper procedures and reporting.

BUDGET

2019-8 – Publication of Budget

Condition: We noted that the budget for the 2018-19 school year was not published.

Criteria: KRS 424.250 requires the budget to be advertised in a newspaper annually.

Cause: Oversight.

Effect: Failure to comply with the KRS.

Recommendation: We recommend that more care be taken to ensure that the budget is advertised annually in the local newspaper.

Management's Response: The Finance Director was waiting on State clarity about if posting on the district website was sufficient. A draft was sent via email but never published by the newspaper awaiting follow-up. This has been corrected.

Follow-up on Prior Year Recommendations

The prior year conditions have been implemented and corrected, except 2018-1 and 2018-6 were repeated as 2019-1 and 2019-003, respectively, above. Mr. Sean Howard, Superintendent, is the person responsible for initiation of the corrective action plan for the above conditions which will be implemented immediately. The corrective action plan is the management response for each condition.

APPENDIX C

Ashland 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

$840,000*
Ashland Independent School District Finance Corporation
School Building Revenue Bonds, Series of 2020
Dated as of September 3, 2020

SALE: August 13, 2020 AT 11:00 A.M., E.S.T.

As published on PARITY®, a nationally recognized electronic bidding system, the Ashland Independent School District Finance Corporation ("Corporation") will until August 13, 2020, at the hour of 11:00 A.M., E.D.S.T., in the office of the Executive Director of the Kentucky School Facilities Construction Commission, 700 Louisville Road, Carriage House, Frankfort, Kentucky, 40601, receive competitive bids for the revenue bonds herein described. To be considered, bids must be submitted on an Official Bid Form and must be delivered to the Corporation at the address indicated on the date of sale no later than the hour indicated. Bids may be submitted manually or by facsimile or electronically via PARITY. Bids will be considered by the Corporation and may be accepted without further action by the Corporation's Board of Directors.

Subject to a Permitted Adjustment* increasing or decreasing the issue by up to $85,000.

ASHLAND 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 Ashland 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 improvements to Paul Blazer High School (the "Project") and are secured by a lien upon and a pledge of the revenues from the rental of the school building to the Board under the Lease on a year to year basis; the first rental period ending June 30, 2021; provided, however, said lien and pledge are on parity with a similar lien and pledge securing the Corporation's School Building Revenue Bonds previously issued to improve or refinance certain of the building(s) in which the Project is located (the "Parity Bonds").

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

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

Under the terms of the Lease, and any renewal thereof, the Board has agreed so long as the Bonds remain outstanding, and in conformance with the intent and purpose of KRS 160.160(5), in the event of a failure by the

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

ADDITIONAL PARITY BONDS

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

BOND MATURITIES, PRIOR REDEMPTION PROVISIONS AND PAYING AGENT

All such Bonds shall be in denominations in multiples of $5,000 within the same maturity, bear interest from September 3, 2020, payable on March 1, 2021, and semi annually thereafter and shall mature as to principal on September 1 in each of the years as follows:

YEAR	MATURITIES*	YEAR	MATURITIES*
2021	$ 20,000	2031	$ 40,000
2022	20,000	2032	45,000
2023	20,000	2033	45,000
2024	25,000	2034	45,000
2025	25,000	2035	45,000
2026	30,000	2036	50,000
2027	40,000	2037	65,000
2028	40,000	2038	70,000
2029	40,000	2039	75,000
2030	40,000	2040	60,000

*Subject to a Permitted Adjustment of the amount of Bonds awarded of up to $85,000 which may be applied in any or all maturities.

The Bonds maturing on or after September 1, 2028 are subject to redemption at the option of the Corporation prior to their stated maturity on any date falling on or after September 1, 2027, 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 March 1 and September 1 of each year, beginning March 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 $823,200 (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 $840,000 principal amount of Bonds offered for sale hereunder, but the Corporation may adjust the principal amount of Bonds upward or downward by $85,000 (the "Permitted Adjustment") which may be awarded to such best bidder may be a minimum of $755,000 or a maximum of $925,000. 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 $840,000 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 August 13, 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 September 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.

ANNUAL 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 principal amount of Bonds being offered not exceeding \$1,000,000 Bond Counsel has advised the Corporation and the Board that they are exempt from application of the Rule 15c2-12c2-12(b)(5) of the Securities and Exchange Commission with respect to the Bonds.

Financial information regarding the Board may be obtained from Superintendent, Ashland Independent School District Board of Education, 1820 Hickman Street, Ashland, Kentucky 41101, Telephone 606-327-2706.

TAX EXEMPTION; BANK QUALIFIED

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

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

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

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

BOOK-ENTRY-ONLY-SYSTEM

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

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

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

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

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

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

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

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

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

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

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

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

ASHLAND INDEPENDENT SCHOOL DISTRICT FINANCE CORPORATION

By /s/ Sean Howard
Secretary

APPENDIX D

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

Official Bid Form

OFFICIAL BID FORM
(Bond Purchase Agreement)

The Ashland Independent School District Finance Corporation ("Corporation" or "Issuer"), will until 11:00 A.M., E.D.S.T., on August 13, 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 $840,000 School Building Revenue Bonds, Series of 2020, dated September 3, 2020; maturing September 1, 2021 through 2040 ("Bonds").

We hereby bid for said $840,000* principal amount of Bonds, the total sum of $_______________ (not less than $823,200) plus accrued interest from September 3, 2020 payable March 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 September 1 in the years as follows:

Year	Amount*	Rate	Year	Amount*	Rate
2021	$ 20,000	_________%	2031	$ 40,000	_________%
2022	20,000	_________%	2032	45,000	_________%
2023	20,000	_________%	2033	45,000	_________%
2024	25,000	_________%	2034	45,000	_________%
2025	25,000	_________%	2035	45,000	_________%
2026	30,000	_________%	2036	50,000	_________%
2027	40,000	_________%	2037	65,000	_________%
2028	40,000	_________%	2038	70,000	_________%
2029	40,000	_________%	2039	75,000	_________%
2030	40,000	_________%	2040	60,000	_________%

* Subject to Permitted Adjustment

We understand this bid may be accepted for as much as $925,000 of Bonds or as little as $755,000 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 August 13, 2020.

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

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

The successful bidder may elect to notify the Municipal Advisor within twenty-four (24) hours of the award of the Bonds that certain serial maturities as awarded may be combined with immediately succeeding serial maturities as one or more Term Bonds; provided, however, (a) bids must be submitted to permit only a single interest rate for each Term Bond specified, and (b) Term Bonds will be subject to mandatory redemption on September 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 September 3, 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 September 3, 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 Ashland 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: August 13, 2020

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