PRELIMINARY OFFICIAL STATEMENT

DATED AUGUST 18, 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).

$1,350,000*
JOHNSON COUNTY SCHOOL DISTRICT FINANCE CORPORATION
SCHOOL BUILDING REFUNDING REVENUE BONDS,
SERIES OF 2020

Dated: September 16, 2020 | **Due: as shown below**

Interest on the Bonds is payable each June 1 and December 1, beginning December 1, 2020. The Bonds will mature as to principal on December 1, 2020 and each December 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-Dec	Amount	Interest Rate	Reoffering Yield	CUSIP	Maturing 1-Dec	Amount	Interest Rate	Reoffering Yield	CUSIP
2020	$105,000	%	%		2026	$130,000	%	%	
2021	$105,000	%	%		2027	$135,000	%	%	
2022	$115,000	%	%		2028	$135,000	%	%	
2023	$120,000	%	%		2029	$135,000	%	%	
2024	$125,000	%	%		2030	$120,000	%	%	
2025	$125,000	%	%						

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 Johnson County School District Finance Corporation and are payable from and secured by a pledge of the gross income and revenues derived by leasing the Project (as hereinafter defined) on an annual renewable basis to the Johnson County Board of Education.

The Johnson County (Kentucky) School District Finance Corporation will until August 26, 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 $135,000.**

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

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

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

RSA advisors

JOHNSON COUNTY
BOARD OF EDUCATION

Bob Hutchinson, Chairman
Melvin Vanhoose, Member
Paul Greer, Member
William Fraley, Member
Jesse Salyer, Member

Thom Cochran, Superintendent
Valarie Blair, Secretary

JOHNSON COUNTY (KENTUCKY) SCHOOL DISTRICT
FINANCE CORPORATION

Bob Hutchinson, President
Melvin Vanhoose, Member
Paul Greer, Member
William Fraley, Member
Jesse Salyer, Member

Valarie Blair, Secretary
Jeff Reed, 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 Johnson County School District Finance Corporation School Building Refunding 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

$1,350,000*

JOHNSON COUNTY SCHOOL DISTRICT FINANCE CORPORATION
SCHOOL BUILDING REFUNDING 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 Johnson County School District Finance Corporation (the "Corporation") School Building Refunding Revenue Bonds, Series of 2020 (the "Bonds").

The Bonds are being issued to (i) pay the accrued interest and refund on a current basis on December 1, 2020 the outstanding Johnson County School District Finance Corporation School Building Revenue Bonds, Series of 2010, dated December 1, 2010 (the "2010 Bonds") maturing December 1, 2020 and thereafter (the "Refunded Bonds"); and (ii) pay the cost of the Bond issuance expenses (see "Plan of Refunding" herein). The Board has determined that the plan of refunding the Refunded Bonds will result in considerable interest cost savings to the Johnson County School District (the "District") and is in the best interest of the District.

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 Johnson County Board of Education (the "Board") on a year to year basis (see "Security" herein).

All financial and other information presented in this Official Statement has been provided by the Johnson County Board of Education from its records, except for information expressly attributed to other sources. The presentation of financial and other information is not intended, unless specifically stated, to indicate future or continuing trends in the financial position or other affairs of the Board. No representation is made that past experience, as is shown by financial and other information, will necessarily continue or be repeated in the future.

This Official Statement should be considered in its entirety, and no one subject discussed should be considered more or less important than any other by reason of its location in the text. Reference should be made to laws, reports or other documents referred to in this Official Statement for more complete information regarding their contents.

Copies of the Bond Resolution authorizing the issuance of the Bonds, the Participation Agreement and the Lease Agreement, dated September 16, 2020, may be obtained at the office of Steptoe & Johnson PLLC, Bond Counsel, 700 N. Hurstbourne Parkway, Suite 115, Louisville, Kentucky 40222.

BOOK-ENTRY-ONLY-SYSTEM

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

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

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

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of

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

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

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

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

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

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

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

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

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

THE CORPORATION

The Corporation has been formed in accordance with the provisions of Sections 162.120 through 162.290 and Section 162.385 of the Kentucky Revised Statutes ("KRS"), and KRS Chapter 273 and KRS 58.180, as a non-profit, non-stock corporation for the purpose of financing necessary school building facilities for and on behalf of the Board. Under the provisions of existing Kentucky law, the Corporation is permitted to act as an agency and instrumentality of the Board for financing purposes and the legality of the financing plan to be implemented by the Board herein referred to has been upheld by the Kentucky Court of Appeals (Supreme Court) in the case of White v. City of Middlesboro, Ky. 414 S.W.2d 569.

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

KENTUCKY SCHOOL FACILITIES CONSTRUCTION COMMISSION

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

The Commission will enter into a Participation Agreement with the Board whereunder the Commission, will agree to continue to pay approximately $114,190 to be applied to the debt service of the Refunding Bonds through December 1, 2030; provided, however, that the contractual commitment of the Commission to pay the annual Agreed Participation is limited to the budget period of the Commonwealth, with the first such budget period terminating on June 30, 2021.

The 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.

COMMONWEALTH BUDGET FOR PERIOD ENDING JUNE 30, 2021

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

OUTSTANDING BONDS

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

Bond Series	Original Principal	Current Principal Outstanding	Principal Assigned to Board	Principal Assigned to Commission	Approximate Interest Rate Range	Final Maturity
2007	$990,000	$520,000	$741,339	$248,661	4.000%	2027
2010	$1,955,000	$1,280,000	$321,007	$1,633,993	3.500% - 4.250%	2030
2010 QZAB	$1,825,000	$1,825,000	$1,825,000	$0	5.600%	2027
2011-REF	$2,020,000	$780,000	$2,020,000	$0	3.000%	2021
2011	$1,875,000	$1,505,000	$1,875,000	$0	3.125% - 4.250%	2031
2012-REF	$1,755,000	$855,000	$1,334,808	$420,192	2.125% - 2.450%	2024
2013-REF	$1,605,000	$1,105,000	$1,282,344	$322,656	1.400% - 2.000%	2025
2013	$2,790,000	$2,530,000	$1,925,033	$864,967	2.200% - 4.000%	2033
2015	$2,650,000	$2,490,000	$2,017,431	$632,569	2.000% - 3.250%	2035
2017 Energy	$5,430,000	$5,150,000	$0	$5,430,000	1.500% - 3.000%	2037
2019	$955,000	$920,000	$0	$955,000	2.250% - 3.150%	2039
TOTALS:	$23,850,000	$18,960,000	$13,341,962	$10,508,038		

AUTHORITY

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

i) the issuance of approximately $1,350,000 of Bonds subject to a permitted adjustment of $135,000;

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 16, 2020, will bear interest from that date as described herein, payable semi-annually on June 1 and December 1 of each year, commencing December 1, 2020, and will mature as to principal on December 1, 2020 and each December 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 June 1 and December 1 of each year, beginning December 1, 2020 (Record Date is 15th day of month preceding interest due date).

Redemption

The Bonds maturing on or after December 1, 2028 are subject to redemption at the option of the Corporation prior to their stated maturity on any date falling on or after December 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
December 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 16, 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 December 1, 2030, the final maturity date of the Bonds. Under the lease, the Corporation has pledged the rental revenue to the payment of the Bonds.

STATE INTERCEPT

Under the terms of the 2020 Lease, and any renewal thereof, the Board has agreed so long as the Bonds remain outstanding, and in conformance with the intent and purpose of Section 157.627(5) of the Act and KRS 160.160(5), in the event of a failure by the Board to pay the rentals due under the 2020 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 2020 Lease and Participation Agreement to the Corporation and the Commission the right to notify and request the Kentucky Department of Education to withhold from the Board a sufficient portion of any undisbursed funds then held, set aside, or allocated to the Board and to request said Department or Commissioner of Education to transfer the required amount thereof to the Paying Agent for the payment of such rentals.

COMMISSION'S PARTICIPATION

The Commission has determined that the Board is eligible for an average annual participation equal to approximately $114,190 from the Commission's appropriation by the Kentucky General Assembly which will be used to meet a portion of the debt service of the Bonds. <u>The plan for financing the Project will require the Commission to pay eighty-three percent (83%) of the debt service of the Bonds.</u>

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

VERIFICATION OF MATHEMATICAL ACCURACY

AMTEC, will verify from the information provided to them the mathematical accuracy as of the date of the closing of the Bonds of (1) the computations contained in the provided schedules to determine that the anticipated receipts from the securities and cash deposits listed in the Financial Advisor's schedules, to be held in escrow, will be sufficient to pay, when due, the principal, interest and call premium payment requirements, if any, of the Prior Bonds, and (2) the computations of yield on both the securities and the Bonds contained in the provided schedules used by Bond Counsel in its determination that the interest on the Bonds is not includable in gross income for federal income tax purposes. AMTEC will express no opinion on the assumptions provided to them, nor as to the exemption from taxation of the interest on the Bonds.

THE PLAN OF REFUNDING

A sufficient amount of the proceeds of the Bonds at the time of delivery will be deposited into the Bond Fund for the Refunded Bonds. The Bond Fund deposit is intended to be sufficient to (i) pay the accrued interest and refund at or in advance of maturity all of the Johnson County School District Finance Corporation School Building Revenue Bonds, Series of 2010, dated December 1, 2010, maturing December 1, 2020 and thereafter (the "Refunded Bonds") on December 1, 2020; and (ii) pay the cost of the Bond issuance expenses (see "Plan of Refunding" herein). The Board has determined that the plan of refunding the Refunded Bonds will result in considerable interest cost savings to the Johnson County School District (the "District") and is in the best interest of the District.

Any investments purchased for the Bond Fund shall be limited to (i) direct Obligations of or Obligations guaranteed by the United States government, or (ii) Obligations of agencies or corporations of the United States as permitted under KRS 66.480(1)(b) and (c) or (iii) Certificates of Deposit of FDIC banks fully collateralized by direct Obligations of or Obligations guaranteed by the United States.

The Plan of Refunding the Bonds of the Prior Issue as set out in the Preliminary Official Statement is tentative as to what Bonds of the Prior Issue shall be refunded and will not be finalized until the sale of the Refunding Bonds.

PURPOSE OF THE PRIOR BONDS

The Refunded Bonds were issued by the Corporation for the purpose of providing funds to finance renovations at Porter Elementary, Highland Elementary, W.R. Castle Elementary, Johnson County Middle and Johnson County High Schools (the “Project”).

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 Commission to meet 17% of the debt service of the Bonds.

Fiscal Year Ending June 30	Current Local Bond Payments	----- Series 2020 Revenue Refunding Bonds -----					Total Local Bond Payments
		Principal Portion	Interest Portion	Total Payment	SFCC Portion	Local Portion	
2020	$1,246,435						$1,246,435
2021	$1,248,410	$105,000	$19,250	$124,250	$103,127	$21,122	$1,235,721
2022	$1,243,298	$105,000	$25,425	$130,425	$108,253	$22,172	$1,238,154
2023	$1,000,544	$115,000	$23,115	$138,115	$114,635	$23,480	$991,503
2024	$1,005,198	$120,000	$20,648	$140,648	$116,737	$23,910	$997,562
2025	$834,856	$125,000	$18,075	$143,075	$118,752	$24,323	$828,810
2026	$833,441	$125,000	$15,450	$140,450	$116,574	$23,877	$824,297
2027	$710,510	$130,000	$12,773	$142,773	$118,501	$24,271	$703,588
2028	$643,449	$135,000	$9,990	$144,990	$120,342	$24,648	$638,926
2029	$581,481	$135,000	$7,155	$142,155	$117,989	$24,166	$574,589
2030	$587,272	$135,000	$4,219	$139,219	$115,552	$23,667	$578,203
2031	$584,005	$120,000	$1,350	$121,350	$100,721	$20,630	$577,698
2032	$553,121						$553,121
2033	$384,141						$384,141
2034	$384,252						$384,252
2035	$220,732						$220,732
2036	$220,327						$220,327
2037							
2038							
2039							
2040							
2041							
TOTALS:	12,281,471	$1,350,000	$157,448	$1,507,448	$1,251,182	$256,266	$12,198,059

Notes: Numbers are rounded to the nearest $1.00.

ESTIMATED USE OF BOND PROCEEDS

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

Sources:	
Par Amount of Bonds	$1,350,000.00
Total Sources	$1,350,000.00
Uses:	
Deposit to Escrow Fund	$1,308,650.00
Underwriter's Discount (1%)	13,500.00
Cost of Issuance	27,850.00
Total Uses	$1,350,000.00

DISTRICT STUDENT POPULATION

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

Year	Average Daily Attendance	Year	Average Daily Attendance
1990-91	3,847.9	2004-05	3,328.2
1991-92	3,823.4	2005-06	3,387.0
1992-93	3,823.4	2006-07	3,342.2
1993-94	3,758.6	2007-08	3,309.4
1994-95	3,746.4	2008-09	3,282.6
1995-96	3,671.0	2009-10	3,287.5
1996-97	3,621.4	2010-11	3,359.4
1997-98	3,573.9	2011-12	3,397.5
1998-99	3,573.9	2012-13	3,378.2
1999-00	3,532.5	2013-14	3,335.2
2000-01	3,532.5	2014-15	3,323.4
2001-02	3,401.9	2015-16	3,304.1
2002-03	3,325.8	2016-17	3,272.9
2003-04	3,322.0	2017-18	3,123.4
		2018-19	3,101.2

Source: Kentucky State Department of Education.

STATE SUPPORT

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

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

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

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

The following table shows the computation of the capital outlay allotment for the Johnson County School District for certain preceding school years. Beginning 1990-91, the allotment is based on average daily attendance as required by law.

Year	Capital Outlay Allotment	Year	Capital Outlay Allotment
1990-91	384,790.0	2004-05	332,820.0
1991-92	382,340.0	2005-06	338,700.0
1992-93	382,340.0	2006-07	334,220.0
1993-94	375,860.0	2007-08	330,940.0
1994-95	374,640.0	2008-09	328,263.0
1995-96	367,100.0	2009-10	328,751.0
1996-97	362,140.0	2010-11	335,938.0
1997-98	357,390.0	2011-12	339,754.0
1998-99	357,390.0	2012-13	337,823.0
1999-00	353,250.0	2013-14	333,524.0
2000-01	353,250.0	2014-15	332,339.0
2001-02	340,190.0	2015-16	330,408.0
2002-03	332,580.0	2016-17	327,290.0
2003-04	332,200.0	2017-18	312,340.0
		2018-19	310,120.0

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
2009-10	55.7	733,884,940	4,087,739
2010-11	48.2	761,550,252	3,670,672
2011-12	52.7	769,347,587	4,054,462
2012-13	53.6	795,215,715	4,262,356
2013-14	51.7	873,531,894	4,516,160
2014-15	60.1	850,497,949	5,111,493
2015-16	58.6	883,757,880	5,178,821
2016-17	60.0	906,983,007	5,441,898
2017-18	60.1	868,392,168	5,219,037
2018-19	58.8	858,644,542	5,048,830

OVERLAPPING BOND INDEBTEDNESS

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

Issuer	Original Principal Amount	Amount of Bonds Redeemed	Current Principal Outstanding
County of Johnson			
Refunding Revenue	$5,880,000	$2,080,000	$3,800,000
Vehicles Revenue	$283,844	$0	$283,844
City of Paintsville			
General Obligation	$1,295,000	$375,000	$920,000
Water Revenue	$808,000	$253,500	$554,500
Gas Renewable	$900,000	$830,000	$70,000
Recreational Facilities Revenue	$698,403	$209,515	$488,888
Building Revenue	$400,000	$322,422	$77,578
Improvement Project Revenue	$18,650,000	$1,358,500	$17,291,500
Refinancing Refunding Revenue	$2,045,000	$1,925,000	$120,000
Special Districts			
Johnson County Extension District	$600,000	$180,000	$420,000
Totals:	$31,560,247	$7,533,937	$24,026,310

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.

SEEK	Base Funding	Local Tax Effort	Total State & Local Funding
2009-10	16,564,254	4,087,739	20,651,993
2010-11	16,672,970	3,670,672	20,343,642
2011-12	18,091,229	4,054,462	22,145,691
2012-13	18,019,371	4,262,356	22,281,727
2013-14	17,392,493	4,516,160	21,908,653
2014-15	17,752,409	5,111,493	22,863,902
2015-16	17,815,098	5,178,821	22,993,919
2016-17	17,612,150	5,441,898	23,054,048
2017-18	17,307,740	5,219,037	22,526,777
2018-19	17,600,645	5,048,830	22,649,475

(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 $1.097 for FY 2018-19. The equivalent tax rate" is defined as the rate which results when the income from all taxes levied by the district for school purposes is divided by the total assessed value of property plus the assessment for motor vehicles certified by the Commonwealth of Kentucky Revenue Cabinet.

State Budgeting Process

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

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

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

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

b) fails to comply with the law.

POTENTIAL LEGISLATION

No assurance can be given that any future legislation, including amendments to the Code, if enacted into law, or changes in interpretation of the Code, will not cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent owners of the Bonds from realizing the full current benefit of the tax exemption of such interest. In addition, current and future legislative proposals, if enacted into law, may cause interest on state or local government bonds (whether issued before, on the date of, or after enactment of such legislation) to be subject, directly or indirectly, to federal income taxation by, for example, changing the current exclusion or deduction rules to limit the amount of interest on such bonds that may currently be treated as tax exempt by certain individuals. Prospective purchasers of the Bonds should consult their own tax advisers regarding any pending or proposed federal tax legislation.

Further, no assurance can be given that the introduction or enactment of any such future legislation, or any action of the IRS, including but not limited to regulation, ruling, or selection of the Bonds for audit examination, or the course or result of any IRS examination of the Bonds or obligations which present similar tax issues, will not affect the market price for the Bonds.

CONTINUING DISCLOSURE

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

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

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

Financial information regarding the Board may be obtained from Superintendent, Johnson County Board of Education, 253 North Mayo Trail, Paintsville, Kentucky 41240, Telephone: (606) 789-2530.

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

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

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

By /s/______________________
President

By /s/______________________
Secretary

APPENDIX A

Johnson County School District Finance Corporation
School Building Refunding Revenue Bonds
Series of 2020

Demographic and Economic Data

JOHNSON COUNTY, KENTUCKY

Paintsville, the county seat of Johnson County, is located in the Eastern Coal Field Region of Kentucky. Paintsville, with an estimated 2017 population of 4,082, is located 116 miles southeast of Lexington, Kentucky; 186 miles southeast of Louisville, Kentucky; 159 miles southeast of Cincinnati, Ohio; and 201 miles northeast of Knoxville, Tennessee. Johnson County, with an estimated 2017 population of 22,594 has a land area of 261 square miles.

The Economic Framework

The total number of persons employed Johnson County in 2017 averaged 5,869. Natural resources and mining provided 83 job opportunities; construction firms provided 188 jobs; manufacturing firms in the county reported 54 employees; trade, transportation and utilities provided 1,536 jobs; information services provided 111 jobs; 231 people were employed in financial activities; 1,511 people were employed in service occupations; and 107 positions were in other services or unclassifed.

Transportation

Highways serving Paintsville include U.S. 23, U.S. 460 and Kentucky Highway 40. The Mountain Parkway is located eighteen miles southwest via U.S. 460 and the Mountain Parkway. Rail service is provided to Paintsville by CSX Transportation. Fifteen trucking companies provide Paintsville with interstate and/or intrastate service. Combs Airport, five miles south of Paintsville, has a 3,200-foot paved runway. Big Sandy Regional Airport, twenty miles southeast of Paintsville, maintains a 5,000-foot paved runway. The nearest scheduled commercial airline service is available at the Tri-State Airport, three miles southwest of Huntington, West Virginia, sixty miles northeast of Paintsville.

Power and Fuel

Electric power is provided to Paintsville and of Johnson County by AEP-Kentucky Power Company, an electric generation and transmission company. Johnson County is also served by the Big Sandy Rural Electric Cooperative Corporation, which is supplied by East Kentucky Power. Natural gas is provided to Paintsville and Johnson County by Columbia Gas of Kentucky, Inc., Paintsville Utilities and Public Gas Company, Inc.

Education

Primary and Secondary education is provided to Paintsville and Johnson County School Systems. Two Universities, three senior colleges, and three community colleges are located within 70 miles of Paintsville. Vocational education is provided to Paintsville and Johnson County by the Mayo Regional Technology Center, located in Paintsville.

LOCAL GOVERNMENT

Structure

Paintsville is served by a mayor and six council members. Johnson County is served by a county judge/executive, a deputy judge/executive, and three commissioners.

Planning and Zoning

City agency - Paintsville Planning and Zoning Commission
Zoning enforced - Yes
Subdivision regulations enforced - Within city limits and five miles beyond
Local codes enforced - Building and housing
Mandatory state codes enforced - Kentucky Plumbing Code, National Electric code, Kentucky Boiler Regulations and Standards, Kentucky Building Code (modeled after BOCA code)

Local Fees and Licenses

The City of Paintsville levies an occupational license tax of 1.0 percent and Johnson County levies an occupational license tax of 0.5 percent on wages, salaries, and commissions of individuals and on net profits of businesses. An Annual business license fee of $25 is also charged.

Property Taxes

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

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

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

LABOR MARKET STATISTICS

The Paintsville Labor Market Area includes Johnson County and the adjoining Kentucky counties of Floyd, Lawrence, Martin, Morgan, and Magoffin.

Population

Area	2016	2017	2018
Labor Market Area	113,935	111,762	NA
Paintsville	4,203	4,082	4,037
Johnson County	22,978	22,594	22,386

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

Population Projections

Area	2025	2030	2035
Johnson County	22,813	22,416	21,935

Source: Kentucky State Data Center, University of Louisville.

EDUCATION

Public Schools

	Paintsville Independent	Johnson County
Total Enrollment (2018-2019)	786	3,468
Pupil-Teacher Ratio (2018-2019)	15-1	15-1

Vocational Training

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

Customized Training

The Kentucky Tech system, through its Training and Development Coordinators, will provide technical assistance and will identify and develop low-cost customized training programs and services for established and prospective businesses. Businesses needing customized training should contact a Training and Development Coordinator located on the campus of Mayo Regional Technology Center.

Assessment Services

Kentucky Tech Career Connections offers to businesses, education, and government agencies customized assessment in career inventories, interest inventories, pre-hire assessment, psychomotor shills, and academic potential. A Career Connection Assessment Center is located on the campus of Mayo Regional Technology Center.

Tech Prep

Tech Prep is a combined secondary and postsecondary program of studies that leads to an associate degree or diploma in a vocational-technical field. In Paintsville, Johnson Central High School in partnership with Mayo Regional Technology Center and Prestonsburg Community College offer programs in technology, health, human services and business.

Adult Education Service

Adult education programs are available to adults who want to develop new skills, improve basic skills, or earn a high school equivalency diploma. In Paintsville, adult education is provided through the Johnson County Board of Education and the Mayo Regional Technology Center, and adult literacy is provided through the Johnson County Literacy Project.

Bluegrass State Skills Corporation

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

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

Vocational School	Location	Enrollment 2017-2018	
Martin County ATC	Inez, KY	398	
Floyd County ATC	Martin, KY	264	
Morgan County ATC	West Liberty, KY	669	
Belfry ATC	Belfry, KY	546	
Knott County ATC	Hindman, KY	400	
Millard ATC	Millard, KY	195	
Breathitt County ATC	Jackson, KY	411	
Carter County Career & Tech Center	Olive Hill, KY	285	
Boyd County High School Voc. School	Ashland, KY	710	
Russell ATC	Russell, KY		564
Letcher County ATC	Whitesburg, KY	569	
Lee County ATC	Beattyville, KY	395	
Greenup County ATC	Greenup, KY	629	
Leslie County ATC	Hyden, KY	388	
Foster Mead Vocational Ed. Center	Vanceburg, KY	936	

Colleges and Universities

Name	Location	Enrollment (Fall 2018)
University of Pikeville	Pikeville, KY	2,336
Morehead State University	Morehead, KY	10,580
Alice Lloyd College	Pippa Passes, KY	598
Kentucky Christian College	Grayson, KY	688
Marshall University	Huntington, WV	13,246
Ohio University-Southern Campus	Ironton, OH	1,387
Frontier School of Midwifery and Family Nursing	Hyden, KY	2,004

FINANCIAL INSTITUTIONS

Institution	Total Assets	Total Deposits
Citizens National Bank of Paintsville	$620,288,000	$507,925,000

Source: McFadden American Financial Directory, January-June 2020 Edition.

EXISTING INDUSTRY

Firm	Product	Employed
***Hagerhill*:**		
Atlantic India Rubber Company Inc.	Custom rubber products	9
Paintsville:		
American Metal Works LLC	Aerospace manufacturing, general machining, mill and lathe work	10
Hunter's Friend LLC	Hunting equipment	9
Johnson County Newspaper, Inc.	Weekly newspaper & shopper news publishing	9
Paintsville Wood Products LLC	Grade hardwood & wood chips	30

Source: Kentucky Cabinet for Economic Development (6/2/2019).

APPENDIX B

Johnson County School District Finance Corporation
School Building Refunding Revenue Bonds
Series of 2020

Audited Financial Statement ending June 30, 2019

JOHNSON COUNTY SCHOOL DISTRICT

BASIC FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION,
AND INDEPENDENT AUDITOR'S REPORTS

For the year ended June 30, 2019

WELLS & COMPANY, P.S.C.
Certified Public Accountants
865 South Mayo Trail, Suite 7
Paintsville, Kentucky 41240-1215

(606) 789-3588

JOHNSON COUNTY SCHOOL DISTRICT

TABLE OF CONTENTS

FOR THE YEAR ENDED JUNE 30, 2019

JOHNSON COUNTY SCHOOL DISTRICT

TABLE OF CONTENTS - CONTINUED

FOR THE YEAR ENDED JUNE 30, 2019

INDEPENDENT AUDITOR'S REPORT

WELLS & COMPANY, P.S.C.
Certified Public Accountants
865 South Mayo Trail, Suite 7
Paintsville, Kentucky 41240-1215

(606) 789-3588
Fax (606) 789-3326

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Education
Johnson County School District
Paintsville, Kentucky

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Johnson County School District, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the 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 Independent Auditor's Contract. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, on pages 3-6, budgetary comparison information on pages 47-48, and CERS schedules and notes on pages 49-54 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 Johnson County School District's basic financial statements. The combining and individual nonmajor fund financial statements and the school activity funds, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, school activity funds, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, school activity funds, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2019, on our consideration of Johnson County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Johnson County School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Johnson County School District's internal control over financial reporting and compliance.

Wells & Company, PSC

Certified Public Accountants
Paintsville, Kentucky
October 28, 2019

JOHNSON COUNTY SCHOOL DISTRICT – PAINTSVILLE, KY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FOR THE YEAR ENDED JUNE 30, 2019

As management of the Johnson County School District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

FINANCIAL HIGHLIGHTS

- The ending cash balance for the District was $6,873,456 in 2018 and $7,140,373 in 2019. This is an increase of $266,917. This difference can be explained by the increase in federal and state funding.

- From 2018 to 2017, total General Fund revenue increased by 2.7%. Revenue from the state increased by .5%. Revenues from federal sources increased by 1.7%. Revenues from other local revenues increased by 92.5%.

- Among major funds, the General Fund had $31.97 million in revenue, which primarily consisted of local property, utilities, and motor vehicle taxes, federal programs and state funding. There were $31.04 million in expenditures.

- A concerted effort was focused on purchasing in the areas of supplies, food, and travel resulting in several economies due to changed management strategies.

- 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's (KDE) stringent compliance regulations. The District made total debt payments of $1,408,170 during the current fiscal year.

- State law requires districts to update a priority list of construction and renovation needs, called a local facilities plan, every four years. The document guides the allocation of School Facilities Construction Commission dollars. To be eligible to share in that money, the District updated its facilities plan in October 2017. With the age and size of our facility, there is a focus on investing in plant management.

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.

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 result in cash flows in future fiscal periods.

The government-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, operation and maintenance of plant, student transportation and operation of non-instructional services. Fixed assets and related debt are also supported by taxes and intergovernmental revenues.

The government-wide financial statements can be found on pages 7 through 8 of this report.

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

The basic governmental fund financial statements can be found on pages 9 through 17 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 18 through 46 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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 general fixed assets), 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.

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 and 2018

This is the seventeenth year that the District is following GASB 34 and comparing assets, liabilities and net position. 2019 Government Wide Net Position compared to 2018 are as follows:

	2019	2018
Current Assets	$ 8,272,965	$ 10,010,779
Noncurrent Assets	29,542,913	30,537,458
Total assets	37,815,878	40,548,237
Deferred Outflows of Resources	3,535,290	4,612,783
Current Liabilities	2,514,073	4,980,647
Noncurrent Liabilities	31,311,053	33,202,879
Total liabilities	33,825,126	38,183,526
Deferred Inflows of Resources	2,024,235	1,448,833
Net Position		
Net investment in capital assets	10,864,371	10,774,961
Restricted	1,171,803	1,112,966
Unrestricted Fund Balance	(6,534,367)	(6,359,266)
Total net position	$ 5,501,807	$ 5,528,661

There has been no significant change in the financial position of the District since the last audit.

The following table presents a fund accounting comparison and summary of revenue and expense for government funds only for the fiscal years 2019 and 2018.

	2019	2018
Revenues:		
Local revenue sources	$ 6,835,956	$ 6,089,831
State revenue sources	28,726,245	28,579,406
Federal revenue	3,748,022	3,686,188
Total revenues	39,310,223	38,355,425
Expenditures:		
Instruction	24,956,457	24,257,626
Support services:		
Student	1,021,098	1,124,541
Instructional staff	346,204	389,020
District administration	731,001	572,097
School administration	2,213,024	2,175,871
Business support	691,182	667,757
Plant operations	3,651,462	3,265,899
Student transportation	2,062,776	2,480,877
Central office support	-	-
Facilities acquisition and construction	137,222	5,185,099
Community support	613,267	580,879
Other	2,118,109	2,094,470
Total expenses	38,541,802	42,794,136
Excess (deficit) of revenues over expenses	768,421	(4,438,711)
Other Financing Sources (Uses):		
Bond sale proceeds	-	5,399,069
Proceeds from sale of fixed assets	13,877	-
Total other financing sources (uses)	13,877	5,399,069
Net change in fund balance	$ 782,298	$ 960,358

CAPITAL ASSETS

At the end of fiscal 2019, the District had $29.54 million invested in capital assets, including land, buildings, buses, computers and other equipment. This amount represents a net decrease (including additions and deductions) of $.99 million over last year. This decrease is primarily due to depreciation.

Capital Assets at Year-End
(Net of Depreciation, in Millions)

	Governmental Activities		Business-type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Land	$ 1.57	$ 1.60	$ -	$ -	$ 1.57	$ 1.60
Buildings & Improvements	21.27	22.39	-	-	21.27	22.39
Technology Equipment	.14	.14	-	-	.14	.14
Vehicles	.99	.93	-	-	.99	.93
General Equipment	.03	.03	.22	.26	.25	.29
Construction in Progress	5.32	5.18	-	-	5.32	5.18
Totals	$29.32	$30.27	$ .22	$ .26	$29.54	$30.53

- On-behalf of amounts are included in revenues and expenses. On-behalf payments as defined by KDE are payments the state makes on behalf of employees to the various agencies for health and life insurance, benefits and administration fees and debt service. Further discussion of these can be found in Note B. Expenses that increased from 2018 to 2019 include instruction, district administration, school administration, business support, plant operations, community support, and other.

The changes in the balances and transactions of individual funds have not been material. Changes in final budget when compared to original are not material.

- The majority of revenue in 2019 was derived from state funding (73%) as compared with fiscal year 2018 (75%) with federal revenue making up 9% of total revenue in 2019 compared to 9% in 2018.

Comments on Budget Comparisons

- The District's General Fund total revenues for the fiscal year ended June 30, 2019, net of interfund transfers, were $31.97 million.
- General Fund budget compared to actual revenue varied slightly from line item to line item with the ending actual balance being $4.5 million more than budget.
- The total cost of all General Fund programs and services was $31.04 million net of debt service.
- General Fund budget expenditures to actual varied significantly in instruction ($1.21 million). This resulted from the Board recording the on-behalf payments made for the District.

DEBT SERVICE

At year end, the District had approximately $18.76 million in outstanding debt, compared to $19.87 million last year. The District continues to maintain favorable debt ratings from Moody's and Standard & Poors.

FUTURE BUDGETARY IMPLICATIONS

In Kentucky the public school fiscal year is July 1 - June 30; other programs, i.e. some federal operate on a different fiscal calendar, but are reflected in the District's overall budget. By law the budget must have a minimum 2% contingency. The District adopted a budget with $1.77 million in contingency (4%). The General Fund beginning cash balance for beginning the fiscal year was $3.94 million.

Questions regarding this report should be directed to the Superintendent or Gwenlyn Castle, Director of Finances or by mail at 253 North Mayo Trail, Paintsville, Ky 41240.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

JOHNSON COUNTY SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2019

	Governmental Activities	Business Type Activities	Total
Assets			
Current Assets:			
Cash and cash equivalents	$ 5,843,867	$ 979,098	$ 6,822,965
Inventory	-	61,306	61,306
Interfund receivable	62,234	-	62,234
Accounts receivable			
Taxes - current	201,968	-	201,968
Taxes - delinquent	9,217	-	9,217
Accounts receivable	85,319	-	85,319
Intergovernmental - state	287,744	-	287,744
Intergovernmental - indirect federal	502,826	239,386	742,212
Total current assets	6,993,175	1,279,790	8,272,965
Noncurrent Assets:			
Capital assets, not being depreciated	6,683,458	-	6,683,458
Capital assets, being depreciated, net	22,636,997	222,458	22,859,455
Total noncurrent assets	29,320,455	222,458	29,542,913
Total assets	36,313,630	1,502,248	37,815,878
Deferred Outflows of Resources:			
Deferred outflows related to pensions	2,331,942	259,103	2,591,045
Deferred outflows related to OPEB	809,606	89,955	899,561
Refunding of debt	44,684	-	44,684
Total deferred outflows of resources	3,186,232	349,058	3,535,290
Liabilities			
Current Liabilities:			
Interfund payable	62,234	-	62,234
Accounts payable	1,948	301	2,249
Payroll liabilities	257,794	-	257,794
Unearned revenue	728,027	-	728,027
Current portion of bond obligations	1,273,722	-	1,273,722
Current portion of capital lease	61,728	-	61,728
Current portion of KSBIT assessment	18,161	-	18,161
Interest payable	110,158	-	110,158
Total current liabilities	2,513,772	301	2,514,073
Noncurrent Liabilities:			
Noncurrent portion of capital lease	483,819	-	483,819
Noncurrent portion of KSBIT assessment	18,161	-	18,161
Noncurrent portion of bond obligations, net of discounts $150,820	16,903,957	-	16,903,957
Noncurrent portion of accrued sick leave	159,152	-	159,152
Noncurrent portion of net pension liability	9,578,965	1,064,330	10,643,295
Noncurrent portion of net OPEB liability	2,792,403	310,266	3,102,669
Total noncurrent liabilities	29,936,457	1,374,596	31,311,053
Total liabilities	32,450,229	1,374,897	33,825,126
Deferred Inflows of Resources:			
Deferred inflows related to pensions	1,146,374	127,374	1,273,748
Deferred inflows related to OPEB	675,439	75,048	750,487
Total deferred inflows of resources	1,821,813	202,422	2,024,235
Net Position:			
Net investment in capital assets	10,641,913	222,458	10,864,371
Restricted for:			
District activity	24,008	-	24,008
Future construction	527,274	-	527,274
SFCC escrow	367,160	-	367,160
Debt service	42,680	-	42,680
Sick leave	159,152	-	159,152
Inventory	-	61,306	61,306
New assets	-	(9,777)	(9,777)
Unrestricted	(6,534,367)	-	(6,534,367)
Total net position	$ 5,227,820	$ 273,987	$ 5,501,807

See independent auditor's report and accompanying notes to financial statements.

JOHNSON COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the year ended June 30, 2019

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
FUNCTIONS/PROGRAMS							
Governmental Activities:							
Instruction	$ 26,444,558	$ 140,603	$ 4,357,506	$ -	$ (21,946,449)	$ -	$ (21,946,449)
Support services:							
Student	1,021,098	-	147,202	-	(873,896)	-	(873,896)
Instructional staff	347,038	-	159,117	-	(187,921)	-	(187,921)
District administrative	735,228	-	105,075	-	(630,153)	-	(630,153)
School administrative	2,213,024	-	-	-	(2,213,024)	-	(2,213,024)
Business	692,704	-	-	-	(692,704)	-	(692,704)
Plant operation and maintenance	4,166,460	-	-	-	(4,166,460)	-	(4,166,460)
Student transportation	1,994,143	-	-	-	(1,994,143)	-	(1,994,143)
Central office	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	1,690,540	1,690,540	-	1,690,540
Community service activities	613,267	-	395,374	-	(217,893)	-	(217,893)
Interest on long-term debt	682,654	-	-	-	(682,654)	-	(682,654)
Other	267,276	-	-	-	(267,276)	-	(267,276)
Total governmental activities	39,177,450	140,603	5,164,274	1,690,540	(32,182,033)	-	(32,182,033)
Business-Type Activities:							
Food service	2,840,654	89,910	2,537,659	-	-	(213,085)	(213,085)
Total primary government	$ 42,018,104	$ 230,513	$ 7,701,933	$ 1,690,540	(32,182,033)	(213,085)	(32,395,118)
			General Revenues:				
			Taxes:				
			Property taxes		3,516,071	-	3,516,071
			Motor vehicle taxes		742,247	-	742,247
			Utility taxes		1,121,629	-	1,121,629
			Investment earnings		162,381	39,581	201,962
			State and formula grants		25,741,031	-	25,741,031
			Miscellaneous		1,031,447	-	1,031,447
			Gain on sale of assets		13,877	-	13,877
			Changes in net position		146,650	(173,504)	(26,854)
			Net position - beginning		5,081,170	447,491	5,528,661
			Net position - ending		$ 5,227,820	$ 273,987	$ 5,501,807

See independent auditor's report and accompanying notes to financial statements.

FUND FINANCIAL STATEMENTS

JOHNSON COUNTY SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2019

	General Fund	Special Revenue	Construction Fund	Other Governmental Funds	Total Governmental Funds
Assets and Resources:					
Cash and cash equivalents	$ 4,882,745	$ -	$ 527,274	$ 433,848	$ 5,843,867
Interfund receivable	62,234	-	-	-	62,234
Accounts receivable					
Taxes - current	201,968	-	-	-	201,968
Taxes - delinquent	9,217	-	-	-	9,217
Accounts receivable	85,319	-	-	-	85,319
Intergovernmental - state	-	287,744	-	-	287,744
Intergovernmental - indirect federal	-	502,826	-	-	502,826
Total assets and resources	$ 5,241,483	$ 790,570	$ 527,274	$ 433,848	$ 6,993,175
Liabilities and Fund Balances:					
Liabilities					
Interfund payable	$ -	$ 62,234	$ -	$ -	$ 62,234
Accounts payable	1,639	309	-	-	1,948
Payroll liabilities	257,794	-	-	-	257,794
Unearned revenue	-	728,027	-	-	728,027
Total liabilities	259,433	790,570	-	-	1,050,003
Fund Balances:					
Restricted For:					
District activity	-	-	-	24,008	24,008
Future construction	-	-	527,274	-	527,274
SFCC escrow	-	-	-	367,160	367,160
Debt service	-	-	-	42,680	42,680
Sick leave payable	159,152	-	-	-	159,152
Unassigned:					
Undesignated, reported in:					
General fund	4,822,898	-	-	-	4,822,898
Total fund balances	4,982,050	-	527,274	433,848	5,943,172
Total liabilities and fund balances	$ 5,241,483	$ 790,570	$ 527,274	$ 433,848	$ 6,993,175

See independent auditor's report and accompanying notes to financial statements.

JOHNSON COUNTY SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

June 30, 2019

Total fund balance per fund financial statement	$ 5,943,172
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets are not reported in this fund financial statement because they are not current financial resources, but they are reported in the Statement of Net Position.	29,320,455
Refunding of debt is reported as part of deferred outflows of resources and is not reported in this fund financial statement because they are not available to pay current-period expenditures, but they are reported in the Statement of Net Position.	44,684
Pension contributions after measurement date are reported as a deferred outflows of resources.	637,928
OPEB contributions after measurement date are reported as a deferred outflows of resources.	251,920
Net pension liability is not due and payable in the current period and, therefore, is not reported in governmental funds.	(9,578,965)
Net OPEB liability is not due and payable in the current period and, therefore, is not reported in government funds.	(2,792,403)
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore are not reported in the governmental funds, but they are presented in the statement of net position, as follows:	
Deferred pension outflows of resources	1,694,014
Deferred OPEB outflows of resources	557,686
Deferred pension inflows of resources	(1,146,374)
Deferred OPEB inflows of resources	(675,439)
Certain liabilities (such as KSBIT assessments, bonds payable - net of discount, the long-term portion of accrued sick leave, and accrued interest) are not reported in this fund financial statement because they are not due and payable, but they are presented in the Statement of Net Position.	(19,028,858)
Net position for governmental activities	$ 5,227,820

See independent auditor's report and accompanying notes to financial statements.

JOHNSON COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the year ended June 30, 2019

	General Fund	Special Revenue	Construction Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
From local sources					
Taxes					
Property	$ 3,086,749	$ -	$ -	$ 429,322	$ 3,516,071
Motor vehicle	742,247	-	-	-	742,247
Utilities	1,121,629	-	-	-	1,121,629
Tuition and fees	140,603	-	-	-	140,603
Earnings on investments	155,771	6,610	-	-	162,381
Other local revenues	979,025	121,578	-	52,422	1,153,025
Intergovernmental – state	25,615,098	1,514,588	-	1,596,559	28,726,245
Intergovernmental – indirect federal	125,933	3,528,108	-	93,981	3,748,022
Total revenues	31,967,055	5,170,884	-	2,172,284	39,310,223
Expenditures:					
Instruction	20,502,110	4,429,241	-	25,106	24,956,457
Support services:					
Student	873,896	147,202	-	-	1,021,098
Instructional staff	187,087	159,117	-	-	346,204
District administrative	625,926	105,075	-	-	731,001
School administrative	2,213,024	-	-	-	2,213,024
Business	691,182	-	-	-	691,182
Plant operation and maintenance	3,627,314	-	-	24,148	3,651,462
Student transportation	2,062,776	-	-	-	2,062,776
Central office	-	-	-	-	-
Facilities acquisition and construction	-	-	137,222	-	137,222
Community service activities	217,893	395,374	-	-	613,267
Other	38,951	-	-	2,079,158	2,118,109
Total expenditures	31,040,159	5,236,009	137,222	2,128,412	38,541,802
Excess (deficit) of revenues over expenditures	926,896	(65,125)	(137,222)	43,872	768,421
Other Financing Sources (Uses):					
Bond proceeds	-	-	-	-	-
Proceeds from sale of fixed assets	13,877	-	-	-	13,877
Operating transfers in	-	65,125	402,432	1,547,571	2,015,128
Operating transfers out	(362,446)	-	-	(1,652,682)	(2,015,128)
Non operating transfers in	-	-	-	-	-
Non operating transfers out	-	-	-	-	-
Total other financing sources (uses)	(348,569)	65,125	402,432	(105,111)	13,877
Net change in fund balance	578,327	-	265,210	(61,239)	782,298
Fund balance, July 1, 2018	4,403,723	-	262,064	495,087	5,160,874
Fund balance, June 30, 2019	$ 4,982,050	$ -	$ 527,274	$ 433,848	$ 5,943,172

See independent auditor's report and accompanying notes to financial statements.

JOHNSON COUNTY 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 total fund balances per fund financial statements	$ 782,298
Amounts reported for governmental activities in the Statement of Activities are different because:	
Capital outlays are reported as expenditures in this fund financial statement because they use current financial resources, but they are presented as assets in the Statement of Activities and depreciated over their estimated economic lives. The difference is the amount by which capital outlay exceeds depreciation for the year.	(956,968)
The issuance of long-term debt (bonds and financial obligations) provides current financial resources to government funds, while bond and capital lease payments are recognized as expenditures of current financial resources in the fund financial statement but are reductions of liabilities in the Statement of Net Position.	1,108,654
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in the governmental funds interest is not reported until due. This amount represents the net change in accured interest payable.	59,525
Changes in pension and OPEB expense are reported only in the statement of activities.	(856,066)
Generally, expenditures recognized in this fund financial statement are limited to only those that use current financial resources, but expenses are recognized in the Statement of Activities when they are incurred.	9,207
Change in net position of governmental activities	$ 146,650

See independent auditor's report and accompanying notes to financial statements.

JOHNSON COUNTY SCHOOL DISTRICT

STATEMENT OF NET POSITION

PROPRIETARY FUND

June 30, 2019

		Food Service Fund
Assets		
Current Assets:		
Cash and cash equivalents	$	979,098
Inventory		61,306
Accounts receivable		
Intergovernmental – indirect federal		239,386
Total current assets		1,279,790
Noncurrent Assets:		
Capital assets		684,546
Less: accumulated depreciation		462,088
Total noncurrent assets		222,458
Total assets		1,502,248
Deferred Outflows of Resources:		
Deferred outflows related to pensions		259,103
Deferred outflows related to OPEB		89,955
Total deferred outflows of resources		349,058
Liabilities		
Current Liabilities:		
Accounts payable		301
Total current liabilities		301
Noncurrent Liabilities:		
Net pension liability		1,064,330
Net OPEB liability		310,266
Total noncurrent liabilities		1,374,596
Total liabilities		1,374,897
Deferred Inflows of Resources:		
Deferred inflows related to pensions		127,374
Deferred inflows related to OPEB		75,048
Total deferred inflows of resources		202,422
Net Position:		
Net investment in capital assets		222,458
Restricted For:		
New assets		51,529
Total net position	$	273,987

See independent auditor's report and accompanying notes to financial statements.

JOHNSON COUNTY 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	$ 89,910
Total operating revenues	89,910
Operating Expenses:	
Employee wages and benefits	981,975
Materials and supplies	1,418,424
Depreciation	37,577
Other operating expenses	402,678
Total operating expenses	2,840,654
Operating loss	(2,750,744)
Non-Operating Revenues (Expenses):	
Federal grants	2,207,453
Donated commodities	174,616
State grants	155,590
Interest income	39,581
Total non-operating revenues	2,577,240
Change in net position	(173,504)
Net Position, July 1, 2018	447,491
Net Position, June 30, 2019	$ 273,987

See independent auditor's report and accompanying notes to financial statements.

JOHNSON COUNTY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For the year ended June 30, 2019

Cash Flows from Operating Activities:	
Cash received from:	
Lunchroom sales	$ 89,910
Cash paid to/for:	
Employees	(877,954)
Material and supplies	(1,352,953)
Other activities	(402,678)
Net cash provided by (used for) operating activities	(2,543,675)
Cash Flows from Noncapital Financing Activities:	
Government grants	2,201,500
Net cash provided by noncapital and related financing activities	2,201,500
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:	
Receipt of interest income	39,581
Net cash provided by investing activities	39,581
Net (decrease) in cash and cash equivalents	(302,594)
Balances, beginning of year	1,281,692
Balances, end of year	$ 979,098
Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating (loss)	$ (2,750,744)
Adjustments to reconcile operating income to net cash provided (used) by operating activities	
Depreciation	37,577
Donated commodities	174,616
On-behalf payments	135,716
Change in assets and liabilities	
Inventory	4,406
Deferred outflows/inflows and net pension liability	(31,695)
Accounts payable	(113,551)
Net cash provided by (used for) operating activities	$ (2,543,675)
Schedule of non-cash transactions:	
Donated commodities received from federal government	$ 174,616
On-behalf payments	$ 135,716

See independent auditor's report and accompanying notes to financial statements.

JOHNSON COUNTY SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUND

June 30, 2019

	Permanent Trust Fund	Agency Fund
Assets:		
Cash and cash equivalents	$ 81,196	$ 236,212
Accounts receivable	-	9,088
Total assets	$ 81,196	$ 245,300
Liabilities:		
Accounts payable	$ -	$ 9,394
Due student groups	-	235,906
Total liabilities	-	245,300
Net position held in trust	$ 81,196	$ -

See independent auditor's report and accompanying notes to financial statements.

JOHNSON COUNTY SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUNDS

For the year ended June 30, 2019

	Permanent Trust Fund
Additions:	
Other local revenues	$ 15,941
Total revenues	15,941
Deductions:	
Instruction	10,475
Total expenditures	10,475
Change in net position	5,466
Net Position, July 30, 2018	75,730
Net Position, July 30, 2019	$ 81,196

See independent auditor's report and accompanying notes to financial statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS

JOHNSON COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Johnson County School District have been prepared to conform with Accounting Principles Generally Accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Superintendent of Schools is responsible for keeping records and accounts of all financial transactions in the manner prescribed by the State Board of Education. The following is a summary of the more significant of these policies.

Reporting Entity

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

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

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

Based on the foregoing criteria, the financial statements of the following organization are included in the accompanying financial statements:

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

Basis of Presentation

Government-Wide Financial Statements – The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

The 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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds. The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements – Fund financial statements report detailed information about the District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a Balance Sheet, which generally includes only current assets and current liabilities, and a Statement of Revenues, Expenditures and Changes in Fund Balances, which reports on the changes in fund balance. Proprietary funds and fiduciary funds are reported using the economic resources measurement focus. Accordingly, the Statement of Revenues, Expenses, and Changes in Net Position for the proprietary fund reports increases and decreases in total economic net worth. The Statement of Cash Flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

Funds are characterized as either major or non-major. Major funds are those whose assets, liabilities, revenues, or expenditures/expenses are at least ten percent of the corresponding total (assets, liabilities, etc.) for all funds or type (governmental or proprietary) and whose total assets, liabilities, revenues, or expenditures/expenses are at least five percent of the corresponding total for all governmental and enterprise funds combined. The district may also designate any fund as major.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds and major enterprise funds are reported as separate columns in the financial statements.

The District has the following funds:

I. <u>Governmental Fund Types</u>

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

(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 fund).

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) accounts for funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable. Funds may be used for projects identified in the District's facility plan.
3. The Construction Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction. This is a major fund of the District.

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

(E) The District Activity Fund is used to account for financial resources to be used for maintenance and up keep at each individual school. It is funded by monies collected at special events at the local school level and to be used for that particular school.

II. Proprietary Fund Type (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). Amounts have been recorded for in-kind contribution of commodities from the USDA. The Food Service Fund is a major fund of the District.

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

III. Fiduciary Fund Type (Agency and Private Purpose Trust Funds)

The Agency Fund accounts for activities of student groups and other types of activities requiring clearing accounts. These funds are accounted for in accordance with the Uniform Program of Accounting for School Activity Funds. The permanent trust fund is accounted for as an expendable trust fund on the modified accrual basis.

JOHNSON COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

For the year ended June 30, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basis of Accounting

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

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

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

Deferred Revenue – Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Due to GASB 65, this now has been re-characterized as unearned revenue.

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

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the Statement of Revenues, Expenses, and Changes in Net Position as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as unearned revenue.

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

Property Taxes

Property Tax Revenues – Generally and except as otherwise provided by law, property taxes are assessed as of January 1, levied (mailed) November 1, due at discount November 30, due at face value December 31, delinquent January 1 following the assessment, and subject to sale ninety days following April 15. The billings are considered due upon receipt by the taxpayer; however, the actual date is based on a period ending 30 days after the tax bill mailing. Property taxes collected are recorded as revenues in the fiscal year for which they were levied. All taxes collected are initially deposited into the General Fund and then transferred to the appropriate fund.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

The property tax rates assessed for the year ended June 30, 2019, to finance the General Fund operations were $.504 per $100 valuation for real property, $.504 per $100 valuation for business personal property and $.525 per $100 valuation for motor vehicles.

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

Capital Assets

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

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

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

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

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.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Accumulated Unpaid Sick Leave Benefits

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

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

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

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

Budgetary Process

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

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

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

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.

The budget for the Special Revenue Fund consists of the sum of each active grant's budget. Large variances between budgeted and actual activity can occur because grants with little activity during the year will have their entire budget rolled up into the combined budget for all grants.

Cash and Cash Equivalents

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

Inventories

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

On fund financial statements inventories are stated at cost. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased.

The Food Service Fund is stated at cost and uses the specific identification method and the General Fund is stated at cost and uses the first-in, first-out method for inventory.

Prepaid Assets

Payments made that will benefit periods beyond June 30, 2019 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Investments

The private purpose trust funds record investments at their quoted market prices. All realized gains and losses and changes in fair value are recorded in the Statement of Changes in Fiduciary Net Position.

The permanent funds record investments at their quoted market value prices for purposes of the Statement of Net Position. All realized gains and losses and changes in fair value are recorded in the Statement of Activities. Long-term investments are not recorded on the fund financial statements nor are unrealized gains and losses.

Accrued Liabilities and Long-Term Obligations

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

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, accumulated sick leave, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within 60 days after year-end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Financial Position includes 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. The District has seven items that qualifies for reporting in this category. It is the deferred charge on debt refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Also, the other items are the District pension contributions subsequent to measurement date, the difference between expected and actual experience, net difference between projected and actual investment earnings on pension plan investments, change of assumptions. In addition, we have OPED contributions subsequent to measurement date and change of assumptions.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

In addition to liabilities, the Statement of Financial 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. The District has seven items that qualifies for reporting in this category. For pensions it is the difference between expected and actual experience, net difference between projected and actual investment earnings on pension plan investments, and the change in proportion and differences between employer contributions and proportionate share of contributions. In addition, for OPED it is the difference between expected and actual experience, changes of assumptions, net difference between projected and actual investment earnings on OPEB plan investments and the change in proportion and differences between employer contributions and proportionate share of contributions.

Fund Balance Reserves

The District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Fund equity reserves have been established for inventories and fixed assets.

In the fund financial statements, the difference between the assets and liabilities of governmental funds is reported as fund balance. Fund balance is divided into non-spendable and spendable components, if applicable.

Non-spendable includes amounts that must be maintained intact legally or contractually.

Spendable include the following:

- Restricted-amounts constrained for a specific purpose by external parties, constitutional provisions, or enabling legislation.
- Committed-amounts constrained for a specific purpose by the district using its highest level of decision making authority.
- Assigned-for all governmental funds, other than general fund, any remaining positive amounts not classified as non-spendable, restricted, or committed. For the General Fund, amounts constrained by intent to be used for a specified purpose by the District or the delegated county committee or official given authority to assign amounts.
- Unassigned-for the General Fund, amounts not classified as non-spendable, restricted, committed or assigned. For all other governmental funds, amount expended in excess of resources that are non-spendable, restricted, committed or assigned.

For resources considered committed, the district issues an ordinance or resolution that can only be changed with another corresponding ordinance or resolution.

For resources considered assigned, the district has designated the board to carry out the intent of the school district.

It is policy of the District to spend restricted resources first, when both restricted and unrestricted resources are available to spend on the activity. Once restricted resources are exhausted, then committed, assigned and unassigned resources will be spent in that order on the activity.

Encumbrances, although not reported on the Balance Sheet, are purchase orders that will be fulfilled in a subsequent fiscal period. Although the purchase order or contract creates a legal commitment, the district incurs no liability until performance has occurred on the part of the party with whom the district has entered into the arrangement. When a government intends to honor outstanding commitments in subsequent periods, such amounts are encumbered. Significant encumbrances at year end are reported by major funds and non-major funds in the aggregate and included with the commitments and contingencies note disclosure, if applicable.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Net Position

Net positions represent the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources on the district-wide financial statements. Net positions are classified in the following categories:

Net investments in capital assets – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

Restricted net position – This amount is restricted by creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted net position – This amount is the net position that does not meet the definition of "net investment in capital assets" or "restricted net position".

Operating Revenues and Expenses

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

Contributions of Capital

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

Interfund Activity

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

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County Employee's Retirement System (CERS) and additions to/deductions from CERS' fiduciary net position have been determined on the same basis as they are reported by CERS. 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.

Recently Issued and Adopted Accounting Pronouncements

The Governmental Accounting Standards Board has issued several new pronouncements that the District has reviewed for application to their accounting and reporting.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, is effective for periods beginning after December 15, 2011. This standard provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. The District implemented this reporting during 2013. The components of net position were renamed to reflect the requirements of this statement.

In March 2012, the GASB issued Statement 66, *Technical Corrections–2012-an amendment of GASB Statements No. 10 and No. 62.* GASB 66 improves accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions, and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.* This Statement is effective for periods beginning after December 15, 2012. The adoption of GASB 66 does not have any impact on the District's financial statements.

In March 2012 the GASB issued Statement 65, *Items Previously Reported as Assets and Liabilities.* GASB 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. This Statement is effective for periods beginning after December 15, 2012.

In June 2012, the GASB approved a pair of related Statements that reflect substantial changes to the accounting and financial reporting of state and local government employers and pension plans. Statement No. 67, Financial Reporting for Pension Plans, addresses financial reporting for state and local government pension plans. Statement No. 68, Accounting and Financial Reporting for Pensions, addresses financial reporting for state and local government employers whose employees are provided with pensions through pension plans that are covered under Statement No. 67.

The guidance contained in these Statements will change how governments calculate and report the costs and obligations associated with pensions in important ways. It is designed to improve the decision usefulness of reported pension information and to increase the transparency, consistency, and comparability of pension information across governments. Under the pension standards now in effect, cost-sharing employers have not been required to present actuarial information about pensions. Instead, information has been required to be presented in the pension plan's own financial statements for all of the participating governments combined.

Through its research, the GASB concluded that the needs of users of information regarding cost-sharing employers do not differ significantly from those interested in single and agent employers. Therefore, the GASB believes it is important to give users of the financial statements of cost-sharing employers access to better, more transparent financial information. Consequently, under the new standards the GASB is requiring that cost-sharing governments report a net pension liability, pension expense, and pension related deferred inflows and outflows of resources based on their proportionate share of the collective amounts for all the governments in the plan.

Statement No. 68 is effective for pension plan employers in fiscal years beginning after June 15, 2014, (that is, for years ended June 30, 2015, or later).

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* ("GASB 76"). GASB 76 supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* and reduces the GAAP hierarchy to two categories of authoritative GAAP. The adoption of this standard did not have a material effect on the District's financial statements.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pension Plans* ("GASB 75"). GASB 75 replaces Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple Employer Plans.* It establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures for other postemployment benefits ("OPEB"). In addition, GASB 75 details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. GASB 75 will be effective for the District beginning with its year ending June 30, 2018.

In March 2016, the GASB issued Statement No. 82, *Pension Issues* ("GASB 82"). GASB 82 addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements that arose during the implementation of GASB Statement No. 68. GASB 82 will be effective for the District beginning with its year ending June 30, 2017.

Statement No. 68 is effective for pension plan employers in fiscal years beginning after June 15, 2014, (that is, for years ended June 30, 2015, or later).

In January 2017, the GASB issued Statement No. 84, Fiduciary Activities ("GASB 84"). GASB 84 issues guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This requirement is effective for reporting periods beginning after December 15, 2018. The district is currently implementing this and will be reflected in the audit ending June 30, 2020.

NOTE B – ON-BEHALF PAYMENTS

For the year ended June 30, 2019, on-behalf payments were made on behalf of the District for KTRS – GASB 68 $4,461,241, KTRS – GASB 75 $380,400, Health insurance $3,557,834, Life insurance $6,142, Administrative fee $50,616, HRA/Dental/Vision $213,608, Federal reimbursement ($338,549), KEN services $72,049, AT&T Firewall Services $18,300, Munis financial management software and services $9,328, McAfee virus protection software and services $3,706, and SFCC debt service $422,549. The overall total payments for on-behalf were $8,857,224. In addition, $93,981 was made from federal sources to satisfy a QZAB Bond payment. These payments were recognized as on-behalf payments and recorded in the appropriate revenue and expense accounts on the Statement of Activities.

NOTE C – ESTIMATES

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

NOTE D – CASH AND CASH EQUIVALENTS

The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to the School Depository Act. The depository bank deposits for safekeeping and trust with the District's third party agent approved pledged securities 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 dollar amount of Federal Deposit Insurance Corporation insurance.

NOTE D – CASH AND CASH EQUIVALENTS – CONTINUED

At June 30, 2019, the carrying amount of the District's deposits was $7,140,373 and the bank balance was $8,425,491. The entire bank balance throughout the year was covered by federal depository insurance or by collateral held by the District's agent in the District's name.

The deposits were deemed collateralized under Kentucky Law during the year. The Kentucky Department of Education maintains copies of all safekeeping receipts in the name of the District. The following is disclosed:

a. Name of bank: Citizens National Bank.

b. Amount of bond and/or security pledged as of the date of the highest combined balance on deposit was $13,100,000.

The cash deposits held at financial institutions can be categorized according to three levels of risk. These three levels of risk are as follows:

Category 1 Deposits which are insured to collateralized with securities held by the District or by its agent in the District's name.

Category 2 Deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the District's name.

Category 3 Deposits which are not collateralized or insured.

As of June 30, 2019, based on these three levels of risk, all of the District's cash deposits are classified as Category 2.

Breakdown per financial statements:

Governmental funds	$ 5,843,867
Proprietary funds	979,098
Permanent trust funds	81,196
Agency funds	236,212
	$ 7,140,373

NOTE E – INVESTMENTS

At year-end the District had no investment.

NOTE F – CAPITAL ASSETS

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

Governmental Activities	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
Land	$ 1,361,137	$ -	$ -	$ 1,361,137
Construction work in progress	5,185,099	137,222	-	5,322,321
Land improvements	1,383,119	-	-	1,383,119
Buildings and improvements	39,884,271	-	-	39,884,271
Technology equipment	3,355,776	13,049	26,895	3,341,930
General equipment	576,617	-	-	576,617
Vehicles	4,657,341	283,018	-	4,940,359
Totals at historical cost	56,403,360	433,289	26,895	56,809,754

JOHNSON COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED

For the year ended June 30, 2019

NOTE F – CAPITAL ASSETS – CONTINUED

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
Less: accumulated depreciation				
Land improvements	1,143,253	27,029	-	1,170,282
Buildings and improvements	17,491,008	1,125,961	-	18,616,969
Technology equipment	3,218,098	10,248	26,895	3,201,451
Vehicles	3,730,788	219,327	-	3,950,115
General equipment	542,790	7,692	-	550,482
Total accumulated depreciation	26,125,937	1,390,257	26,895	27,489,299
Governmental Activities Capital Assets – Net	$30,277,423	$ (956,968)	$ -	$29,320,455
Business-Type Activities				
General equipment	$ 658,209	$ -	$ 2,966	$ 655,243
Technology equipment	29,303	-	-	29,303
Totals at historical cost	687,512	-	2,966	684,546
Less: accumulated depreciation				
General equipment	398,174	37,577	2,966	432,785
Technology equipment	29,303	-	-	29,303
Total accumulated depreciation	427,477	37,577	2,966	462,088
Business-Type Activities Capital Assets – Net	$ 260,035	$ (37,577)	$ -	$ 222,458

Depreciation expense has been charged to the following functions in the statement of activities:

Instruction	$ 654,291
Instructional staff	834
District administrative	4,227
Plant operation and maintenance	514,998
Student transportation	214,385
Business support services	1,522
Food service	37,577
	$1,427,834

NOTE G – BONDED DEBT AND LEASE OBLIGATIONS

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

Issue Date	Amounts	Interest Rates
2007	$ 990,000	3.700% - 4.000%
2009 Refinancing	$ 4,505,000	1.500% - 3.625%
2010	$ 1,955,000	.750% - 4.300%
2011	$ 1,875,000	1.250% - 4.250%
2011 Refinancing	$ 2,020,000	500% - 3.000%
2012 Refinancing	$ 1,755,000	1.050% - 2.450%
2013 Refinancing	$ 1,605,000	700% - 2.000%
2013	$ 2,790,000	.400% - 4.000%
2015	$ 2,650,000	2.000% - 3.250%
2017	$ 5,430,000	1.500% - 3.150%

NOTE G – BONDED DEBT AND LEASE OBLIGATIONS – CONTINUED

The 2007, 2009R, 2010, 2011, 2011R, 2012, 2013R, 2013, 2015, and 2017 bond issues were sold at a discount of $16,407, $10,227, $16,046, $13,478, $35,625, $15,211, $38,681, $14,288, $42,797, and $30,931, respectively. These amounts are being amortized over the life of the respective debt.

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

The proceeds from certain refunding issues have been placed in escrow accounts to be used to service the related debt.

On September 7, 2017, the District issued $5,430,000 in School Building Revenue Bonds (Series 2017) with an interest rate ranging from 1.50% to 3.15% to finance improvements at various locations.

On November 18, 2015, the District issued $2,650,000 in School Building Revenue Bonds (Series 2015) with an interest rate ranging from 2.00% to 3.25% to finance improvements at various locations.

On November 26, 2013, the District issued $2,790,000 in School Building Revenue Bonds (Series 2013) with an interest rate ranging from .40% to 4.00% to finance improvements at various locations.

On May 9, 2013, the District refinanced the School Building Revenue Bonds (Series 2005) with a cumulative savings of $141,674. The new 2013 bond series was issued for $1,605,000 with an interest rate ranging from .7% to 2.0%.

On March 7, 2012, the District refinanced the School Building Revenue Bonds (Series 2004) with a cumulative savings of $140,545. The new 2012 bond series was issued for $1,755,000 with an interest rate ranging from 1.05% to 2.45%.

On July 20, 2011, the District issued $1,875,000 in School Building Revenue Bonds (Series 2011) with an interest rate ranging from 1.25% to 4.25% to finance roof improvements at various locations.

On July 12, 2011, the District refinanced the School Building Revenue Bonds (Series 2001) with a cumulative savings of $185,694. The new 2011 bond series was issued for $2,020,000 with an interest rate ranging from .5% to 3.0%.

On December 6, 2010, the District issued $1,955,000 in School Building Revenue Bonds (Series 2010) with an interest rate ranging from .750% to 4.30% to finance roof improvements at various locations.

On April 1, 2009, the District refinanced the School Building Revenue Bonds (Series 1998 and Series 1999) with a cumulative savings of $297,440. The new 2009 bond series was issued for $4,505,000 with an interest rate ranging from 1.5% to 3.625%.

On May 9, 2007, the District issued $990,000 in School Building Revenue Bonds (Series 2007) with an average interest rate of 3.85% to finance Johnson Central High School renovations.

The District has "participation agreements" with the Kentucky School Facilities Construction Commission. The Commission was created by the Kentucky Legislature for the purpose of assisting local school districts in meeting school construction needs. The following table sets forth the amount to be paid by the District and the Commission for each year until maturity of all bond issues.

NOTE G – BONDED DEBT AND LEASE OBLIGATIONS – CONTINUED

The bonds may be called prior to maturity at dates and redemption premiums specified in each issue. Assuming no issues are called prior to scheduled maturity, the minimum obligations of the funds at June 30, 2019 for debt service (principal and interest) are as follows:

YEAR	JOHNSON COUNTY SCHOOL DISTRICT		KENTUCKY SCHOOL FACILITIES CONSTRUCTION COMMISSION		TOTAL REQUIREMENTS FOR YEAR
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	TOTAL
2019-2020	$ 978,521	$ 421,123	$ 216,479	$ 89,713	$ 1,705,836
2020-2021	1,013,096	397,098	221,904	84,286	1,716,384
2021-2022	1,047,117	371,352	227,883	78,309	1,724,661
2022-2023	840,723	348,154	234,277	71,914	1,495,068
2023-2024	883,873	327,183	241,127	65,063	1,517,246
2024-2025	748,742	303,823	211,258	57,811	1,321,634
2025-2026	784,331	283,317	210,669	51,072	1,329,389
2026-2027	698,352	262,465	191,648	44,134	1,196,599
2027-2028	674,361	240,907	180,639	36,988	1,132,895
2028-2029	732,602	219,153	187,398	30,230	1,169,383
2029-2030	780,386	194,135	194,614	23,014	1,192,149
2030-2031	825,816	166,588	179,184	15,717	1,187,305
2031-2032	844,187	137,583	90,813	10,560	1,083,143
2032-2033	720,856	111,284	94,144	7,228	933,512
2033-2034	768,759	86,869	86,241	3,950	945,819
2034-2035	655,269	64,088	39,731	1,724	760,812
2035-2036	696,804	43,273	33,196	539	773,812
2036-2037	520,000	24,750	-	-	544,750
2037-2038	565,000	8,475	-	-	573,475
TOTALS	$14,778,795	$4,011,620	$2,841,205	$ 672,252	$22,303,872

During the year ended June 30, 2019 the District's debt obligation was as follows:

	BALANCE 6/30/18	ADDITIONS	REDUCTIONS	BALANCE 6/30/19	DUE WITHIN ONE YEAR
	$18,900,000	$ -	$ 1,280,000	$17,620,000	$ 1,195,000
Less:					
Discounts on bonds	(159,801)	-	(13,542)	(146,259)	-
	$18,740,199	$ -	$ 1,266,458	$17,473,741	$ 1,195,000

QUALIFIED ZONE ACADEMY BONDS

The Johnson County School District Finance Corporation issued $1,825,000 of Qualified Zone Academy Bonds (QZAB), Series 2010, December 1, 2010 under a guaranteed investment contract whereby the Johnson County School District will remit to the low bidder Monticello Banking Company contributions to an escrow account $1,338,275 over an eighteen year period. The federal government will pay directly to the bank most of the annual interest expense leaving the board a small portion of interest due twice a year.

NOTE G – BONDED DEBT AND LEASE OBLIGATIONS – CONTINUED

Funds from the escrow will be used to defease the entire bond upon maturity December 1, 2027. The 2010 QZAB sold at a discount of $9,125. This amount is being amortized over the life of the respective debt. The minimum obligations of the funds at June 30, 2019 for the escrow and interest are as follows:

Year	Johnson County School District		Federal Rebate	Total Requirements For Year
	Escrow	Interest	Interest	Total
2019-2020	$ 78,722	$ 2,008	$ 100,192	$ 180,922
2020-2021	78,722	2,007	100,193	180,922
2021-2022	78,722	2,008	100,192	180,922
2022-2023	78,722	2,007	100,193	180,922
2023-2024	78,722	2,008	100,192	180,922
2024-2025	78,722	2,007	100,193	180,922
2025-2026	78,722	2,008	100,192	180,922
2026-2027	78,722	2,007	100,193	180,922
2027	78,723	1,003	50,096	129,822
Totals	$ 708,499	$17,063	$ 851,636	$1,577,198

During the year ended June 30, 2019 the District's QZAB debt obligation to the escrow was as follows:

	BALANCE 6/30/18	ADDITIONS	REDUCTIONS	BALANCE 6/30/19	DUE WITHIN ONE YEAR
	$787,221	$ -	$78,722	$708,499	$78,722
Less: Discount on bonds	(5,098)	-	(537)	(4,561)	-
	$782,123	$ -	$78,185	$703,938	$78,722

The Johnson County School District Finance Corporation issued $1,223,000 of Qualified Zone Academy Bonds (QZAB), Series 2007, October 9, 2007 under a guaranteed investment contract whereby the Johnson County School District remitted to the low bidder, Citizens National Bank, Paying Agent, $670,000. This initial investment was required to defease the entire bond issue due October 8, 2022. This money was put into a guaranteed escrow account that will be used to defease the bond upon maturity.

The District issued a (QZAB), Series 2006, January 12, 2006 where a one time payment of $285,000 was required to defease the entire bond issue due January 25, 2021. This money was put into a guaranteed escrow account that will be used to defease the bond upon maturity.

The private business contribution requirement for Qualified Zone Academy Bonds (QZAB) as set out in Section 1397E of the Internal Revenue Code of 1986, as amended states that the issuer must certify that written assurances from private business contribution be met with respect to such bonds.

NOTE G – BONDED DEBT AND LEASE OBLIGATIONS – CONTINUED

The Johnson County School District Educational Assistance Foundation, Inc., a private non-stock, non-profit charitable and educational corporation having for its corporate purpose the promotion of education and educational opportunities resolved and executed a written contribution contract with the Johnson County School District as required by the Internal Revenue Code for Qualified Zone Academy Bonds. These contributions for academy bond purposes can be from cash to goods in kind and is schedule as follows:

FISCAL YEAR	AMOUNT
2020	$ 8,660
2021	8,189
2022	5,642
2023	5,332
	$ 27,823

The private business contribution requirement for Qualified Zone Academy Bonds (QZAB) as set out in Section 1397E of the Internal Revenue Code of 1986, was met from private business contributions. The amount provided was $372,688 with the requirement being $9,158.

The District is required by GASB 68 and GASB 75 to account for net pension liability and net OPEB liability on the statement of net position. The district is not required to make any payments toward these liabilities.

During the year ended June 30, 2019, the District's changes in long term obligations for pensions and OPEB are as follows:

Governmental Activities	Balance 6/30/18	Additions	Reductions	Balance 6/30/19	Due Within One Year
Net pension liability	$ 9,655,183	$ -	$ (76,218)	$ 9,578,965	$ -
Net OPEB liability	3,316,112	-	(523,709)	2,792,403	-
Total government activities	$12,971,295	$ -	$(599,927)	$12,371,368	$ -

Business - Type Activities	Balance 6/30/18	Additions	Reductions	Balance 6/30/19	Due Within One Year
Net pension liability	$ 1,193,337	$ -	$(129,007)	$ 1,064,330	$ -
Net OPEB liability	409,856	-	(99,590)	310,266	-
Total business - type activities	$ 1,603,193	$ -	$(228,597)	$ 1,374,596	$ -

NOTE H – CAPITAL LEASE PAYABLE

On March 6, 2019, the Kentucky Interlocal School Transportation Association (KISTA) entered into an equipment lease and security agreement with the Johnson County School District. The District received $285,437 in transportation equipment (three school buses) and is required to make payments over a ten year period with an interest rate of 3%.

On March 21, 2018, the Kentucky Interlocal School Transportation Association (KISTA) entered into an

NOTE H – CAPITAL LEASE PAYABLE – CONTINUED

equipment lease and security agreement with the Johnson County School District. The District received $291,397 in transportation equipment (three school buses) and is required to make payments over a ten year period with an interest rate ranging from 2% to 3%.

The following is a schedule of equipment lease payments, by years of the future minimum lease payments under capital lease:

Year	Principal	Interest	Total Requirements
2019-20	$ 61,728	$ 15,933	$ 77,661
2020-21	58,138	14,515	72,653
2021-22	55,230	12,771	68,001
2022-23	56,779	11,113	67,892
2023-24	58,521	9,410	67,931
2024-25	60,157	7,655	67,812
2025-26	61,985	5,850	67,835
2026-27	57,973	3,990	61,963
2027-28	50,778	2,251	53,029
2028-29	24,258	728	24,986
TOTALS	$ 545,547	$ 84,216	$ 629,763

During the year ended June 30, 2019 the District's capital lease obligation was as follows:

BALANCE 6/30/18	ADDITIONS	REDUCTIONS	BALANCE 6/30/19	DUE WITHIN ONE YEAR
$291,397	$285,437	$31,287	$545,547	$61,728

NOTE I – COMMITMENTS UNDER NONCAPITALIZED LEASES

The District had no commitments under noncapitalized leases at June 30, 2019.

NOTE J – KSBIT PAYABLE

The Kentucky School Board Insurance Trust ("KSBIT") notified the District during 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 June 24, 2013, the KSBIT Board voted to submit a plan to the Kentucky Department of Insurance using the novation option. A novation transfers all existing KSBIT claims and risk to a highly rated reinsurer which will continue to make claims payments. Under novation method, the District's liability would be $342,874. Members will have the option of making a lump-sum payment of their assessment or to take advantage of bond financing for up to 20 years. The District has voted to finance this obligation over a six year period. The minimum obligations of the funds at June 30, 2019 for principal only are as follows:

FISCAL YEAR	AMOUNT
2020	$ 18,161
2021	18,161
	$ 36,322

NOTE J – KSBIT PAYABLE – CONTINUED

During the year ended June 30, 2019 the District's debt obligation was as follows:

BALANCE 6/30/18	ADDITIONS	REDUCTIONS	BALANCE 6/30/19	DUE WITHIN ONE YEAR
$54,483	$ -	$18,161	$36,322	$18,161

NOTE K – PENSION PLANS

KENTUCKY TEACHERS' RETIREMENT

The Johnson County School District contributes to the Teachers' Retirement System of Kentucky (KTRS), a cost-sharing, multiple employer defined benefit pension plan. KTRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems and other public educational agencies in Kentucky. KTRS requires that members of KTRS occupy a position requiring either a four (4) year college degree or certification by Kentucky Department of Education (KDE). Job classifications that permit experience to substitute for either of these requirements do not participate in KTRS.

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 Statues (KRS). KTRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. That report can be obtained by writing to Kentucky Teachers' Retirement System, 479 Versailles Road, Frankfort, Ky 40601 or from the KTRS web site at http://www.ktrs.ky.gov/.

Funding Policy – Contribution rates are established by KRS. Members are required to contribute 12.855% of their salaries to KTRS. The Commonwealth of Kentucky is required to contribute 13.105% of salaries for members in a state retirement system before July 1, 2008 and 14.105% of salaries for members who started their account after June 30, 2008. The federal program for any salaries paid by that program pays the matching contributions. The local school districts pay employer matching on all employees who do not occupy federally funded positions. As part of the Shared Responsibility Plan, beginning July 1, 2010 each employer is required to pay the amount equal to the increase in employee contributions. Effective July 1, 2015, the current employer match is 3.00% of total gross non-federal salaries in the district and for individuals employed in federally funded positions the employer-matching rate is 16.105%.

Medical Insurance Plan

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

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

Funding policy – In order to fund the post-employment healthcare benefit, active member contributions are

NOTE K – PENSION PLANS – CONTINUED

matched by the state at .75% of members' gross salaries. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan. Additionally, under the Shared Responsibility Plan, the local school district employers pay 3.00% of members' salary for the 2018-2019 fiscal year.

The Johnson County School District's total payroll for the year was $23,382,961. The payroll for employees covered under KTRS was $17,097,439. For the year ended June 30, 2019, the Commonwealth contributed $2,986,546 to KTRS for the benefit of participating employees. The School district's contributions to KTRS for the year ending June 30, 2019 was $790,936, which represents those employees covered by federal programs.

COUNTY EMPLOYEES' RETIREMENT SYSTEM

Plan Description

Classified employees (substantially all full-time Board employees other than certified employees) are covered by the County Employees' Retirement System (CERS), a cost-sharing, multiple-employer defined benefit pension plan administered by the Kentucky Retirement System. CERS provides for retirement, disability, and death benefits to plan members and beneficiaries. Cost of living adjustments are provided at the discretion of the State legislature. Under the provisions of the Kentucky Revised Statute Section 61.645, the Board of Trustees of Kentucky Retirement System administers CERS and has the authority to establish and amend benefit provisions. The County Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Kentucky Retirement Systems, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40601.

Benefits Provided

The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Retirement Benefit

CERS is designed to provide three types of benefits: a monthly retirement benefit for life based on the employee's salary and service (the pension benefit), health insurance benefits after retirement, and disability/death benefits.

Monthly retirement benefits are based on a formula established by statute which is (final compensation x benefit factor x years of service credit). Participants hired before 8/1/04 have their monthly benefit calculated at the average of highest five years salary which must contain at least 48 months of service and includes lump-sum payments for compensatory time times 2.2% benefit factor times years of service credit. Participants hired after 8/1/04 but before 9/1/08 have a reduced benefit factor of 2.0%.

Participants hired after 9/1/08 have their monthly benefit calculated at the average of the five complete fiscal years immediately preceding retirement which must contain 60 months of service and does not include lump-sum payments for compensatory time. The benefit factor is 1.10% for 10 years or less of service, 1.30% for more than 10 years but no more than 20 years, 1.50% for greater than 20 years but no more than 26 years, 1.75% for greater than 26 years but no more than 30 years, and 2.00% for greater than 30 years.

At retirement, a retiree may choose to take a reduced monthly benefit in order to provide a monthly benefit to a beneficiary upon their death, either for a period certain or for the life of the beneficiary.

NOTE K – PENSION PLANS – CONTINUED

The system also provides for a statutory 1.5% annual increase to monthly benefits after retirement, often referred to as the cost of living adjustment (COLA).

Medical Insurance

CERS also provides access to group rates on medical insurance for retired members, their spouse, and dependents. Coverage for retirees not eligible for Medicare is provided through the Kentucky Employees Health Plan the same health plan provided to state employees. Coverage for Medicare eligible retirees is provided through a plan administered by or contracted through the retirement systems which then coordinates with Medicare for delivery of health benefits.

As provided by state statute, CERS also subsidizes medical coverage for the retiree. In general, employees participating prior to 7/1/03 receive a percentage of the premium paid based upon service credit, while employees who begin participating after that date receive a set dollar amount for each year of service credit.

Disability and Death Benefits

Like most defined benefit plans, CERS provides benefits for those employees who become disabled or who die prior to retirement. Participants have to have a minimum of 5 years of service to apply for disability benefits and approval determined by systems under criteria established by state statute. CERS also provides death before retirement and special death in the line of duty benefits. After retirement, the benefits left to the retiree's beneficiary vary based upon the payment option selected at retirement. In addition, CERS provides a $5,000 lump sum death benefit for members who retire with at least 4 years of service.

Contributions

Plan members are required to contribute 5.00% of their annual salary if hired before September 1, 2008 and 6% if hired on or after September 1, 2008 through payroll deductions and the Board is required to contribute at an actuarially determined rate. The current rate is 16.22% of the employee's total covered compensation, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District's contributions to CERS for the year ended June 30, 2019 was $945,803, which consisted of $708,809 from the District and $236,994 from the employees.

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

KTRS portion of GASB 68 changes will be reported by the State only and the District will not reflect any of those changes in their report but the District will fully comply with all changes of GASB 68 concerning CERS and disclose those changes within the report.

At June 30, 2019, the District reported a liability of $10,643,295 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the District's proportion was 0.174758%, which was a decrease of .010582% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized pension expense of $1,434,209. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTE K – PENSION PLANS – CONTINUED

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 347,155	$ 155,795
Changes of assumptions	1,040,160	-
Net difference between projected and actual investment earnings on pension plan investments	494,921	622,540
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	495,413
District contributions subsequent to the measurement date	708,809	-
Total	$ 2,591,045	$ 1,273,748

$708,809 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expenses follows:

Year ended June 30:	
2020	$ 620,861
2021	236,227
2022	(191,477)
2023	(57,123)
2024	-
Thereafter	-
	$ 608,488

Actuarial Methods and Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2018 are as follows:

Valuation Date	June 30, 2016
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
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	4.0%, average
Investment Rate of Return	7.50%

NOTE K – PENSION PLANS – CONTINUED

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.

Projected future benefits for all current plan members were projected through 2117.

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 following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Large Cap Equity	5.00%	4.50%
US Mid Cap	6.00%	4.50%
US Small Cap	6.50%	5.50%
International Developed Equity	12.50%	6.50%
Emerging Markets Equity	5.00%	7.25%
Global Bonds	4.00%	3.00%
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 projection of cash flows used to determine the discount rate of 6.25% for CERS Non-hazardous 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 does not use a municipal bond rate.

Sensitivity of the Employer'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 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 one percentage-point lower (5.25%) or one percentage-point higher (7.25%) than the current rate:

NOTE K – PENSION PLANS – CONTINUED

	1.0% Decrease (5.25%)	Current Discount Rate (6.25%)	1.0% Increase (7.25%)
District's proportionate share of the net pension liability	$13,398,806	$10,643,295	$8,334,659

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued KRS 2018 Comprehensive Annual Financial Report at kyret.ky.gov.

Payable to the Pension Plan

At June 30, 2019, the District reported a payable of $257,795 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2019. The payable includes both the pension and insurance contribution allocation.

NOTE L – OPEB PLAN

General Information about the OPEB plan

Plan Description and Benefits Provided

The Johnson County School District participates in the County Employees Retirement System (CERS) Insurance Fund, a multiple-employer defined benefit Other Post-Employment Benefits (OPEB) plan for members that cover all regular full-time members employed by the District. The plan provides for health insurance benefits to plan members. OPEB may be extended to beneficiaries of plan members under certain circumstances.

Contributions

The District's contractually required contribution rate for the year ended June 30, 2019, was 5.26 percent of covered payroll. Contributions to the OPEB plan from the District were $279,912 for the year ended June 30, 2019.

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

At June 30, 2019, the District reported a liability of $3,102,669 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on the District's share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At June 30, 2018, the District's proportion was .174751%, which was a decrease of .010589% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized OPEB expense of $363,809. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

NOTE L – OPEB PLAN – CONTINUED

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 361,575
Changes of assumptions	619,649	7,169
Net difference between projected and actual earnings on OPEB plan investments	-	213,713
Changes in proportion and differences between District contributions and proportionate share of contributions	-	168,030
District contributions subsequent to the measurement date	279,912	-
Total	$ 899,561	$ 750,487

$279,912 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the 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 OPEBs will be recognized in OPEB expense as follows:

Year ended June 30:	
2020	$ (20,976)
2021	(20,976)
2022	(20,976)
2023	20,531
2024	(58,902)
Thereafter	(29,539)
	$ 130,838

Actuarial Methods and Assumptions

A summary of the actuarial methods and assumptions used in determining the total OPEB liability as of June 30, 2018 are as follows:

Inflation	2.30%
Payroll Growth Rate	2.0% for CERS non-hazardous
Salary Increase	3.05%, average
Investment Rate of Return	6.25%
Healthcare Trend Rates	
Pre - 65	Initial trend starting at 7.00% at January 1, 2020, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years.
Post - 65	Initial trend starting at 5.00% at January 1, 2020, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 10 years.

NOTE L – OPEB PLAN – CONTINUED

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 following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Large Cap Equity	5.00%	4.50%
US Mid Cap	6.00%	4.50%
US Small Cap	6.50%	5.50%
International Developed Equity	12.50%	6.50%
Emerging Markets Equity	5.00%	7.25%
Global Bonds	4.00%	3.00%
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%

Sensitivity of the Employer's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend

	1.0% Decrease	Current Healthcare Cost Trend Rate	1.0% Increase
District's proportionate share of the net OPEB liability	$2,309,968	$3,102,669	$4,037,036

Discount Rate

The projection of cash flows used to determine the discount rate of 5.85% for CERS Non-hazardous 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

NOTE L – OPEB PLAN – CONTINUED

paid out of the System's trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

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

The following presents the District's proportionate share of the Net OPEB Liability using the discount rate of (5.85%), as well as what the District's proportionate share of the Net OPEB Liability would be if it were calculated using a discount rate that is one percentage-point lower (4.85%) or one percentage-point higher (6.85%) than the current rate:

	1.0% Decrease (4.85%)	Current Discount Rate (5.85%)	1.0% Increase (6.85%)
District's proportionate share of the net OPEB liability	$4,029,870	$3,102,669	$2,312,864

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued KRS 2018 Comprehensive Annual Financial Report at kyret.ky.gov

NOTE M - CONTINGENCIES

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

NOTE N - LITIGATION

The District is subject to various other legal actions in various stages of litigation, the outcome of which is not determinable at this time. Management of the District and its legal counsel do not anticipate that there will be any material effect on the combined financial statements as a result of the cases presently in progress, except as described elsewhere in this report.

NOTE O - INSURANCE AND RELATED ACTIVITIES

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

NOTE P - RISK MANAGEMENT

The District is exposed to various risks of loss of torts; theft of, damage to, and destruction of assets; errors and

NOTE P – RISK MANAGEMENT – CONTINUED

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 School Boards' Insurance Trust Liability 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.

NOTE Q – DEFICIT OPERATING BALANCES

There are no funds of the District that currently have a deficit fund balance. However, the following funds have operations that resulted in a current year deficit of revenues over expenditures resulting in a corresponding reduction of fund balance:

Debt Service Fund	$ 15,057
Seek Capital Outlay Fund	$ 92,310
Proprietary Fund	$ 173,504

NOTE R – COBRA

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

NOTE S – TRANSFER OF FUNDS

The following transfers were made during the year:

Type	From Fund	To Fund	Purpose	Amount
Operating	General	Debt Service	Debt Service	$ 297,321
Operating	General	Special Revenue	Technology	$ 65,125
Operating	Capital Outlay	Construction	Construction	$ 402,432
Operating	FSPK	Debt Service	Debt Service	$1,250,250

NOTE T – INTERFUND RECEIVABLES AND PAYABLES

There was an interfund receivable and payable at June 30, 2019 between the following funds:

	Interfund Receivable	Interfund Payable	Purpose
General Fund	$62,234		Cash shortage
Special Revenue Fund		$62,234	Cash shortage

NOTE U – SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 28, 2019, the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

JOHNSON COUNTY SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND

For the year ended June 30, 2019

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual (GAAP Basis)	Favorable (Unfavorable)
Revenues:				
From local sources				
Taxes				
Property	$ 2,531,000	$ 2,531,000	$ 3,086,749	$ 555,749
Motor vehicle	600,000	600,000	742,247	142,247
Utilities	1,000,000	1,000,000	1,121,629	121,629
Tuition and fees	145,000	145,000	140,603	(4,397)
Earnings on investments	40,000	40,000	155,771	115,771
Other local revenues	16,000	16,000	979,025	963,025
Intergovernmental - state	23,045,312	23,045,312	25,615,098	2,569,786
Intergovernmental - indirect federal	75,000	75,000	125,933	50,933
Total revenues	27,452,312	27,452,312	31,967,055	4,514,743
Expenditures:				
Instruction	19,284,731	19,287,334	20,502,110	(1,214,776)
Support services:				
Student	984,785	984,785	873,896	110,889
Instructional staff	226,844	226,844	187,087	39,757
District administrative	2,643,786	2,643,969	625,926	2,018,043
School administrative	2,024,197	2,024,372	2,213,024	(188,652)
Business	556,986	556,986	691,182	(134,196)
Plant operation and maintenance	3,832,525	3,829,475	3,627,314	202,161
Student transportation	2,717,569	2,717,569	2,062,776	654,793
Central office	-	-	-	-
Community service activities	313,340	313,429	217,893	95,536
Other	2,561	2,561	38,951	(36,390)
Total expenditures	32,587,324	32,587,324	31,040,159	1,547,165
Excess (deficit) of revenues over expenditures	(5,135,012)	(5,135,012)	926,896	6,061,908
Other Financing Sources (Uses):				
Proceeds from sale of fixed assets	-	-	13,877	13,877
Operating transfers in	-	-	-	-
Operating transfers out	-	-	(362,446)	(362,446)
Total other financing sources (uses)	-	-	(348,569)	(348,569)
Net change in fund balance	(5,135,012)	(5,135,012)	578,327	5,713,339
Fund balance, July 1, 2018	5,135,012	5,135,012	4,403,723	(731,289)
Fund balance, June 30, 2019	$ -	$ -	$ 4,982,050	$ 4,982,050

See independent auditor's report and accompanying notes to financial statements.

JOHNSON COUNTY SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

SPECIAL REVENUE FUND

For the year ended June 30, 2019

	Budgeted Amounts Original	Budgeted Amounts Final	Actual (GAAP Basis)	Variances with Final Budget Favorable (Unfavorable)
Revenues:				
Earnings on investments	$ -	$ -	$ 6,610	$ 6,610
Other local revenues	(150,000)	-	121,578	121,578
State aid	1,343,299	1,444,837	1,514,588	69,751
Federal aid	3,180,180	3,310,452	3,528,108	217,656
Total revenues	4,373,479	4,755,289	5,170,884	415,595
Expenditures:				
Current:				
Instruction	3,915,824	4,192,308	4,429,241	(236,933)
Support Services:				
Student	108,614	166,590	147,202	19,388
Instructional staff	-	-	159,117	(159,117)
District administration	-	-	105,075	(105,075)
School administration	-	-	-	-
Business	-	-	-	-
Plant operations and maintenance	-	-	-	-
Student transportation	-	-	-	-
Central office	-	-	-	-
Community services activities	344,381	396,391	395,374	1,017
Other	-	-	-	-
Total expenditures	4,368,819	4,755,289	5,236,009	480,720
Excess (deficit) of revenues over expenditures	4,660	-	(65,125)	(65,125)
Other Financing Sources (Uses):				
Transfers in	-	-	65,125	65,125
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	65,125	65,125
Net change in fund balance	4,660	-	-	-
Fund balance July 1, 2018	-	-	-	-
Fund balance June 30, 2019	$ 4,660	$ -	$ -	$ -

See independent auditor's report and accompanying notes to financial statements.

JOHNSON COUNTY SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (CERS)

JUNE 30, 2019

	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019
District's proportion of the net pension liability (asset)	0.198881%	0.193384%	0.192858%	0.185340%	0.174758%
District's proportionate share of the net pension liability (asset)	$ 6,452,000	$ 8,314,574	$ 9,495,609	$ 10,848,520	$ 10,643,295
District's covered-employee payroll	$ 4,527,595	$ 4,613,113	$ 4,524,459	$ 4,331,510	$ 4,369,969
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	142.50%	180.24%	209.87%	250.46%	243.56%
Plan fiduciary net position as a percentage of the total pension liability	66.80%	60.00%	55.50%	53.30%	53.54%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

The amounts presented have a measurement date of the previous fiscal year end.

JOHNSON COUNTY SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS (CERS)

JUNE 30, 2019

	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019
Contractually required contribution	$ 577,268	$ 572,949	$ 631,162	$ 627,203	$ 708,809
Contributions in relation to the contractually required contribution	577,268	572,949	631,162	627,203	708,809
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 4,527,595	$ 4,613,113	$ 4,524,459	$ 4,331,510	$ 4,369,969
Contributions as a percentage of covered-employee payroll	12.75%	12.42%	13.95%	14.48%	16.22%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

JOHNSON COUNTY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CERS)

FOR THE YEAR ENDED JUNE 30, 2019

NOTE A – CHANGES OF BENEFIT TERMS

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.

NOTE B – CHANGES OF ASSUMPTIONS

There have been no changes in actuarial assumptions since June 30, 2017. The total pension liability, net pension liability, and sensitivity information as of June 30, 2018 were based on an actuarial valuation date of June 30, 2017. The total pension liability was rolled-forward from the valuation date (June 30, 2017) to the plan's fiscal year ending June 30, 2018, using generally accepted actuarial principles.

Actuarial Methods and Assumptions used to determine the Actuarial Determined Contribution for the Fiscal Year 2018

The following actuarial methods and assumptions were used to determine the actuarially determined contributions effective for fiscal year ending June 30, 2018:

Valuation Date	June 30, 2016
Experience Study	July 1, 2008 – June 30, 2013
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage 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	4.0%, average
Investment Rate of Return	7.50% for CERS non-hazardous

JOHNSON COUNTY SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY (CERS)

JUNE 30, 2019

	6/30/2018	6/30/2019
District's proportion of the net OPEB liability (asset)	0.185340%	0.174751%
District's proportionate share of the net OPEB liability (asset)	$ 3,725,968	$ 3,102,669
District's covered-employee payroll	$ 4,331,510	$ 4,369,969
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	86.02%	71.00%
Plan fiduciary net position as a percentage of the total OPEB liability	52.40%	57.62%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

JOHNSON COUNTY SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS (CERS)

JUNE 30, 2019

	6/30/2018	6/30/2019
Contractually required contribution	$ 249,118	$ 279,912
Contributions in relation to the contractually required contribution	249,118	279,912
Contribution deficiency (excess)	$ -	$ -
District's covered-employee payroll	$ 4,331,510	$ 4,369,969
Contributions as a percentage of covered-employee payroll	5.75%	6.41%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

JOHNSON COUNTY SCHOOL DISTRICT

NOTES TO REQUIRED OPEB SUPPLEMENTARY INFORMATION (CERS)

For the year ended June 30, 2019

NOTE A – CHANGES OF BENEFIT TERMS

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.

NOTE B – CHANGES OF ASSUMPTIONS

The total OPEB liability, net OPEB liability, and sensitivity information as of June 30, 2018, were based on an actuarial valuation date of June 30, 2017. The total OPEB liability was rolled-forward from the valuation date (June 30, 2017) to the plan's fiscal year ending June 30, 2018, using generally accepted actuarial principles. 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).

Actuarial Methods and Assumptions used to determine the Actuarial Determined Contribution for the Fiscal Year 2018

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

Valuation Date	June 30, 2016
Experience Study	July 1, 2008 – June 30, 2013
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage 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	4.0%, 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

COMBINING STATEMENTS - NONMAJOR FUNDS

JOHNSON COUNTY SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

June 30, 2019

	District Activity Fund	FSPK Fund	Seek Capital Outlay Fund	Debt Service Fund	Total Nonmajor Governmental Funds
Assets and Resources:					
Cash and cash equivalents	$ 24,008	$ 42,960	$ 324,200	$ 42,680	$ 433,848
Accounts receivables	-	-	-	-	-
Total assets and resources	$ 24,008	$ 42,960	$ 324,200	$ 42,680	$ 433,848
Liabilities and Fund Balances:					
Liabilities					
Accounts payable	$ -	$ -	$ -	$ -	$ -
Total liabilities	-	-	-	-	-
Fund Balances:					
Restricted For:					
District activity	24,008	-	-	-	24,008
SFCC escrow	-	42,960	324,200	-	367,160
Debt service	-	-	-	42,680	42,680
Total fund balances	24,008	42,960	324,200	42,680	433,848
Total liabilities and fund balances	$ 24,008	$ 42,960	$ 324,200	$ 42,680	$ 433,848

See independent auditor's report and accompanying notes to financial statements.

JOHNSON COUNTY SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS

For the year ended June 30, 2019

	District Activity Fund	FSPK Fund	Seek Capital Outlay Fund	Debt Service Fund	Total Nonmajor Governmental Funds
Revenues:					
From local sources					
Taxes:					
Property	$ -	$ 429,322	$ -	$ -	$ 429,322
Earnings on investments	-	-	-	-	-
Other local revenues	52,422	-	-	-	52,422
Intergovernmental - state	-	863,888	310,122	422,549	1,596,559
Intergovernmental - indirect federal	-	-	-	93,981	93,981
Total revenues	52,422	1,293,210	310,122	516,530	2,172,284
Expenditures:					
Instruction	25,106	-	-	-	25,106
Support services:					
Student	-	-	-	-	-
Instructional staff	-	-	-	-	-
Direct administrative	-	-	-	-	-
School administrative	-	-	-	-	-
Business	-	-	-	-	-
Plant operation and maintenance	24,148	-	-	-	24,148
Student transportation	-	-	-	-	-
Central office	-	-	-	-	-
Facilities and construction	-	-	-	-	-
Community service activities	-	-	-	-	-
Other	-	-	-	2,079,158	2,079,158
Total expenditures	49,254	-	-	2,079,158	2,128,412
Excess (deficit) of revenues over expenditures	3,168	1,293,210	310,122	(1,562,628)	43,872
Other Financing Sources (Uses):					
Bonds proceeds	-	-	-	-	-
Operating transfers in	-	-	-	1,547,571	1,547,571
Operating transfers out	-	(1,250,250)	(402,432)	-	(1,652,682)
Non operating transfers in	-	-	-	-	-
Non operating transfers out	-	-	-	-	-
Total other financing sources (uses)	-	(1,250,250)	(402,432)	1,547,571	(105,111)
Net change in fund balance	3,168	42,960	(92,310)	(15,057)	(61,239)
Fund balance, July 1, 2018	20,840	-	416,510	57,737	495,087
Fund balance, June 30, 2019	$ 24,008	$ 42,960	$ 324,200	$ 42,680	$ 433,848

See independent auditor's report and accompanying notes to financial statements.

OTHER COMBINING STATEMENTS AND SCHOOL ACTIVITY FUNDS

JOHNSON COUNTY SCHOOL DISTRICT

COMBINING STATEMENT OF FIDUCIARY NET POSITION

SCHOOL ACTIVITY FUNDS (AGENCY FUND)

For the year ended June 30, 2019

	Johnson County Elementary Athletic Association	Johnson Central High School	Central Elementary	Flat Gap Elementary	Highlands Elementary	Porter Elementary	W. R. Castle Memorial Elementary	Johnson County Middle School	Totals
Assets:									
Cash	$ 1,852	$ 61,894	$45,339	$30,592	$39,645	$15,529	$ 21,696	$ 19,665	$ 236,212
Accounts receivable	-	6,671	-	-	-	-	-	2,417	9,088
Total assets	$ 1,852	$ 68,565	$45,339	$30,592	$39,645	$15,529	$ 21,696	$ 22,082	$ 245,300
Liabilities and Fund Balances:									
Accounts payable	$ -	$ 1,512	3,703	$ 837	$ -	$ -	$ -	$ 3,342	$ 9,394
Due to student groups	1,852	67,053	41,636	29,755	39,645	15,529	21,696	18,740	235,906
Total liabilities	$ 1,852	$ 68,565	$45,339	$30,592	$39,645	$15,529	$ 21,696	$ 22,082	$ 245,300

See independent auditor's report and accompanying notes to financial statements.

JOHNSON COUNTY SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES DUE STUDENT GROUPS

SCHOOL ACTIVITY FUNDS (AGENCY FUND)

For the year ended June 30, 2019

	Johnson County Athletic Association	Johnson Central High School	Central Elementary	Flat Gap Elementary	Highlands Elementary	Porter Elementary	W. R. Castle Memorial Elementary	Johnson County Middle School	Totals
Revenues:									
School activities and projects funds	$ -	$ 416,375	$41,746	$39,086	$52,939	$45,579	$37,101	$ 133,513	$ 766,339
Athletic fund	32,159	315,537	12,621	22,645	21,627	18,712	9,201	29,157	461,659
Total revenues	32,159	731,912	54,367	61,731	74,566	64,291	46,302	162,670	1,227,998
Expenditures:									
School activities and projects funds	-	412,298	46,222	32,959	67,621	45,960	25,914	116,875	747,849
Athletic fund	31,424	310,752	11,825	17,428	23,321	19,825	6,343	56,199	477,117
Total expenditures	31,424	723,050	58,047	50,387	90,942	65,785	32,257	173,074	1,224,966
Excess (deficiency) of revenues over expenditures	735	8,862	(3,680)	11,344	(16,376)	(1,494)	14,045	(10,404)	3,032
Due Student Groups, July 1, 2018	1,117	58,191	45,316	18,411	56,021	17,023	7,651	29,144	232,874
Due Student Groups, June 30, 2019	$ 1,852	$ 67,053	$41,636	$29,755	$39,645	$15,529	$21,696	$ 18,740	$ 235,906

See independent auditor's report and accompanying notes to financial statements.

JOHNSON COUNTY SCHOOL DISTRICT

STATEMENT OF RECEIPTS, DISBURSEMENTS DUE STUDENT GROUPS

SCHOOL ACTIVITY FUNDS - JOHNSON CENTRAL HIGH SCHOOL (AGENCY FUND)

For the year ended June 30, 2019

Name of Activity:	Cash Balances July 1, 2018	Receipts	Disbursements	Cash Balances June 30, 2019	Accounts Receivable June 30, 2019	Accounts Payable June 30, 2019	Fund Balances June 30, 2019
Academic	$ 2,189	$ 15,532	$ 17,721	-	$ -	$ -	$ -
Academic Team Scholarship	1,000	-	-	1,000	-	-	1,000
All CTE Programs	-	7,752	7,752	-	-	-	-
Americorp/YSC	-	7,877	7,877	-	-	-	-
Athletics	13,181	312,819	323,000	3,000	5,043	-	8,043
Band	-	349	349	-	-	-	-
Bass Fishing Club	1,000	8,440	8,940	500	-	500	-
Carpentry - Skills USA	-	50	50	-	-	-	-
Choir	-	9,017	9,017	-	-	-	-
Class of 2020	-	2,161	2,161	-	-	-	-
Class of 79 Scholarship	-	250	250	-	-	-	-
District Activity	-	11,679	11,679	-	-	-	-
Esports	-	1,352	1,352	-	-	-	-
FBLA Fund	-	149	70	79	-	79	-
FCCLA National	-	4,728	4,264	464	-	464	-
FFA Fund	-	22,027	20,158	1,869	-	219	1,650
HOSA	-	36,812	36,812	-	-	-	-
Interact Club	-	2,135	2,135	-	-	-	-
JC Dance	1,524	6,284	7,808	-	-	-	-
JC FMD	-	2,722	2,722	-	-	-	-
JKG	-	1,541	1,541	-	-	-	-
Junior Class	346	32,263	32,609	-	-	-	-
KYA/KUNA	-	4,335	4,335	-	-	-	-
Musical Theater	-	15,791	15,791	-	-	-	-
National Honors Society	-	1,850	1,850	-	-	-	-
Project Prom	-	8,166	8,166	-	-	-	-
Project Prom Scholarship	8,565	5,500	5,000	9,065	-	-	9,065
Scholarship Program	11,750	2,502	5,001	9,251	-	-	9,251
Science Olympied	-	60	60	-	-	-	-
Senior Class	2,125	32,520	34,645	-	-	-	-
Skills USA	-	18,469	18,469	-	454	-	454
Skills USA Scholarship	510	-	-	510	-	-	510
Speech & Drama	-	3,183	3,183	-	-	-	-
Store Fund	13,274	102,599	82,066	33,807	1,174	-	34,981
Student Council Fund	-	37,998	37,748	250	-	250	-
Teachers Discretionary	1,192	7,800	6,893	2,099	-	-	2,099
Television Station	-	1,935	1,935	-	-	-	-
Vo-Ag Greenhouse	-	7,008	7,008	-	-	-	-
Yearbook	-	8,730	8,730	-	-	-	-
YSC Tee Shirt Fund	-	2,900	2,900	-	-	-	-
Totals	$ 56,656	$ 747,285	$ 742,047	$ 61,894	$ 6,671	$ 1,512	$ 67,053

See independent auditor's report and accompanying notes to financial statements.

JOHNSON COUNTY SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

DEBT SERVICE FUNDS

For the year ended June 30, 2019

	Issue of 2007	Issue of 2009 Refunding	QZAB Series 2010	Issue of 2010	Issue of 2011 Refunding	Issue of 2011	Issue of 2012 Refunding	Issue of 2013 Refunding	Issue of 2013	Issue of 2015	Issue of 2017	Total Debt Service Funds
Revenues:												
Earning on investments	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Intergovernmental - state	18,155	116,357	-	116,257	-	-	37,122	33,286	59,916	41,456	-	422,549
Intergovernmental - federal	-	-	93,981	-	-	-	-	-	-	-	-	93,981
Total revenues	18,155	116,357	93,981	116,257	-	-	37,122	33,286	59,916	41,456	-	516,530
Expenditures:												
Current:												
Bond payments	65,000	235,000	78,722	95,000	290,000	100,000	200,000	105,000	50,000	50,000	90,000	1,358,722
Bond interest	25,999	8,518	102,200	54,094	37,338	63,937	27,935	20,468	90,965	70,713	218,269	720,436
Bond costs	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	90,999	243,518	180,922	149,094	327,338	163,937	227,935	125,468	140,965	120,713	308,269	2,079,158
Excess (deficit) of revenues over expenditures	(72,844)	(127,161)	(86,941)	(32,837)	(327,338)	(163,937)	(190,813)	(92,182)	(81,049)	(79,257)	(308,269)	(1,562,628)
Other Financing Sources (Uses):												
Bond proceeds	-	-	-	-	-	-	-	-	-	-	-	-
Operating transfers in	72,844	127,161	82,831	32,837	327,338	163,937	190,813	92,182	81,049	79,257	297,322	1,547,571
Operating transfers out	-	-	-	-	-	-	-	-	-	-	-	-
Non operating transfers in	-	-	-	-	-	-	-	-	-	-	-	-
Non operating transfers out	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	72,844	127,161	82,831	32,837	327,338	163,937	190,813	92,182	81,049	79,257	297,322	1,547,571
Net change in fund balance	-	-	(4,110)	-	-	-	-	-	-	-	(10,947)	(15,057)
Fund balance, July 1, 2018	-	-	46,790	-	-	-	-	-	-	-	10,947	57,737
Fund balance, June 30, 2019	$ -	$ -	$ 42,680	$ -	$ -	$ -	$ -	$ -	$ -	-	-	$ 42,680

See independent auditor's report and accompanying notes to financial statements.

JOHNSON COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended June 30, 2019

FEDERAL GRANTOR/ PASS - THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
U.S. DEPT. OF AGRICULTURE			
Passed Through State Dept. of Education:			
CHILD NUTRITION CLUSTER			
National School Lunch Program	10.555	7750002 18	$ 482,049
		7750002 19	966,322
			1,448,371
Passed Through State Dept. of Agriculture:			
Food Donation (In-Kind Commodities)	10.555	1007	174,616
			1,622,987
School Breakfast Program	10.553	7760005 18	240,692
		7760005 19	465,140
			705,832
Summer Food Service Program for Children	10.559	7690024 18	6,456
		7690024 19	481
		7740023 18	61,603
		7740223 19	4,599
			73,139
			2,401,958
Fresh Fruit and Vegetable Program	10.582	7720012 19	6,655
TOTAL U.S. DEPT. OF AGRICULTURE			2,408,613
U.S. DEPT. OF EDUCATION			
Passed Through State Dept. of Education:			
Title I - Grants to Local Educational Agencies	84.010	3100002 17	246,009
		3100002 18	1,136,305
			1,382,314
Twenty-First Century Community Learning Centers	84.287	3400021 16	25,888
		3400002 17	81,991
			107,879
Supporting Effective Instruction - State Grant	84.367	3230002 16	57,206
		3230002 17	174,852
		3230002 18	559
			232,617
			1,722,810

The accompanying notes are an integral part of this schedule.

(Continued next page)

JOHNSON COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

For the year ended June 30, 2019

FEDERAL GRANTOR/ PASS - THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
U.S. DEPT. OF EDUCATION			
Career and Technical Education - Basic Grants to States	84.048	3710002 16	2,358
		3710002 17	23,057
		3710002 18	34,614
			60,029
Race to the Top - District Grants	84.416A	436D	86,834
Rural Education	84.358	3140002 17	20,765
		3140002 18	59,771
			80,536
Student Support and Academic Enrichment Program	84.424	3420002 17	26,871
		3420002 18	64,767
			91,638
SPECIAL EDUCATION CLUSTER (IDEA)			
Special Education - Grants to States	84.027	3810002 17	402,015
		3810002 18	720,955
			1,122,970
Special Education - Preschool Grants	84.173	3800002 16	827
		3800002 17	32,532
		3800002 18	14,858
			48,217
			1,171,187
TOTAL U.S. DEPT. OF EDUCATION			3,213,034
U.S DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through Big Sandy Area Community Action Program, Inc.:			
Head Start	93.600	04CH01269 18	224,232
		04CH01269 19	446,064
			670,296
Passed Through State Department of Education:			
Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	93.079	2100001 18	800
Assistance Programs for Cronic Disease Prevention and Control	93.945	024205OL 18	3,400
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			674,496
TOTAL FEDERAL FINANCIAL ASSISTANCE			$ 6,296,143

The accompanying notes are an integral part of this schedule.

JOHNSON COUNTY SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended June 30, 2019

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Johnson County School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE C – FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair value of the commodities received and disbursed. At June 30, 2019, the District had no food commodities in inventory.

NOTE D – TYPE A PROGRAMS

Type A programs for the Johnson County School District is any program for which total expenditures of federal awards exceeded $750,000 for fiscal year 2019. The District had the following programs and clusters that met the Type A program definition for fiscal year 2019:

CFDA#	PROGRAM TITLE	EXPENDITURES
Child Nutrition Cluster:		
10.555	Food Donation (In-Kind Commodities)	$ 174,616
10.555	National School Lunch Program	1,448,371
10.553	School Breakfast Program	705,832
10.559	Summer Food Service Program for Children	73,139
		2,401,958
84.010	Title I – Grants to Local Educational Agencies	1,382,314
Special Education Cluster:		
84.027	Special Education – Grants to States	1,122,970
84.173	Special Education – Preschool Grants	48,217
		1,171,187
	Total Type A Programs	$ 4,955,459

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JOHNSON COUNTY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

For the year ended June 30, 2019

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued *unmodified*:

Internal control over financial reporting:

- Material weakness(es) identified? ____yes _X_no
- Significant deficiency(ies) identified? ____yes _X_none reported

Noncompliance material to financial statements noted? _X_yes ___no

Federal Awards

Internal control over major 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 programs *unmodified*:

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ____yes _X_no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.010	Title I – Grants to Local Educational Agencies

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

Auditee qualified as low-risk auditee? _X_yes ___no

SECTION II - FINDINGS-FINANCIAL STATEMENTS AUDIT

2019 – 001 Inappropriate Fund Transfers – (A Non Repeat Finding)

Condition: Johnson Central High School activity fund transfers are being used to transfer money from student generated funds (fees and fundraisers) to support other activity fund accounts.

Criteria: Student generated funds are raised for a specific purpose and should be spent for that purpose.

Cause of Condition: Principal is overspending in the athletic account and trying to use the other funds to cover the deficits at year end.

Effect: Accounts with fees and fundraiser generated money is being used for a purpose other than what the accounts are supposed to be used for based on red book criteria.

Recommendation: Principal needs to quit overspending in the athletics department and trying to use other activity account money to cover deficits at year end. The school needs to try and secure funds from other sources like fundraisers and donations to help with expenses in the athletic area. Under no circumstances should the high school be transferring money out of each activity account at year end and putting it in the general and athletic fund to try and make it look like they are not in the red and turn around and transfer all the money back in the original activity accounts on July 1st.

Views of Responsible Officials and Planned Corrective Actions: A meeting with the high school principal will be held and a plan will be put in place to keep this from happening again effective immediately.

SECTION III – FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

The audit did not disclose any audit findings.

JOHNSON COUNTY SCHOOL DISTRICT

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

June 30, 2019

The prior year comment was addressed by the District. Corrections were initiated on the documentation that was recommended.

2018 – 001 Discrimination Against Students

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*

WELLS & COMPANY, P.S.C.
Certified Public Accountants
865 South Mayo Trail, Suite 7
Paintsville, Kentucky 41240-1215

(606) 789-3588
Fax (606) 789-3326

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

Members of the Board of Education
Johnson County School District
Paintsville, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the requirements prescribed by the Kentucky State Committee for School District Audits in the Independent Auditor's Contract, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Johnson County School District, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Johnson County School District's basic financial statements and have issued our report thereon dated October 28, 2019.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Johnson County School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters 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 2019-001.

In addition, the results of our tests disclosed no instances of material noncompliance of specific state statues or regulation identified in *Appendix II of the Independent Auditor's Contract – State Audit Requirements.*

We noted certain matters that we reported to management of Johnson County School District, in a separate letter dated October 28, 2019.

Johnson County School District's Response to Findings

Johnson County School District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Johnson County School 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.

Wells & Company, PSC

Certified Public Accountants
Paintsville, Kentucky
October 28, 2019

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

WELLS & COMPANY, P.S.C.
Certified Public Accountants
865 South Mayo Trail, Suite 7
Paintsville, Kentucky 41240-1215

(606) 789-3588
Fax (606) 789-3326

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

Members of the Board of Education
Johnson County School District
Paintsville, Kentucky

Report on Compliance for Each Major Federal Program

We have audited Johnson County School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Johnson County School District's major federal programs for the year ended June 30, 2019. Johnson County School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Johnson County School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Johnson County School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

Management of the Johnson County School District, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Johnson County School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Johnson County School District's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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.

Wells & Company, PSC

Certified Public Accountants
Paintsville, Kentucky
October 28, 2019

MANAGEMENT LETTER COMMENTS

WELLS & COMPANY, P.S.C.
Certified Public Accountants
865 South Mayo Trail, Suite 7
Paintsville, Kentucky 41240-1215

(606) 789-3588
Fax (606) 789-3326

Kentucky State Committee for School District Audits
Members of the Board of Education
Johnson County School District
Paintsville, Kentucky

In planning and performing our audit of the financial statements of Johnson County 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 October 28, 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 any additional study of these matters, or to assist you in implementing the recommendations.

Respectfully,

Wells & Company, PSC

Certified Public Accountants
Paintsville, Kentucky
October 28, 2019

JOHNSON COUNTY SCHOOL DISTRICT

MANAGEMENT LETTER COMMENTS

June 30, 2019

PRIOR YEAR COMMENTS

All prior year comments were addressed and corrected by the District. Corrections were initiated and improvements made in the documentation that was recommended.

JOHNSON COUNTY SCHOOL DISTRICT

MANAGEMENT LETTER COMMENTS - CONTINUED

June 30, 2019

CURRENT YEAR COMMENTS

Activity Fund 19-1 Account Ended in Red

Condition: Annual report's yearbook account at Johnson County Middle School ended in the red after considering accounts payable.

Criteria: No funds should end in the red.

Cause of Condition: Bookkeeper failed to consider accounts payable when making year end transfers.

Effect: The account ended in the red.

Recommendation: Bookkeeper needs to review all unpaid bills at year end and determine if any accounts may go in the red after considering accounts payable. Transfers from other funds should be made to cover any shortages.

Views of Responsible Officials and Planned Corrective Actions: Bookkeepers will be asked to monitor this more closely effective immediately.

Activity Fund 19-2 District Paid Sales Tax

Condition: Found where Johnson Central High School paid sales tax.

Criteria: The District is a 501(c)3 nonprofit organization that is exempt from paying sales tax.

Cause of Condition: Principals and bookkeepers are relaxed when making sure they don't pay sales tax.

Effect: The District loses money every time it pays an expense it shouldn't.

Recommendation: We recommend that every time a purchase is made that the district's tax exempt certificate be given to the vendor before the purchase is made. If the district pays sales tax by error then the bookkeeper needs to request this money back from the vendor by providing them with their tax exempt certificate.

Views of Responsible Officials and Planned Corrective Actions: We will start having all employees take our tax exempt certificate with them before making a purchase effective immediately.

APPENDIX C

Johnson County School District Finance Corporation
School Building Refunding Revenue Bonds
Series of 2020

Continuing Disclosure Undertaking Agreement

CONTINUING DISCLOSURE UNDERTAKING AGREEMENT

This Continuing Disclosure Undertaking Agreement ("Agreement") made and entered into as of the 16th day of September, 2020, by and between the Board of Education of Johnson County, Kentucky School District ("Board"); the Johnson County School District Finance Corporation, an agency and instrumentality of the Board ("Corporation") and the Registered and Beneficial Owners of the Bonds hereinafter identified as third party beneficiaries to this Agreement. For the purposes of this Agreement "Beneficial Owner" means the person or entity treated as the owner of the Bonds for federal income tax purposes and "Registered Owner" means the person or entity named on the registration books of the bond registrar.

W I T N E S S E T H:

WHEREAS, the Corporation has acted as issuing agency for the Board pursuant to the provisions of Section 162.385 of the Kentucky Revised Statutes ("KRS") and the Corporation's Bond Resolution in connection with the authorization, sale and delivery of $1,350,000 of the Corporation's School Building Refunding Revenue Bonds, Series 2020, dated as of September 16, 2020 ("Bonds"), which Bonds were offered for sale under the terms and conditions of a Final Official Statement ("FOS") prepared by RSA Advisors, LLC, Lexington, Kentucky ("Financial Advisor") and approved by the authorized representatives of the Board and the Corporation, and

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

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

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

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

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

1. ANNUAL FINANCIAL INFORMATION

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

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

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

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

2. MATERIAL EVENTS NOTICES

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

(1) Principal/interest payment delinquency;

(2) Nonpayment related default, if material;

(3) Unscheduled draw on debt service reserve reflecting financial difficulties;

(4) Unscheduled draw on credit enhancement reflecting financial difficulties;

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

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

(7) Modifications to rights of security holders, if material;

(8) Bond call, if material and tender offers;

(9) Defeasance;

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

(11) Rating change;

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

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

(14) Successor, additional or change in trustee, if material;

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

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

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

(A) Debt obligation;

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

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

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

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

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

3. SPECIAL REQUESTS FOR INFORMATION

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

4. DISCLAIMER OF LIABILITY

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

5. FINAL OFFICIAL STATEMENT

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

6. DURATION OF THE AGREEMENT

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

7. AMENDMENT; WAIVER

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

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

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

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

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

8. DEFAULT

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

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

BOARD OF EDUCATION OF
JOHNSON COUNTY SCHOOL DISTRICT

____
Chairman

Attest:

____
Secretary

JOHNSON COUNTY SCHOOL
DISTRICT FINANCE CORPORATION

____
President

Attest:

____
Secretary

APPENDIX D

Johnson County School District Finance Corporation
School Building Refunding Revenue Bonds
Series of 2020

Official Terms and Conditions of Bond Sale

OFFICIAL TERMS AND CONDITIONS OF BOND SALE

$1,350,000*
Johnson County School District Finance Corporation
School Building Refunding Revenue Bonds, Series of 2020
Dated as of September 16, 2020

SALE: August 26, 2020 AT 11:00 A.M., E.D.S.T.

The Johnson County School District Finance Corporation (the "Corporation") will until 11:00 A.M., E.D.S.T., on August 26, 2020 receive at the office of the Kentucky School Facilities Construction Commission, 700 Louisville Road, Carriage House, Frankfort, Kentucky, 40601, competitive bids for the purchase of $1,350,000 principal amount of Johnson County School District Finance Corporation School Building Refunding Revenue Bonds, Series of 2020 (the "Refunding Bonds"), dated and bearing interest from September 16, 2020, payable on December 1, 2020, and semi-annually thereafter on June 1 and December 1 of each year, in denominations in multiples of $5,000 within the same maturity, maturing on December 1 in each of the years as follows:

MATURITY	PRINCIPAL AMOUNT*
2020	$ 105,000
2021	105,000
2022	115,000
2023	120,000
2024	125,000
2025	125,000
2026	130,000
2027	135,000
2028	135,000
2029	135,000
2030	120,000

* Subject to Permitted Adjustment as described herein.

REDEMPTION PROVISIONS

The Bonds maturing on or after December 1, 2028 are subject to redemption at the option of the Corporation prior to their stated maturity on any date falling on or after December 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 Refunding 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 each Registered Owner of record as of the 15th day of the month preceding the due date which shall be Cede & Co., as the Nominee of The Depository Trust Company ("DTC"). Please see "Book-Entry-Only-System" below.

JOHNSON COUNTY SCHOOL DISTRICT FINANCE CORPORATION

The Corporation has been formed in accordance with the provisions of Sections 162.120 through 162.300 and Section 162.385 of the Kentucky Revised Statutes ("KRS"), and KRS Chapter 273 and KRS 58.180, as a non-profit, non-stock corporation for the purpose of financing necessary school building facilities for and on behalf of the Board of Education of the Johnson County, Kentucky School District (the "Board"). Under the provisions of existing Kentucky law, the Corporation is permitted to act as an agency and instrumentality of the Board for financing purposes and the legality of the financing plan to be implemented by the Bonds herein referred to has been upheld by the Kentucky Court of Appeals (Supreme Court) in the case of White v. City of Middlesboro, Ky. 414 S.W.2d 569.

AUTHORITY AND PURPOSE

The Refunding Bonds are being issued under and in full compliance with the Constitution and Statutes of the Commonwealth of Kentucky, including Sections 162.120 through 162.300, 162.385, and Section 58.180 of the Kentucky Revised Statutes, within the meaning of the decision of the Court of Appeals of Kentucky (Supreme Court) in the case of Hemlepp v. Aronberg, 369 S.W.2d 121, for the purpose of providing funds to retire the outstanding Johnson County School District Finance Corporation School Building Revenue Bonds, Series of 2010, dated December 1, 2010 maturing December 1, 2020 and thereafter (the "Refunded Bonds") at or prior to their stated maturities on December 1, 2020.

SCHOOL FACILITIES CONSTRUCTION COMMISSION

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

The Commission will enter into a Participation Agreement with the Board whereunder the Commission, will agree to continue to pay approximately $114,190 to be applied to the debt service of the Refunding Bonds through December 1, 2030; provided, however, that the contractual commitment of the Commission to pay the annual Agreed Participation is limited to the budget period of the Commonwealth, with the first such budget period terminating on June 30, 2021.

The 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.

PROCEEDS TO RETIRE ALL BONDS OF PRIOR ISSUE

The Refunded Bonds were issued under the authority of Sections 162.120 through 162.300 and 162.385 of the Kentucky Revised Statutes for the purpose of providing funds to finance renovations at Porter Elementary School, Highland Elementary School, W.R. Castle Memorial Elementary School, Johnson County Middle School and Johnson Central High School (collectively, the "Project"). Under the terms of the Resolution authorizing the Refunded Bonds, the Refunded Bonds are payable from the income and revenues of the Project financed from the proceeds thereof. The Refunded Bonds are secured by a lien upon and a pledge of revenues from the rental of the Project to the Board under a Contract, Lease and Option, dated December 1, 2010 (the "Prior Lease").

The total principal amount of the Refunded Bonds currently outstanding is $1,955,000, scheduled to mature on December 1 in each of the years 2020 through 2030. The proceeds of the Refunding Bonds will be used to pay accruing interest on and retire on December 1, 2020 all of the Refunded Bonds

The 2020 Bond Resolution adopted by the Corporation's Board of Directors authorizes the payment and retirement of the Refunded Bonds including principal and accruing interest at or prior to their stated maturities through the deposit of the required amount of proceeds of the Refunding Bonds in the Bond and Interest Redemption Fund established for the Refunded Bonds or in a special Escrow Fund for application to the retirement of the Refunded Bonds.

The 2020 Bond Resolution expressly provides that upon delivery of the Refunding Bonds and the deposit of sufficient funds in accordance with the preceding paragraph neither the lien upon nor the pledge of the revenues from the rental of the Project under the Prior Lease shall constitute the security and source of payment for any of the Refunded Bonds and the Registered Owners of such Refunded Bonds shall be paid from and secured by the monies deposited in the Bond and Interest Redemption Fund established for the Refunded Bonds or in Escrow Fund for the retirement thereof upon the delivery of the Refunding Bonds.

SECURITY FOR REFUNDING BONDS

The Refunding Bonds will constitute a limited indebtedness of the Corporation and will be payable as to both principal and interest solely from the income and revenues of the school Project financed from the proceeds of the Refunded Bonds. The Refunding Bonds are secured by a lien upon and a pledge of the revenues derived from the rental of the school Project to the Board under a Lease Agreement dated September 16, 2020 (the "2020 Lease"); provided, however, that said lien and pledge are on parity with similar liens and pledges securing certain of the Corporation's outstanding School Building Revenue Bonds and Qualified Zone Academy Bonds previously issued to construct or improve the Project (the "Parity Bonds").

Under the 2020 Lease the Board has leased the school property securing the Refunding Bonds in accordance with the provisions of KRS 162.140 for an initial period from September 16, 2020 through June 30, 2021, with the option in the Board to renew said 2020 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 rentals due under the 2020 Lease, the principal and interest on all of the Refunding Bonds as same become due.

The 2020 Lease provides that the Prior Lease will be canceled effective upon the deposit of sufficient funds to provide for the retirement of the Refunded Bonds. The 2020 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 2020 Lease until December 1, 2030, the final maturity date of the Refunding Bonds, and such annual rentals shall be deposited as received in the Bond Fund for the Refunding Bonds and used and applied for the payment of all maturing principal of and interest on the Refunding Bonds.

Under the terms of the 2020 Lease, and any renewal thereof, the Board has agreed so long as the Bonds remain outstanding, and in conformance with the intent and purpose of Section 157.627(5) of the Act and KRS 160.160(5), in the event of a failure by the Board to pay the rentals due under the 2020 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 2020 Lease and Participation Agreement to the Corporation and the Commission the right to notify and request the Kentucky Department of Education to withhold from the Board a sufficient portion of any undisbursed funds then held, set aside, or allocated to the Board and to request said Department or Commissioner of Education to transfer the required amount thereof to the Paying Agent for the payment of such rentals.

BIDDING CONDITIONS AND RESTRICTIONS

(A)The terms and conditions of the sale of the Refunding Bonds are as follows:

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

(2) 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.

(3) The bid shall be not less than $1,336,500 (99% of par) plus accrued interest. Interest rates shall be in multiples of 1/8 or 1/20 of 1% or both. Only one interest rate shall be permitted per Bond, and all Bonds of the same maturity shall bear the same rate. Interest rates must be on an ascending scale, in that the interest rate stipulated in any year may not be less than that stipulated for any preceding maturity. There is no limit on the number of different interest rates.

(4) The determination of the best purchase bid for said Refunding Bonds shall be made on the basis of all bids submitted for exactly $1,350,000 principal amount of Refunding Bonds offered for sale under the terms and conditions herein specified; provided, however, the Corporation reserves the right to increase or decrease the total principal amount of Refunding Bonds sold to such best bidder, in the amount of not exceeding $135,000, with such increase or decrease to be made in any maturity, and the total amount of Refunding Bonds awarded to such best bidder will be a minimum of $1,215,000 or a maximum of $1,485,000. In the event of any such adjustment, no rebidding or recalculation of a submitted bid will be required or permitted. The price at which such adjusted principal amount of Bonds will be sold will be at the same price per $5,000 of Refunding Bonds as the price per $5,000 for the $1,350,000 of Refunding Bonds bid.

(5) 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 26, 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).

(6) The successful bidder may elect to notify the Financial 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 December 1 in accordance with the maturity schedule setting the actual size of the issue.

(7) The successful purchaser shall be required (without further advice from the Corporation) to wire transfer an amount equal to 2% of the principal amount of Refunding Bonds actually awarded to the Paying Agent U.S. Bank National Association, Louisville, Kentucky, Attn: Mr. Charles Lush (502-562-6436) by the close of business on the day following the award as a good faith deposit said amount will be applied (without interest) to the purchase price upon delivery and will be forfeited if the purchaser fails to take delivery.

(8) All Refunding Bonds of the same maturity shall bear the same and a single interest rate from the date thereof to maturity.

(9) The right to reject bids for any reason deemed acceptable by the Corporation, and the right to waive any possible informalities or irregularities in any bid, which in the sole judgment of the Corporation shall be minor or immaterial, is expressly reserved.

(10) CUSIP identification numbers will be printed on the Refunding Bonds at the expense of the Corporation. The purchaser shall pay the CUSIP Service Bureau assignment 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 Refunding Bonds in accordance with the terms of any accepted proposal for the purchase of said Bonds.

(B) The Bonds will be delivered utilizing the DTC Book-Entry-Only-System.

(C) Said Bonds are offered for sale on the basis of the principal of said Bonds not being subject to Kentucky ad valorem taxation and on the basis of the interest on said Bonds not being subject to Federal or Kentucky income taxation on the date of their delivery to the successful bidder. See TAX EXEMPTION below.

(D) 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.

(E) If, prior to the delivery of the Bonds, any event should occur which alters the tax exempt status of the Bonds, or of the interest thereon, the purchaser shall have the privilege of avoiding the purchase contract by giving immediate written notice to the Corporation, whereupon the good faith check of the purchaser will be returned to the purchaser, and all respective obligations of the parties will be terminated.

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

STATE SUPPORT OF EDUCATION

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

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

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

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

KRS 157.440(1) 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 157.440(2) provides that for fiscal years beginning July 1, 1990 each school district may levy an equivalent tax rate which will produce up to 15% of those revenues guaranteed by the SEEK program. Any increase beyond the 4% annual limitation imposed by KRS 132.017 is not subject to the recall provisions of that Section. Revenue generated by the 15% levy is to be equalized at 150% of the state-wide average per pupil equalized assessment.

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

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

KRS 160.460 provides that as of July 1, 1994 all real property located in the Commonwealth subject to local taxation shall be assessed at 100% of fair cash value.

COMMONWEALTH BUDGET FOR PERIOD ENDING JUNE 30, 2021

The Kentucky General Assembly, during its Regular Session, adopted a budget for the fiscal year ending June 30, 2021 which was approved and signed by the Governor. Such budget was 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 Refunding Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent owners of the Refunding 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 Refunding 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 Refunding Bonds for audit examination, or the course or result of any IRS examination of the Refunding Bonds or obligations which present similar tax issues, will not affect the market price for the Refunding Bonds.

CONTINUING DISCLOSURE

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

Financial information regarding the Board may be obtained from Superintendent, Johnson County Board of Education, 253 N. Mayo Trail, Paintsville, Kentucky 41240 (606) 789-2530.

TAX EXEMPTION; BANK QUALIFIED

Bond Counsel advises as follows:

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

(C) As a result of certifications by the Board and the Corporation, indicating the issuance of less than $10,000,000 of tax-exempt obligations during the calendar year ending December 31, 2020, the Refunding 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 Refunding 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.

JOHNSON COUNTY SCHOOL DISTRICT FINANCE CORPORATION

By /s/ Larry James
Secretary

APPENDIX E

Johnson County School District Finance Corporation
School Building Refunding Revenue Bonds
Series of 2020

Official Bid Form

OFFICIAL BID FORM
(Bond Purchase Agreement)

The Johnson County School District Finance Corporation ("Corporation"), will until 11:00 A.M., E.D.S.T., on August 26, 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 $1,350,000 School Building Refunding Revenue Bonds, Series of 2020, dated as of September 16, 2020; maturing December 1, 2020 through 2030 ("Bonds").

We hereby bid for said $1,350,000* principal amount of Bonds, the total sum of $_______________ (not less than $1,336,500) plus accrued interest from August 26, 2020 payable December 1, 2020 and semiannually thereafter (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 December 1 in each of the years as follows:

Year	Amount*	Rate
2020	$105,000	________%
2021	105,000	________%
2022	115,000	________%
2023	120,000	________%
2024	125,000	________%
2025	125,000	________%
2026	130,000	________%
2027	135,000	________%
2028	135,000	________%
2029	135,000	________%
2030	120,000	________%

* Subject to Permitted Adjustment up to $135,000

We understand this bid may be accepted for as much as $1,485,000 of Bonds or as little as $1,215,000 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 by the Secretary of the Corporation 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 26, 2020.

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

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

The successful bidder may elect to notify the Financial 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 December 1 in accordance with the maturity schedule setting the actual size of the issue.

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

It is understood that the Corporation will furnish the final, approving Legal Opinions of Steptoe & Johnson PLLC, Bond and Special Tax 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 Refunding 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 on or about September 16, 2020 and upon acceptance by the Issuer's Financial Advisor this Official Bid Form shall become the Bond Purchase Agreement.

Respectfully submitted,

____
Bidder

By ______________________________
Authorized Officer

____
Address

Total interest cost from September 16, 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 Johnson County School District Finance Corporation for $____________ amount of Bonds at a price of $____________ as follows:

Year	Amount	Rate	Year	Amount	Rate
2020	_____,000	_____%	2026	_____,000	_____%
2021	_____,000	_____%	2027	_____,000	_____%
2022	_____,000	_____%	2028	_____,000	_____%
2023	_____,000	_____%	2029	_____,000	_____%
2024	_____,000	_____%	2030	_____,000	_____%
2025	_____,000	_____%			

Dated: August 26, 2020

____
RSA Advisors, LLC,
Financial Advisor and Agent for Johnson County
School District Finance Corporation