

**DATED AUGUST 24, 2020**

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

**RATING**  
**Moody's: " "**

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

**\$775,000\***  
**ROBERTSON COUNTY SCHOOL DISTRICT FINANCE CORPORATION**  
**SCHOOL BUILDING REVENUE BONDS,**  
**SERIES 2020B**

**Dated: September 22, 2020**

**Due: as shown below**

Interest on the Bonds is payable each April 1 and October 1, beginning April 1, 2021. The Bonds will mature as to principal on October 1, 2021, and each October 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 \$1,000 and integral multiples thereof.

<b>Maturing October 1</b>	<b>Amount</b>	<b>Interest Rate</b>	<b>Reoffering Yield</b>	<b>CUSIP</b>	<b>Maturing October 1</b>	<b>Amount</b>	<b>Interest Rate</b>	<b>Reoffering Yield</b>	<b>CUSIP</b>
2021	\$5,000	%	%		2031	\$45,000	%	%	
2022	\$25,000	%	%		2032	\$85,000	%	%	
2023	\$25,000	%	%		2033	\$85,000	%	%	
2024	\$30,000	%	%		2034	\$25,000	%	%	
2025	\$30,000	%	%		2035	\$20,000	%	%	
2026	\$30,000	%	%		2036	\$25,000	%	%	
2027	\$30,000	%	%		2037	\$20,000	%	%	
2028	\$15,000	%	%		2038	\$20,000	%	%	
2029	\$15,000	%	%		2039	\$25,000	%	%	
2030	\$20,000	%	%		2040	\$200,000	%	%	

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

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

The Bonds constitute a limited indebtedness of the Robertson County School District Finance Corporation and are payable from and secured by a pledge of the gross income and revenues derived by leasing the Project on an annual renewable basis to the Robertson County Board of Education.

The Robertson (Kentucky) County School District Finance Corporation will until September 1, 2020, at 11:00 A.M., E.D.S.T., receive competitive bids for the Bonds at the office of the Executive Director of the Kentucky School Facilities Construction Commission, 700 Louisville Road, Carriage House, 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 \$80,000.**

**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.

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



**ROBERTSON COUNTY, KENTUCKY  
BOARD OF EDUCATION**

Dr. John Burns, Chairman  
Marsha Jones, Member  
Wendell Haag, Member  
Kevin Dotson, Member  
Darlene Gifford, Member

Sanford Holbrook, Superintendent/Secretary

**ROBERTSON COUNTY SCHOOL DISTRICT  
FINANCE CORPORATION**

Dr. John Burns, President  
Marsha Jones, Member  
Wendell Haag, Member  
Kevin Dotson, Member  
Darlene Gifford, Member

Sanford Holbrook, Secretary  
Tracy Teegarden, Treasurer

**BOND COUNSEL**

Steptoe & Johnson PLLC  
Louisville, Kentucky

**FINANCIAL ADVISOR**

RSA Advisors, LLC  
Lexington, Kentucky

**PAYING AGENT AND REGISTRAR**

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

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

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

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

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**OFFICIAL STATEMENT  
Relating to the Issuance of**

**\$775,000\***

**ROBERTSON COUNTY SCHOOL DISTRICT FINANCE CORPORATION  
SCHOOL BUILDING REVENUE BONDS,  
SERIES 2020B**

*\* 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 Robertson County School District Finance Corporation (the "Corporation") School Building Revenue Bonds, Series 2020B (the "Bonds").

The Bonds are being issued to finance improvements at Robertson County School (the "Project").

The Bonds are revenue bonds and constitute a limited indebtedness of the Corporation. The Bonds will be secured by a pledge of the rental income derived by the Corporation from leasing the Project to the Robertson 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 Robertson County Board of Education from its records, except for information expressly attributed to other sources. The presentation of financial and other information is not intended, unless specifically stated, to indicate future or continuing trends in the financial position or other affairs of the Board. No representation is made that past experience, as is shown by financial and other information, will necessarily continue or be repeated in the future.

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

Copies of the Bond Resolution authorizing the issuance of the Bonds and the Lease Agreement dated September 22, 2020, may be obtained at the office of Steptoe & Johnson PLLC, Bond Counsel, 700 N. Hurstbourne Parkway, Ste. 115, Louisville, Kentucky 40222.

**BOOK-ENTRY-ONLY-SYSTEM**

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

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

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

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

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

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

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

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

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

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

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

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

### **THE CORPORATION**

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

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

### **KENTUCKY SCHOOL FACILITIES CONSTRUCTION COMMISSION; NO PARTICIPATION IN THIS ISSUE**

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

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

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

<u>Biennium</u>	<u>Appropriation</u>
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	<u>2,946,900</u>
Total	\$183,861,200

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

### BIENNIAL BUDGET FOR PERIOD ENDING JUNE 30, 2021

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

### OUTSTANDING BONDS

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

<b>Bond Series</b>	<b>Original Principal</b>	<b>Current Principal Outstanding</b>	<b>Principal Assigned to Board</b>	<b>Principal Assigned to Commission</b>	<b>Approximate Interest Rate Range</b>	<b>Final Maturity</b>
2011-QSCB	\$18,380,000	\$18,380,000	\$785,827	\$13,973,642	4.500%	2028
2013-KISTA	\$205,000	\$155,000	\$132,383	\$72,617	2.500% - 3.625%	2033
2014	\$635,000	\$605,000	\$635,000	\$0	2.800% - 4.000%	2034
2018	\$2,245,000	\$2,090,000	\$2,100,793	\$144,207	2.300% - 3.625%	2038
2020	\$485,000	\$485,000	\$485,000	\$0	2.375% - 2.375%	2040
<b>TOTALS:</b>	<b>\$21,950,000</b>	<b>\$21,715,000</b>	<b>\$4,139,003</b>	<b>\$14,190,466</b>		

### AUTHORITY

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

- i) the issuance of approximately \$775,000 of Bonds subject to a permitted adjustment of \$80,000;
- 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 22, 2020, will bear interest from that date as described herein, payable semi-annually on April 1 and October 1 of each year, commencing April 1, 2021, and will mature as to principal on October 1, 2021, and each October 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). US 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 April 1 and October 1 of each year, beginning April 1, 2021 (Record Date is 15th day of month preceding interest due date).

### Redemption

The Bonds maturing on or after October 1, 2028, are subject to redemption at the option of the Corporation prior to their stated maturity on any date falling on or after October 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
October 1, 2028 and thereafter	100%

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

## SECURITY

### General

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

### The Lease; Pledge of Rental Revenues

The Board has leased the school Project securing the Bonds for an initial period from September 22, 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 October 1, 2040, the final maturity date of the Bonds. Under the lease, the Corporation has pledged the rental revenue to the payment of the Bonds.

## **STATE INTERCEPT**

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

## **THE PROJECT**

After payment of the Bond issuance costs, the Board plans to deposit the net Bond proceeds to finance improvements at Robertson County School (the "Project").

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

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

## **ADDITIONAL PARITY BONDS**

The Corporation has reserved the right and privilege of issuing additional bonds from time to time payable from the income and revenues of said lands and school building Project and secured by the same pledges of revenues, but only if and to the extent the issuance of such additional parity bonds are in accordance with the plans and specifications approved by the Board, Commissioner of Education, and filed in the office of the Secretary of the Corporation.

**ESTIMATED BOND DEBT SERVICE**

The following table shows by fiscal year the current bond payments of the Board. The plan of financing provides for the Board to pay 100% of the debt service of the Bonds.

<b>Fiscal Year Ending June 30</b>	<b>Current Local Bond Payments</b>	<b>-----Series 2020B Revenue Bonds-----</b>			<b>Total Local Bond Payments</b>
		<b>Principal Portion</b>	<b>Interest Portion</b>	<b>Total Payment</b>	
2021	\$310,253		\$16,275	\$16,275	\$326,528
2022	\$301,911	\$5,000	\$30,900	\$35,900	\$337,811
2023	\$303,629	\$25,000	\$30,300	\$55,300	\$358,929
2024	\$305,120	\$25,000	\$29,300	\$54,300	\$359,420
2025	\$301,314	\$30,000	\$28,200	\$58,200	\$359,514
2026	\$301,633	\$30,000	\$27,000	\$57,000	\$358,633
2027	\$301,776	\$30,000	\$25,800	\$55,800	\$357,576
2028	\$304,134	\$30,000	\$24,600	\$54,600	\$358,734
2029	\$207,866	\$15,000	\$23,700	\$38,700	\$246,566
2030	\$207,660	\$15,000	\$23,100	\$38,100	\$245,760
2031	\$207,041	\$20,000	\$22,400	\$42,400	\$249,441
2032	\$181,260	\$45,000	\$21,100	\$66,100	\$247,360
2033	\$146,209	\$85,000	\$18,500	\$103,500	\$249,709
2034	\$147,022	\$85,000	\$15,100	\$100,100	\$247,122
2035	\$211,854	\$25,000	\$12,900	\$37,900	\$249,754
2036	\$215,403	\$20,000	\$12,000	\$32,000	\$247,403
2037	\$213,661	\$25,000	\$11,100	\$36,100	\$249,761
2038	\$216,532	\$20,000	\$10,200	\$30,200	\$246,732
2039	\$216,264	\$20,000	\$9,400	\$29,400	\$245,664
2040	\$214,988	\$25,000	\$8,500	\$33,500	\$248,488
2041		\$200,000	\$4,000	\$204,000	\$204,000
<b>TOTALS:</b>	<b>\$4,815,530</b>	<b>\$775,000</b>	<b>\$404,375</b>	<b>\$1,179,375</b>	<b>\$5,994,905</b>

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:

<b>Sources:</b>	
Par Amount of Bonds	<u>\$775,000.00</u>
Total Sources	\$775,000.00
<b>Uses:</b>	
Deposit to Construction Fund	\$461,465.00
Underwriter's Discount	15,500.00
Cost of Issuance	<u>17,375.00</u>
Total Uses	\$775,000.00

## DISTRICT STUDENT POPULATION

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

Year	Average Daily Attendance	Year	Average Daily Attendance
1990-91	329.1	2004-05	358.9
1991-92	319.0	2005-06	365.5
1992-93	324.4	2006-07	356.7
1993-94	328.7	2007-08	342.6
1994-95	332.7	2008-09	366.2
1995-96	324.8	2009-10	353.7
1996-97	320.2	2010-11	328.4
1997-98	349.7	2011-12	319.6
1998-99	349.7	2012-13	309.2
1999-00	350.8	2013-14	323.0
2000-01	357.1	2014-15	319.4
2001-02	356.1	2015-16	317.9
2002-03	354.4	2016-17	343.1
2003-04	354.6	2017-18	346.1
		2018-19	375.3

*Source: Kentucky State Department of Education.*

### STATE SUPPORT

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

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

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

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

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

<u>Year</u>	<u>Capital Outlay Allotment</u>	<u>Year</u>	<u>Capital Outlay Allotment</u>
1990-91	32,910.0	2004-05	35,890.0
1991-92	31,900.0	2005-06	36,550.0
1992-93	32,440.0	2006-07	35,670.0
1993-94	32,870.0	2007-08	34,260.0
1994-95	33,270.0	2008-09	36,617.0
1995-96	32,480.0	2009-10	35,365.4
1996-97	32,020.0	2010-11	32,839.0
1997-98	34,970.0	2011-12	31,960.2
1998-99	34,970.0	2012-13	30,921.5
1999-00	35,080.0	2013-14	32,301.4
2000-01	35,710.0	2014-15	31,938.0
2001-02	35,610.0	2015-16	31,787.6
2002-03	35,440.0	2016-17	34,310.0
2003-04	35,460.0	2017-18	34,610.0
		2018-19	37,530.0

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 (\$.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**

<b>Tax Year</b>	<b>Combined Equivalent Rate</b>	<b>Total Property Assessment</b>	<b>Property Revenue Collections</b>
1991-92	55.9	40,739,690	227,735
1992-93	55.9	41,458,986	231,756
1993-94	56.1	44,600,951	250,211
1994-95	57	46,345,823	264,171
1995-96	57.1	48,491,036	276,884
1996-97	52.7	51,521,296	271,517
1997-98	54	53,770,989	290,363
1998-99	54	55,126,575	297,684
1999-00	52.4	57,509,790	301,351
2000-01	54.6	60,039,814	327,817
2001-02	52.4	62,513,062	327,568
2002-03	54.4	65,552,284	356,604
2003-04	54.4	67,447,246	366,913
2004-05	49.9	69,911,890	348,860
2005-06	49.1	73,800,854	362,362
2006-07	55	75,187,203	413,530
2007-08	49.1	75,703,714	371,705
2008-09	57.9	79,379,491	459,607
2009-10	57.9	80,773,044	467,676
2010-11	60.4	80,856,448	488,373
2011-12	65.1	83,141,036	541,248
2012-13	87.4	85,202,998	744,674
2013-14	72	86,856,186	625,365
2014-15	71.5	88,821,068	635,071
2015-16	72.5	95,103,030	689,497
2016-17	73.1	95,103,030	695,203
2017-18	73.7	99,408,831	732,643
2018-19	75	104,971,974	787,290

**Overlapping Bond Indebtedness**

The following table shows any other overlapping bond indebtedness of the Robertson 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.

<b>Issuer</b>	<b>Original Principal Amount</b>	<b>Amount of Bonds Redeemed</b>	<b>Current Principal Outstanding</b>
County of Robertson Refunding Revenue	\$2,315,000	\$45,000	\$2,270,000
Special Districts Robertson County Library District	\$1,075,000	\$789,000	\$277,000
<b>Totals:</b>	<b>\$3,390,000</b>	<b>\$843,000</b>	<b>\$2,574,000</b>

Source: 2020 Kentucky Local Debt Report.

## SEEK Allotment

The Board has reported the following information as to the SEEK allotment to the District, and as provided by the State Department of Education. These receipts are compared to the 1989-90 fiscal year funding prior to enactment of the Kentucky Education Reform Act:

<b>SEEK</b>	<b>Base Funding</b>	<b>Local Tax Effort</b>	<b>Total State &amp; Local Funding</b>
1991-92	959,479	227,735	1,187,214
1992-93	974,901	231,756	1,206,657
1993-94	982,376	250,211	1,232,587
1994-95	1,036,800	264,171	1,300,971
1995-96	1,049,883	276,884	1,326,767
1996-97	1,082,456	271,517	1,353,973
1997-98	1,210,897	290,363	1,501,260
1998-99	1,338,126	297,684	1,635,810
1999-00	1,332,849	301,351	1,634,200
2000-01	1,403,765	327,817	1,731,582
2001-02	1,427,906	327,568	1,755,474
2002-03	1,530,418	356,604	1,887,022
2003-04	1,657,508	366,913	2,024,421
2004-05	1,655,442	348,860	2,004,302
2005-06	1,795,084	362,362	2,157,446
2006-07	1,713,693	413,530	2,127,223
2007-08	1,830,839	371,705	2,202,544
2008-09	1,962,768	459,607	2,422,375
2009-10	1,722,296	467,676	2,189,972
2010-11	1,559,064	488,373	2,047,437
2011-12	1,666,584	541,248	2,207,832
2012-13	1,563,758	744,674	2,308,432
2013-14	1,653,866	625,365	2,279,231
2014-15	1,649,817	635,071	2,284,888
2015-16	1,560,004	663,671	2,223,675
2016-17	1,788,680	689,497	2,478,177
2017-18	1,888,248	732,643	2,620,891
2018-19	2,171,342	787,290	2,958,632

- (1) Support Education Excellence in Kentucky (SEEK) replaces the minimum foundation program and power equalization funding. Capital Outlay is now computed at \$100 per average daily attendance (ADA). Capital Outlay is included in the SEEK base funding.
- (2) The Board established a current equivalent tax rate (CETR) of \$0.750 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; EXEMPTION**

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

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

Financial information regarding the Board may be obtained from Superintendent, Robertson County Board of Education, 1760 Sardis Road, Mount Olivet, Kentucky 41064, Telephone 606-724-5431.

**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 calculating the Federal alternative income tax.

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

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

### **Original Issue Premium**

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

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

### **Original Issue Discount**

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

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

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

## **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.



## **APPENDIX A**

**Robertson County School District Finance Corporation  
School Building Revenue Bonds  
Series 2020B**

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### **Demographic and Economic Data**

## ROBERTSON COUNTY, KENTUCKY

Mount Olivet is the county seat of Robertson County. It had a 2018 population of 340.

Robertson County, with a 2018 estimated population of 2,135.

### The Economic Framework

The total number of Robertson County residents employed in 2015 averaged 278. Private industries accounted for 142 jobs.

### Power and Fuel

Electric power is provided to Mount Olivet by the Kentucky Utilities Company, while East Kentucky Power supplies Robertson County. Natural gas service is provided to Mount Olivet by the Delta Natural Gas Company and Columbia Gas of Kentucky, Inc.

### Education

Primary and secondary education is provided to Robertson County by the Robertson County School System.

## LOCAL GOVERNMENT

### 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

### Population

<u>Area</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Mount Olivet	340	340	340
Robertson County	2,125	2,132	2,135

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

### Population Projections

<u>Area</u>	<u>2020</u>	<u>2025</u>	<u>2030</u>
Robertson County	2,107	2,053	1,983

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

## EDUCATION

### Public Schools

	<u>Robertson County</u>
Total Enrollment (2018-2019)	393
Pupil-Teacher Ratio (2018-2019)	15-1

### Vocational Training

Vocational training is available at both the state vocational-technical schools and the area vocational education centers. The state vocational-technical schools are post-secondary institutions. The area vocational education centers are designed to supplement the curriculum of high school students. Both the state vocational-technical schools and the area vocational education centers offer evening courses to enable working adults to upgrade current job skills.

Arrangements can be made to provide training in the specific production skills required by an industrial plant. Instruction may be conducted either in the vocational school or in the industrial plant, depending upon the desired arrangement and the availability of special equipment.

### Bluegrass State Skills Corporation

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

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

<u>Vocational School</u>	<u>Location</u>	<u>Enrollment 2016-2017</u>
Mason County ATC	Maysville, KY	195
Harrison County ATC	Cynthiana, KY	1,098
Montgomery County ATC	Mt. Sterling, KY	657
C.E. McCormick Area Tech. Center	Alexandria, KY	417
Clark County ATC	Winchester, KY	689
Foster Mead Voc. Ed. Center	Vanceburg, KY	1,011
Eastside Center for Applied Tech.	Lexington, KY	820
JD Patton ATC	Ft. Mitchell, KY	772
Boone County ATC	Hebron, KY	209
Madison County ATC	Richmond, KY	808
Morgan County ATC	West Liberty, KY	635

## Colleges and Universities

<u>Name</u>	<u>Location</u>	<u>Enrollment (Fall 2015)</u>
Maysville Community & Tech. College	Maysville, KY	3,158
Georgetown College	Georgetown, KY	1,364
Morehead State University	Morehead, KY	10,872
Bluegrass Community & Tech. College	Lexington, KY	10,388
Northern Kentucky University	Highland Heights, KY	14,699
Transylvania University	Lexington, KY	1,053
University of Kentucky	Lexington, KY	29,727
Gateway Community & Tech. College	Covington, KY	4,581
Midway College	Midway, KY	1,055
Thomas More College	Crestview Hills, KY	1,909
Kentucky State University	Frankfort, KY	1,586
Eastern Kentucky University	Richmond, KY	16,844
Asbury College	Wilmore, KY	1,915



**APPENDIX B**

**Robertson County School District Finance Corporation  
School Building Revenue Bonds  
Series 2020B**

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**Audited Financial Statement ending June 30, 2019**

ROBERTSON COUNTY BOARD OF EDUCATION

FINANCIAL STATEMENTS  
SUPPLEMENTARY INFORMATION  
And  
INDEPENDENT AUDITOR'S REPORTS

Year Ended June 30, 2019

Denise M. Keene  
Certified Public Accountant  
P.O. Box 1444  
Georgetown, Kentucky 40324  
859-421-5062

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ROBERTSON COUNTY BOARD OF EDUCATION  
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**DENISE M. KEENE  
CERTIFIED PUBLIC ACCOUNTANT  
P.O. BOX 1444  
GEORGETOWN, KENTUCKY 40324  
502-857-2579**

INDEPENDENT AUDITOR'S REPORT

State Committee For School District Audits  
Members of the Board of Education  
Robertson County Board of Education  
Mt. Olivet, 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 the Robertson County Board of Education as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Board'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; Audits of States and Local Governments, and Non-Profit Organizations, and the audit requirements prescribed by the Kentucky State Committee for School District Audits. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board 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 7 through 12, budgetary comparison information on pages 57 and 58 and the Schedule of Proportionate Share of the Net Pension Liability; Schedule of Contributions on pages 59 and 60; the schedule of Proportionate Share of the Net OPEB Liability; and Schedule of OPEB Contributions on pages 61 and 62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board's basic financial statements. The combining statements for nonmajor governmental funds and fiduciary funds, the statement of receipts, disbursements, and due to student groups-Robertson County School, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining statements for nonmajor funds and fiduciary funds, the statement of receipts, disbursements, and due to student groups-Robertson County School, are the responsibility of management and was derived from and relates 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 statements for nonmajor funds and fiduciary funds, the statement of receipts, disbursements, and due to student groups-Robertson County School, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 15, 2019 on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.

*Denise M. Keene*

Denise M. Keene, CPA  
Georgetown, Kentucky  
August 15, 2019  
Except for Note T, as to which the date is October 28, 2019

**ROBERTSON COUNTY SCHOOLS  
MT. OLIVET, KENTUCKY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2019**

As management of the Robertson 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 beginning balance for cash and cash equivalents July 1, 2018 was \$7,634,258.  
The ending balance for cash and cash equivalents June 30, 2019 was \$9,177,044.

The General Fund had \$3,926,676 in revenue, which primarily consisted of the state program (SEEK), property, utilities, and motor vehicle taxes. Excluding inter-fund transfer, there were \$3,836,749 in General Fund expenditures. The closing balance as of June 30, 2019 in the general fund \$1,129,735 special revenue \$271,021, debt service \$7,223,810, construction \$1, and nonmajor funds \$279,077 for a total of \$8,903,644.

The Board approved property tax rates at the 4% above compensating rate.  
The tax rate of 68.0 cents/100 dollars assessed value for real estate and personal property.

The Board issued construction bonds for \$2,245,000 for the construction of a new bus garage and baseball fields.

The District has put an emphasis on budgeting funds to improve curriculum and technology within the school.

The staff did not get an overall percentage raise for the 2018-2019 fiscal year, but plans to do a 1% raise for all staff during the 2019-2020 fiscal year.



## 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) district-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

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

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

The district-wide financial statements can be found on pages 13 and 14 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 is food service operations. All other activities of the district are included in the governmental funds.

The basic governmental fund financial statements can be found on pages 15-22 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found on pages 23-55 of this report.

**DISTRICT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities exceeded assets by \$3,357,644 as of June 30, 2019.

The largest portion of the District's net position reflects its investment in capital 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. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

2018 District-wide net position compared to 2019 are as follows:

	Net Position (in thousands)					
	Governmental		Business-type		Total	
	2018	2019	2018	2019	2018	2019
Assets	\$23,856	\$27,219	\$1,394	\$1,398	\$25,250	\$28,617
Deferred outflows of resource	510	524	118	127	628	651
Liabilities	21,775	24,222	314	367	22,089	24,589
Deferred Inflows of Resource	113	189	26	36	139	225
Investment in capital assets (net of debt)	(3,268)	(3,592)	1,288	1,283	(1,980)	(2,309)
Restricted	6,483	7,779	(116)	(161)	6,367	7,618
Unrestricted Fund Balance	<u>(737)</u>	<u>(855)</u>	<u>0</u>	<u>0</u>	<u>(737)</u>	<u>(855)</u>
Total Net Position	\$2,478	\$3,332	\$1,172	\$1,122	\$3,650	\$4,454

**Budgetary Implications**

In Kentucky the public school fiscal year is July 1 - June 30; other programs, i.e. some federal operate on a different fiscal year, but are reflected in the district overall budget. By law the budget must have a minimum 2 percent contingency. The district adopted a budget with \$355,605 in contingency, which is 10.4 percent.

Comments on Budget Comparisons

The original budget was amended to reflect changes in the school allocations and anticipated revenues. The changes made were based on more accurate data being available after the first couple of months of the fiscal year.

	Changes in Net Position (in thousands)					
	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>	
	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>
Revenues						
Local Revenue Sources	964	1,291	36	36	1,000	1,327
State Revenue Sources	4,261	4,524	57	50	4,318	4,574
Federal Revenue Sources	1,036	1,100	361	453	1,397	1,553
Investments	<u>165</u>	<u>211</u>	<u>0</u>	<u>0</u>	<u>165</u>	<u>211</u>
Total Revenues	6,426	7,126	454	539	6,880	7,665
Expenses						
Instruction	3,116	3,647			3,116	3,647
Student Support Services	176	158			176	158
Instructional Support	76	54			76	54
District Administration	592	478			592	478
School Administration	167	165			167	165
Business Support	118	149			118	149
Plant Operations	236	331			236	331
Student Transportation	247	250			247	250
Community Support	55	82			55	82
Food Service			533	581	533	581
Debt Service	<u>847</u>	<u>950</u>			<u>847</u>	<u>950</u>
<b>Total Expenses</b>	5,630	6,264	533	581	6,163	6,845
Sale of assets	(6)	(8)		(9)	(6)	(17)
<b>Change in Net Position</b>	790	854	(79)	(51)	711	803
<b>Beginning Net Position</b>	2,853	2,478	1,304	1,172	4,157	3,650
<b>Prior Period Adjustment</b>	<u>(1,165)</u>		<u>(53)</u>		<u>(1,218)</u>	<u>0</u>
<b>Ending Net Position</b>	\$2,478	\$3,332	\$1,172	\$1,121	\$3,650	\$4,453

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

**INFRASTRUCTURE**

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

**Analysis of balances and transactions of individual funds (in thousands)**

Fund	Beginning	Revenues	Expenses	Transfer	Ending
General Fund	\$1,047	\$3,927	\$3,837	(\$7)	\$1,130
Special Revenue	\$252	\$952	\$940	\$7	\$271
Capital Outlay	\$2	\$34	\$0	(\$34)	\$2
Building	\$109	\$271	\$182	\$0	\$198
Construction	\$0	\$1	\$2,174	\$2,173	\$0
Debt Service	\$6,105	\$4,141	\$1,032	(\$1,990)	\$7,224

Capital Assets and Long-Term Debt Activity (in thousands)

	Beginning	Additions	Deductions	Ending
<b>Governmental</b>				
Capital Assets	\$19,743	\$2,337	\$98	\$21,982
Accumulated Depreciation	\$3,508	\$509	\$91	\$3,926
<b>Business-Type</b>				
Capital Assets	\$1,576	\$60	\$19	\$1,617
Accumulated Depreciation	\$287	\$58	\$10	\$335
Bonds Payable	\$19,252	\$2,245	\$55	\$21,442
Capital Lease Payable	\$245	\$0	\$85	\$160
Sick Leave Payable	\$0	\$5	\$5	\$0
Judgments Payable	\$6	\$0	\$3	\$3

**CURRENT ISSUES**

Student enrollment numbers have increased for 2019-2020.

## Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Board's finances and to reflect the Board's accountability for the monies it receives. Questions about this report or additional financial information needs should be directed to the Superintendent, Sanford Holbrook, or to the Treasurer, Tracy Teegarden at 606-724-5421, or by mail at 1762 Sardis Road, Mt. Olivet, KY 41064.

ROBERTSON COUNTY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
DISTRICT WIDE  
As of June 30, 2019

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and equivalents - Note C	\$9,044,724	\$92,788	\$9,137,512
Accounts receivable	114,364	10,168	124,532
Inventory		12,031	12,031
Prepaid expenses	4,618		4,618
Capital assets			
Land and construction in progress	2,635,064		2,635,064
Other capital assets, net of depreciation	<u>15,420,339</u>	<u>1,282,503</u>	<u>16,702,842</u>
Total capital assets	<u>18,055,403</u>	<u>1,282,503</u>	<u>19,337,906</u>
<b>TOTAL ASSETS</b>	<b>27,219,109</b>	<b>1,397,490</b>	<b>28,616,599</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows from OPEB	152,508	30,185	182,693
Deferred outflows from pension	<u>371,955</u>	<u>97,227</u>	<u>469,182</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>524,463</b>	<b>127,412</b>	<b>651,875</b>
<b>LIABILITIES</b>			
Accounts payable	195,683	684	196,367
Unearned revenue	61,299		61,299
Interest payable	45,599		45,599
Judgments payable	3,080		3,080
Long-term Liabilities			
Due within 1 year	161,451		161,451
Due in more than 1 year	21,443,565		21,443,565
OPEB liability	1,233,371	82,662	1,316,033
Pension liability	<u>1,078,412</u>	<u>283,563</u>	<u>1,361,975</u>
<b>TOTAL LIABILITIES</b>	<b>24,222,460</b>	<b>366,909</b>	<b>24,589,369</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows from OPEB	110,605	15,672	126,277
Deferred inflows from pension	<u>78,863</u>	<u>20,737</u>	<u>99,600</u>
<b>TOTAL DEFERRED INFLOWS</b>	<b>189,468</b>	<b>36,409</b>	<b>225,877</b>
<b>NET POSITION</b>			
Net investment in capital assets	(3,592,132)	1,282,503	(2,309,629)
Restricted			
Prepays	4,618		4,618
Food Service		114,303	114,303
SFCC	279,077		279,077
Future Construction	1		1
Other	271,021	(275,222)	(4,201)
Debt Service	7,223,810		7,223,810
Unrestricted	<u>(854,751)</u>		<u>(854,751)</u>
<b>TOTAL NET POSITION</b>	<b>\$3,331,644</b>	<b>\$1,121,584</b>	<b>\$4,453,228</b>

See accompanying notes

ROBERTSON COUNTY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
DISTRICT WIDE

For the year ended June 30, 2019

FUNCTIONS/PROGRAMS

**Governmental Activities**

	Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Net (Expense) Revenue and Changes in Net Position
Instruction	\$3,646,531	\$12,250	\$851,551		(\$2,782,730)	\$	(\$2,782,730)
Support services:							
Student	158,095		8,220		(149,875)		(149,875)
Instruction staff	53,801		2,210		(51,591)		(51,591)
District administrative	477,979		7,054		(470,925)		(470,925)
School administrative	165,295				(165,295)		(165,295)
Business	149,051				(149,051)		(149,051)
Plant operation and maintenance	330,702	3,600			(327,102)		(327,102)
Student transportation	250,207	6,800			(243,407)		(243,407)
Community service activities	82,395		82,395		0		0
Interest on long-term debt	950,297	0	0	808,471	(141,826)		(141,826)
Total governmental activities	6,264,353	22,650	951,430	808,471	(4,481,802)		(4,481,802)

**Business-type Activities**

Food service	580,966	36,362	502,493			(42,111)	(42,111)
Total business-type activities	580,966	36,362	502,493			(42,111)	(42,111)
Total school district	\$6,845,319	\$59,012	\$1,453,923	\$808,471	(\$4,481,802)	(\$42,111)	(\$4,523,913)

**General Revenues**

Property taxes	\$449,599						\$449,599
Motor Vehicle taxes	86,048						86,048
Utility taxes	102,453						102,453
Other taxes	131,943						131,943
State aid-formula grants	4,295,747						4,295,747
Federal aid	65,336						65,336
Investment earnings	207,951					103	208,054
Gain on sale of assets	(8,077)					(9,006)	(17,083)
Miscellaneous	4,567						4,567
Total general & special	5,335,567					(8,903)	5,326,664
Change in net positions							802,751
Net position - beginning							<u>1,172,598</u>
Net position - ending							\$1,121,584
							\$4,453,228

See accompanying notes

ROBERTSON COUNTY SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
As of June 30, 2019

	General Fund	Special Revenue	Construction Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$1,113,444	\$255,226	\$173,167	\$7,223,810	\$279,077	\$9,044,724
Other receivables	37,270	77,094				114,364
Prepaid expenses	<u>4,618</u>					<u>4,618</u>
<b>TOTAL ASSETS</b>	<b>\$1,155,332</b>	<b>\$332,320</b>	<b>\$173,167</b>	<b>\$7,223,810</b>	<b>\$279,077</b>	<b>\$9,163,706</b>
<b>LIABILITIES</b>						
Accounts payable	\$22,517	\$	\$173,166	\$	\$	\$195,683
Judgments payable	3,080					3,080
Unearned revenue		<u>61,299</u>				<u>61,299</u>
<b>TOTAL LIABILITIES</b>	<b>25,597</b>	<b>61,299</b>	<b>173,166</b>			<b>260,062</b>
<b>Fund Balances</b>						
Nonspendable						
Prepays	4,618					4,618
Restricted						
SFCC					279,077	279,077
Other		271,021				271,021
Future Construction			1			1
Debt Service				7,223,810		7,223,810
Unassigned	<u>1,125,117</u>					<u>1,125,117</u>
<b>Total fund balances</b>	<b>1,129,735</b>	<b>271,021</b>	<b>1</b>	<b>7,223,810</b>	<b>279,077</b>	<b>8,903,644</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$1,155,332</b>	<b>\$332,320</b>	<b>\$173,167</b>	<b>\$7,223,810</b>	<b>\$279,077</b>	<b>\$9,163,706</b>

See accompanying notes



ROBERTSON COUNTY SCHOOL DISTRICT  
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO  
 THE STATEMENT OF NET POSITION  
 As of June 30, 2019

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

<b>Total Fund Balance - Governmental Funds</b>		\$8,903,644
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		18,055,403
Deferred outflows of resources		524,463
Deferred inflows of resources		(189,468)
Certain liabilities 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		
	Bonds Payable	(21,442,168)
	Capital Lease Payable	(159,768)
	KSBIT Judgment	(3,080)
	OPEB Liability	(1,233,371)
	Pension Liability	(1,078,412)
	Accrued Interest on Bonds	<u>(45,599)</u>
<b>Total Net Position - Governmental Activities</b>		<b>\$3,331,644</b>

See accompanying notes

ROBERTSON 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	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
From local sources						
Property taxes	\$344,627	\$		\$	\$104,972	\$449,599
Motor vehicle taxes	86,048					86,048
Utility taxes	102,453					102,453
Other taxes	131,943					131,943
Earnings on investments	10,122	3,218	1,033	196,602	194	211,169
Other local revenues	27,216	493,490				520,706
Intergovernmental - State	3,158,931	176,092		943,674	245,551	4,524,248
Intergovernmental - Federal	<u>65,336</u>	<u>278,630</u>		<u>756,063</u>		<u>1,100,029</u>
Total revenues	3,926,676	951,430	1,033	1,896,339	350,717	7,126,195
<b>Expenditures</b>						
Instruction	2,277,395	840,176				3,117,571
Support services						
Student	149,799	8,220				158,019
Instruction staff	51,591	2,210				53,801
District administration	433,690	7,054				440,744
School administration	164,119					164,119
Business	149,051					149,051
Plant operation and maintenance	353,504					353,504
Student transportation	228,425					228,425
Community service activities		82,395				82,395
Facilities			2,173,758			2,173,758
Debt service	<u>29,175</u>			<u>1,032,307</u>		<u>1,061,482</u>
Total expenditures	3,836,749	940,055	2,173,758	1,032,307		7,982,869
Excess(deficit)of revenues over expenditures	89,927	11,375	(2,172,725)	864,032	350,717	(856,674)
<b>Other Financing Sources (Uses)</b>						
Bond proceeds				2,245,000		2,245,000
Operating transfers in		7,311	2,172,725	182,762		2,362,798
Operating transfers out	<u>(7,311)</u>			<u>(2,172,725)</u>	<u>(182,762)</u>	<u>(2,362,798)</u>
Total other financing sources (uses)	(7,311)	7,311	2,172,725	255,037	(182,762)	2,245,000
Change in Fund Balance on Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds	82,616	18,686	0	1,119,069	167,955	1,388,326
Fund balance, July 1, 2018	<u>1,047,119</u>	<u>252,335</u>	<u>1</u>	<u>6,104,741</u>	<u>111,122</u>	<u>7,515,318</u>
Fund balance, June 30, 2019	\$1,129,735	\$271,021	\$1	\$7,223,810	\$279,077	\$8,903,644

See accompanying notes

ROBERTSON COUNTY SCHOOL DISTRICT  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO  
 THE DISTRICT-WIDE STATEMENT OF ACTIVITIES  
 For The Year Ended June 30, 2019

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

**Total net change in fund balances - governmental funds** **\$1,388,326**

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 outlays exceeds depreciation  
 expense for the year.

	(509,331)	
Depreciation Expense		
Capital Outlays	<u>2,337,112</u>	1,827,781
Loss on sale of assets		(8,077)
Deferred Outflows		14,131
Deferred Inflows		<u>(76,297)</u>

Bond proceeds provide current financial resources to  
 governmental funds, but issuing debt increases long-term  
 liabilities in the statement of net position. Repayment of bond  
 principal is an expenditure in the governmental funds, but the  
 repayment reduces long-term liabilities in the statement of net  
 position.

	(2,245,000)	
Bond Proceeds		
Bond Principal Payments		55,352
Capital Lease Payments		85,256

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.

	(29,423)	
Change in Accrued Interest		
Change in Pension Liability		(160,317)
Change in OPEB Liability		(1,047)
Change in KSBIT liability		<u>3,080</u>

**Total Change in Net Position - Governmental Activities** **\$853,765**

See accompanying notes

ROBERTSON COUNTY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
As of June 30, 2019

	Food Service <u>Fund</u>
<b>ASSETS</b>	
Cash and Equivalents	\$92,788
Accounts Receivable	10,168
Inventory	12,031
Capital Assets, net of depreciation	<u>1,282,503</u>
<b>TOTAL ASSETS</b>	<b>1,397,490</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows from OPEB	30,185
Deferred outflows from pension	<u>97,227</u>
<b>TOTAL DEFERRED OUTFLOWS</b>	<b>127,412</b>
<b>LIABILITIES</b>	
Accounts Payable	684
OPEB Liability	82,662
Pension Liability	<u>283,563</u>
<b>TOTAL LIABILITIES</b>	<b>366,909</b>
<b>DEFERRRED INFLOWS OF RESOURCES</b>	
Deferred inflows from OPEB	15,672
Deferred inflows from pension	<u>20,737</u>
<b>TOTAL DEFERRED INFLOWS</b>	<b>36,409</b>
<b>NET POSITION</b>	
Net Investment in Capital Assets	1,282,503
Restricted - OPEB	(68,149)
Restricted - Pension	(207,073)
Restricted Net Position	<u>114,303</u>
<b>TOTAL NET POSITION</b>	<b>\$1,121,584</b>

See accompanying notes

ROBERTSON COUNTY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
For The Year Ended June 30, 2019

	Food Service <u>Fund</u>
OPERATING REVENUES	
Lunchroom sales	\$36,362
Total Operating Revenues	36,362
OPERATING EXPENSES	
Salaries and wages	263,415
Contract services	9,538
Materials and supplies	250,819
Depreciation	<u>57,194</u>
Total Operating Expenses	580,966
Operating income (loss)	(544,604)
NON-OPERATING REVENUES (EXPENSES)	
Federal grants	432,261
Commodities received	20,816
State grants	2,695
State on-behalf payments	46,721
Loss on disposal of assets	(9,006)
Interest income	<u>103</u>
Non-operating revenues (expenses)	493,590
Net income (loss) before Capital Contributions	(51,014)
Capital Contribution	0
Increase (decrease) in Net Position	(51,014)
Net Position, July 1, 2018	<u>1,172,598</u>
Net Position, June 30, 2019	\$1,121,584

See accompanying notes

ROBERTSON COUNTY SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For The Year Ended June 30, 2019

Food  
Service  
Fund

CASH FLOW FROM OPERATING ACTIVITIES

Cash received from customers	\$36,362
Cash paid to employees, including benefits	(161,470)
Cash paid to suppliers	<u>(243,706)</u>
Net cash provided by operating activities	(368,814)

CASH FLOW FROM NONCAPITAL  
FINANCING ACTIVITIES

Cash received from government funding	<u>425,366</u>
Net cash provided from capital and related financing activities	425,366

CASH FLOWS FROM CAPITAL AND RELATED  
FINANCING ACTIVITIES

Capital asset purchases	(60,507)
Adjustment in capital asset between funds	<u>248</u>
Net cash used in capital and related financing activities	(60,259)

CASH FLOW FROM INVESTING ACTIVITIES

Interest Income	<u>103</u>
Net cash provided from capital and related financing activities	103

Net increase (decrease) in cash	(3,604)
Cash and equivalents, July 1, 2018	<u>96,392</u>

Cash and equivalents, June 30, 2019	\$92,788
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Reconciliation of Operating income (loss) to Net Cash

Provided by Operating Activities	
Operating income (loss)	(\$544,604)

Adjustments to reconcile net income to cash provided by operating activities	
Depreciation	57,194
On-behalf payments	46,721
Change in pension expense	55,224
Commodities used	20,816
(Increase) decrease in inventory	(3,237)
Increase (decrease) in accounts payable	<u>(928)</u>

Net cash provided by operating activities and increase in cash and equivalents	(\$368,814)
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**Schedule of Non-Cash Financing Activities**

Donated commodities	\$20,816
On Behalf payments	\$46,721

See accompanying notes

ROBERTSON COUNTY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
As of June 30, 2019

	Agency Fund
ASSETS	
Cash and equivalents	\$39,532
Accounts receivable	<u>0</u>
TOTAL ASSETS	\$39,532
LIABILITIES	
Accounts payable	\$0
Due to student groups	<u>39,532</u>
TOTAL LIABILITIES	\$39,532

See accompanying notes

ROBERTSON COUNTY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended June 30, 2019

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

REPORTING ENTITY

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

The Board, for financial purposes, includes all of the funds and account groups relevant to the operation of the Robertson 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 Board 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:

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

Basis of Presentation

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

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



ROBERTSON COUNTY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended June 30, 2019

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

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

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

The District has the following funds:

I. Governmental Fund Types

- (A) The General Fund (Fund 1) is the primary operating fund of the District. It accounts for and reports all financial resources not accounted for and reported in another fund. This is a budgeted fund and any unrestricted fund balances are considered as resources available for use. This is a major fund of the District.
- (B) The Special Revenue Fund (Fund 2) accounts for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. It includes federal financial programs where unused balances are returned to the grantor at the close of specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. . This is a major fund of the District.

ROBERTSON COUNTY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended June 30, 2019

- (C) Capital Project Funds are used to account for and report financial resource that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.
1. The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund (Fund 310) receives those funds designated by the state as Capital Outlay Funds and is restricted for use in financing projects identified in the district's facility plan.
  2. The Facility Support Program of Kentucky (FSPK) Fund (Fund 320) 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 (Fund 360) includes Capital Projects Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction and/or renovations. This is a major fund.

II. Debt Service Fund

The Debt Service Fund (Fund 400) is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds are used to report resources if legally mandated. Financial resources that are being accumulated for principal and interest maturing in future years are reported in debt service funds. This is a major fund for the District.

III. Proprietary Funds (Enterprise Fund)

1. The School Food Service Fund (Fund 51) is used to account for school food service activities, including the National School Lunch Program, which is conducted in cooperation with the U.S. Department of Agriculture (USDA). This is a major fund for the District.

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

1. 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 Uniform Program of Accounting for School Activity Funds.
2. The Private Purpose Trust Funds are used to report trust arrangements under which principal and income benefit individuals, private organizations or other governments. The District does not currently have any Private Purpose Trust Funds.

ROBERTSON COUNTY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended June 30, 2019

V. Permanent Funds

Permanent Funds are used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs – that is, for the benefit of the government or its citizenry.

Basis of Accounting

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

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

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

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

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

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.

ROBERTSON COUNTY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended June 30, 2019

Property Taxes

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

The property tax rates assessed for the year ended June 30, 2019, to finance operations were \$.68 per \$100 valuation for real property, \$.68 per \$100 valuation for business personal property and \$.559 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 District, of telephonic and telegraphic communications services, cablevision services, electric power, water, and natural, artificial and mixed gas.

Fund Balance Classification Policies and Procedures

The Board intends that accounting practices follow state and federal laws and regulations and generally accepted accounting policies.

Nonspendable Fund Balance

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

Restricted Fund Balance

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

The Board will use restricted amounts before unrestricted amounts when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available.

Committed Fund Balance

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

Assigned Fund Balance

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

Unassigned Fund Balance

Unassigned Fund Balance is the residual classification for the general fund.

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

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.

ROBERTSON COUNTY SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 For The Year Ended June 30, 2019

Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District does not possess any infrastructure. Improvements are capitalized; the cost of, normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

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

Accumulated Unpaid Sick Leave Benefits

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

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

ROBERTSON COUNTY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended June 30, 2019

Budgetary Process

Once the budget is approved, it can be amended. Amendments are presented to the Board at their regular meetings. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end as dictated by law.

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

Cash and Cash Equivalents

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

Inventories

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

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

The food service fund uses the specific identification method and the general fund uses the first-in, first-out method.

Prepaid Assets

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

Pensions

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

Postemployment Benefits Other than Pensions (OPEB). For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources, and expense, information about the fiduciary net position of the CERS and TRS and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by CERS and TRS. The plans recognizes benefit payments when due and payable in accordance with the benefit term.

ROBERTSON COUNTY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended June 30, 2019

Accrued Liabilities and Long-Term Obligations

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

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

Net Position

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

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, those revenues are primarily charges for meals provided by the various schools and collections for services such as child care.

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.

Subsequent Events

The District has evaluated and considered the need to recognize or disclose subsequent events through August 15, 2019, which represents the date that these financial statements were available to be issued. Subsequent events past this date, as they pertain to the fiscal year ended June 30, 2019, have not been evaluated by the District.

ROBERTSON COUNTY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended June 30, 2019

Interfund Activity

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

Uses of Estimates

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

Encumbrances

Encumbrances are not liabilities and therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end and outstanding encumbrances at year-end are reappropriated in the next year. Accordingly, no differences exist between actual results and the applicable budgetary data presented in the accompanying combined financial statements.

**NOTE B – PROPERTY TAX CALENDAR**

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

Description	per KRS 134.020
Due date for payment of taxes	Upon receipt
Face value amount payment date	December 31
Delinquent date, 5% penalty	January 1 – 31
Delinquent date, 10% penalty	February 1

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



ROBERTSON COUNTY SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 For The Year Ended June 30, 2019

**NOTE C – CASH AND CASH EQUIVALENTS**

At year-end, the carrying amount of the District’s total cash and cash equivalents was \$9,177,044. Of the total cash balance, \$250,000 was covered by Federal Depository insurance, with the remainder covered by collateral agreements and collateral held by the pledging banks’ trust departments in the District’s name. Cash equivalents are funds temporarily invested in securities with a maturity of 90 days or less.

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

	Bank Balance	Book Balance
General Checking Account		
Fund 1 (General Fund)	\$	\$ 1,113,444
Fund 2 (Special Revenue Fund)		255,226
Fund 310 (Capital Outlay Fund)		39,432
Fund 320 (Building Fund)		239,645
Fund 360 (Construction Fund)		173,167
Fund 51 (Food Service)		<u>92,788</u>
Total General Checking Account	2,163,675	1,913,702
Agency Funds	39,992	39,532
Debt Service Funds	<u>7,223,810</u>	<u>7,223,810</u>
TOTALS	\$ 9,427,477	\$9,177,044

Breakdown per financial statements:

Governmental Funds	\$ 9,044,724
Proprietary Funds	92,788
Agency Funds	<u>39,532</u>
TOTALS	\$ 9,177,044

**DEPOSITS AND INVESTMENTS**

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

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

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

Custodial credit risk – deposits. For deposits, this is the risk that in the event of a bank failure, the District’s deposits may not be returned. The District maintains deposits with financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). As allowed by law the depository bank should pledge securities along with FDIC insurance at least equal to the amount on deposit at all times. As of June 30, 2019, the District’s deposits are entirely insured and/or collateralized with securities held by the financial institutions on the District’s behalf and the FDIC insurance.

ROBERTSON COUNTY SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 For The Year Ended June 30, 2019

**NOTE D – CAPITAL ASSETS**

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

Governmental Activities	Beginning	Adjustment	Additions	Deletions	Ending
Land	461,309				461,309
Land Improvements	185,805				185,805
Building & Build Improvement	16,695,374		50,545		16,745,919
Technology Equipment	352,906		18,211	39,403	331,714
Vehicles	403,475		10,382		413,857
General Equipment	1,644,551		84,219	59,280	1,669,490
Construction in Progress	<u>0</u>		<u>2,173,755</u>		<u>2,173,755</u>
Total at historical cost	19,743,420		2,337,112	98,683	21,981,849
Accum Deprn-Land Improvements	86,717		7,468		94,185
Accum Deprn-Building & Improve	2,262,712		333,638		2,596,350
Accum Deprn-Technology	256,386		30,802	31,076	256,112
Accum Deprn-Vehicles	240,519		23,203		263,722
Accum Deprn-General Equipment	<u>661,386</u>	<u>(249)</u>	<u>114,220</u>	<u>59,280</u>	<u>716,077</u>
Total accumulated depreciation	3,507,720	(249)	509,331	90,356	3,926,446
Governmental Activities-Capital Assets - Net	16,235,700	249	1,827,781	(8,327)	18,055,403
Business Type Activities	Beginning	Adjustment	Additions	Deletions	Ending
Food Service					
Building & Build Improvement	1,181,359				1,181,359
Technology Equipment	663		1,206		1,869
General Equipment	<u>393,901</u>		<u>59,301</u>	<u>19,070</u>	<u>434,132</u>
Total at historical cost	1,575,923		60,507	19,070	1,617,360
Accum Deprn-Building & Improve	124,943		23,627		148,570
Accum Deprn-Technology	365		313		678
Accum Deprn-General Equipment	<u>162,171</u>	<u>250</u>	<u>33,253</u>	<u>10,065</u>	<u>185,609</u>
Total accumulated depreciation	287,479	250	57,194	10,065	334,858
Business-Type Activities Capital Assets-Net	1,288,444	250	3,313	9,005	1,282,502

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

Instruction	\$ 421,319
Support Services	
Student	76
District administration	37,235
School administration	1,176
Plant operations & maintenance	27,743
Student transportation	<u>21,782</u>
Total Depreciation expense, governmental activities	\$ 509,331

ROBERTSON COUNTY SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 For The Year Ended June 30, 2019

**NOTE E – BONDED DEBT AND LEASE OBLIGATIONS**

The amount shown in the accompanying financial statements as lease obligations represents the District's future obligations to make lease payments relating to the bonds issued aggregating the original amount of each issue, the issue date, and interest rates are summarized below:

Issue Date	Proceeds	Rates
2009	473,000	5.00% - 6.00%
2011	18,380,000	4.50%
2013	205,000	1.50% – 3.625%
2014	635,000	2.80% - 4.00%
2018	2,245,000	2.00% - 3.625%

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

There are a number of limitations and restrictions contained in the various bond indentures. Management has indicated that the District is in compliance with all significant limitations and restrictions as of June 30, 2019.

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

The District issued construction bonds on July 1, 2018 for \$2,245,000 for the construction of the bus garage and sport fields.

The following is a summary of the District’s long-term debt transactions for the year ended.

	Beginning Balance	Additions	Payments	Ending Balance
Bonds	\$19,252,520	\$2,245,000	\$55,352	\$21,442,168
Sick Leave	\$0	\$ 5,078	\$5,078	\$0
Capital Leases	\$245,024	\$0	\$85,256	\$159,768

ROBERTSON COUNTY SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 For The Year Ended June 30, 2019

**NOTE E – BONDED DEBT AND LEASE OBLIGATIONS (continued)**

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

Year	Robertson County School		Sinking	SFCC	Sinking		U.S.	Total
	Principal	Interest	Fund	Principal	Interest	Fund	Treasury	
2019-20	108,538	116,293	49,114	23,630	6,389	873,353	803,206	1,980,523
2020-21	111,065	114,129	49,114	8,935	5,968	873,353	803,206	1,965,770
2021-22	115,860	111,466	49,114	9,140	5,763	873,352	803,206	1,967,901
2022-23	115,642	108,640	49,115	9,358	5,544	873,352	803,206	1,964,857
2023-24	120,401	105,729	49,114	9,599	5,303	873,353	803,206	1,966,705
2024-25	120,132	102,548	49,114	9,868	5,034	873,353	803,206	1,963,255
2025-26	124,833	98,522	49,114	10,167	4,735	873,352	803,206	1,963,929
2026-27	129,516	94,339	49,114	10,484	4,417	873,353	803,206	1,964,429
2027-28	18,534,188	77,694	49,114	10,812	4,090	873,353	401,603	19,950,854
2028-29	128,845	61,552	0	11,155	3,747	0	0	205,299
2029-30	133,483	57,065	0	11,517	3,385	0	0	205,450
2030-31	138,088	52,197	0	11,912	2,991	0	0	205,188
2031-32	147,681	47,179	0	12,319	2,583	0	0	209,762
2032-33	152,248	41,798	0	12,752	2,152	0	0	208,950
2033-34	156,741	35,875	0	8,259	1,694	0	0	202,569
2034-35	166,447	28,757	0	8,553	1,399	0	0	205,156
2035-36	171,142	22,849	0	8,858	1,095	0	0	203,944
2036-37	175,828	16,777	0	9,172	779	0	0	202,556
2037-38	185,494	10,338	0	9,506	447	0	0	205,785
2038-39	192,432	3,488	0	7,568	137	0	0	203,625
	21,228,604	1,307,235	442,027	213,564	67,652	7,860,174	6,827,251	37,946,507

ROBERTSON COUNTY SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 For The Year Ended June 30, 2019

**NOTE F – CAPITAL LEASE PAYABLE**

The District leases buses under capital leases with KISTA. The leases expire on various dates from June 2019 through June 2027.

<u>Classes of Property</u>	<u>Book value as of June 30, 2019</u>
Buses	\$ 150,135

The following is a schedule by years of the future minimum lease payments under capital lease together with the present value of the net minimum lease payments as of June 30, 2019.

<u>Year Ending June 30,</u>	<u>Capital Lease Payable</u>
2020	\$ 51,324
2021	41,843
2022	25,336
2023	25,357
2024	23,732
Thereafter	<u>42,064</u>
Total minimum lease payments	\$ 209,656
Less Amount representing interest	( 49,888)
Present Value of Net Minimum Lease Payments	\$ 159,768

**NOTE G – COMMITMENTS UNDER NONCAPITALIZED LEASES**

None

**NOTE H – 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 I – 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 J – ACCUMULATED UNPAID SICK LEAVE BENEFITS**

Upon retirement from the school system, an employee will receive from the district an amount equal to 30% of the value of accumulated sick leave. At June 30, 2019, this amount totaled \$0, of which \$0 is restricted in the current year fund balance of the General Fund.

ROBERTSON COUNTY SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 For The Year Ended June 30, 2019

**NOTE K – INTERFUND RECEIVABLES AND PAYABLES**

Interfund balances at June 30, 2019, consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
None		

**NOTE L – RISK MANAGEMENT**

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

The District purchased 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 M – DEFICIT OPERATING/FUND BALANCES**

Funds with a current year deficit of revenues over expenditures

Fund 51	( 51,014)
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**NOTE N – COBRA**

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

**NOTE O – TRANSFER OF FUNDS**

The following transfers were made during the year.

<u>Type</u>	<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
KETS Match	1	2	KETS Match	7,311
Debt Service	320	400	Bond Payment	182,762
Bond	400	360	Construction	2,172,725

ROBERTSON COUNTY SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 For The Year Ended June 30, 2019

**NOTE P – ON-BEHALF PAYMENTS**

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

Health Insurance	\$ 474,249
Life Insurance	767
Administrative Fees	6,330
Health Reimbursement Account	21,792
Federal Reimbursement	( 28,142)
TRS GASB 68	484,114
TRS GASB 75	41,118
Technology On Behalf Payments	41,802
Debt Service On Behalf Payments	<u>943,674</u>
Total On-Behalf Payments	\$ 1,985,704
General Fund	\$ 995,309
Debt Service	943,674
Food Service	<u>46,721</u>
Total On-Behalf Payments	\$ 1,985,704

**NOTE Q – KSBIT JUDGEMENT**

On June 4, 2014, the Franklin Circuit Court issued an order instructing the Rehabilitator to assess the former members of the Kentucky School Boards Insurance Trust Workers' Compensation Fund. The District was assessed \$24,643. The District has elected to pay 25% down, and the balance in equal installments for 6 years.

The following is a schedule by years of the future payments under the agreement.

<u>Year Ending</u> <u>June 30,</u>	<u>Amount</u>
2020	3,080
2021	3,080
2022	0
2023	0
2024	0
Thereafter	<u>0</u>
Total	\$ 6,160

ROBERTSON COUNTY SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 For The Year Ended June 30, 2019

**NOTE R – GASB 68, GASB 71 and GASB 75**

In March 2009, the Governmental Accounting Standards Board (GASB) approved Statement No. 68, *Accounting and Financial Reporting for Pensions*. Statement 68 requires cost-sharing employers to record a liability and expense equal to their proportionate share of the collective net pension liability and expense for the cost-sharing plan. In November 2013, the GASB approved Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The provisions of the statements were adopted by the District for the fiscal year beginning July 1, 2014.

The provisions of GASB 75 were adopted by the District for the fiscal year beginning July 1, 2018. The primary objective of the Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

**NOTE S – RETIREMENT PLANS**

Pension Liability	Governmental	Food Service	Total
CERS	\$ 1,078,412	\$ 283,563	\$ 1,361,975
OPEB Liability			
CERS	\$ 314,371	\$ 82,662	\$ 397,033
TRS	<u>919,000</u>	<u>0</u>	<u>919,000</u>
Total	1,233,371	\$ 82,662	\$ 1,316,033
Deferred Outflows			
CERS Subsequent Contributions	\$ 73,195	\$ 18,669	\$ 91,864
CERS Other Pension	298,760	78,558	377,318
CERS OPEB Subsequent Contributions	23,736	6,054	29,790
CERS Other OPEB	91,772	24,131	115,903
TRS OPEB	<u>37,000</u>	<u>0</u>	<u>37,000</u>
Total	\$ 524,463	\$ 127,412	\$ 651,875
Deferred Inflows			
CERS Pension	\$ 78,863	\$ 20,737	\$ 99,600
CERS OPEB	59,605	15,672	75,277
TRS OPEB	<u>51,000</u>	<u>0</u>	<u>51,000</u>
Total	\$ 189,468	\$ 36,409	\$ 225,877



ROBERTSON COUNTY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended June 30, 2019

**NOTE S – RETIREMENT PLANS (continued)**

**Teachers' Retirement System of the State of Kentucky (TRS)**

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

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

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

Participants that retire before age 60 with less than 27 years of service receive reduced retirement benefits. Non-university members with an account established prior to July 1, 2002 receive monthly payments equal to two (2) percent (service prior to July 1, 1983) and two and one-half (2.5) percent (service after July 1, 1983) of their final average salaries for each year of credited service. New members (including second retirement accounts) after July 1, 2002 will receive monthly benefits equal to 2% of their final average salary for each year of service if, upon retirement, their total service less than ten years. New members after July 1, 2002 who retire with ten or more years of total service will receive monthly benefits equal to 2.5% of their final average salary for each year of services, including the first ten years. In addition, members who retire July 1, 2004 and later with more than 30 years of service will have their multiplier increased for all years over 30 from 2.5% to 3% to be used in their benefit calculation. Effective July 1, 2008, the System has been amended to change the benefit structure for members hired on or after that date.

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

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

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

ROBERTSON COUNTY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended June 30, 2019

**NOTE S – RETIREMENT PLANS (continued)**

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

**Medical Insurance Plan**

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

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

*Funding policy* – In order to fund the post-retirement healthcare benefit, seven and one half percent (7.50%) of the gross annual payroll of members is contributed. Three percent (3.00%) is paid by member contributions and three quarters percent (.75%) from state appropriation and three and three quarter percent (3.75%) from the employer. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan.

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

At June 30, 2019, the Kentucky School District did not report a liability for its proportionate share of the net pension liability because the State of Kentucky provides the pension support directly to TRS on behalf of the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

State's proportionate share of the net pension liability associated with the District	<u>\$ 6,681,289</u>
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ROBERTSON COUNTY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended June 30, 2019

**NOTE S – RETIREMENT PLANS (continued)**

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2018, the District's proportion was 0.0510percent.

For the year ended June 30, 2019, the District recognized pension expense of \$484,114 and revenue of \$484,114 for support provided by the State on the Fund financial statements.

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

Investment rate of return	7.50%, net of pension plan investment expense, including inflation.
Projected salary increases	3.50 – 7.30%, including inflation
Inflation rate	3.00%
Municipal Bond Index Rate	3.89%
Single Equivalent Interest Rate	7.50%

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

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

ROBERTSON COUNTY SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 For The Year Ended June 30, 2019

**NOTE S – RETIREMENT PLANS (continued)**

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

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

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

The following table presents the District’s proportionate share of the net pension liability of the System, calculated using the discount rate of 7.50%, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.5%) than the current rate (\$ thousands):

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
System's net pension liability	\$8,564	\$6,681	\$5,097

ROBERTSON COUNTY SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 For The Year Ended June 30, 2019

**NOTE S – RETIREMENT PLANS (continued)**

*Pension plan fiduciary net position* – Detailed information about the pension plan’s fiduciary net position is available in the separately issued TRS financial report.

June 30, 2017 is the actuarial valuation date upon which the TPL is based. An expected TPL is determined as of June 30, 2018 using standard roll forward techniques for the TPL using a discount rate of 7.50%. An expected TPL was also determined using the prior year discount rate of 4.49%, which was based on a municipal bond index rate of 3.56%. The roll forward calculation adds the annual normal cost (also called the service cost), subtracts the actual benefit payments and refunds for the plan year and then applies the assumed interest rate (SEIR) for the year. The difference between these two roll-forward amounts as of June 30, 2018 is the gain or loss due to changes in assumptions and other inputs.

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, three years prior to the end of the fiscal year in which contributions are reported (as of June 30, 2015 for the fiscal year 2018 contributions). The following actuarial methods and assumptions were used to determine contribution rates reported in the most recent year of that schedule.

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	29.3 years
Asset valuation method	5*year smoothed market
Inflation	3.50 percent
Salary increase	4.00 to 8.20 percent, including inflation
Investment rate of return	7.50 percent, net of pension plan investment expense, including inflation

The Total OPEB Liability (TOL) as of June 30, 2018 was determined based on an actuarial valuation prepared as of June 30, 2017, using the following actuarial assumptions and other inputs:

Inflation	3.00%
Real wage growth	0.50%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% - 7.20%
Long-term Investment Rate of Return, net of OPEB plan investment expense, including Inflation	
MIF	8.00%
LIF	7.50%
Municipal Bond Index Rate	3.89%
Year FNP is projected to be depleted	
MIF	n/a
LIF	n/a
Single Equivalent Interest Rate, net of OPEB Plan investment expense, including price	

ROBERTSON COUNTY SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 For The Year Ended June 30, 2019

**NOTE S – RETIREMENT PLANS (continued)**

Inflation	
MIF	8.00%
LIF	7.50%
MIF Health Care Cost Trends	
Under Age 65	7.75% for FYE 2018 decreasing to an Ultimate rate of 5.00% by FYE 2023
Ages 65 and Older	5.75% for FYE 2018 decreasing to an Ultimate rate of 5.00% by FYE 2020
Medicare Part B Premiums	1.02% for FYE 2018 with an ultimate Rate of 5.00% by 2029

Mortality rates were based on the RP-2000 Combined Mortality Table projected to 2025 with projection scale BB and set forward two years for males and one year for females is used for the period after service retirement and for dependent beneficiaries. The RP-2000 Disabled Mortality Table set forward two years for males and seven years for females is used for the period after disability retirement.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation, and rates of plan election used in the June 30, 2017 valuation were based on the results of the most recent actuarial experience studies for the System, which covered the five-year period ending June 30, 2015.

The remaining actuarial assumptions (e.g. initial per capita costs, health care cost trends) used in the June 30, 2017 valuation of the MIF were based on a review of recent plan experience done concurrently with the June 30, 2017 valuation. The health care cost trend assumption was updated for the June 30, 2017 valuation and was shown as an assumption change in the TOL roll forward while the change in initial per capita claims costs were included with experience in the TOL roll forward.

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

ROBERTSON COUNTY SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 For The Year Ended June 30, 2019

**NOTE S – RETIREMENT PLANS (continued)**

The following exhibit presents the NOL of the Plan, calculated using the health care cost trend rates, as well as what the Plan’s NOL would be if it were calculated using a health care cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate. This chart is not shown for the Life Insurance Fund (LIF) since there is no health care trend component of the liabilities:

	<u>Health Care Cost Trend Rate Sensitivity</u>		
	1% Decrease	Current	1% Increase
MIF Net OPEB Liability	\$762,000	\$919,000	\$1,112,000

MIF Discount rate (SEIR): The discount rate used to measure the TOL at June 30, 2018 was 8.00%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 74. The projection’s basis was an actuarial valuation performed as of June 30, 2017. In addition to the actuarial methods and assumptions of the June 30, 2017 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

Total payroll for the initial projection year consists of the payroll of the active membership present on the Valuation Date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 3.50%

The pre-65 retiree health care costs for members retired on or after July 1, 2010 were assumed to be paid by either the State or the retirees themselves in all years except in Fiscal Year 2020. If these costs are not paid by the State or the retirees themselves and are instead paid by the Fund for all future years, we have calculated that the FNP would be projected to be depleted in 2040 and an SEIR of 4.88% would need to be used in the determination of the TOL as of the Measurement Date.

As administrative expenses, other than the administrative fee of \$7.44 PMPM paid to KEHP by TRS, were assumed to be paid in all years by the employer as they come due, they were not considered.

Cash flows occur mid-year.

Future contribution to the MIF were based upon the contribution rates defined in statute and the projected payroll of active employees. Per KRS 161.540(1)(c)3 and 161.550(5), when the MIF achieves a sufficient prefunded status, as determined by the retirement system’s actuary, the following MIF statutory contributions are to be decreased, suspended, or eliminated:

- Employee contributions
- School District/University Contributions
- State Contributions for KEHP premium subsidies payable to retirees who retire after June 30, 2010

To reflect these adjustments, open group projections were used and assumed an equal, pro rata reduction to the current statutory amounts in the years if/when the MIF is projected to achieve a Funded Ratio of 100% or more. Here, the current statutory amounts are adjusted to achieve total contributions equal to the Actuarially Determined Contribution (ADC), as determined by the prior year’s valuation and in accordance with the MIF’s funding policy. As the specific methodology to be used for the adjustments has yet to be determined, there may be differences between the projected results and future experience. This may also include any changes to retiree contributions for KEHP coverage pursuant to KRS 161.675 (4)(b).

ROBERTSON COUNTY SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended June 30, 2019

**NOTE S – RETIREMENT PLANS (continued)**

In developing the adjustments to the statutory contributions in future years, the following was assumed:

Liabilities and cash flows are net of expected retiree contributions and any implicit subsidies attributable to coverage while participating in KEHP.

For the purposes of developing estimates for new entrants, active headcounts were assumed to remain flat for all future years.

The MIF's FNP was not projected to be depleted.

LIF Discount rate (SEIR). The discount rate used to measure the TOL as of the Measurement Date was 7.50%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 74. The projection's basis was an actuarial valuation performed as of June 30, 2017. In addition to the actuarial methods and assumptions of the June 30, 2017 actuarial valuation, the following actuarial methods and assumptions were used in the projection of the LIF's cash flows:

Total payroll for the initial projection year consists of the payroll of the active membership present on the Valuation Date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 3.50%

The employer will contribute the Actuarially Determined Contribution (ADC) in accordance with the LIF's funding policy determined by a valuation performed on a date two years prior to the beginning of the fiscal year in which the ADC applies.

As administrative expenses were assumed to be paid in all years by the employer as they come due they were not considered.

Active employees do not explicitly contribute to the plan.

Cash flows occur mid-year.

Based on these assumptions, the LIF's FNP was not projected to be depleted.

Periods of projected benefit payments: Projected future benefit payments for all current plan members were projected through 2115.

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



ROBERTSON COUNTY SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 For The Year Ended June 30, 2019

**NOTE S – RETIREMENT PLANS (continued)**

<u>Asset Class</u>	<u>MIF</u> Target <u>Allocation</u>	30 Year Expected Geometric <u>Real Rate of Return</u>
Global Equity	58.0%	4.6%
Fixed Income	9.0%	1.2%
Real Estate	5.5%	3.8%
Private Equity	6.5%	6.3%
Other Additional Categories *	20.0%	3.3%
Cash (LIBOR)	<u>1.0%</u>	0.9%
Total	100.0%	

<u>Asset Class</u>	<u>LIF</u> Target <u>Allocation</u>	30 Year Expected Geometric <u>Real Rate of Return</u>
U.S. Equity	40.00%	4.20%
International Equity	23.00%	5.20%
Fixed Income	18.00%	1.20%
Real Estate	6.00%	3.80%
Private Equity	5.00%	6.30%
Other Additional Categories	6.00%	3.30%
Cash (LIBOR)	<u>2.00%</u>	0.90%
Total	100.00%	

There is no LIF Net OPEB Liability.

There were no changes between the measurement date of the collective net OPEB liability and The employer's reporting date.

Please see Section V of the report on the website for the development of the collective OPEB expense. The District's proportionate share of the net OPEB expense is \$52,000, the state contributed \$57,000 on behalf of the District for a total OPEB expense of \$109,000.

ROBERTSON COUNTY SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 For The Year Ended June 30, 2019

**NOTE S – RETIREMENT PLANS (continued)**

Since certain items are amortized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts serve to reduce OPEB expense they are labeled deferred inflows. If they will increase OPEB expense they are labeled deferred outflows. The amortization of these amounts is accomplished on a level dollar basis, with no interest included in the deferred amounts. Experience gains/losses and the impact of changes in actuarial assumptions, if any, are amortized over the average remaining service life of the active and inactive system members at the beginning of the fiscal year. Investment gains and losses are amortized over a fixed five year period.

The collective amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

Deferred Amounts to be recognized in Fiscal Years Ending	Deferred Outflows/ (Inflows) of Resources MIF
2020	\$(4,000)
2021	\$(4,000)
2022	\$(4,000)
2023	\$(2,000)
2024	\$(2,000)
thereafter	\$ 2,000

There are no non-employer contributions recognized for the support provided by non-employer contributing entities in PEEHIP.

**KENTUCKY RETIREMENT SYSTEM**

**County Employees Retirement System (CERS)**

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

ROBERTSON COUNTY SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 For The Year Ended June 30, 2019

**NOTE S – RETIREMENT PLANS (continued)**

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

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

Contributions: Funding for CERS is provided by members who contribute 5% (6.00% for employees hired after September 1, 2008) of their salary through payroll deductions and by employers of members who contribute 21.48% of the member's salary. The contribution requirements of CERS are established and may be amended by the CERS Board of Trustees.

At June 30, 2019, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2016. An expected total pension liability as of June 30, 2018 was determined using standard roll-forward techniques. The District's proportion of the net pension liability was based on contributions to CERS during the fiscal year ended June 30, 2018. At June 30, 2018, the District's proportion was .019653%.

For the year ended June 30, 2019, the District recognized pension expense of \$296,747. At June 30, 2019, the District reported deferred outflows of resources for District contributions subsequent to the measurement date of \$91,864, deferred outflows of resources from change of assumptions and expectations of \$377,318, and deferred inflows of resources related to pensions from the net difference between projected and actual earnings on pension plan investments in the amount of \$99,600.

District contributions subsequent to the measurement date of \$91,864 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to CERS will be recognized in pension expense as follows:

	Deferred
<u>Year</u>	Outflows (Inflows)
2020	\$ 177,796
2021	105,570
2022	1,661
2023	( 7,309)
2024	0
	<u>\$ 277,718</u>

ROBERTSON COUNTY SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 For The Year Ended June 30, 2019

**NOTE S – RETIREMENT PLANS (continued)**

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

Valuation Date	June 30, 2016
Experience Study	July 1, 2008 – June 30, 2013
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of pay
Remaining Amortization Period	27 years, closed
Payroll Growth Rate	4.00%
Inflation	3.25%
Salary Increase	4.00% average
Investment Rate of Return	7.50%,
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized

The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement.

The long-term expected 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 tables below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	17.50%	
Non U.S. Equity	17.50%	
Global Bonds	10.00%	3.00%
Credit Fixed	17.00%	
Real Estate	5.00%	7.00%
Absolute Return	10.00%	5.00%
Private Equity	10.00%	6.50%
Real Return	10.00%	5.00%
Cash	3.00%	1.50%
	<u>100.0%</u>	

ROBERTSON COUNTY SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 For The Year Ended June 30, 2019

**NOTE S – RETIREMENT PLANS (continued)**

Discount Rate: The projection of cash flows used to determine the discount rate of 6.25% for the 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. The target asset allocation and best estimates of arithmetic nominal rates of return for each major asset class are summarized in the CAFR.

The Schedule of Deferred Inflows and Outflows, and Pension Expense include only certain categories of deferred outflows of resources and deferred inflows of resources. These include differences between expected and actual experience, changes of assumptions and differences between projected and actual earnings on plan investments. The Schedule does not include deferred outflows/inflows of resources for changes in the employer's proportionate share of contributions or employer contributions made subsequent to the measurement date. The net pension liability as of June 30, 2019, is based on the June 30, 2017, actuarial valuation rolled forward. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed five year period.

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

	1% Decrease <u>(5.25%)</u>	Current discount rate <u>(6.25%)</u>	1% Increase <u>(7.25%)</u>
District's proportionate share of the net pension liability	\$ 1,714,585	\$ 1,361,975	\$ 1,066,549

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

Payables to the pension plan: At June 30, 2019 the District had payables to CERS in the amount of \$0 for June's covered payroll with contributions required to be paid in July.

**OPEB**

CERS Non-hazardous Insurance Fund is a cost-sharing multiple-employer defined benefit Other Postemployment Benefits (OPEB) plan for members that cover all regular full-time members. The plan provides for health insurance benefits to plan members. OPEB may be extended to beneficiaries of plan members under certain circumstances.

ROBERTSON COUNTY SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 For The Year Ended June 30, 2019

**NOTE S – RETIREMENT PLANS (continued)**

The net OPEB liability is the total OPEB liability, less the amount of the plan’s fiduciary net position. The total OPEB liability, net OPEB liability, and sensitivity information shown in this report are based on an actuarial valuation performed as of June 30, 2017. The total OPEB liability was rolled-forward from the valuation date to the plan’s fiscal year end, June 30, 2018, using generally accepted actuarial principles.

There have been no changes in actuarial assumptions since June 30, 2017.

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 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 tables below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	17.50%	
Non U.S. Equity	17.50%	
Global Bonds	4.00%	3.00%
Credit Fixed	24.00%	
Real Estate	5.00%	9.00%
Absolute Return	10.00%	5.00%
Private Equity	10.00%	6.50%
Real Return	10.00%	7.00%
Cash	<u>2.00%</u>	1.50%
	<u>100.0%</u>	

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%, an a municipal bond rate of 3.62%, as reported in Fidelity Index’s “20-Year Municipal GO AA Index”, as of June 30, 2018. However, the cost associated with the implicit employer subsidy was not included in the calculation of the System’s actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the System’s trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy. The target asset allocation and best estimates of arithmetic nominal rates of return for each major asset class are summarized in the CAFR.

ROBERTSON COUNTY SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 For The Year Ended June 30, 2019

**NOTE S – RETIREMENT PLANS (continued)**

The District's proportionate share of the Net OPEB Liability as of June 30, 2018 is \$397,033. The District's proportionate share is 0.022362%. The District's proportionate share of the OPEB expense is \$57,386. The total Deferred Outflows of Resources is \$115,903 and the total Deferred Inflows of Resources is \$75,277. Total employer contributions were \$26,051, implicit subsidy was \$4,738 for a total contributions of \$30,789.

	Discount Rate Sensitivity		
	1%	Current	1%
	Decrease	Discount Rate	Increase
	4.84%	5.84%	6.84%
Net OPEB Liability	515,682	397,033	295,965

	Healthcare Cost Trend Rate Sensitivity		
	1%	Current	1%
	Decrease	Discount Rate	Increase
Net OPEB Liability	295,595	397,033	516,599

The following actuarial methods and assumptions, for actuarially determined contributions effective for the 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 Percent of Pay
Remaining Amortization Period	27 Years, Closed
Payroll Growth Rate	4.00%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	3.25%
Salary Increases	4.00% average
Investment Rate of Return	7.50%
Healthcare Trend Rates	
Pre-65	Initial trend starting at 7.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 5 years,
Post-65	Initial trend starting at 5.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 2 years,

ROBERTSON COUNTY SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 For The Year Ended June 30, 2019

**NOTE S – RETIREMENT PLANS (continued)**

The following is a summary of collective deferred outflows and Inflows of Resources arising from current and prior reporting periods.

Deferred Amounts to be recognized in Fiscal Years Ending	Deferred Outflows/ (Inflows) of Resources MIF
2020	\$8,147
2021	\$8,147
2022	\$8,147
2023	\$13,459
2024	\$3,268
thereafter	<u>\$(542)</u>
Total	\$40,626

**NOTE T - REISSUANCE**

The financial statement were issued to correct the following:

	Original	Corrected	Change
Page 9 – Deferred outflows of resources	\$ 594	\$ 524	\$ 70
Page 9 – Deferred inflows of resources	233	189	44
Page 9 – Unrestricted Fund Balance	( 829)	( 855)	26
Page 9 – Total Net Position	3,358	3,332	26
Page 10 – Instruction	3,621	3,647	26
Page 10 – Change in Net Position	880	854	26
Page 10 – Ending Net Position	3,358	3,332	26
Page 13 – Deferred outflows from OPEB	222,508	152,508	70,000
Page 13 – Deferred inflows from OPEB	154,605	110,605	44,000
Page 13 – Unrestricted	(828,751)	(854,751)	26,000
Page 13 – Total Net Position	3,357,644	3,331,644	26,000
Page 14 – Instruction	3,620,531	3,646,531	26,000
Page 14 – Change in Net Position	879,765	853,765	26,000
Page 14 - Net Position – Ending	3,357,644	3,331,644	26,000
Page 16 – Deferred outflows of resources	594,463	524,463	70,000
Page 16 – Deferred inflows of resources	233,468	189,468	44,000
Page 16 – Total Net Position	3,357,644	3,331,644	26,000
Page 18 – Deferred Outflows	84,131	14,131	70,000
Page 18- Deferred Inflows	(120,297)	(76,297)	44,000
Page 18 – Total Change in Net Position	879,765	853,765	26,000



SUPPLEMENTARY INFORMATION

ROBERTSON COUNTY SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND  
 For The Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Favorable <u>(Unfavorable)</u>
<b>REVENUES</b>				
Taxes	546,000	585,000	665,071	80,071
Other Local Sources	12,000	23,650	37,338	13,688
State Sources	2,512,000	2,670,621	3,158,931	488,310
Federal Sources	<u>10,000</u>	<u>20,000</u>	<u>65,336</u>	<u>45,336</u>
<b>TOTAL REVENUES</b>	<b>3,080,000</b>	<b>3,299,271</b>	<b>3,926,676</b>	<b>627,405</b>
<b>EXPENDITURES</b>				
Instruction	1,991,183	2,152,658	2,277,395	(124,737)
Support Services				
Student	195,196	204,519	149,799	54,720
Instructional Staff	88,486	90,268	51,591	38,677
District Administration	350,453	387,771	433,690	(45,919)
School Administration	156,321	136,913	164,119	(27,206)
Business	127,225	128,225	149,051	(20,826)
Plant Operation and Maintenance	372,981	443,136	353,504	89,632
Student Transportation	321,315	390,782	228,425	162,357
Debt Service	36,756	36,790	29,175	7,615
Contingency	<u>360,084</u>	<u>355,605</u>		<u>355,605</u>
<b>TOTAL EXPENDITURES</b>	<b>4,000,000</b>	<b>4,326,667</b>	<b>3,836,749</b>	<b>489,918</b>
Excess (Deficit) of Revenues Over Expenditures	(920,000)	(1,027,396)	89,927	1,117,323
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating Transfers Out	<u>(5,000)</u>	<u>(5,000)</u>	<u>(7,311)</u>	<u>(2,311)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(5,000)</b>	<b>(5,000)</b>	<b>(7,311)</b>	<b>(2,311)</b>
Excesss (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	(925,000)	(1,032,396)	82,616	1,115,012
Fund Balance, July 1, 2018	<u>925,000</u>	<u>1,032,396</u>	<u>1,047,119</u>	<u>14,723</u>
Fund Balance, June 30, 2019	\$0	\$0	\$1,129,735	\$1,129,735

ROBERTSON COUNTY SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE FOR SPECIAL REVENUE  
 For The Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Favorable (Unfavorable)
<b>REVENUES</b>				
State Sources	\$108,837	\$150,465	\$176,092	25,627
Federal Sources	248,472	345,810	278,630	(67,180)
Local Sources	<u>301,028</u>	<u>301,537</u>	<u>496,708</u>	<u>195,171</u>
<b>TOTAL REVENUES</b>	<b>658,337</b>	<b>797,812</b>	<b>951,430</b>	<b>153,618</b>
<b>EXPENDITURES</b>				
Instruction	635,887	668,154	840,176	(172,022)
Support Services				
Student Support	7,411	14,024	8,220	5,804
Instructional Staff	9,578	4,962	2,210	2,752
District Administration	7,861	7,861	7,054	807
Community Service Operations	<u>2,600</u>	<u>107,802</u>	<u>82,395</u>	<u>25,407</u>
<b>TOTAL EXPENDITURES</b>	<b>663,337</b>	<b>802,803</b>	<b>940,055</b>	<b>(137,252)</b>
Excess (Deficit) of Revenues Over Expenditures	(5,000)	(4,991)	11,375	16,366
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating Transfers In	<u>5,000</u>	<u>5,000</u>	<u>7,311</u>	<u>2,311</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>5,000</b>	<b>5,000</b>	<b>7,311</b>	<b>2,311</b>
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	0	9	18,686	18,677
Restricted Fund Balance, July 1, 2018	<u>0</u>	<u>0</u>	<u>252,335</u>	<u>252,335</u>
Restricted Fund Balance, June 30, 2019	\$0	\$9	\$271,021	\$271,012

ROBERTSON COUNTY SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 For The Year Ended June 30, 2019

	2019	2018	2017	2016	2015
District's proportion of the net pension liability (asset)					
TRS	\$0	\$0	\$0	\$0	\$0
CERS	<u>\$1,361,975</u>	<u>\$1,150,351</u>	<u>\$862,415</u>	<u>\$689,127</u>	<u>\$509,000</u>
Total	\$1,361,975	\$1,150,351	\$862,415	\$689,127	\$509,000
District's proportionate share of the net pension liability (asset)					
TRS	0	0	0	0	0
CERS	0.022363%	0.019653%	0.01752%	0.016590%	0.015700%
State's proportionate share of the net pension liability (asset) associated with the District					
TRS	\$6,681,289	\$13,047,776	\$13,879,801	\$12,018,363	\$10,418,897
District's covered employee payroll					
TRS	\$1,673,950	\$1,505,479	\$1,547,110	\$1,584,815	\$1,588,947
CERS	\$555,594	\$478,513	\$421,455	\$441,014	\$360,180
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll					
TRS	0	0	0	0	0
CERS	245.14%	240.40%	204.63%	156.26%	141.32%

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

ROBERTSON COUNTY SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT PENSION CONTRIBUTIONS  
For The Year Ended June 30, 2019

	2019	2018	2017	2016	2015	2014
Contractually required contributions						
TRS	\$484,114	\$463,583	\$228,381	\$237,002	\$245,525	\$182,538
CERS	<u>80,258</u>	<u>66,752</u>	<u>49,764</u>	<u>47,086</u>	<u>72,645</u>	<u>82,308</u>
Total	\$564,372	\$530,335	\$278,145	\$284,088	\$318,170	\$264,846
Contributions in relation to the contractually required contribution						
TRS	\$484,114	\$463,583	\$228,381	\$237,002	\$245,525	\$182,538
CERS	<u>80,258</u>	<u>66,752</u>	<u>49,764</u>	<u>47,086</u>	<u>72,645</u>	<u>82,308</u>
Total	\$564,372	\$530,335	\$278,145	\$284,088	\$318,170	\$264,846
Contribution deficiency (excess)						
TRS	\$0	\$0	\$0	\$0	\$0	\$0
CERS	<u>\$0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	\$0	\$0	\$0	\$0	\$0	\$0
District's covered employee payroll						
TRS	\$1,673,950	\$1,505,479	\$1,547,110	\$1,584,815	\$1,588,947	\$1,890,037
CERS	<u>555,594</u>	<u>478,513</u>	<u>421,455</u>	<u>441,014</u>	<u>360,180</u>	<u>422,434</u>
Total	\$2,229,544	\$1,983,992	\$1,968,565	\$2,025,829	\$1,949,127	\$2,312,471
Contributions as a percentage of covered employee payroll						
TRS	28.92%	30.79%	14.76%	14.95%	15.45%	9.66%
CERS	14.45%	13.95%	11.81%	10.68%	20.17%	19.48%

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

ROBERTSON COUNTY SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY  
 For The Year Ended June 30, 2019

	2019	2018
District's proportion of the net OPEB liability (asset)		
CERS	\$397,033	\$395,093
TRS - Medical Insurance	919,000	917,000
TRS - Life Insurance	<u>0</u>	<u>0</u>
Total	\$1,316,033	\$1,312,093
District's proportionate share of the net OPEB liability (asset)		
CERS	0.022362%	0.019653%
TRS - Medical Insurance	0.026478%	0.025704%
TRS - Life Insurance	0.000000%	0.000000%
Total		
State's proportionate share of the net OPEB liability (asset) associated with the District		
TRS - Medical Insurance	\$792,000	\$749,000
TRS - Life Insurance	<u>14,000</u>	<u>10,000</u>
Total	\$806,000	\$759,000
District's covered employee payroll		
TRS	\$1,673,950	\$1,505,479
CERS	<u>555,594</u>	<u>478,513</u>
Total	\$2,229,544	\$1,983,992
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll		
CERS	71.46%	82.57%
TRS - Medical Insurance	54.90%	60.92%
TRS - Life Insurance	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability		
CERS	57.62%	52.40%
TRS - Medical Insurance	25.54%	21.18%
TRS - Life Insurance	74.97%	79.99%

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

ROBERTSON COUNTY SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS  
 For The Year Ended June 30, 2019

	2019	2018
Contractually required contributions		
CERS	\$26,051	\$25,113
TRS - Medical Insurance	47,165	44,038
TRS - Life Insurance	<u>0</u>	<u>0</u>
Total	\$73,216	\$69,151
Contributions in relation to the contractually required contribution		
CERS	\$26,051	\$25,113
TRS - Medical Insurance	47,165	44,038
TRS - Life Insurance	<u>0</u>	<u>0</u>
Total	\$73,216	\$69,151
Contribution deficiency (excess)		
CERS	\$0	\$0
TRS - Medical Insurance	0	0
TRS - Life Insurance	<u>0</u>	<u>0</u>
Total	\$0	\$0
District's covered employee payroll		
TRS	\$1,673,950	\$1,505,479
CERS	<u>555,594</u>	<u>478,513</u>
Total	\$2,229,544	\$1,983,992
Contributions as a percentage of covered employee payroll		
TRS	2.82%	2.92%
CERS	4.69%	5.25%

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

ROBERTSON COUNTY SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
For The Year Ended June 30, 2019

**PENSIONS**

**Changes of benefit terms**

TRS - none

CERS -none

**Changes of assumptions**

**TRS**

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

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

In the 2016 valuation, rates of withdrawal, retirement, disability and morality were adjusted to more closely reflect actual experience.

In the 2016 valuation, the Assumed Salary Scale, Price Inflation, and Wage Inflation were adjusted to reflect a decrease.

In 2016, the calculation of the Single Equivalent Interest Rate (SEIR), resulted in an assumption change from 4.88% to 4.20%.

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

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

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

In the 2011 valuation, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience. In the 2011 valuation and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Tables projected to 2020 with projection scale AA, set back one year for females rather than the 1994 Group Annuity Mortality Tables which was used prior to 2016. For the 2011 valuation through the 2013 valuation, an interest smoothing methodology was used to calculate liabilities for purposes of determining the actuarially determined contributions.

**CERS**

None since June 30, 2017.

**OPEB**

**Changes of benefit terms**

**TRS**

The following change was made to the assumptions as noted:

June 30, 2018 (Valuation Date: June 30, 2017)

MIF

With the passage of House Bill 471, the eligibility for non-single subsidies (NSS) for the KEHP-participating members who retired prior to July 1, 2010 is restored.

LIF

None

CERS - none

**Changes of assumptions**

TRS - none

**CERS**

There have been no changes in actuarial assumptions since June 30, 2017. However, during the 2018 legislative session, House Bill 185 was enacted, which updated the benefit provisions for active members who die in the line of duty. The system now pay 100% of the insurance for spouses and children of all active members who die in the line of duty.



ROBERTSON COUNTY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 As of June 30, 2019

	SEEK Capital Outlay Fund	Building Fund	Total
ASSETS AND RESOURCES			
Cash and equivalents	\$39,432	\$239,645	\$279,077
TOTAL ASSETS AND RESOURCES	39,432	239,645	279,077
FUND BALANCES			
Restricted - SFCC	<u>39,432</u>	<u>239,645</u>	<u>279,077</u>
TOTAL FUND BALANCES	39,432	239,645	279,077
TOTAL LIABILITIES AND FUND BALANCES	\$39,432	\$239,645	\$279,077

ROBERTSON COUNTY SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 For The Year Ended June 30, 2019

	SEEK Capital Outlay Fund	Building Fund	Total
REVENUES			
Property taxes	\$0	\$104,972	\$104,972
Interest on investments	23	171	194
Intergovernmental-State	<u>37,529</u>	<u>208,022</u>	<u>245,551</u>
TOTAL REVENUES	37,552	313,165	350,717
EXPENDITURES			
Building acquisitions & construction	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL EXPENDITURES	0	0	0
Excess (deficit) revenues over expenditures	37,552	313,165	350,717
OTHER FINANCING SOURCES (USES)			
Operating transfers out		<u>(182,762)</u>	<u>(182,762)</u>
TOTAL OTHER FINANCING SOURCES (USES)	0	(182,762)	(182,762)
Excess (deficit) revenues and other financing sources over expenditures and other financing uses	37,552	130,403	167,955
Restricted Fund Balance, July 1, 2018	<u>1,880</u>	<u>109,242</u>	<u>111,122</u>
Restricted Fund Balance, June 30, 2019	\$39,432	\$239,645	\$279,077

ROBERTSON COUNTY SCHOOL DISTRICT  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND DUE TO STUDENT GROUPS  
ROBERTSON COUNTY SCHOOL  
For The Year Ended June 30, 2019

	Cash Balances				Cash Balances	Accounts	Accounts	Due To
	July 1, 2018	Receipts	Disbursements	Transfer	June 30, 2019	Receivable	Payable	Student Groups
						June 30, 2019	June 30, 2019	June 30, 2019
Athletics	0	92,664	77,486	2,465	17,643			17,643
Band	647	2,594	3,000		241			241
Beta Club	28				28			28
Cheerleaders	270			(270)	0			0
CL 2023 (K. Wooldridge)	1,510				1,510			1,510
CL 2024 (C. Stewart)	650	681	135		1,196			1,196
CI 2019 (L. Henderson)	3,207	2,509	5,716		0			0
CL2020 (T. Miller)	3,268	2,211	1,767		3,712			3,712
CL2021 (C. Cowan)	0	2,266	964		1,302			1,302
CL 2022 (S. Gay)	3,850	2,981	1,409		5,422			5,422
FCCLA	0	6,110	5,369		741			741
FFA	2	15,462	14,757		707			707
General	19	281	282		18			18
Tech/FBLA	685	660	916		429			429
Faculty/Staff	751	707	912		546			546
38th District Tourney	0	11,180	8,885	(2,295)	0			0
HS Drama Club	1,028	1,334	1,423		939			939
10th Reg VB Coaches	1,613	1,870	879	100	2,704			2,704
CL2025 (T. Mitchell)	0	2,796	402	0	2,394			2,394
Totals	17,528	146,306	124,302	0	39,532	0	0	39,532

**DENISE M. KEENE  
CERTIFIED PUBLIC ACCOUNTANT  
P.O. BOX 1444  
GEORGETOWN, KENTUCKY 40324  
859-421-5062**

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

State Committee For School District Audits  
Members of the Board of Education  
Robertson County School District  
Mt. Olivet, Kentucky

We have audited, 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, Audits of States and Local Governments, and Non-profit Organizations, and the audit requirement prescribed by the Kentucky Committee for School District Audits, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Robertson County Board of Education as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated August 15, 2019.

**Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

I noted certain matters that I reported to management of the District in a separate letter dated August 15, 2019.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

*Denise M. Keene*

Denise M. Keene, CPA  
Georgetown, Kentucky  
August 15, 2019

ROBERTSON COUNTY SCHOOL DISTRICT  
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
For the Year Ended June 30, 2019

**PRIOR YEAR – FINANCIAL STATEMENT FINDINGS**

None were reported last year

MANAGEMENT LETTER

**DENISE M. KEENE  
CERTIFIED PUBLIC ACCOUNTANT  
P.O. BOX 1444  
GEORGETOWN, KENTUCKY 40324  
859-421-5062**

Robertson County Board of Education  
Mt. Olivet, Kentucky

We have audited the financial statements of the Robertson County School District for the year ended June 30, 2019 and have issued our report thereon dated August 15, 2019. As part of our audit, we made a study and evaluation of the District's system of internal accounting control to the extent we considered necessary to evaluate the system as required by auditing standards generally accepted in the United States of America. The purpose of our study and evaluation was to determine the nature, timing and extent of the auditing procedures necessary for expressing an opinion on the District's financial statements. Our study and evaluation was more limited than would be necessary for expressing an opinion on the system of internal accounting control taken as a whole.

The management of the Robertson County School District is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any system of internal accounting control, errors, or irregularities may nevertheless occur and not be detected. Also, projections of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with procedures may deteriorate.

Our study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system of internal accounting control. Accordingly, we do not express an opinion on the system of internal accounting control of the Robertson County School District taken as a whole. Our study and evaluation disclosed no condition that we believe to be a material weakness.

The following items from last year's management letter points were corrected during the current fiscal year as outlined in the District's response: 2018-001, 2018-002. and 2018-004.

The following items from last year's management letter points were not corrected: 2018-003.

*Denise M. Keene*

Denise M. Keene, CPA  
Georgetown, Kentucky  
August 15, 2019



## CURRENT YEAR MANAGEMENT POINT

### ROBERTSON COUNTY SCHOOL

2019-001

The District did not comply with the Model Procurement Act. They paid one vendor over \$20,000 during the year but did not bid the service.

Management's Response:

The District will make sure in the future, that any purchases to a vendor over the required amount will be sealed bid. For the 2019-2020 school year the amount is increased to \$30,000.

### School Activity Funds

2019-002

According to the Redbook, "Fundraisers where items are sold, whether they are purchased or donated or both, require the use of the Fundraiser Worksheet (Form F-SA-2B), which is used to recap the profitability of a fundraiser sales cycle." The school did not always use Fundraiser Worksheets during the year. I recommend the Principal remind all sponsors/teachers responsible for fundraiser to complete the Fundraiser Worksheets when items are sold. **This a repeat from last year (2018-003).**

Management's Response:

All teachers/staff have been advised that ANY fundraiser must have board approval and a Fundraiser Worksheet must be completed after the fundraiser is completed.

2019-003

According to the Redbook, each month the Principal is to "review the bank statement, signing and dating the front page after review.: This was not done during the year. I recommend the Principal review, sign, and date the front page of the bank statement.

Management's Response:

Bank Statements will be reviewed monthly, signed and dated on the front page of the monthly bank statement.

2019-004

The school is exempt from sales tax. However, it paid sales tax during the year on Pepsi products. The Principal should not approve the payment of sales tax.

Management's Response:

We have provided Pepsi with RCS tax exempt information – there will be no more tax paid to Pepsi or any vendor.

## **APPENDIX C**

**Robertson County School District Finance Corporation  
School Building Revenue Bonds  
Series 2020B**

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**Official Terms and Conditions of Bond Sale**

**OFFICIAL  
TERMS AND CONDITIONS OF BOND SALE**

**\$775,000\***

**Robertson County School District Finance Corporation  
School Building Revenue Bonds, Series 2020B  
Dated September 22, 2020**

**SALE: September 1, 2020 AT 11:00 A.M., E.S.T.**

As published on PARITY®, a nationally recognized electronic bidding system, the Robertson County School District Finance Corporation ("Corporation") will until September 1, 2020, at the hour of 11:00 A.M., E.D.S.T., in the office of the Executive Director of the Kentucky School Facilities Construction Commission, 700 Louisville Rd, Carriage House, Frankfort, KY 40601, receive competitive bids for the revenue bonds herein described. To be considered, bids must be submitted on an Official Bid Form and must be delivered to the Corporation at the address indicated on the date of sale no later than the hour indicated. Bids may be submitted manually or by facsimile or electronically via PARITY. Bids will be considered by the Corporation and may be accepted without further action by the Corporation's Board of Directors.

Subject to a Permitted Adjustment\* increasing or decreasing the issue by up to \$80,000.

**ROBERTSON 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 Robertson County, Kentucky School District (the "Board"). Under the provisions of existing Kentucky law, the Corporation is permitted to act as an agency and instrumentality of the Board for financing purposes and the legality of the financing plan to be implemented by the Bonds herein referred to has been upheld by the Kentucky Court of Appeals (Supreme Court) in the case of White v. City of Middlesboro, Ky. 414 S.W.2d 569.

**STATUTORY AUTHORITY, PURPOSE OF ISSUE AND SECURITY**

These Bonds are authorized pursuant to KRS 162.120 through 162.300, 162.385, and KRS 58.180 and are issued in accordance with a Resolution of the Corporation's Board of Directors. Said Bonds are revenue bonds and constitute a limited indebtedness of the Corporation payable from rental revenues derived by the Corporation from the Board under the Lease identified below. Said Bonds are being issued to finance improvements at Robertson County School (the "Project") and are secured by a lien upon and a pledge of the revenues from the rental of the school building to the Board under the Lease on a year to year basis; the first rental period ending June 30, 2021; provided, however, said lien and pledge are on parity with a similar lien and pledge securing the Corporation's School Building Revenue Bonds previously issued to improve certain of the building(s) in which the Project is located (the "Parity Bonds").

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

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

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

of any undisbursed funds then held, set aside, or allocated to the Board and to request said Department or Commissioner of Education to transfer the required amount thereof to the Paying Agent for the payment of such rentals.

**ADDITIONAL PARITY BONDS**

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

**BOND MATURITIES, PRIOR REDEMPTION PROVISIONS AND PAYING AGENT**

All such Bonds shall be in denominations in multiples of \$5,000 within the same maturity, bear interest from September 22, 2020, payable on April 1, 2021, and semi annually thereafter and shall mature as to principal on October 1 in each of the years as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2021	\$ 5,000	2031	\$ 45,000
2022	25,000	2032	85,000
2023	25,000	2033	85,000
2024	30,000	2034	25,000
2025	30,000	2035	20,000
2026	30,000	2036	25,000
2027	30,000	2037	20,000
2028	15,000	2038	20,000
2029	15,000	2039	25,000
2030	20,000	2040	200,000

\*Subject to a Permitted Adjustment of the amount of Bonds awarded of up to \$80,000 which may be applied in any or all maturities.

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

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

The Bonds are to be issued in fully registered form (both principal and interest). U.S. Bank National Association, Louisville, Kentucky, has been designated as the Bond Registrar and Paying Agent, shall remit interest on each semiannual due date to Cede & Co. Principal and interest will be payable through the Book-Entry-Only-System administered by The Depository Trust Company: Please see "BOOK-ENTRY-ONLY-SYSTEM" below. Interest on the Bonds will be paid at rates to be established upon the basis of competitive bidding as hereinafter set forth, such interest to be payable on April 1 and October 1 of each year, beginning April 1, 2021 (Record Date is the 15th day of month preceding interest due date).

**BIDDING CONDITIONS AND RESTRICTIONS**

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

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

(C) The minimum bid shall be not less than \$759,500 (98% of par) plus accrued interest. Interest rates shall be in multiples of 1/8 or 1/20 of 1% or both. Only one interest rate shall be permitted per Bond, and all Bonds of the same maturity shall bear the same rate. Interest rates must be on an ascending scale, in that the interest rate stipulated in any year may not be less than that stipulated for any preceding maturity. There is no limit on the number of different interest rates.

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

(E) The determination of the best purchase bid for said Refunding Bonds shall be made on the basis of all bids submitted for exactly \$775,000 principal amount of Bonds offered for sale under the terms and conditions herein specified, but the Corporation may adjust the principal amount of Bonds upward or downward by \$80,000 (the "Permitted Adjustment") which may be awarded to such best bidder may be a minimum of \$695,000 or a maximum of \$855,000. In the event of such Permitted Adjustment, no rebidding or recalculation of a submitted bid will be required or permitted and the Underwriter's Discount on the Bonds as submitted by the successful bidder shall be held constant. The Underwriter's Discount shall be defined as the difference between the purchase price of the Bonds submitted by the bidder and the price at which the Bonds will be issued to the public, calculated from information provided by the bidder, divided by the par amount of the Bonds bid. The price of which such adjusted principal amount of Bonds will be sold will be the same price per \$5,000 of Bonds as the price per \$5,000 for the \$775,000 of Bonds bid.

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

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

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

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

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

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

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

(d)*Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is September 1, 2020.

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

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

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

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

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

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

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

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

## **STATE SUPPORT OF EDUCATION**

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

KERA became fully effective on July 13, 1990. Elementary and Secondary Education in the Commonwealth is supervised by the Commissioner of Education as the Chief Executive Officer of the State Department of Education

("DOE"), an appointee of the reconstituted State Board for Elementary and Secondary Education (the "State Board"). Some salient features of KERA are as follows:

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

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

KRS 160.470(12)(a) requires that effective for fiscal years beginning July 1, 1990 each school district shall levy a minimum equivalent tax rate of \$.30 for general school purposes. The equivalent tax rate is defined as the rate which results when the income collected during the prior year from all taxes levied by the district (including utilities gross receipts license and special voted) for school purposes is divided by the total assessed value of property, plus the assessment for motor vehicles certified by the Revenue Cabinet of the Commonwealth. Any school district board of education which fails to comply with the minimum equivalent tax rate levy shall be subject to removal from office.

KRS 160.470(12)(2) provides that for fiscal years beginning July 1, 1990 each school district may levy an equivalent tax rate which will produce up to 15% of those revenues guaranteed by the SEEK program. Any increase beyond the 4% annual limitation imposed by KRS 132.017 is not subject to the recall provisions of that Section. Revenue generated by the 15% levy is to be equalized at 150% of the state-wide average per pupil equalized assessment.

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

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

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

## **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 Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent owners of the Bonds from realizing the full current benefit of the tax exemption of such interest. In addition, current and future legislative proposals, if enacted into law, may cause interest on state or local government bonds (whether issued before, on the date of, or after enactment of such legislation) to be subject, directly or indirectly, to federal income taxation by, for example, changing the current exclusion or deduction rules to limit the amount of interest on such bonds that may currently be treated as tax exempt by certain individuals. Proposals

are currently pending in both Federal houses which, if passed, would eliminate the ability of the issuer to advance refund the Bonds. Prospective purchasers of the Bonds should consult their own tax advisers regarding any pending or proposed federal tax legislation.

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

### **CONTINUING DISCLOSURE**

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

Financial information regarding the Board may be obtained from Superintendent, Robertson County Board of Education, 1760 Sardis Road, Mount Olivet, Kentucky 41064, Telephone 606-724-5431.

### **TAX EXEMPTION; BANK QUALIFIED**

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

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

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

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

### **BOOK-ENTRY-ONLY-SYSTEM**

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

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

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

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations



providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds ("Beneficial Ownership Interest") are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their Beneficial Ownership interests in Bonds, except in the event that use of the book-entry system for the Securities is discontinued. Transfers of ownership interest in the Securities are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

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

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

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

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

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

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

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

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

RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (6) ANY  
CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS HOLDER.

**ROBERTSON COUNTY SCHOOL  
DISTRICT FINANCE CORPORATION**

**by /s/ Sanford Holbrook  
Secretary**

**APPENDIX D**

**Robertson County School District Finance Corporation  
School Building Revenue Bonds  
Series 2020B**

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**Official Bid Form**

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

The Robertson County School District Finance Corporation ("Corporation" or "Issuer"), will until 11:00 A.M., E.D.S.T., on September 1, 2020, receive in the office of the Executive Director of the Kentucky School Facilities Construction Commission, 700 Louisville Rd, Carriage House, Frankfort, KY 40601, (telephone 502-564-5582; fax 888-979-6152) competitive bids for its \$775,000 School Building Revenue Bonds, Series 2020B, dated September 22, 2020; maturing October 1, 2021 through 2040 ("Bonds").

We hereby bid for said \$775,000\* principal amount of Bonds, the total sum of \$ \_\_\_\_\_ (not less than \$759,500) plus accrued interest from September 22, 2020 payable April 1, 2021 and semiannually thereafter at the following annual rates, (rates on ascending scale in multiples of 1/8 or 1/20 of 1%; number of interest rates unlimited) and maturing as to principal on October 1 in the years as follows:

<u>Year</u>	<u>Amount*</u>	<u>Rate</u>	<u>Year</u>	<u>Amount*</u>	<u>Rate</u>
2021	\$ 5,000	_____%	2031	\$ 45,000	_____%
2022	25,000	_____%	2032	85,000	_____%
2023	25,000	_____%	2033	85,000	_____%
2024	30,000	_____%	2034	25,000	_____%
2025	30,000	_____%	2035	20,000	_____%
2026	30,000	_____%	2036	25,000	_____%
2027	30,000	_____%	2037	20,000	_____%
2028	15,000	_____%	2038	20,000	_____%
2029	15,000	_____%	2039	25,000	_____%
2030	20,000	_____%	2040	200,000	_____%

\* Subject to Permitted Adjustment

We understand this bid may be accepted for as much as \$855,000 of Bonds or as little as \$695,000 of Bonds, at the same price per \$5,000 Bond, with the variation in such amount occurring in any maturity or all maturities, which will be determined at the time of acceptance of the best bid.

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

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

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

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

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

- (a) *Holding Period* means, with respect to a Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which the successful purchaser has sold at least 10% of such Maturity to the Public at prices that are no higher than the Initial Offering Price for such Maturity.
- (b) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.
- (c) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50% common ownership, directly or indirectly.
- (d) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is September 1, 2020.
- (e) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

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

Notwithstanding the foregoing, non-electronic bids may be submitted via facsimile or by hand delivery utilizing the Official Bid Form.

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

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

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

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

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

If we are the successful bidder, we agree to accept and make payment for the Bonds in Federal Funds on or about April 1, 2020 and upon acceptance by the Issuer's Municipal Advisor this Official Bid Form shall become the Bond Purchase Agreement.

Respectfully submitted,

\_\_\_\_\_  
Bidder

By \_\_\_\_\_  
Authorized Officer

\_\_\_\_\_  
Address

Total interest cost from September 22, 2020 to final maturity	\$ _____
Plus discount or less any premium	\$ _____
Net interest cost (Total interest cost plus discount)	\$ _____
Average interest rate or cost	_____ %

The above computation of net interest cost and of average interest rate or cost is submitted for information only and is not a part of this Bid.

Accepted by RSA Advisors, LLC, as Financial Advisor and Agent for the Robertson County School District Finance Corporation for \$ \_\_\_\_\_ amount of Bonds at a price of \$ \_\_\_\_\_ as follows:

<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Year</u>	<u>Amount</u>	<u>Rate</u>
2021	_____,000	_____ %	2031	_____,000	_____ %
2022	_____,000	_____	2032	_____,000	_____
2023	_____,000	_____	2033	_____,000	_____
2024	_____,000	_____	2034	_____,000	_____
2025	_____,000	_____	2035	_____,000	_____
2026	_____,000	_____	2036	_____,000	_____
2027	_____,000	_____	2037	_____,000	_____
2028	_____,000	_____	2038	_____,000	_____
2029	_____,000	_____	2039	_____,000	_____
2030	_____,000	_____	2040	_____,000	_____

Dated: September 1, 2020

\_\_\_\_\_  
RSA Advisors, LLC,  
as Agent for the Robertson County  
School District Finance Corporation