

DATED SEPTEMBER 16, 2020

NEW ISSUE
Electronic Bidding via Parity®
BOOK-ENTRY-ONLY SYSTEM

RATING
Moody's: " "

In the opinion of Bond Counsel, under existing law interest on the Bonds will be includable in gross income of the holders thereof for purposes of federal taxation. 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 Status" herein).

\$15,295,000*
CAMPBELL COUNTY SCHOOL DISTRICT FINANCE CORPORATION
SCHOOL BUILDING REVENUE REFUNDING BONDS,
TAXABLE SERIES 2020

Dated: October 15, 2020

Due: as shown below

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

Maturing		Interest		Reoffering		Maturing		Interest		Reoffering	
1-Aug	Amount	Rate	Yield	CUSIP	1-Aug	Amount	Rate	Yield	CUSIP		
2/1/2021	\$90,000	%	%		2026	\$1,145,000	%	%			
2021	\$505,000	%	%		2027	\$1,985,000	%	%			
2022	\$510,000	%	%		2028	\$2,035,000	%	%			
2023	\$525,000	%	%		2029	\$2,090,000	%	%			
2024	\$1,080,000	%	%		2030	\$2,140,000	%	%			
2025	\$1,100,000	%	%		2031	\$2,090,000	%	%			

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

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

The Bonds constitute a limited indebtedness of the Campbell 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 annually renewable basis to the Campbell County School District Board of Education.

The Secretary of the Campbell County School District Finance Corporation will until September 24, 2020, at 1:00 P.M., E.S.T., receive sealed 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 awarded by up to \$1,530,000.**

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.

**CAMPBELL COUNTY
BOARD OF EDUCATION**

Janis Winbigler, Chairman
Joshua Perkins, Member
Kimber Fender, Member
Peggy Schultz, Member
Rich Mason, Member

Dr. David Rust, Superintendent/Secretary

**CAMPBELL COUNTY SCHOOL DISTRICT
FINANCE CORPORATION**

Janis Winbigler, President
Joshua Perkins, Member
Kimber Fender, Member
Peggy Schultz, Member
Rich Mason, Member

Dr. David Rust, Secretary
Tracey Jolly, Treasurer

BOND COUNSEL

Dinsmore & Shohl LLP
Covington, Kentucky

FINANCIAL ADVISOR

RSA Advisors, LLC
Lexington, Kentucky

PAYING AGENT AND REGISTRAR

U.S. Bank National Association
Louisville, Kentucky

BOOK-ENTRY-ONLY-SYSTEM

REGARDING USE OF THIS OFFICIAL STATEMENT

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

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

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

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

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**OFFICIAL STATEMENT
Relating to the Issuance of**

\$15,295,000*

**CAMPBELL COUNTY SCHOOL DISTRICT FINANCE CORPORATION
SCHOOL BUILDING REVENUE REFUNDING BONDS,
TAXABLE SERIES 2020**

** Subject to Permitted Adjustment*

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and Appendices hereto, is to set forth certain information pertaining to the Campbell County School District Finance Corporation (the "Corporation") School Building Revenue Refunding Bonds, Taxable Series 2020 (the "Bonds").

The Bonds are being issued to (i) pay the accrued interest and refund at or in advance of maturity on August 1, 2021 the outstanding maturities of the Campbell County School District Finance Corporation School District Revenue Bonds, Series 2011, dated August 1, 2011 (the "2011 Bonds") maturing August 1, 2021 and thereafter (the "Refunded Bonds"); and, (ii) pay the cost of the Bond issuance expenses (see "Plan of Refunding" herein). The Board has determined that the plan of refunding the Refunded Bonds will result in considerable interest cost savings to the Campbell County School District (the "District") and is in the best interest of the District.

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

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

Copies of the Bond Resolution authorizing the issuance of the Bonds, the Participation Agreement and the Contract, Lease and Option, dated July 22, 2020, may be obtained at the office of Dinsmore & Shohl, LLP, 50 East Rivercenter Boulevard, Suite 1150, Campbell, KY 41011.

BOOK-ENTRY-ONLY-SYSTEM

The Bonds initially will be issued solely in Book-Entry form to be held in the Book-Entry-Only-System maintained by The Depository Trust Company ("DTC"), New York, New York. So long as such Book-Entry system is used, only DTC will receive or have the right to receive physical delivery of Bonds and, except as otherwise provided herein with respect to tenders by Beneficial Owners of Beneficial Ownership Interests, Beneficial owners will not be or be considered to be, and will not have any rights as, owners or holders of the Bonds under the Ordinance.

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. One fully-registered Bond certificate will be issued for in the aggregate principal amount of the Bonds and will be deposited with 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 Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

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

<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.

COMMONWEALTH BUDGET FOR PERIOD ENDING JUNE 30, 2021

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

OUTSTANDING BONDS

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

Bond Series	Original Principal	Current Principal Outstanding	Principal Assigned to Board	Principal Assigned to Commission	Approximate Interest Rate Range	Final Maturity
2011	\$17,200,000	\$14,455,000	\$10,915,823	\$6,284,177	3.500% - 4.375%	2031
2012B	\$1,250,000	\$825,000	\$0	\$1,250,000	2.600% - 3.600%	2032
2012-REF	\$11,975,000	\$5,660,000	\$10,144,238	\$1,830,762	2.250% - 2.625%	2024
2014	\$415,000	\$180,000	\$415,000	\$0	2.300% - 3.000%	2024
2014-REF	\$18,270,000	\$13,185,000	\$17,563,316	\$706,684	3.000%	2026
2016	\$6,175,000	\$5,435,000	\$2,621,798	\$3,553,202	2.000% - 3.000%	2036
TOTALS:	\$55,285,000	\$39,740,000	\$41,660,175	\$13,624,825		

AUTHORITY

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

- i) the issuance of approximately \$15,295,000 of Bonds subject to a permitted adjustment by increasing or decreasing the amount awarded by up to \$1,530,000;
- 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 October 15, 2020, will bear interest from that date as described herein, payable semi-annually on February 1 and August 1 of each year, commencing February 1, 2021, and will mature as to principal on February 1, 2021 and August 1, 2021 and each August 1 thereafter in the years and in the principal amounts as set forth on the cover page of this Official Statement.

Registration, Payment and Transfer

The Bonds are to be issued in fully-registered form (both principal and interest). U.S. Bank National Association, Louisville, Kentucky, the Bond Registrar and Paying Agent, shall remit interest on each semiannual due date (February 1 and August 1) to each Registered Owner of record as of the 15th day of the month preceding the due date (January 15 and July 15) which shall be Cede & Co., as the nominee of The Depository Trust Company. Please see Book-Entry-Only-System.

Redemption

The Bonds scheduled to mature on and after August 1, 2028, are subject to redemption at the option of the Corporation prior to their stated maturities on any date falling on or after August 1, 2027, in any order of maturities (less than all of a single maturity to be selected by lot), in whole or in part, expressed in percentages of the principal amount with respect to each redeemed Bond as set forth below, plus accrued interest to the date of redemption:

Redemption Dates (inclusive)	Redemption Price
August 1, 2027 and thereafter	100%

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

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 acquired and constructed from the Bond proceeds from the Corporation to the Board.

Mortgage Lien

The Bonds are secured by a statutory mortgage lien and a pledge of revenues on and from the site of the Project.

The Lease

The Board has leased the school Project securing the Bonds for an initial period from October 15, 2020 through June 30, 2021 with the option in the Board to renew said Lease from year to year for one year at a time, at annual rentals, sufficient in each year to enable the Corporation to pay, solely from the rental due under the Lease, the principal and interest on all of the Bonds as same become due. The Lease provides further that so long as the Board exercises its annual renewal options, its rentals will be payable according to the terms and provisions of the Lease until August 1, 2031, the final maturity date of the Bonds.

STATE INTERCEPT

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

COMMISSION'S PARTICIPATION

The Commission has determined that the Board is eligible for an average annual participation equal to approximately \$247,294 from the Commission's appropriation by the Kentucky General Assembly which will be used to meet a portion of the debt service of the Bonds. The plan for financing the Project will require the Commission to pay approximately twenty-seven percent (27%) of the debt service of the Bonds.

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

THE PLAN OF REFUNDING

A sufficient amount of the proceeds of the Bonds at the time of delivery will be deposited into an Escrow Fund for the Defeased Bonds. The 2020 Escrow Fund deposit is intended to be sufficient to pay interest and maturing principal and redeem on August 1, 2021 the outstanding Campbell County School District Finance Corporation School Building Revenue Refunding Bonds, Series 2011 dated August 1, 2011 (the "2011 Bonds") maturing August 1, 2021 and thereafter (the "Defeased Bonds"). The Board has determined that the plan of refunding the Defeased Bonds will result in considerable interest cost savings to the Campbell County School District (the "District") and is in the best interest of the District.

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

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

PURPOSE OF THE PRIOR BONDS

The 2011 Bonds were issued by the Corporation for the purpose of providing funds to finance construction of a Vocational School (the "Project").

ESTIMATED BOND DEBT SERVICE

The following table shows by fiscal year the current bond payments of the Board. The plan of financing provides for the Board to pay 73% of the debt service of the bonds.

Fiscal Year Ending June 30	Current Local Bond Payments	----- Series 2020 Refunding Revenue Bonds -----					Total Local Bond Payments
		Principal Portion	Interest Portion	Total Payment	SFCC Portion	Local Portion	
2021	\$3,827,303	\$90,000	\$99,354	\$189,354	\$51,126	\$138,229	\$3,717,311
2022	\$3,824,878	\$505,000	\$331,481	\$836,481	\$225,850	\$610,631	\$3,713,878
2023	\$3,827,418	\$510,000	\$322,473	\$832,473	\$224,768	\$607,705	\$3,715,010
2024	\$3,827,935	\$525,000	\$313,026	\$838,026	\$226,267	\$611,759	\$3,720,068
2025	\$3,845,046	\$1,080,000	\$297,910	\$1,377,910	\$372,036	\$1,005,874	\$3,733,662
2026	\$3,841,231	\$1,100,000	\$276,925	\$1,376,925	\$371,770	\$1,005,155	\$3,732,562
2027	\$3,831,399	\$1,145,000	\$254,178	\$1,399,178	\$377,778	\$1,021,400	\$3,720,683
2028	\$2,159,883	\$1,985,000	\$220,320	\$2,205,320	\$595,436	\$1,609,884	\$2,049,610
2029	\$2,162,592	\$2,035,000	\$175,083	\$2,210,083	\$596,722	\$1,613,360	\$2,051,631
2030	\$2,160,517	\$2,090,000	\$126,600	\$2,216,600	\$598,482	\$1,618,118	\$2,051,736
2031	\$2,161,548	\$2,140,000	\$75,840	\$2,215,840	\$598,277	\$1,617,563	\$2,049,216
2032	\$2,157,210	\$2,090,000	\$25,080	\$2,115,080	\$571,072	\$1,544,008	\$2,044,602
2033	\$243,042						\$243,042
2034	\$241,309						\$241,309
2035	\$243,553						\$243,553
2036	\$323,622						\$323,622
2037	\$315,358						\$315,358
TOTALS:	\$38,993,845	\$15,295,000	\$2,518,269	\$17,813,269	\$4,809,583	\$13,003,687	\$37,666,852

Notes: Numbers are rounded to the nearest \$1.00.

ESTIMATED USE OF BOND PROCEEDS

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

Sources:	
Par Amount of Bonds	<u>\$15,295,000.00</u>
Total Sources	\$15,295,000.00
Uses:	
Deposit to Construction Fund	\$15,036,870.00
Underwriter's Discount (1%)	152,950.00
Cost of Issuance	<u>105,180.00</u>
Total Uses	\$15,295,000.00

DISTRICT STUDENT POPULATION

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

Year	Average Daily Attendance	Year	Average Daily Attendance
2000-01	4,315.5	2010-11	4,454.9
2001-02	4,229.8	2011-12	4,496.8
2002-03	4,177.0	2012-13	4,472.0
2003-04	4,196.4	2013-14	4,458.1
2004-05	4,141.7	2014-15	4,502.4
2005-06	4,392.2	2015-16	4,490.4
2006-07	4,378.9	2016-17	4,474.8
2007-08	4,414.9	2017-18	4,456.7
2008-09	4,374.8	2018-19	4,451.8
2009-10	4,336.1	2019-20	4,738.0

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 \$3,827 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 Campbell County School District for certain preceding school years.

Year	Capital Outlay Allotment	Year	Capital Outlay Allotment
2000-01	431,550.0	2010-11	445,490.0
2001-02	422,980.0	2011-12	449,682.0
2002-03	417,700.0	2012-13	447,203.0
2003-04	419,640.0	2013-14	445,806.0
2004-05	414,170.0	2014-15	450,241.0
2005-06	439,220.0	2015-16	449,035.0
2006-07	437,890.0	2016-17	447,480.0
2007-08	441,490.0	2017-18	445,670.0
2008-09	437,484.0	2018-19	445,176.8
2009-10	433,612.0	2019-20	473,800.0

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

Tax Year	Combined Equivalent Rate	Total Property Assessment	Property Revenue Collections
2000-01	57.4	2,082,039,943	11,950,909
2001-02	56.7	2,228,227,239	12,634,048
2002-03	58.7	2,335,323,089	13,708,347
2003-04	58.7	2,498,796,992	14,667,938
2004-05	56.7	2,566,264,573	14,550,720
2005-06	56.8	2,773,514,479	15,753,562
2006-07	56.8	2,890,508,451	16,418,088
2007-08	56.8	3,169,916,113	18,005,124
2008-09	55.8	3,303,376,822	18,432,843
2009-10	55.8	3,353,636,090	18,713,289
2010-11	58.8	3,412,732,694	20,066,868
2011-12	63.2	3,447,716,292	21,789,567
2012-13	63.6	3,485,969,993	22,170,769
2013-14	64.6	3,489,537,919	22,542,415
2014-15	67.8	3,527,930,140	23,919,366
2015-16	68.8	3,590,270,041	24,701,058
2016-17	67.5	3,648,614,187	24,628,146
2017-18	68.5	3,785,061,417	25,927,671
2018-19	70.7	3,913,894,866	27,671,237
2019-20	68.8	4,206,978,375	28,944,011

Overlapping Bond Indebtedness

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

Issuer	Original Principal Amount	Amount of Bonds Redeemed	Current Principal Outstanding
County of Campbell			
General Obligation	\$19,550,000	\$5,985,415	\$13,564,585
Elderly Care Facility Revenue	\$1,815,000	\$430,000	\$1,385,000
Refinancing Refunding Revenue	\$903,088	\$358,776	\$544,312
Manufacturing Facility Revenue	\$12,000,000	\$0	\$12,000,000
City of Alexandria			
General Obligation	\$500,000	\$0	\$500,000
City of Bellevue			
General Obligation	\$8,990,000	\$1,120,000	\$7,870,000
City of Cold Spring			
General Obligation	\$2,000,000	\$1,771,556	\$228,444
City of Dayton			
Infrastructure Revenue	\$1,150,000	\$180,000	\$970,000
Improvement Project Refunding	\$1,150,000	\$180,000	\$970,000
Fire Vehicles Revenue	\$685,973		\$564,252
City of Ft. Thomas			
General Obligation	\$2,290,000	\$1,470,000	\$820,000

City of Highland Heights			
General Obligation	\$10,230,000	\$795,000	\$9,435,000
City of Newport			
General Obligation	\$38,867,767	\$19,639,009	\$19,228,758
Public Project Revenue	\$44,230,000	\$25,745,000	\$18,485,000
KLC Funding Trust Program Revenue	\$50,000,000	\$0	\$50,000,000
Courthouse & City Hall Lease Revenue	\$27,750,000	\$8,870,000	\$18,880,000
City of Silver Grove			
General Obligation	\$1,005,000	\$636,588	\$368,412
City of Southgate			
General Obligation	\$2,279,931	\$697,801	\$1,582,130
City of Wilder			
General Obligation	\$11,155,000	\$2,687,179	\$8,467,821
Special Districts			
Alexandria Fire Department	\$2,200,000	\$790,788	\$1,409,212
Campbell County Dispatching Board	\$4,630,000	\$884,000	\$3,746,000
Campbell County Fire District #1	\$590,000	\$337,619	\$252,381
Campbell County FPD #3	\$358,500	\$207,207	\$151,293
Campbell County Library District	\$3,070,000	\$2,349,630	\$720,370
Northern Kentucky Water District	\$198,946,000	\$65,808,853	\$133,137,147
Northern Kentucky Port Authority	\$1,500,000	\$1,240,000	\$260,000
Totals:	\$447,846,259	\$142,306,142	\$305,540,117

Source: 2020 Kentucky Local Debt Report.

SEEK ALLOTMENT

The Board has reported the following information as to the SEEK allotment to the District, and as provided by the State Department of Education.

SEEK	Base Funding	Local Tax Effort	Total State & Local Funding
2000-01	11,190,872	11,950,909	23,141,781
2001-02	11,042,467	12,634,048	23,676,515
2002-03	10,736,556	13,708,347	24,444,903
2003-04	10,927,019	14,667,938	25,594,957
2004-05	11,272,304	14,550,720	25,823,024
2005-06	12,566,900	15,753,562	28,320,462
2006-07	12,669,899	16,418,088	29,087,987
2007-08	13,892,564	18,005,124	31,897,688
2008-09	13,651,392	18,432,843	32,084,235
2009-10	12,050,905	18,713,289	30,764,194
2010-11	12,392,093	20,066,868	32,458,961
2011-12	13,726,221	21,789,567	35,515,788
2012-13	13,321,166	22,170,769	35,491,935
2013-14	13,210,246	22,542,415	35,752,661
2014-15	13,815,563	23,919,366	37,734,929
2015-16	13,869,746	24,701,058	38,570,804
2016-17	13,501,044	24,628,146	38,129,190
2017-18	13,051,749	25,927,671	38,979,420
2018-19	13,189,102	27,671,237	40,860,339
2019-20	13,960,759	28,944,011	42,904,770

- (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 \$0.688 for FY 2019-20. The equivalent tax rate" is defined as the rate which results when the income from all taxes levied by the district for school purposes is divided by the total assessed value of property plus the assessment for motor vehicles certified by the Commonwealth of Kentucky Revenue Cabinet.

State Budgeting Process

- i) Each district board of education is required to prepare a general school budget on forms prescribed and furnished by the Kentucky Board of Education, showing the amount of money needed for current expenses, debt service, capital outlay, and other necessary expenses of the school during the succeeding fiscal year and the estimated amount that will be received from all sources.
- ii) By September 15 of each year, after the district receives its tax assessment data from the Department of Revenue and the State Department of Education, 3 copies of the budget are forwarded to the State Department for approval or disapproval.
- iii) The State Department of Education has adopted a policy of disapproving a school budget if it is financially unsound or fails to provide for:
 - a) payment of maturing principal and interest on any outstanding voted school improvement bonds of the district or payment of rental in connection with any outstanding school building revenue bonds issued for the benefit of the school district; or
 - b) fails to comply with the law.

CONTINUING DISCLOSURE

In accordance with Securities and Exchange Commission Rule 15c2-12, as amended (the "Rule") the Board and the Corporation (the "Obligated Persons") will agree pursuant to a Continuing Disclosure Agreement to be dated as of the date of initial issuance and delivery (the "Disclosure Agreement"), to be delivered on the date of delivery of the Bonds, to cause the following information to be provided:

(i) to the Municipal Securities Rulemaking Board ("MSRB") or any successor thereto for purposes of the Rule, through the continuing disclosure service portal provided by the MSRB's Electronic Municipal Market Access ("EMMA") system as described in 1934 Act Release No. 59062, or any similar system that is acceptable to the Securities and Exchange Commission, certain annual financial information and operating data, including audited financial statements, generally consistent with the information contained under the headings "Bond Debt Service", "Local Support"-Local Tax Rates, -Property Assessments and Revenue Collections, -District's Largest Taxpayers, -Overlapping Bond Indebtedness", "SEEK Allotment" and in Appendix B of this Official Statement (the "Annual Financial Information"); such information shall include, at a minimum, that financial information and operating data which is customarily prepared by the Obligated Persons and is publicly available. The annual financial information shall be provided on or before the 270th day following the fiscal year ending on the preceding June 30th;

(ii) to the MSRB, in a timely manner, not in excess of ten business days after the occurrence of the event, notice of the occurrence of the following events with respect to the Bonds:

- (a) Principal and interest payment delinquencies;
- (b) Non-payment related defaults, if material;

- (c) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) Substitution of credit or liquidity providers, or their failure to perform;
- (f) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax-exempt status of the security;
- (g) Modifications to rights of security holders, if material;
- (h) Bond calls, if material, and tender offers (except for mandatory scheduled redemptions not otherwise contingent upon the occurrence of an event);
- (i) Defeasances;
- (j) Release, substitution or sale of property securing repayment of the securities, if material;
- (k) Rating changes;
- (l) Bankruptcy, insolvency, receivership or similar event of the obligated person (Note: For the purposes of this event, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bank National Association Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person);
- (m) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (n) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (o) Incurrence of a financial obligation of the Corporation or Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the issuer or Obligated Person, any of which affect security holders, if material;
- (p) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the issuer or Obligated Person, any of which reflect financial difficulties; and
- (q) The cure, in the manner provided under the Bond Resolution, of any payment or nonpayment related default under the Bond Resolution.

(iii) to the MSRB, notice of a failure (of which the Obligated Persons has knowledge) of an Obligated Person to provide the required Annual Financial Information on or before the date specified in the Disclosure Agreement.

The Disclosure Agreement provides bondholders, including beneficial owners of the respective series of Bonds, with certain enforcement rights in the event of a failure by the Obligated Persons to comply with the terms

thereof; however, a default under the Disclosure Agreement does not constitute an event of default under the Bond Resolution. The Disclosure Agreement may also be amended or terminated under certain circumstances in accordance with the Rule as more fully described therein. Bondholders are advised that the Disclosure Agreement, the form of which is attached to the Official Statement as Appendix C, should be read in its entirety for more complete information regarding its contents.

For purposes of this transaction:

- (a) there are no debt service reserve funds applicable to the Bonds;
- (b) there are no credit enhancements applicable to the Bonds; and
- (c) there are no liquidity providers applicable 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.

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

TAX TREATMENT

In the opinion of Bond Counsel for the Bonds, based upon an analysis of existing laws, regulations, rulings, and court decisions, interest on the Bonds will be includable in gross income for Federal and Kentucky income tax purposes. Bond Counsel for the Bonds is of the opinion that Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions.

The Corporation has not designated the Bonds as "qualified tax-exempt obligations" with respect to certain financial institutions under Section 265 of the Code.

A copy of the opinion of Bond Counsel for the Bonds is set forth in Appendix D, attached hereto.

General

The following is a summary of the principal federal income tax consequences relating to the acquisition, ownership and disposition of the Bonds for certain U.S. Holders (as defined below). It does not provide a complete analysis of all potential tax considerations relating to the acquisition, ownership, and disposition of the Bonds. This summary is based on the tax laws of the United States, including the current provisions of the Code, its legislative history, current final, temporary and proposed Treasury regulations thereunder, published rulings and pronouncements of the IRS and court decisions, all as currently in effect and all of which are subject to change at any time, possibly with retroactive effect, so as to result in federal income tax consequences different from those described below. There can be no assurance that the IRS will not take a contrary view or that a court would not sustain a contrary view, and no ruling from the IRS has been, or is expected to be, sought on the issues discussed herein. Legislative, judicial, or administrative changes or interpretations may occur that could alter or modify the statements and conclusions set forth herein. Any such changes or interpretations may or may not be retroactive and could affect the tax consequences discussed below.

EACH PROSPECTIVE PURCHASER SHOULD SEEK ADVICE BASED ON THE PROSPECTIVE PURCHASER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR. THIS SUMMARY DOES NOT ADDRESS FEDERAL GIFT, GENERATION SKIPPING, OR ESTATE TAX CONSEQUENCES OR ALTERNATIVE MINIMUM, FOREIGN, STATE, LOCAL, OR OTHER TAX CONSEQUENCES, NOR DOES THIS SUMMARY ADDRESS FEDERAL INCOME TAX CONSEQUENCES FOR BONDHOLDERS OTHER THAN U.S. HOLDERS (AS DEFINED BELOW). EACH PROSPECTIVE PURCHASER CONSIDERING THE PURCHASE OF BONDS SHOULD CONSULT ITS OWN TAX ADVISOR CONCERNING THESE MATTERS AND CONCERNING THE TAX TREATMENT OF BONDS UNDER STATE AND LOCAL TAX LAWS AND REGULATIONS.

The following summary deals only with Bonds held as capital assets within the meaning of Section 1221 of the Code (generally assets that are held for investment rather than as inventory or as property used in a trade or business) and not with special classes of holders, such as dealers in securities or currencies, financial institutions, insurance companies, S corporations, grantor trusts, certain former citizens or residents of the United States, traders in securities that elect to use a mark-to-market method of accounting for their securities holdings, dealers, persons holding Bonds as part of a hedging transaction, straddle, conversion transaction, synthetic security transaction, or other risk reduction or integrated transaction, persons whose functional currency is not the U.S. dollar, persons who acquire the Bonds in connection with their employment or other performance of services, tax-exempt persons, mutual funds, small business investment companies, real estate mortgage investment conduits, or real estate investment trusts.

If a partnership (or other entity or arrangement treated as a partnership for federal income tax purposes) acquires Bonds, the federal income tax treatment of a partner generally will depend on the status of the partner and the activities of the partnership. A partnership holding Bonds, and partners in such a partnership, should consult its and their own tax advisors with regard to the federal income tax consequences of the acquisition, ownership, and disposition of the Bonds by the partnership.

The federal income tax discussion that appears below is included in this Official Statement for the general information of a prospective purchaser. Some or all of the discussion may not apply to a particular purchaser depending upon the particular situation of that purchaser. Each prospective purchaser should consult its own tax advisor concerning the tax consequences to such purchaser of owning and disposing of the Bonds, including the tax consequences under state, local, and other tax laws and the possible effects of changes in federal or other tax laws.

As used in this Official Statement, the term "U.S. Holder" means a beneficial owner of a Bond that is, for federal income tax purposes (a) a citizen or resident of the United States for federal income tax purposes; (b) a corporation (or other entity treated as a corporation for federal income tax purposes) created or organized in or under the laws of the United States, any of the states thereof or the District of Columbia; (c) an estate, the income of which is includible in gross income for federal income tax purposes regardless of its source; (d) a trust that is subject to the supervision of a court within the United States and one or more United States persons as described in Section 7701(a)(30) of the Code has the authority to control all of the substantial decisions with respect to such trust; or (e) certain trusts with a valid election in effect under applicable Treasury regulations to be treated as a United States person within the meaning of the Code.

Notwithstanding the rules described below, it should be noted that, under law enacted in December 2017 that is effective for tax years beginning after December 31, 2018 in the case of original issue discount, certain taxpayers that are required to prepare certified financial statements or file financial statements with certain regulatory or governmental agencies may be required to recognize income, gain, and loss with respect to the Bonds at the time that such income, gain, or loss is recognized on such financial statements instead of under the rules described below. However, recently proposed regulations permit a taxpayer to apply the rules described below rather than the applicable financial statement regime as long as the taxpayer consistently applies all the rules of the proposed regulation to all items of income during the taxable year.

BECAUSE INDIVIDUAL CIRCUMSTANCES MAY DIFFER, PROSPECTIVE PURCHASERS AND BENEFICIAL OWNERS OF THE BONDS ARE STRONGLY URGED TO CONSULT WITH THEIR OWN TAX ADVISORS WITH RESPECT TO THEIR PARTICULAR TAX SITUATIONS AND AS TO ANY FEDERAL, FOREIGN, STATE, LOCAL, OR OTHER TAX CONSIDERATIONS (INCLUDING ANY POSSIBLE CHANGES IN TAX LAW) AFFECTING THE ACQUISITION, OWNERSHIP, AND DISPOSITION OF THE BONDS.

Tax Status of the Bonds

The Bonds are taxable debt instruments for federal income tax purposes. As such, interest on the Bonds is not excludible from the gross income of Bondholders under Section 103 of the Code and will be fully subject to federal income taxation.

Interest

Interest on the Bonds will be taxable to a Bondholder as ordinary interest income. A Bondholder using the accrual method of accounting for federal income tax purposes generally must include such interest in income as the interest accrues, while a Bondholder using the cash receipts and disbursements method of accounting generally must include such interest in income when payments are actually or constructively received. There is an exception if the Bondholder makes a constant yield election ("Constant Yield Election") and for original issue discount.

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>.

LITIGATION

There is no litigation presently pending against the Corporation or the District, nor to the knowledge of the officials of the Corporation or the District is there any litigation threatened, which questions or affects the validity of the Bonds or any proceedings or transactions relating to the issue, sale and delivery thereof.

APPROVAL OF LEGALITY

Legal matters incident to the authorization and issuance of the Bonds are subject to the approving legal opinion of Dinsmore & Shohl LLP, Covington, Kentucky, Kentucky, Bond Counsel. The form of the approving legal opinion of Bond Counsel will appear on each printed Bond.

NO LEGAL OPINION EXPRESSED AS TO CERTAIN MATTERS

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

BOND RATING

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

FINANCIAL ADVISOR

Prospective bidders are advised that RSA Advisors, LLC ("RSA") has been employed as Financial Advisor in connection with the issuance of the Bonds. RSA's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery thereof. Bidders may submit a bid for the purchase of the Bonds at the time of the advertised public sale, either individually or as a member of a syndicate organized to submit a bid for the purchase of the Bonds.

APPROVAL OF OFFICIAL STATEMENT

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

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

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

By /s/ _____
President

By /s/ _____
Secretary

APPENDIX A

**Campbell County School District Finance Corporation
School Building Revenue Refunding Bonds
Taxable Series 2020**

Demographic and Economic Data

NORTHERN KENTUCKY

Campbell County is a county located in the northern part of the U.S. state of Kentucky. Its county seats are Alexandria and Newport. The county was formed on December 17, 1794, from sections of Scott, Harrison, and Mason Counties and was named for Colonel John Campbell (1735–1799), a Revolutionary War soldier and Kentucky legislator. Campbell County, with Boone and Kenton Counties, is part of the Northern Kentucky metro community, and the Cincinnati-Middletown, OH-KY-IN Metropolitan Statistical Area.

The Bluegrass region was the most quickly settled part of the state and now is home to about half the state's population. The Northern Kentucky Area, covering a total land area of 559 square miles, is composed of Boone, Campbell, and Campbell Counties; and is ideally situated along and adjacent to the south bank of the Ohio River, immediately south of Cincinnati, Ohio. Campbell County had an estimated 2020 population of 93,543.

The Northern Kentucky Area forms the northern apex of an industrial triangle anchored by Louisville on the southwest and Lexington on the southeast. Within the triangle are more than one-third of the state's population and nearly one-half of its manufacturing jobs. The interstate highway system places these three metropolitan areas within less than two hours driving from each other.

The Economic Framework

Campbell County has a labor force of 49,560 people with an unemployment rate of 3.5%. The total number of people employed in 2019 averaged 32,483. The top 5 jobs by occupation are as follows: office and administrative support - 3,846 (12.07%); sales - 3,770 (11.84%); production workers - 3,327 (10.44%); executive managers and administrators - 2,727 (8.56%); and food preparation/serving - 2,676 (8.4%).

Transportation

Major highways serving Boone, Kenton, and Campbell Counties include Interstates 71, 75, 275, and 471; U.S. Highways 42/127, 25, and 27. The Greater Cincinnati-Northern Kentucky International Airport, located in Campbell County, Kentucky, provides commercial airline service. The airport is a major hub for Delta Airlines. The Southern Railway System and CSX Transportation provide main line rail service to the area. Several barge and towing companies provide barge transportation on the Ohio River. The Port of Cincinnati extends 30 miles along both banks of the Ohio River.

Power and Fuel

Electric power is provided to Boone, Kenton, and Campbell Counties by Duke Energy Kentucky, E. ON US/KU, East Kentucky Power Cooperative and Owen Electric Cooperative, Inc. Natural gas service is provided to major portions of the three-county area by Duke Energy Kentucky.

LABOR MARKET STATISTICS

The Labor Market Area includes Boone, Campbell, Gallatin, Grant, Kenton and Pendleton counties in Kentucky. The Labor Market Area is supplemented by the Ohio counties of Hamilton, Butler, Clermont and Warren; and Dearborn County in Indiana.

Population

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Campbell County	92,377	92,373	91,537	92,747	92,615

Source: Kentucky State Data Center, University of Louisville.

Population Projections

	<u>2025</u>	<u>2030</u>	<u>2035</u>
Campbell County	93,427	93,473	93,028

Source: Kentucky Data Center, University of Louisville.

EDUCATION

Public Schools

	<u>2018-2019</u> <u>Total</u> <u>Enrollment</u>	<u>2018-2019</u> <u>Pupil to Teacher</u> <u>Ratio</u>
Bellevue Independent Schools	594	13-1
Campbell County Schools	4,735	15-1
Dayton Independent Schools	886	14-1
Ft. Thomas Independent Schools	3,057	16-1
Newport Independent School	1,458	11-1
Silver Grove Independent Schools	191	11-1
Southgate Independent Schools	175	10-1

Vocational - Technical Schools

<u>Institution</u>	<u>Location</u>	<u>Enrollment</u> <u>(2017-2018)</u>
Campbell County Academies of Innovation	Ft. Mitchell, KY	534
Kenton County ATC	Alexandria, KY	298
Boone County ATC	Hebron, KY	217
Carroll County ATC	Carrollton, KY	726
Harrison County ATC	Cynthiana, KY	746
Mason County ATC	Maysville, KY	181
Elkhorn Crossing School	Georgetown, KY	863

Colleges and Universities

42.9% of the population in Campbell County have an Associate's degree or higher. 91.4% have a high school degree or higher.

<u>Top 5 Universities within 50 miles</u>	<u>Enrollment</u>
University of Cincinnati (Main Campus)	38,062
Miami University - Oxford	19,933
Northern Kentucky University	14,783
Xavier University	7,132

Source: Kentucky Cabinet for Economic Development

EXISTING INDUSTRY

<u>Firm</u>	<u>Product</u>	<u>Employment</u>
<i>Alexandria</i>		
Reis Concrete Products Inc	Ready-mixed concrete & precast septic tank	30
Tyson - Hillshire Brands	Little smokies (cocktails); hot dogs; lunch meat	758
<i>Bellevue</i>		
Liberty Plastics Molding Corp Inc	Plastic injection molds, molding & prototypes; packaging machinery parts; plastic chemical transfer pump bodies, components, bowling alley parts, utility ind	6
Newforms Inc	Commercial printer	4
Otto Printing & Entertainment Graphics	Digital printing, brochures, business cards	6
Thompson Enamel Inc	Powdered glass colors (enamels)	16
<i>Cold Spring</i>		
CCL Label	Flexographic and variable image printing	75
Fischer Special Manufacturing	Automatic screw machine products	65
<i>Dayton</i>		
Active Radiator	Truck and industrial radiators	15
Advertiser Printers Inc	Commercial offset printing/binding	28
Cobb Inc	Electronic prepress work & typesetting	7
Fastemp Glass Co Inc	Glass products for lighting fixtures	30
Metal Solutions Design & Fabrication LLC	Manufacture DOT certified metal containers for nuclear waste & other hazardous products	18
<i>Highland Heights</i>		
Busken Bakery Inc	Produces hamburger/hot dog buns, cakes, donuts	4
<i>Newport</i>		
Dixie Chili Inc	Manufacture and distribute canned chili	16
International Identification Inc	Animal ID tags	75
Steinhauser Inc	Packaging, pressure sensitive labels	34
Wendling Printing Inc	Offset printing and binding	20
<i>Silver Grove</i>		
Continental Building Products	Gypsum wallboard, joint compound	275
<i>Wilder</i>		
Andrews Laser Works Corp	Laser processing; metal stamping; welding	100
Ferrous85 Company	Steel toll processor of rolled steel	11
TMK IPSCO Tubulars Kentucky	Manufacture steel pipes for oil & gas industry	349
Trophy Awards Manufacturing Inc	Awards, crystal awards, acrylic awards, trophies	35

Source: Kentucky Directory of Manufacturers (2020).

APPENDIX B

**Campbell County School District Finance Corporation
School Building Revenue Refunding Bonds
Taxable Series 2020**

Audited Financial Statement for FY Ending June 30, 2019

Campbell County School District

**Financial Statements
With Supplementary Information
Year Ended June 30, 2019
With Independent Auditors' Report**

CAMPBELL COUNTY SCHOOL DISTRICT

Year Ended June 30, 2019

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CAMPBELL COUNTY SCHOOL DISTRICT

Year Ended June 30, 2019

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CAMPBELL COUNTY SCHOOL DISTRICT

Year Ended June 30, 2019

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Independent Auditors' Report

To the Members of the Board of Education
Campbell County School District
Alexandria, 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 Campbell County School District as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Campbell County School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

Opinions

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

Correction of Error

As discussed in Note 18 to the financial statements, an error related to amounts recognized as deferred outflows and inflows related to pension and other postemployment retirement benefit liabilities have been corrected. Accordingly, amounts for prior periods were restated and an adjustment has been made to net position as of June 30, 2018 to correct the error. Our opinion is not modified with respect to that matter.

**Independent Auditors' Report
(Continued)**

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the information on pages 3-9 (unaudited), 54-55, and 61-70 as listed in the table of contents 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 Campbell County School District's basic financial statements. The combining and individual nonmajor fund financial statements and statement of receipts and disbursements of bonds are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

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

Barnes, Dennig & Co., Ltd.

Crestview Hills, Kentucky
November 12, 2019

CAMPBELL COUNTY SCHOOL DISTRICT

Management's Discussion and Analysis (MD&A) Year Ended June 30, 2019

As management of Campbell County Board of Education (Board), the governing body for the Campbell 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 financial statements and notes. All amounts used in this MD&A are approximate amounts, except where more specific.

FINANCIAL HIGHLIGHTS

Campbell County Schools continues its commitment to high student academic achievement and preparation for college, career and life. Focus points guiding the District in 2019 include high academic achievement, enhanced building facilities, enhanced and increased technology facilities and school/community relations. These objectives served as the catalyst for many initiatives and projects throughout the year as the District strived to improve in several areas. Financial support came from several sources including General Funds and federal and state grants. Overall the District experienced a successful financial year being able to support the improvement initiatives and maintain a quality level of district operations.

- The District's governmental funds are accounted for using the modified accrual basis of accounting. In 2019, all governmental funds had total revenues and other financing sources of \$66.8 million and total expenditures and other financing uses of \$65.9 million. The ending balance for the General Fund increased from \$11.4 million at the end of 2018 to \$11.8 million at the end of 2019. This increase was primarily due to General Fund revenues exceeding expenditures by approximately \$460,000. The Construction Fund balance increased by approximately \$576,000. This increase is attributable to funds dedicated to building a new Elementary School in the south end of the district. The District Activity, Capital Outlay, and Building Funds had a net decrease in current year revenues over expenditures of approximately \$177,000.
- Our primary financial concern continues to be state funding which has not kept up with the increases in operating expenses due to inflation, increased salaries - some of which are a direct result of mandates by the state, and an increasing portion of the retirement shortfall that we have been asked to fund. After many years of not making the necessary contributions to fully fund the Kentucky Teachers' Retirement System (TRS), the legislature passed along a portion of the funding shortfall to employees and a larger portion to school districts. As a result, our district has paid hundreds of thousands of dollars into the retirement system over the past five years and will pay millions of dollars in the future in an effort to help stabilize the fund. We are also being required to record the portion of the unfunded state liability in our financial statements attributable to our employees, as determined by TRS. While it remains to be seen if districts, including our own, will end up shouldering more of this deficit over the years to come, if the state does not start responsibly funding the system it can be safely assumed that we will. This will continue to shift more of the responsibility for funding our education system onto the backs of school districts and subsequently local taxpayers. The continual erosion of state funding makes it increasingly difficult to maintain the high standard of education and programming that our students deserve without increasing taxes locally. In this climate of shrinking state support the Campbell County School District will maintain fiscally responsible policies in order to continue providing quality academic, extra-curricular and community service programs to all of its students.

CAMPBELL COUNTY SCHOOL DISTRICT

Management's Discussion and Analysis (MD&A) Year Ended June 30, 2019 (Continued)

FINANCIAL HIGHLIGHTS (CONTINUED)

- Compared to the prior year, the 2018-19 expenses for salaries increased approximately 2.6%. In addition to the annual STEP increase employees receive based on another year of experience, the board approved a 1.5% increase across the board to the base salary schedules for both certified and classified employees. As there were no considerable changes to the number of employees and/or positions from 2017-18 to 2018-19, this increase is reasonable and was budgeted for in the current year.
- During 2019, the Board approved the purchase of 85 acres of land in the southern portion of the district. The land is intended to be used to construct a new elementary school which is part of the CCS District Facility Plan. No other major construction projects occurred in 2019.
- **Federal Funding.** The District is awarded several federal grants each year for the purpose of enhancing and supplementing educational activities in many areas. The grants also provide additional resources to serve some specified student populations. The District was awarded approximately \$3.6 million in educational federal grant awards in 2019. This was an increase to that received in 2018. These funds are very instrumental in improving and advancing instruction quality, curriculum, technology and ultimately student assessment performance.

The District has increased efforts to apply for competitive grants. The following competitive grants were awarded during the 2018-19 school year:

- U.S. Department of Justice, NIJ Grant, \$1.2 million
 - 21st Century Community Learning Centers Grant, \$300,000
 - Stewart B McKinney Homeless Grant \$80,000
- **State Funding.** The District's state funding, representing approximately 33% of General Fund receipts (net of on- behalf payments), is highly dependent on the receipt and budgeting of the revenues of the Commonwealth of Kentucky. Unfortunately, the state continues to experience significant budgetary problems related to the current pension crisis as well as other issues. Thus state SEEK and education grant funding have become very vulnerable to reductions in this environment.

The most significant factor in determining the amount of state funds that the District receives is the Support Excellence in Kentucky Education (SEEK) base per average daily student attendance (ADA). The 2018-19 SEEK base was \$4,000 per ADA, which is the same as the prior year. However total 2019 SEEK funds increased by approximately \$137,000 over 2018 as a result of the State's increased funding of transportation. SEEK tentative projections for 2019/2020 indicate a decrease of approximately \$278,000.

CAMPBELL COUNTY SCHOOL DISTRICT

Management's Discussion and Analysis (MD&A) Year Ended June 30, 2019 (Continued)

FINANCIAL HIGHLIGHTS (CONTINUED)

The district continues to apply for competitive state grants. The following grants were awarded during the 2018-19 school year:

- Preschool Partnership Grant, Tier 2, \$148,500
- Read to Achieve Grant, \$94,400 (administered through the State)
- Math Achievement Grant, \$48,400
- Instructional Transformation Grant, \$50,000

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of 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 fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The district-wide financial statements outline functions of the District that are principally 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 10 and 11 of this report.

CAMPBELL COUNTY SCHOOL DISTRICT

Management's Discussion and Analysis (MD&A) Year Ended June 30, 2019 (Continued)

OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. This is a state mandated uniform system and chart of accounts for all Kentucky public school districts utilizing the MUNIS administrative software. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds and fiduciary funds. Fiduciary funds are trust funds established by benefactors to aid in student education, welfare and teacher support. The only proprietary funds are our vending and 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 12 through 19 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 20 through 50 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, assets and deferred outflows exceeded liabilities and deferred inflows by \$4,141,271 as of June 30, 2019.

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

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

Net Position for the Periods Ending June 30, 2019 and 2018

The following is a summary of net position for the fiscal years ended June 30, 2019 and 2018.

CAMPBELL COUNTY SCHOOL DISTRICT

**Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2019
(Continued)**

DISTRICT-WIDE FINANCIAL ANALYSIS (CONTINUED)

	<u>2019</u>	<u>2018</u>
Current assets	\$ 14,874,432	\$ 14,258,465
Noncurrent assets	<u>68,434,393</u>	<u>70,471,936</u>
Total assets	<u>83,308,825</u>	<u>84,730,401</u>
Deferred outflows	<u>8,062,722</u>	<u>9,568,443</u>
Current liabilities	5,669,632	6,026,456
Noncurrent liabilities	<u>78,354,694</u>	<u>82,341,296</u>
Total liabilities	<u>84,024,326</u>	<u>88,367,752</u>
Deferred inflows	<u>3,205,950</u>	<u>2,156,018</u>
Net position		
Investment in capital assets (net of debt)	23,673,906	22,279,663
Restricted	(28,689,968)	(27,504,790)
Unrestricted	<u>9,157,333</u>	<u>9,000,201</u>
Total net position	<u>\$ 4,141,271</u>	<u>\$ 3,775,074</u>

Comments on General Fund Budget Comparisons

- **On-Behalf Payments and Budget Variances.** As part of GASB 34, the District's financial statements show payments made by the Commonwealth of Kentucky that benefited the students or the employees of the District. For the General Fund, these include amounts paid by the state for teacher retirement, health insurance, flexible-spending health benefit contributions, life insurance, and expenses related to the education of District students at state-operated schools. For the audited financial reports, such on-half payments were added to the District's related revenue and expense line items for the General Fund. (See Note 14 – On-Behalf Payments for Fringe Benefits, of the accompanying Financial Statements for the year ended June 30, 2019.)

It is notable that on-behalf payments represent state obligations that are not District obligations. Therefore, they have not been included as part of the budgeting process for the General Fund. As a result, the variances between amounts budgeted for the General Fund and the actual results (see Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – General Fund on page 53 of the accompanying financial statements) may be skewed by on-behalf payments.

CAMPBELL COUNTY SCHOOL DISTRICT

**Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2019
(Continued)**

DISTRICT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The following table presents a summary of revenues and expenses for the fiscal years ended June 30, 2019 and 2018.

	<u>2019</u>	<u>2018</u>
Revenues		
Program revenues		
Charges for services	\$ 1,506,549	\$ 1,481,053
Operating grants	7,190,862	7,033,325
Capital grants	1,587,398	1,607,083
Total grant revenues	<u>10,284,809</u>	<u>10,121,461</u>
General Revenues		
Taxes	27,856,803	26,604,040
Grants and entitlements	8,230,331	31,086,017
Earnings on investments	281,370	139,928
Loss on sale of capital assets	7,973	(7,820)
Miscellaneous	<u>(801,930)</u>	<u>7,369,646</u>
Total general revenues	<u>35,574,547</u>	<u>65,191,811</u>
Total revenues	<u>45,859,356</u>	<u>75,313,272</u>
Expenses		
Instructional	15,091,815	43,460,842
Student support services	4,275,586	4,032,082
Staff support	3,511,929	3,466,845
District administration	1,489,211	1,372,454
School administration	2,930,332	2,800,622
Business support	1,718,922	1,611,458
Plant operations	6,825,553	6,304,899
Student transportation	4,942,064	4,862,011
Food service operation	2,534,274	2,327,215
Facilities acquisition and construction	188,912	48,859
Community service	501,289	436,013
Interest on long-term debt	1,483,272	1,556,298
Total expenses	<u>45,493,159</u>	<u>72,279,598</u>
Change in net position	<u>\$ 366,197</u>	<u>\$ 3,033,674</u>

CAMPBELL COUNTY SCHOOL DISTRICT

Management's Discussion and Analysis (MD&A) Year Ended June 30, 2019 (Continued)

DISTRICT-WIDE FINANCIAL ANALYSIS (CONTINUED)

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budget is prepared according to Kentucky law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. In Kentucky, the public school fiscal year is July 1 through June 30. Some programs relating to federal and state grants operate on a different fiscal year but are nevertheless reflected in the overall budget. A tentative budget is adopted by the District by the end of May for the subsequent year. A working budget is adopted by the end of September for each fiscal year following the determination of the enrollment at the beginning of the new school year, the tax assessments and rates that will be used to determine the property tax revenues, and the salaries for new employees/positions.

The most significant budgeted fund is the General Fund. The working budget mirrors the tentative budget that was presented in May. The tentative Budget was \$44.4 million and the working budget was \$47.5 million. By law, the budget for the General Fund must have a minimum 2% contingency based on budgeted expenses for all funds. For 2018-19 our budgeted contingency was 14.0% more than required by law.

ACADEMIC ACHIEVEMENT HIGHLIGHTS

- Campbell County is a high performing district in Kentucky, consistently performing in the top 10 percent of public schools across the state.
- 2018 U.S. News and World Report Silver medalist, ranking 12th in the state of Kentucky
- Graduation Rate of 97.5
- Transition Readiness Rate of 79.2
- District 2018-2019 Junior ACT District composite placed Campbell County as the 9th highest District in the state.
- ACT Composite Rate of 21.0
- CCHS, CCMS, Cline, Crossroads, Campbell Ridge, Reiley and Grant's Lick have received RAMP certification which is a National Ranking for Counseling programs
- Total Amount of Scholarship Money Awarded to the Class of 2019 - \$,3,000,000.00

DISTRICT-WIDE FINANCIAL ANALYSIS (CONTINUED)

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the District's finances and to reflect the District's accountability for the funds it receives. Questions or comments about this report should be directed to Dr. David Rust, Superintendent, or Ms. Tracey Jolly, Finance Director, by telephone at 859-635-2173 or by mail to the Central Office, 101 Orchard Lane, Alexandria, KY 41001.

CAMPBELL COUNTY SCHOOL DISTRICT

**Statement of Net Position – District Wide
As of June 30, 2019**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Current:			
Cash and cash equivalents	\$ 12,567,578	\$ 178,319	\$ 12,745,897
Accounts receivable	2,105,812	-	2,105,812
Inventories for consumption	-	22,723	22,723
Total current	<u>14,673,390</u>	<u>201,042</u>	<u>14,874,432</u>
Noncurrent:			
Construction in process	31,120	-	31,120
Land	5,090,767	-	5,090,767
Depreciated capital assets:			
Land improvements	6,451,023	-	6,451,023
Buildings and improvements	89,309,065	4,340,837	93,649,902
Furniture and equipment	12,943,207	1,464,497	14,407,704
Less: accumulated depreciation	<u>(47,927,175)</u>	<u>(3,268,948)</u>	<u>(51,196,123)</u>
Total noncurrent	<u>65,898,007</u>	<u>2,536,386</u>	<u>68,434,393</u>
Total assets	<u>80,571,397</u>	<u>2,737,428</u>	<u>83,308,825</u>
Deferred outflows	<u>7,878,195</u>	<u>184,527</u>	<u>8,062,722</u>
Liabilities and Net Position			
Liabilities			
Current:			
Current portion of bonds payable	3,490,000	-	3,490,000
Accounts payable	1,147,503	15,698	1,163,201
Accrued interest	595,881	-	595,881
Accrued sick leave	35,598	-	35,598
Unearned revenues	<u>384,952</u>	<u>-</u>	<u>384,952</u>
Total current	<u>5,653,934</u>	<u>15,698</u>	<u>5,669,632</u>
Noncurrent:			
Accrued sick leave	320,379	-	320,379
CERS net pension liability	18,123,970	462,970	18,586,940
MIF net OPEB liability	17,085,921	436,454	17,522,375
Bond obligations	<u>41,925,000</u>	<u>-</u>	<u>41,925,000</u>
Total noncurrent	<u>77,455,270</u>	<u>899,424</u>	<u>78,354,694</u>
Total liabilities	<u>83,109,204</u>	<u>915,122</u>	<u>84,024,326</u>
Deferred inflows	<u>3,126,095</u>	<u>79,855</u>	<u>3,205,950</u>
Net Position			
Invested in capital assets, net of related debt	21,137,520	2,536,386	23,673,906
Restricted	(28,080,560)	(609,408)	(28,689,968)
Unrestricted	<u>9,157,333</u>	<u>-</u>	<u>9,157,333</u>
Total net position	<u>\$ 2,214,293</u>	<u>\$ 1,926,978</u>	<u>\$ 4,141,271</u>

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

CAMPBELL COUNTY SCHOOL DISTRICT

**Statement of Activities – District Wide
As of June 30, 2019**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental Activities:							
Instructional	\$ 15,091,815	\$ 255,644	\$ 2,779,696	\$ -	\$ (12,056,475)	\$ -	\$ (12,056,475)
Student support services	4,275,586	-	1,540,341	-	(2,735,245)	-	(2,735,245)
Staff support services	3,511,929	-	697,063	-	(2,814,866)	-	(2,814,866)
District administration	1,489,211	-	-	-	(1,489,211)	-	(1,489,211)
School administration	2,930,332	-	-	-	(2,930,332)	-	(2,930,332)
Business support services	1,718,922	-	-	-	(1,718,922)	-	(1,718,922)
Plant operation and maintenance	6,825,553	-	74,453	-	(6,751,100)	-	(6,751,100)
Student transportation	4,942,064	491,967	11,801	-	(4,438,296)	-	(4,438,296)
Food service operation	-	-	-	-	-	-	-
Other instruction	1,065	-	-	-	(1,065)	-	(1,065)
Community service operations	501,289	-	333,047	-	(168,242)	-	(168,242)
Contract services	6,900	-	-	-	(6,900)	-	(6,900)
Facility acquisition and construction	182,012	-	-	-	(182,012)	-	(182,012)
Interest on long-term debt	1,483,272	-	-	1,587,398	104,126	-	104,126
Total governmental activities	42,959,950	747,611	5,436,401	1,587,398	(35,188,540)	-	(35,188,540)
Business-type Activities:							
Food service	2,533,209	758,938	1,754,461	-	-	(19,810)	(19,810)
Total business-type activities	2,533,209	758,938	1,754,461	-	-	(19,810)	(19,810)
Total school district	\$ 45,493,159	\$ 1,506,549	\$ 7,190,862	\$ 1,587,398	(35,188,540)	(19,810)	(35,208,350)
General revenues:							
Taxes					27,856,803	-	27,856,803
State and federal sources					8,230,331	-	8,230,331
Investment earnings					274,831	6,539	281,370
Miscellaneous					(801,930)	-	(801,930)
Special items:							
Gain (loss) on disposal of fixed as					7,973	-	7,973
Fund transfer					129,586	(129,586)	-
Total general and business revenues					35,697,594	(123,047)	35,574,547
Change in net position					509,054	(142,857)	366,197
Net position - beginning					4,013,396	2,128,776	6,142,172
Net position adjustment (Note 18)					(2,308,157)	(58,941)	(2,367,098)
Net position - ending					\$ 2,214,293	\$ 1,926,978	\$ 4,141,271

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

CAMPBELL COUNTY SCHOOL DISTRICT

**Balance Sheet – Governmental Funds
As of June 30, 2019**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Current:				
Cash (overdraft) and cash equivalents	\$ 11,614,390	\$ (254,766)	\$ 1,207,954	\$ 12,567,578
Accounts receivable	<u>1,325,611</u>	<u>780,201</u>	<u>-</u>	<u>2,105,812</u>
Total current	<u>\$ 12,940,001</u>	<u>\$ 525,435</u>	<u>\$ 1,207,954</u>	<u>\$ 14,673,390</u>
Liabilities and Fund Balances				
Liabilities				
Current:				
Accounts payable	\$ 1,005,357	\$ 140,483	\$ 1,663	\$ 1,147,503
Unearned revenue	-	384,952	-	384,952
Current portion of accumulated sick leave	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
Total liabilities	<u>1,105,357</u>	<u>525,435</u>	<u>1,663</u>	<u>1,632,455</u>
Fund Balances				
Restricted:				
Capital projects	-	-	1,084,267	1,084,267
Committed:				
Sick leave	168,257	-	-	168,257
Other	400,000	-	111,574	511,574
Assigned	1,157,196	-	10,450	1,167,646
Unassigned	<u>10,109,191</u>	<u>-</u>	<u>-</u>	<u>10,109,191</u>
Total fund balances	<u>11,834,644</u>	<u>-</u>	<u>1,206,291</u>	<u>13,040,935</u>
Total liabilities and fund balances	<u>\$ 12,940,001</u>	<u>\$ 525,435</u>	<u>\$ 1,207,954</u>	<u>\$ 14,673,390</u>

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

CAMPBELL COUNTY SCHOOL DISTRICT

**Reconciliation of the Balance Sheet
Governmental Funds to the Statement of Net Position
As of June 30, 2019**

Total governmental fund balance		\$ 13,040,935
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		
Cost of capital assets	113,825,182	
Accumulated depreciation	<u>(47,927,175)</u>	65,898,007
Deferred outflows		
CERS contributions made after the measurement date	1,558,801	
MIF contributions made after the measurement date	952,599	
Related to CERS	3,347,027	
Related to MIF	1,365,255	
Bond refinancing	<u>654,513</u>	7,878,195
Deferred inflows related to CERS	(1,413,351)	
Deferred inflows related to MIF	<u>(1,712,744)</u>	(3,126,095)
Long-term liabilities (including bonds payable) are not due and payable in the current period and therefore are not reported as liabilities in the funds.		
Long-term liabilities at year end consist of:		
Bonds payable		(45,415,000)
Accrued interest on bonds		(595,881)
Net pension liability		(18,123,970)
Net OPEB liability		(17,085,921)
Additional accrued sick leave (district wide sick leave of \$355,977 less \$100,000 sick leave presented on General Fund balance sheet)		<u>(255,977)</u>
Total net position - governmental		<u><u>\$ 2,214,293</u></u>

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

CAMPBELL COUNTY SCHOOL DISTRICT

**Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2019**

	General Fund	Special Revenue Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 23,942,909	\$ -	\$ 3,913,894	\$ 27,856,803
Earnings on investments	274,831	-	-	274,831
State sources	25,068,687	1,790,101	1,587,398	28,446,186
Federal sources	336,801	3,633,986	-	3,970,787
Other sources	<u>1,172,838</u>	<u>12,314</u>	<u>238,636</u>	<u>1,423,788</u>
Total revenues	<u>50,796,066</u>	<u>5,436,401</u>	<u>5,739,928</u>	<u>61,972,395</u>
Expenditures				
Instructional	29,080,671	2,776,455	258,596	32,115,722
Student support services	2,735,245	1,540,341	-	4,275,586
Staff support services	1,895,067	697,063	1,165	2,593,295
District administration	1,381,095	-	-	1,381,095
School administration	2,930,332	-	-	2,930,332
Business support services	1,707,426	-	-	1,707,426
Plant operation and maintenance	5,212,818	74,453	4,593	5,291,864
Student transportation	5,219,012	11,801	-	5,230,813
Food service operation	-	-	-	-
Other instruction	1,065	-	-	1,065
Community service operations	168,242	333,047	-	501,289
Contract services	-	-	6,900	6,900
Facility acquisition and construction	402	-	181,610	182,012
Debt service:				
Principal	73,788	-	3,451,500	3,525,288
Interest	<u>7,754</u>	<u>-</u>	<u>1,505,095</u>	<u>1,512,849</u>
Total expenditures	<u>50,412,917</u>	<u>5,433,160</u>	<u>5,409,459</u>	<u>61,255,536</u>
Excess (deficit) of revenues over expenditures	<u>383,149</u>	<u>3,241</u>	<u>330,469</u>	<u>716,859</u>
Other financing sources (uses)				
Proceeds from sale of assets	9,561	-	-	9,561
Operating transfers in	158,394	93,488	4,578,878	4,830,760
Operating transfers out	<u>(93,488)</u>	<u>(96,729)</u>	<u>(4,510,957)</u>	<u>(4,701,174)</u>
Total other financing sources	<u>74,467</u>	<u>(3,241)</u>	<u>67,921</u>	<u>139,147</u>
Net change in fund balance	457,616	-	398,390	856,006
Fund balance, July 1, 2018	<u>11,377,028</u>	<u>-</u>	<u>807,901</u>	<u>12,184,929</u>
Fund balance, June 30, 2019	<u>\$ 11,834,644</u>	<u>\$ -</u>	<u>\$ 1,206,291</u>	<u>\$ 13,040,935</u>

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

CAMPBELL COUNTY SCHOOL DISTRICT

**Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balance of Governmental Funds to the Statement of Activities
Year Ended June 30, 2019**

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

Net changes-governmental funds		\$ 856,006
<p>Governmental funds report capital outlays as expenditures because they use current financial resources. However in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceed depreciation expense for the year.</p>		
Depreciation expense	(3,119,031)	
Capital outlays	1,221,403	
Retirement of capital assets	<u>(1,588)</u>	(1,899,216)
<p>Bond and capital lease proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.</p>		
Bond principal paid		3,525,288
Deferred outflow from bond refinancing		(93,502)
Deferred outflows related to pensions		(1,457,801)
Deferred outflows related to other post-employment retirement benefits		85,509
Deferred inflows related to pensions		218,044
Deferred inflows related to other post-employment retirement benefits		(1,242,900)
<p>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.</p>		
		<u>517,626</u>
Changes in net position of governmental activities		<u>\$ 509,054</u>

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

CAMPBELL COUNTY SCHOOL DISTRICT

**Statement of Net Position – Proprietary Fund
As of June 30, 2019**

	<u>Food Service</u>	<u>Total</u>
Assets		
Current		
Cash and cash equivalents	\$ 178,319	\$ 178,319
Inventories for consumption	<u>22,723</u>	<u>22,723</u>
Total current	<u>201,042</u>	<u>201,042</u>
Noncurrent		
Furniture and Fixtures	5,805,334	5,805,334
Less: accumulated depreciation	<u>(3,268,948)</u>	<u>(3,268,948)</u>
Total noncurrent	<u>2,536,386</u>	<u>2,536,386</u>
Total assets	<u>2,737,428</u>	<u>2,737,428</u>
Deferred outflows	<u>184,527</u>	<u>184,527</u>
Liabilities		
Current		
Accounts payable	<u>15,698</u>	<u>15,698</u>
Total current	<u>15,698</u>	<u>15,698</u>
Noncurrent		
MIF net OPEB liability	436,454	436,454
CERS net pension liability	<u>462,970</u>	<u>462,970</u>
Total noncurrent	<u>899,424</u>	<u>899,424</u>
Total liabilities	<u>915,122</u>	<u>915,122</u>
Deferred inflows	<u>79,855</u>	<u>79,855</u>
Net Position		
Invested in assets, net of debt	2,536,386	2,536,386
Restricted	<u>(609,408)</u>	<u>(609,408)</u>
Total net position	<u>\$ 1,926,978</u>	<u>\$ 1,926,978</u>

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

CAMPBELL COUNTY SCHOOL DISTRICT

**Statement of Revenues, Expenses and Changes in Net Position –
Proprietary Fund
Year Ended June 30, 2019**

	<u>Food Service</u>	<u>Total</u>
Operating revenues		
Lunchroom sales	\$ 758,938	\$ 758,938
Other operating revenues	-	-
	<u>758,938</u>	<u>758,938</u>
Operating expenses		
Salaries and benefits	1,151,611	1,151,611
Contract services	61,600	61,600
Materials and supplies	1,174,696	1,174,696
Depreciation	138,327	138,327
Other operating expenses	<u>6,975</u>	<u>6,975</u>
	<u>2,533,209</u>	<u>2,533,209</u>
	<u>(1,774,271)</u>	<u>(1,774,271)</u>
Nonoperating revenues (expenses)		
Federal grants	1,443,143	1,443,143
State grants	162,563	162,563
Donated commodities and other donations	148,755	148,755
Transfers	(129,586)	(129,586)
Interest income	<u>6,539</u>	<u>6,539</u>
	<u>1,631,414</u>	<u>1,631,414</u>
	<u>(142,857)</u>	<u>(142,857)</u>
	<u>2,128,776</u>	<u>2,128,776</u>
	<u>(58,941)</u>	<u>(58,941)</u>
	<u>\$ 1,926,978</u>	<u>\$ 1,926,978</u>

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

CAMPBELL COUNTY SCHOOL DISTRICT

**Statement of Cash Flows – Proprietary Fund
Year Ended June 30, 2019**

	<u>Food Service Fund</u>	<u>Total</u>
Cash flows from operating activities		
Cash received from lunchroom sales	\$ 758,938	\$ 758,938
Cash payments to employees for services	(1,171,935)	(1,171,935)
Cash payments to suppliers for goods and services	(1,164,172)	(1,164,172)
	<u>(1,577,169)</u>	<u>(1,577,169)</u>
Cash flows from capital financing activities		
Transfers	(129,586)	(129,586)
	<u>(129,586)</u>	<u>(129,586)</u>
Cash flows from noncapital financing activities		
Non-operating revenues received	1,754,461	1,754,461
	<u>1,754,461</u>	<u>1,754,461</u>
Cash flows from investing activities		
Interest on investments	6,539	6,539
	<u>6,539</u>	<u>6,539</u>
Net increase in cash and cash equivalents	54,245	54,245
Cash and cash equivalents - beginning	<u>124,074</u>	<u>124,074</u>
Cash and cash equivalents - ending	<u>\$ 178,319</u>	<u>\$ 178,319</u>
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	\$ (1,774,271)	\$ (1,774,271)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation	138,327	138,327
Changes in assets and liabilities:		
Increase in deferred outflows	39,928	39,928
Increase in deferred inflows	25,076	25,076
Increase in accounts payable	11,018	11,018
Increase in CERS net pension liability	6,822	6,822
Decrease in MIF net OPEB liability	(30,550)	(30,550)
Decrease in inventories	6,481	6,481
	<u>\$ (1,577,169)</u>	<u>\$ (1,577,169)</u>
Schedule of non-cash transactions		
Donated commodities received from federal government	\$ 148,755	\$ 148,755
On behalf payments	<u>\$ 142,813</u>	<u>\$ 142,813</u>

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

CAMPBELL COUNTY SCHOOL DISTRICT

**Statement of Net Position – Fiduciary Fund
As of June 30, 2019**

	<u>School Activity Funds</u>	<u>Total</u>
Assets		
Cash and cash equivalents	<u>\$ 387,121</u>	<u>\$ 387,121</u>
Total assets	<u><u>\$ 387,121</u></u>	<u><u>\$ 387,121</u></u>
Liabilities		
Due to student groups	<u>\$ 387,121</u>	<u>\$ 387,121</u>
Total liabilities	<u><u>\$ 387,121</u></u>	<u><u>\$ 387,121</u></u>

CAMPBELL COUNTY SCHOOL DISTRICT

Notes to the Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

The District, for financial purposes, includes all of the funds and account groups relevant to the operation of the Campbell 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 Parent-Teacher Associations, etc.

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

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

Campbell County School District Finance Corporation - The Board authorized the establishment of the Campbell 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 58.180) as an agency of the District for financing the costs of school building facilities. The Board Members of the Campbell 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 District that are governmental and those that are considered business-type activities.

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

CAMPBELL COUNTY SCHOOL DISTRICT

Notes to the Financial Statements (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

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

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

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

The District has the following funds:

I. Governmental Fund Types

- (A) The General Fund is the primary operating fund of the District. It accounts for financial resources used for general types of operations. This is a budgeted fund and any unrestricted fund balances are considered as resources available for use. This is a major fund of the District.
- (B) The Special Revenue Fund accounts for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes. 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. The separate projects of federally funded grant programs are identified in the schedule of expenditures of federal awards included in this report on page 72. This is a major fund of the District.
- (C) Special Revenue Activity Fund is used to support co-curricular activities and are not raised and expended by student groups. District activity funds accounted for in the District bank account are not subject to the Redbook and may be expended with more flexibility than school activity funds but must meet the "educational purpose" standard for all District expenditures.

CAMPBELL COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

I. Governmental Fund Types (cont'd)

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

1. The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund receives those funds designated by the state as Capital Outlay funds and is restricted for use in financing projects identified in the District's facility plan.
2. The Facility Support Program of Kentucky Fund (FSPK) accounts for funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable. Funds may be used for projects identified in the District's facility plan.
3. The Construction Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction.

II. Debt Service Fund

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

III. Proprietary Fund (Enterprise Fund)

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

IV. Fiduciary Fund Type (Agency and Trust Funds)

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

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

CAMPBELL COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

The District's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local government through its pronouncements (Statements and Interpretations).

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

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

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

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

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The 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.

CAMPBELL COUNTY SCHOOL DISTRICT

Notes to the Financial Statements (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. All taxes collected are initially deposited into the General Fund and then transferred to the appropriate fund.

Budgetary Process

Budgetary Basis of Accounting: The District's budgetary process accounts for certain transactions on a basis other than GAAP of the United States of America. The major differences between the budgetary basis and the GAAP basis are:

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

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

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

Supplies and materials are charged to expenditures when purchased, except for inventories in the Proprietary Fund, which are capitalized at the lower of cost or market.

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 district-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 district-wide statement of net position and in the respective funds.

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

CAMPBELL COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

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	10-12 years
Furniture and fixtures	7 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 District's experience of making termination payments. The entire compensated absence liability is reported on the district-wide financial statements.

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.

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.

CAMPBELL COUNTY SCHOOL DISTRICT

Notes to the Financial Statements (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Reserves

Beginning with fiscal year 2012 the District implemented GASB Statement 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on the District's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable fund balance - amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;

Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance – amounts constrained to specific purposes by the District itself, using its decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the District takes the action to remove or change the constraint.

Assigned fund balance – amounts the District intends to use for specific purpose (such as encumbrances); intent can be expressed by the District or by an official or body to which the District delegates the authority.

Unassigned fund balance – amounts that are available for purpose; positive amounts are reported only in the General fund.

It is the Board's practice to liquidate funds when conditions have been met releasing these funds from legal, contractual, Board or managerial obligations, using restricted funds first, followed by committed funds, assigned funds, then unassigned funds.

Encumbrances are not liabilities and are not recorded as expenditures until receipt of material or service. Encumbrances remaining open at the end of the fiscal year are automatically re-budgeted in the following fiscal year. Encumbrances are considered a managerial assignment of fund balance in the governmental funds balance sheet.

Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt, 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.

CAMPBELL COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Activity

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

Pensions

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

NOTE 2 ESTIMATES

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

NOTE 3 CASH AND CASH EQUIVALENTS

The District maintains its cash in bank deposit accounts which, at times, exceed federally insured limits. The amounts exceeding the federally insured limits are covered by a collateral agreement and the collateral is held by the pledging banks' trust departments in the District's name. The District has not experienced any losses in such accounts and the District believes it is not exposed to any significant credit risk on cash and cash equivalents.

CAMPBELL COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 4 CAPITAL ASSETS

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

<u>Governmental Activities</u>	Balance June 30, 2018	Additions	Deductions	Balance June 30, 2019
Land	\$ 5,090,767	\$ -	\$ -	\$ 5,090,767
Land improvements	6,315,709	135,314	-	6,451,023
Construction in progress	7,432,324	31,120	7,432,324	31,120
Buildings and improvements	81,754,797	7,554,268	-	89,309,065
Technology equipment	2,033,766	28,122	3,168	2,058,720
Vehicles	6,289,772	755,177	271,991	6,772,958
General equipment	3,970,574	149,726	8,771	4,111,529
Totals at historical cost	112,887,709	8,653,727	7,716,254	113,825,182
Less: accumulated depreciation				
Land improvements	3,379,235	226,372	-	3,605,607
Buildings and improvements	33,861,897	1,893,990	-	35,755,887
Technology equipment	911,789	298,071	3,168	1,206,692
Vehicles	4,331,904	449,696	271,991	4,509,609
General equipment	2,605,661	250,902	7,183	2,849,380
Total accumulated depreciation	45,090,486	3,119,031	282,342	47,927,175
Governmental activities capital assets - net	\$ 67,797,223	\$ 5,534,696	\$ 7,433,912	\$ 65,898,007
<u>Business - Type Activities</u>				
General equipment	\$ 1,464,497	\$ -	\$ -	\$ 1,464,497
Buildings and improvements	4,340,837	-	-	4,340,837
Totals at historical cost	5,805,334	-	-	5,805,334
Less: accumulated depreciation				
General equipment	1,347,759	45,871	-	1,393,630
Buildings and improvements	1,782,862	92,456	-	1,875,318
Total accumulated depreciation	3,130,621	138,327	-	3,268,948
Business - type activities capital assets - net	\$ 2,674,713	\$ (138,327)	\$ -	\$ 2,536,386

Depreciation expense by function for the fiscal year ended June 30, 2019 was as follows:

	<u>Governmental</u>	<u>Business-Type</u>
Instructional	\$ 80,668	\$ -
Staff support services	918,634	-
District administration	108,116	-
Business support services	11,496	138,327
Plant operation and maintenance	1,533,689	-
Student transportation	466,428	-
Total	\$ 3,119,031	\$ 138,327

CAMPBELL COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 5 ACCUMULATED UNPAID SICK LEAVE BENEFITS

Upon providing proof of qualification as an annuitant from the Kentucky Teacher's Retirement System, certified and classified employees will receive from the District an amount equal to 30% of the value of accumulated sick leave. At June 30, 2019 this amount totaled approximately \$355,977 for those employees with twenty-seven or more years of experience.

NOTE 6 LEASE OBLIGATIONS AND BONDED DEBT

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.

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

<u>Issue Date</u>	<u>Proceeds</u>	<u>Rates</u>
January 1, 2009	355,025	3.100% - 3.900%
January 1, 2009	237,430	2.300% - 3.250%
October 1, 2010	595,000	2.000% - 2.700%
August 1, 2011	17,200,000	2.000% - 4.375%
July 1, 2012	1,250,000	2.000% - 3.600%
August 1, 2012	11,975,000	2.000% - 2.625%
February 1, 2013	5,495,000	0.900%
February 1, 2014	415,000	2.000% - 3.000%
December 1, 2014	18,270,000	0.300% - 2.500%
September 1, 2016	6,175,000	1.000% - 3.000%

The District, through the General Fund (including utility taxes and the Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund) is obligated to make lease payments in amounts sufficient to satisfy debt service requirements on bonds issued by the Campbell County School District Finance Corporation to construct school facilities.

The District entered into "participation agreements" with the School Facility Construction Commission (Commission). The Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting school construction needs. Note 15 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 has been recorded in the financial statements.

All issues 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 reported in Note 15.

CAMPBELL COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 7 COMMITMENTS UNDER NONCAPITALIZED LEASES

The district has operating leases for copiers at various rates expiring in 2020 to 2024. Expenditures for the equipment under these operating leases totaled \$169,524 for the year ended June 30, 2019.

Future minimum rental payments under the leases are as follows:

Year Ending June 30,	
2020	\$ 205,926
2021	205,926
2022	68,566
2023	39,504
2024	39,504
	<u>\$ 559,426</u>

NOTE 8 CONTINGENCIES

Grant Fund Approval

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 the grantor's review indicates that the funds have not 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 the programs.

NOTE 9 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 are covered through the purchase of commercial insurance. The District has purchased certain policies which are retrospectively rated, which includes workers' compensation insurance.

NOTE 10 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To obtain insurance for errors and omissions, and general liability coverage, the District participates in the Kentucky School Boards Insurance Trust Liability Insurance Fund. These public entity risk pools operate as common risk management and insurance programs for all school districts and other tax supported educational agencies of Kentucky who are members of the Kentucky School Boards Association. The District pays an annual premium to each fund for coverage. The Liability Insurance fund pays insurance premiums of the participating members established by the insurance carrier. The Trust can terminate coverage if it is unable to obtain acceptable excess general liability coverage and for any reason by giving ninety (90) days' notice. In the event the Trust terminated coverage, any amount remaining in the Fund (after payment of operational and administrative costs and claims for which coverage was provided) would be returned to the member on a pro rata basis.

CAMPBELL COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 10 RISK MANAGEMENT (CONTINUED)

The District is self-insured for unemployment insurance benefits. The District reimburses the state for any claims paid. The District purchases workers' compensation insurance through the Kentucky School Boards Insurance Trust. 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 11 DEFICIT OPERATING/FUND BALANCES

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

Food Service Fund	\$ 142,857
Building Fund	156,418
Grant's Lick Elementary	3,503
John W. Reily Elementary	3,937
Crossroads Elementary	1,897
Campbell County High School	36,392
District Activity Fund	25,718

NOTE 12 COBRA

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

NOTE 13 TRANSFER OF FUNDS

The following transfers were made during the year.

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
General Fund	Special Revenue Fund	Matching	\$ 93,488
Food Service	General Fund	Indirect Cost	129,586
Capital Outlay Fund	Construction Fund	Construction	266,817
Building Fund	Debt Service Fund	Debt Service	3,746,452
Building Fund	Construction Fund	Construction	167,442
Special Revenue Fund	Debt Service Fund	Debt Service	67,921
Special Revenue Fund	General Fund	Indirect Cost	28,808

CAMPBELL COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 14 ON-BEHALF PAYMENTS

For the year ended June 30, 2019 total payments of \$13,542,059 were made for life insurance, health insurance, TRS matching and administrative fees by the Commonwealth of Kentucky on behalf of the District. These payments were recognized as on-behalf payments and recorded in the appropriate revenue and expense accounts on the statement of activities.

General Fund	\$ 12,257,024
Debt Service	1,142,222
Food Service	<u>142,813</u>
Total On-Behalf	<u><u>\$ 13,542,059</u></u>

CAMPBELL COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 15 SCHEDULE OF LONG-TERM OBLIGATIONS

Fiscal Year	Campbell County School District			KY School Facilities Construction Commission			Total Requirements
	Principal	Interest	Total	Principal	Interest	Total	
2019-2020	\$ 2,760,135	\$ 1,112,175	\$ 3,872,310	\$ 729,865	\$ 315,448	\$ 1,045,313	\$ 4,917,623
2020-2021	2,838,936	1,038,205	3,877,141	751,064	296,031	1,047,095	4,924,236
2021-2022	2,912,343	961,336	3,873,679	772,657	275,441	1,048,098	4,921,777
2022-2023	2,994,258	880,793	3,875,051	790,742	253,500	1,044,242	4,919,293
2023-2024	3,078,274	796,011	3,874,285	816,726	229,830	1,046,556	4,920,841
2024-2025	3,160,950	684,096	3,845,046	639,050	204,158	843,208	4,688,254
2025-2026	3,259,682	581,549	3,841,231	660,318	182,889	843,207	4,684,438
2026-2027	3,355,685	475,714	3,831,399	659,315	161,139	820,454	4,651,853
2027-2028	1,771,628	388,255	2,159,883	623,372	139,330	762,702	2,922,585
2028-2029	1,844,155	318,437	2,162,592	645,845	116,857	762,702	2,925,294
2029-2030	1,916,857	243,660	2,160,517	673,143	92,904	766,047	2,926,564
2030-2031	1,997,943	163,605	2,161,548	702,057	67,286	769,343	2,930,891
2031-2032	2,078,192	79,018	2,157,210	621,808	42,611	664,419	2,821,629
2032-2033	209,831	33,211	243,042	265,169	27,496	292,665	535,707
2033-2034	213,659	27,650	241,309	206,341	20,987	227,328	468,637
2034-2035	221,891	21,662	243,553	213,109	15,220	228,329	471,882
2035-2036	309,656	13,966	323,622	220,344	8,984	229,328	552,950
2036-2037	310,698	4,660	315,358	189,302	2,843	192,145	507,503
	<u>\$ 35,234,773</u>	<u>\$ 7,824,003</u>	<u>\$ 43,058,776</u>	<u>\$ 10,180,227</u>	<u>\$ 2,452,954</u>	<u>\$ 12,633,181</u>	<u>\$ 55,691,957</u>

CAMPBELL COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 15 SCHEDULE OF LONG-TERM OBLIGATIONS (CONTINUED)

A summary of the changes in the principal of the outstanding bond obligations and the accrued sick leave for the District during the year ended June 30, 2019 is as follows:

<u>Governmental Activities</u>	<u>Balance July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2019</u>
Bond Obligations	\$ 48,940,288	\$ -	\$ 3,525,288	\$ 45,415,000
Accrued Sick Leave	\$ 507,723	\$ -	\$ 151,746	\$ 355,977

NOTE 16 RETIREMENT PLANS

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

General information about the County Employees Retirement System Non-Hazardous

Plan description

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

Benefits provided

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

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

CAMPBELL COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 16 RETIREMENT PLANS (CONTINUED)

Cost of living adjustments are provided at the discretion of the General Assembly. Retirement is based on a factor of the number of years' service and hire date multiplied by the average of the highest five years' earnings. Reduced benefits are based on factors of both of these components. Participating employees become eligible to receive the health insurance benefit after at least 180 months of service. Death benefits are provided for both death after retirement and death prior to retirement. Death benefits after retirement are \$5,000 in lump sum. One month's service is required for death benefits prior to retirement and the employee must have suffered a duty-related death. The decedent's spouse will receive the higher of the normal death benefit and \$10,000 plus 75% of the decedent's monthly average rate of pay. If the surviving spouse remarries, the monthly rate will be recalculated to 25% of the decedent's monthly average. Any dependent child will receive 50% of the decedent's monthly average rate of pay up to 75% for all dependent children. Five years' service is required for nonservice-related disability benefits.

Contributions

Required contributions by the employee are based on the following tier:

	<u>Required contribution</u>
Tier 1	5%
Tier 2	5% + 1% for insurance
Tier 3	5% + 1% for insurance

The contribution requirement for CERS for the year ended June 30, 2019, was \$2,011,244, which consisted of \$1,598,620 from the District and \$412,624 from the employees. Total contributions for the year ended June 30, 2018 and 2017 were \$1,865,631 and \$1,838,263, respectively. The contributions have been contributed in full for fiscal years 2019, 2018 and 2017.

General information about the Teachers' Retirement System of the State of Kentucky

Plan description

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

CAMPBELL COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 16 RETIREMENT PLANS (CONTINUED)

Benefits provided

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

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

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

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

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

Contributions—Contribution rates are established by Kentucky Revised Statutes. Non-university employees are required to contribute 12.855% of their salaries to the System. University employees are required to contribute 10.400% of their salaries. KRS 161.580 allows each university to reduce the contribution of its employees by 2.215%; therefore, university employees contribute 8.185% of their salary to TRS. The contribution requirement for TRS for the year ended June 30, 2019, was \$3,903,908, which consisted of \$910,498 from the District and \$2,993,410 from the employees. Total contributions for the year ended June 30, 2018 and 2017 were \$3,773,971 and \$3,667,418, respectively. The contributions have been contributed in full for fiscal years 2019, 2018 and 2017.

CAMPBELL COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 16 RETIREMENT PLANS (CONTINUED)

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

Medical Insurance Plan

Plan description

In addition to the pension benefits described above, KRS 161.675 requires TRS to provide post-employment healthcare benefits to eligible employees and dependents. The TRS Medical Insurance Fund (MIF) 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 employees under the age of 65 through the Kentucky Employees Health Plan administered by the Kentucky Department of Employee Insurance. Once retired employees 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, 6.59% of the gross annual payroll of employees before July 1, 2008 is contributed. 3.75% is paid by member contributions, 0.16% is credited to the Commonwealth, and 3.00% is contributed by 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 District reported a liability for its proportionate share of the net pension liability for CERS. The District did not report a liability for the District's proportionate share of the net pension liability for TRS because the Commonwealth 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 Commonwealth support, and the total portion of the net pension liability that was associated with the District were as follows:

CAMPBELL COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 16 RETIREMENT PLANS (CONTINUED)

District's proportionate share of the CERS net pension liability	\$ 18,586,940
Commonwealth's proportionate share of the KTRS net pension liability associated with the District	<u>88,993,460</u>
	<u><u>\$ 107,580,400</u></u>

The net pension liability for each plan 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 for CERS 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 0.305189% percent.

For the year ended June 30, 2019, the District recognized pension expense of \$342,196 related to CERS and pension expense of \$17,199,943 related to TRS. The District also recognized revenue of \$17,199,943 for TRS support provided by the Commonwealth. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual performance	\$ 606,254	\$ 272,074
Net difference between projected and actual earnings on pension plan investments	864,306	1,087,174
Change of Assumptions	1,816,485	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	145,481	90,207
District contributions subsequent to the measurement date	<u>1,598,620</u>	<u>-</u>
Total	<u><u>\$ 5,031,146</u></u>	<u><u>\$ 1,449,455</u></u>

CAMPBELL COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 16 RETIREMENT PLANS (CONTINUED)

\$1,598,620 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2020	\$ 1,569,314
2021	746,157
2022	(232,642)
2023	(99,758)
2024	-

Actuarial assumptions

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

	CERS	KTRS
Inflation	2.30%	3.00%
Projected salary increases	3.05%	3.5 -7.3%
Investment rate of return, net of investment expense and inflation	6.25%	7.50%

For CERS, mortality rates used for active members was RP-2000 Combined Mortality table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted.

For TRS, Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale BB to 2025 set forward two years for males and one year for females. The actuarial assumptions used were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2015 adopted by the Board on November 19, 2016.

For CERS, the long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years. The most recent analysis, performed for the period covering fiscal years 2008 through 2013, is outlined in a report dated April 30, 2014. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment

CAMPBELL COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 16 RETIREMENT PLANS (CONTINUED)

consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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

<u>Asset Class</u>	<u>TRS Target Allocation</u>	<u>TRS Long-Term Expected Real Rate of Return</u>	<u>CERS Target Allocation</u>	<u>CERS Long-Term Expected Real Rate of Return</u>
US equity	40%	4.20%		
US large cap			5.0%	4.50%
US mid cap			6.0%	4.50%
US small cap			6.5%	5.50%
International developed			12.5%	6.50%
Emerging markets			5.0%	7.25%
International Equity	22%	5.20%		
Global bonds			4.0%	3.00%
Global credit			2.0%	3.75%
Emerging market debt			5.0%	6.00%
Private equity	7%	6.30%	10.0%	6.50%
High yield			7.0%	5.50%
Liquid private			10.0%	8.50%
Fixed income	15%	1.20%		
Additional categories	8%	3.30%	10.0%	7.00%
Real estate	6%	3.80%	5.0%	9.00%
Absolute return			10.0%	5.00%
Cash	2%	0.90%	2.0%	1.50%
Total	<u>100%</u>		<u>100%</u>	

Discount rate

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

For TRS, the discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at statutorily required 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

CAMPBELL COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 16 RETIREMENT PLANS (CONTINUED)

benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of CERS and TRS proportionate share of net pension liability to changes in the discount rate

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

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
CERS	5.25%	6.25%	7.25%
District's proportionate share of net pension liability	\$ 23,399,033	18,586,940	\$ 14,555,250
KTRS	6.50%	7.50%	8.50%
District's proportionate share of net pension liability	-	-	-

Pension plan fiduciary net position

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

NOTE 17 OPEB PLANS

General information about the Teachers' Retirement System OPEB Plan

Plan description

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

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

CAMPBELL COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 17 OPEB PLANS (CONTINUED)

Medical Insurance Plan

Plan description

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

Benefits provided

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

Contributions

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

General information about the County Employees Retirement System Non-Hazardous OPEB Plan

Plan description

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

CAMPBELL COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 17 OPEB PLANS (CONTINUED)

Benefits provided

CERS provides health insurance, death and disability benefits to Plan employees and beneficiaries. Employees are vested in the plan after five years' service. For retirement purposes, employees are grouped into three tiers, based on hire date. See Note 16 for tier classifications.

Contributions

Required contributions by the employee are based on the tier disclosed in Note 16.

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

At June 30, 2019, the Campbell County School District reported a liability of \$17,522,375 for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the District's proportion was 0.65 percent for TRS an increase of .04 percent from June 30, 2017, and 0.31 percent for CERS, which was the same as it's proportion measured as of June 30, 2017.

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

District's proportionate share of the CERS net OPEB liability	\$ 5,418,375
District's proportionate share of the TRS net OPEB liability	12,104,000
State's proportionate share of the net OPEB liability associated with the District	<u>10,431,000</u>
	<u><u>\$ 27,953,375</u></u>

For the year ended June 30, 2019, the District recognized OPEB expense of \$814,710 and revenue of \$535,534 for support provided by the State. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

CAMPBELL COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 17 OPEB PLANS (CONTINUED)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual performance	\$ -	\$ 1,251,440
Net difference between projected and actual earnings on OPEB plan investments	-	422,220
Change of Assumptions	1,248,130	12,519
Changes in proportion and differences between employer contributions and proportionate share of contributions	152,000	70,316
District contributions subsequent to the measurement date	976,933	-
Total	\$ 2,377,063	\$ 1,756,495

Of the total amount reported as deferred outflows of resources related to OPEB, \$976,933 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Year ended June 30:	
2020	\$ (67,506)
2021	(67,506)
2022	(67,506)
2023	26,980
2024	(180,828)

Actuarial assumptions

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

CAMPBELL COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 17 OPEB PLANS (CONTINUED)

	TRS	CERS
Investment rate of return	8.00%, net of OPEB plan investment expense, including inflation.	7.50%
Projected salary increases	3.50 - 7.20%, including inflation	4.00%, average
Inflation rate	3.00%	3.25%
Real Wage Growth	0.50%	
Wage Inflation	3.50%	
Healthcare cost trend rates		
Under 65	7.75% for FY 2018 decreasing to an ultimate rate of 5.00% by FY 2024	Initial trend starting at 7.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 5 years. Initial trend starting at 5.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 2 years.
Ages 65 and Older	5.75% for FY 2018 decreasing to an ultimate rate of 5.00% by FY 2021	
Medicare Part B Premiums	0.00% for FY 2018 with an ultimate rate of 5.00% by 2030	
Municipal Bond Index Rate	3.89%	3.62%
Discount Rate	8.00%	5.85%
Single Equivalent Interest Rate	8.00%, net of OPEB plan investment expense, including inflation	

For TRS, 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.

For CERS, mortality rates were based on RP-2000 Combined Mortality Table projected to 2013 with projection scale BB and set back 1 year for females.

The remaining actuarial assumptions (e.g. initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2017 valuation were based on a review of recent plan experience done concurrently with the June 30, 2015 valuation.

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

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

CAMPBELL COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 17 OPEB PLANS (CONTINUED)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Expected Geometric 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)	1.0%	0.9%
Total	<u>100.0%</u>	

*Modeled as 50% High Yield and 50% Bank Loans.

Discount rate

For TRS, the discount rate used to measure the total OPEB liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

For TRS, the discount rate used to measure the total OPEB liability was 5.85%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The following table presents the District's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate selected by each medical insurance plan, as well as what the District's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease (7.00%)</u>	<u>Current Discount Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
TRS			
District's net OPEB liability	\$ 14,193,934	\$ 12,104,000	\$ 10,363,194
	<u>1% Decrease (4.85%)</u>	<u>Current Discount Rate (5.85%)</u>	<u>1% Increase (6.85%)</u>
CERS			
District's net OPEB liability	\$ 7,037,600	\$ 5,418,375	\$ 4,039,091

CAMPBELL COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 17 OPEB PLANS (CONTINUED)

Sensitivity of the District's proportionate share of the collective net OPEB liability to changes in the healthcare cost trend rates

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

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
TRS			
Districts' net OPEB liability	\$ 10,019,437	\$ 12,104,000	\$ 14,364,738
	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
CERS			
Districts' net OPEB liability	\$ 4,747,373	\$ 5,418,375	\$ 8,063,305

OPEB plan fiduciary net position

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

Life Insurance Plan

Plan description

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

Benefits provided

TRS provides a life insurance benefit of five thousand dollars payable for members who retire based on service or disability. TRS provides a life insurance benefit of two thousand dollars payable for its active contributing members. The life insurance benefit funded by the Life Insurance Fund (LIF) is payable upon the death of the member to the member's estate or to a party designated by the member.

Contributions

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

CAMPBELL COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 17 OPEB PLANS (CONTINUED)

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

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

District's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the District	<u>134,000</u>
	<u>\$ 134,000</u>

For the year ended June 30, 2018, the District recognized OPEB expense of \$-0- and revenue of \$6,214 for support provided by the State.

Actuarial assumptions

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

Investment rate of return	7.50%, net of OPEB plan investment expense, including inflation.
Projected salary increases	3.50 - 7.20%, including inflation
Inflation rate	3.00%
Real Wage Growth	0.50%
Wage Inflation	3.50%
Municipal Bond Index Rate	3.89%
Discount Rate	7.50%
Single Equivalent Interest Rate	7.50%, net of OPEB plan investment expense, including inflation

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

The remaining actuarial assumptions (e.g. initial per capita costs, rate of plan participation, rates of plan election, etc.) used in the June 30, 2017 valuation were based on a review of recent plan experience done concurrently with the June 30, 2015 valuation.

CAMPBELL COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 17 OPEB PLANS (CONTINUED)

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

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

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

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

Discount rate

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

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Districts' net OPEB liability	\$ -	\$ -	\$ -

CAMPBELL COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 17 OPEB PLANS (CONTINUED)

OPEB plan fiduciary net position

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

NOTE 18 CORRECTION OF AN ERROR

During the year ended June 30, 2019, amounts were corrected for deferred outflows and deferred inflows related to the net pension liability and the net OPEB liability that were overstated in prior years. The following shows the effect on the preceding period change in net position for the prior period adjustment as well as cumulative effect on the change in net position as of the beginning of fiscal year 2019.

	<u>As Previously Reported</u>	<u>Prior Period Adjustment</u>	<u>As Restated</u>
Deferred outflows, as of June 30, 2018	<u>\$ 12,430,736</u>	<u>\$ (2,862,293)</u>	<u>\$ 9,568,443</u>
Deferred inflows, as of June 30, 2018	<u>2,651,213</u>	<u>(495,195)</u>	<u>2,156,018</u>
Cumulative effect of the change on restricted net position as of July 1, 2018	<u>\$ (25,137,692)</u>	<u>\$ (2,367,098)</u>	<u>\$ (27,504,790)</u>

NOTE 19 SUBSEQUENT EVENTS

Subsequent events were considered through November 12, 2019, which represents the release date of our report.

SUPPLEMENTARY
INFORMATION

CAMPBELL COUNTY SCHOOL DISTRICT

**Combining Balance Sheet – Nonmajor Governmental Funds
As of June 30, 2019**

	<u>Capital Outlay Fund</u>	<u>Building Fund</u>	<u>Construction Fund</u>	<u>Debt Service Fund</u>	<u>District Activity Fund</u>	<u>Total Non-major Government Funds</u>
Assets						
Current:						
Cash and cash equivalents	\$ 178,359	\$ -	\$ 906,908	\$ -	\$ 122,687	\$ 1,207,954
Total current	<u>\$ 178,359</u>	<u>\$ -</u>	<u>\$ 906,908</u>	<u>\$ -</u>	<u>\$ 122,687</u>	<u>\$ 1,207,954</u>
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ 1,000	\$ -	\$ 663	\$ 1,663
Total liabilities	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>-</u>	<u>663</u>	<u>1,663</u>
Fund Balances:						
Restricted:						
Capital projects fund	178,359	-	905,908	-	-	1,084,267
Committed	-	-	-	-	111,574	111,574
Assigned	-	-	-	-	10,450	10,450
Total fund balances	<u>178,359</u>	<u>-</u>	<u>905,908</u>	<u>-</u>	<u>122,024</u>	<u>1,206,291</u>
Total liabilities and fund balances	<u>\$ 178,359</u>	<u>\$ -</u>	<u>\$ 906,908</u>	<u>\$ -</u>	<u>\$ 122,687</u>	<u>\$ 1,207,954</u>

CAMPBELL COUNTY SCHOOL DISTRICT

**Combining Statement of Revenues, Expenditures and Changes
In Fund Balances – Nonmajor Governmental Funds
As of June 30, 2019**

	Capital Outlay Fund	Building Fund	Construction Fund	Debt Service Fund	District Activity Fund	Total Nonmajor Government Funds
Revenues:						
Taxes	\$ -	\$ 3,913,894	\$ -	\$ -	\$ -	\$ 3,913,894
State sources	445,176	-	-	1,142,222	-	1,587,398
Other sources	-	-	-	-	238,636	238,636
Total revenues	<u>445,176</u>	<u>3,913,894</u>	<u>-</u>	<u>1,142,222</u>	<u>238,636</u>	<u>5,739,928</u>
Expenditures:						
Instructional	-	-	-	-	258,596	258,596
Staff support services	-	-	-	-	1,165	1,165
Plant operation and maintenance	-	-	-	-	4,593	4,593
Contract services	-	-	6,900	-	-	6,900
Facility acquisition and construction	-	-	181,610	-	-	181,610
Debt service:						
Principal	-	-	-	3,451,500	-	3,451,500
Interest	-	-	-	1,505,095	-	1,505,095
Total expenditures	<u>-</u>	<u>-</u>	<u>188,510</u>	<u>4,956,595</u>	<u>264,354</u>	<u>5,409,459</u>
Excess (deficit) of revenues over expenditures	<u>445,176</u>	<u>3,913,894</u>	<u>(188,510)</u>	<u>(3,814,373)</u>	<u>(25,718)</u>	<u>330,469</u>
Other Financing Sources (Uses)						
Operating transfers in	-	-	764,505	3,814,373	-	4,578,878
Operating transfers out	<u>(440,645)</u>	<u>(4,070,312)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,510,957)</u>
Total other financing sources(uses)	<u>(440,645)</u>	<u>(4,070,312)</u>	<u>764,505</u>	<u>3,814,373</u>	<u>-</u>	<u>67,921</u>
Net change in fund balance	4,531	(156,418)	575,995	-	(25,718)	398,390
Fund balance, July 1, 2018	<u>173,828</u>	<u>156,418</u>	<u>329,913</u>	<u>-</u>	<u>147,742</u>	<u>807,901</u>
Fund balance, June 30, 2019	<u>\$ 178,359</u>	<u>\$ -</u>	<u>\$ 905,908</u>	<u>\$ -</u>	<u>\$ 122,024</u>	<u>\$ 1,206,291</u>

CAMPBELL COUNTY SCHOOL DISTRICT

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual – General Fund
Year Ended June 30, 2019**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	\$ 23,147,624	\$ 23,147,624	\$ 23,942,909	\$ 795,285
State sources	12,374,340	12,743,925	25,068,687	12,324,762
Federal sources	220,000	220,000	336,801	116,801
Other sources	991,875	1,021,876	1,615,624	593,748
Total revenues	36,733,839	37,133,425	50,964,021	13,830,596
Expenditures				
Instructional	20,622,432	20,677,348	29,080,671	(8,403,323)
Student support services	1,997,439	1,997,439	2,735,245	(737,806)
Staff support services	1,506,742	1,506,742	1,895,067	(388,325)
District administration	1,415,172	1,415,172	1,381,095	34,077
School administration	2,075,864	2,075,864	2,930,332	(854,468)
Business support services	1,493,009	1,493,009	1,707,426	(214,417)
Plant operation and maintenance	5,890,440	5,890,440	5,212,818	677,622
Student transportation	5,561,153	5,561,154	5,219,012	342,142
Food service operation	200	200	-	200
Community service operations	137,421	137,421	169,307	(31,886)
Facility acquisition and construction			402	(402)
Debt service	83,105	83,105	81,542	1,563
Other	6,759,637	7,104,306	93,488	7,010,818
Total expenditures	47,542,614	47,942,200	50,506,405	(2,564,205)
Net change in fund balance	(10,808,775)	(10,808,775)	457,616	11,266,391
Fund balance, July 1, 2018	10,808,775	10,808,775	11,377,028	568,253
Fund balance, June 30, 2019	\$ -	\$ -	\$ 11,834,644	\$ 11,834,644

CAMPBELL COUNTY SCHOOL DISTRICT

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual – Special Revenue Fund
Year Ended June 30, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues				
State sources	\$ 1,563,970	\$ 1,691,278	\$ 1,790,101	\$ 98,823
Federal sources	3,617,530	2,400,627	3,633,986	1,233,359
Other sources	96,569	104,169	105,802	1,633
	<u>5,278,069</u>	<u>4,196,074</u>	<u>5,529,889</u>	<u>1,333,815</u>
Expenditures				
Instructional	2,648,611	2,790,024	2,776,455	13,569
Student support services	1,635,691	497,257	1,540,341	(1,043,084)
Staff support services	420,065	380,490	697,063	(316,573)
Plant operation and maintenance	104,854	104,854	74,453	30,401
Student transportation	21,588	21,588	11,801	9,787
Other instructional	79,234	7,000	-	7,000
Community service operations	280,610	326,460	333,047	(6,587)
Other	87,416	68,401	96,729	(28,328)
	<u>5,278,069</u>	<u>4,196,074</u>	<u>5,529,889</u>	<u>(1,333,815)</u>
Net change in fund balance	-	-	-	-
Fund balance, July 1, 2018	-	-	-	-
Fund balance, June 30, 2019	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CAMPBELL COUNTY SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balance
Bond and Interest Redemption Funds
For the Year Ended June 30, 2019**

	<u>Issue of 2009 KISTA</u>	<u>Issue of 2009 REF - KISTA</u>	<u>Issue of 2010 - REF</u>	<u>Issue of 2011</u>	<u>Issue of 2012</u>	<u>Issue of 2012 - REF</u>
Cash at July 1, 2018	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:						
Transfers and miscellaneous deposits	35,105	26,932	65,878	940,587	84,663	1,411,633
Disbursements:						
Bonds paid	33,787	26,501	65,000	315,000	55,000	1,220,000
Interest coupons	1,318	431	878	625,587	29,663	191,633
Transfers and miscellaneous	-	-	-	-	-	-
Call fee	-	-	-	-	-	-
Total disbursements	35,105	26,932	65,878	940,587	84,663	1,411,633
Excess of receipts over disbursements	-	-	-	-	-	-
Cash at June 30, 2019	-	-	-	-	-	-
Accounts Receivable and Payable						
Matured interest and bonds outstanding	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Total accounts receivable and payable	-	-	-	-	-	-
Fund Balance at June 30, 2019	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

	<u>Issue of 2013 - REF</u>	<u>Issue of 2014</u>	<u>Issue of 2014B</u>	<u>Issue of 2016</u>	<u>Total</u>
Cash at July 1, 2018	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:					
Transfers and miscellaneous deposits	867,740	46,438	1,207,725	351,438	5,038,139
Disbursements:					
Bonds paid	860,000	40,000	705,000	205,000	3,525,288
Interest coupons	7,740	6,438	502,725	146,438	1,512,851
Transfers and miscellaneous	-	-	-	-	-
Call fee	-	-	-	-	-
Total disbursements	867,740	46,438	1,207,725	351,438	5,038,139
Excess of receipts over disbursements	-	-	-	-	-
Cash at June 30, 2019	-	-	-	-	-
Accounts Receivable and Payable					
Matured interest and bonds outstanding	-	-	-	-	-
Due from other funds	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total accounts receivable and payable	-	-	-	-	-
Fund Balance at June 30, 2019	\$ -	\$ -	\$ -	\$ -	\$ -

CAMPBELL COUNTY SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balance
Campbell County High School Activity Fund
For the Year Ended June 30, 2019**

	Fund Balance July 1, 2018	Receipts	Disbursements	Fund Balance June 30, 2019
Academic Team/Expenses	\$ 871	\$ 1,215	\$ 1,704	\$ 382
ACT Prep	12	11,954	11,580	386
Advanced Placement	17,515	68,262	59,180	26,597
Art	81	161	161	81
Art Club	920	395	1,052	263
Astronomy	252	550	452	350
Athletic Advertising	38	550	588	-
Athletic Concessions	22	10,250	10,272	-
Athletic Hall of Fame	5,582	3,860	6,509	2,933
Athletic Project Fund	40	36,686	36,726	-
Athletics District Tourney	392	15,958	16,350	-
Athletics Merchandise	79	16,462	16,541	-
Athletics Regional Tourney	529	52,026	52,554	1
Band of Pride Secondary	31,852	14,418	46,270	-
Baseball	3,476	32,620	36,025	71
Becky Griffith Memorial	2,988	-	2,988	-
Beta Club	6,254	2,717	2,527	6,444
BoardGame club	1	371	369	3
Book and Media Club	23	193	138	78
Bowling	13	113	126	-
Boys Basketball	2,711	51,058	48,746	5,023
Boys Golf	349	759	573	535
Boys Soccer	485	15,510	15,995	-
Business	79	663	626	116
Caldwell Scholarship	1,100	-	-	1,100
Camel spirit scholarship	6,144	-	1,500	4,644
Camel Store	924	181	393	712
Campbell School	175	32,405	2,000	30,580
Carnes Memorial	16,030	-	1,000	15,030
CCHS Athletics	186	141,748	141,934	-
CCHS band of pride	15,760	94,261	100,292	9,729
Charitable Gaming	11	1,523	1,522	12
Cheerleader	3,336	49,560	49,966	2,930
Chemistry Club	39	-	39	-
Choir Fundraiser	3,155	28,975	29,116	3,014
Close-up	1,254	-	7	1,247
College Readiness	84	-	84	-
Creative Writing Club	222	48	-	270

(Continued)

CAMPBELL COUNTY SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balance
Campbell County High School Activity Fund (Continued)
For the Year Ended June 30, 2019**

	Fund Balance July 1, 2018	Receipts	Disbursements	Fund Balance June 30, 2019
Credit Recovery	\$ 5,446	\$ -	\$ 5,446	\$ -
Cross Country	78	2,833	2,911	-
Dance team	2,373	1,190	1,022	2,541
Dance/Homecoming	217	12,045	12,036	226
Drama Club	6,780	29,614	29,939	6,455
Drama Fees	247	-	-	247
Drug-Free Club	1,665	810	1,085	1,390
FBLA	3,133	27,180	23,235	7,078
FCA	20	-	20	-
FCCLA	929	5,435	6,194	170
FFA	1,993	26,254	25,717	2,530
Football	1,136	25,151	22,607	3,680
French	3	763	729	37
Freshman Academy	685	-	281	404
Fun Bunch	778	825	612	991
Future Ed Association	51	30	48	33
General	9,348	6,668	8,376	7,640
Girls Basketball	540	45,002	38,191	7,351
Girls Golf	1,141	4,377	4,986	532
Girls Soccer	1,334	3,908	5,242	-
Greenhouse	10,323	7,779	7,815	10,287
Greg Rose memorial	8,770	382	1,000	8,152
Griffith Memorial	1,510	2,988	500	3,998
Guidance Dept	816	975	1,774	17
Guitar Club	147	-	147	-
Health and PE	293	1,403	1,511	185
Hiking Club	239	-	239	-
Homecoming	67	692	414	345
Human Rights Club	209	366	347	228
Industrial Tech Fees	1,382	160	73	1,469
Jeff Harris Memorial	130	-	-	130
Kirchoff Memorial	2,205	-	1,629	576
Language Arts	62	-	-	62
Library	1,086	233	137	1,182
Library Technology Funds	1,219	1,584	1,737	1,066
Math	12	75	75	12
Math calculator	8,105	5,130	3,568	9,667

(Continued)

CAMPBELL COUNTY SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balance
Campbell County High School Activity Fund (Continued)
For the Year Ended June 30, 2019**

	Fund Balance July 1, 2018	Receipts	Disbursements	Fund Balance June 30, 2019
Math Club	\$ 144	\$ 30	\$ -	\$ 174
Math Textbook Sale	3,770	-	3,770	-
Missy White CD B	8,895	58	8,953	-
National French Honor Society	26	1,683	1,502	207
NHS	446	1,340	1,729	57
Pep Club	394	310	515	189
Photo Club	952	525	100	1,377
Project Graduation	530	14,718	15,248	-
Prom	21	22,671	20,735	1,957
Response to Intervention	82	-	82	-
Robert Ward CD	1,318	-	1,318	-
Ruby Gay Campbell	20,134	22	20,156	-
School Fees etc.	2,016	426,414	428,392	38
Science	188	1,465	1,437	216
Service Learning	316	-	316	-
Ski Club	156	1,080	998	238
Snowball Dance	493	14,931	15,361	63
Softball	1,856	15,303	13,606	3,553
Spanish Honor Society	1,036	5,996	6,262	770
Special Education	578	-	229	349
Staff Account	597	2,993	2,702	888
STLP	540	713	686	567
Student Council	2,469	1,130	729	2,870
Student Incentives	25,631	23,544	12,302	36,873
Swim	3,085	1,940	4,506	519
Tennis	758	8,384	8,458	684
Track	1,569	8,337	8,859	1,047
TSA/Robotics	160	-	160	-
Vocational Facs	5,369	10,627	10,123	5,873
Volleyball	11,155	14,793	25,870	78
Ward Memorial	442	-	-	442
White Memorial	6	8,953	2,200	6,759
World Language	55	1,355	1,410	-
Wrestling	1,821	5,297	5,994	1,124
Yearbook	3,122	2,195	1,547	3,770
Youth Alive	803	40	740	103
Total	\$ 298,389	\$ 1,496,151	\$ 1,532,543	\$ 261,997

CAMPBELL COUNTY SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balances
School Activity Funds
For the Year Ended June 30, 2019**

	<u>John W. Reily Elementary</u>	<u>Grant's Lick Elementary</u>	<u>Donald E. Cline Elementary</u>	<u>Crossroads Elementary</u>
Fund balances at July 1, 2018	\$ 15,822	\$ 15,106	\$ 8,872	\$ 9,258
Add: receipts	121,009	108,971	100,854	97,350
Less: disbursements	<u>(124,946)</u>	<u>(112,474)</u>	<u>(93,086)</u>	<u>(99,247)</u>
Fund balance at June 30, 2019	<u>\$ 11,885</u>	<u>\$ 11,603</u>	<u>\$ 16,640</u>	<u>\$ 7,361</u>
	<u>Campbell Ridge Elementary</u>	<u>Campbell County Middle</u>	<u>Total</u>	
Fund balances at July 1, 2018	\$ 31,461	\$ 25,487	\$ 106,006	
Add: receipts	177,148	371,365	976,697	
Less: disbursements	<u>(168,601)</u>	<u>(359,225)</u>	<u>(957,579)</u>	
Fund balance at June 30, 2019	<u>\$ 40,008</u>	<u>\$ 37,627</u>	<u>\$ 125,124</u>	

CAMPBELL COUNTY SCHOOL DISTRICT

Schedule of District's Proportionate Share of Net Pension Liability – TRS

Last 10 Fiscal Years*

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District's proportion of the net pension liability	0%	0%	0%	0%	0%	*	*	*	*	*
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	*	*	*	*	*
State's proportionate share of the net pension liability associated with the District	<u>88,993,460</u>	<u>176,749,656</u>	<u>189,347,033</u>	<u>147,942,805</u>	<u>128,787,900</u>	*	*	*	*	*
Total	<u>\$ 88,993,460</u>	<u>\$ 176,749,656</u>	<u>\$ 189,347,033</u>	<u>\$ 147,942,805</u>	<u>\$ 128,787,900</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>
District's covered-employee payroll	\$ 22,359,061	\$ 21,538,836	\$ 21,875,044	\$ 19,175,574	\$ 19,655,855	\$ 20,285,737	\$ 20,158,429	*	*	*
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0%	0%	0%	0%	0%	*	*	*	*	*
Plan fiduciary net position as a percentage of the total pension liability	59.27%	39.83%	35.22%	42.49%	45.59%	*	*	*	*	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Changes of benefit terms: None

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

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

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

Changes of assumption: In the 2016 valuation, rates of withdrawal, retirement, disability and mortality 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 addition, the calculation for the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 4.88% to 4.20%.

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

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

CAMPBELL COUNTY SCHOOL DISTRICT

Schedule of District Contributions - TRS

	Last 10 Fiscal Years*									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ 910,498	\$ 899,697	\$ 898,600	\$ 921,099	\$ 610,854	\$ 407,614	\$ 322,019	\$ 287,218	*	*
Contributions in relation to the contractually required contribution	<u>(910,498)</u>	<u>(899,697)</u>	<u>(898,600)</u>	<u>(921,099)</u>	<u>(610,854)</u>	<u>(407,614)</u>	<u>(322,019)</u>	<u>(287,218)</u>	*	*
Contribution deficiency	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	*	*
District's covered-employee payroll	\$ 23,286,240	\$ 22,359,061	\$ 21,538,836	\$ 21,875,044	\$ 19,175,574	\$ 19,655,855	\$ 20,285,737	\$ 20,158,429	*	*
Contributions as a percentage of covered-employee payroll	3.91%	4.02%	4.17%	4.21%	3.19%	2.07%	1.59%	1.42%	*	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CAMPBELL COUNTY SCHOOL DISTRICT

Schedule of District Contributions – CERS

	Last 10 Fiscal Years*									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District's proportion of net pension liability	0.305189%	0.307864%	0.302134%	0.294494%	0.296832%	*	*	*	*	*
District's proportionate share of the net pension liability	\$ 18,586,940	\$ 18,020,226	\$ 14,875,926	\$ 12,661,848	\$ 9,630,000	*	*	*	*	*
Total net pension liability	\$ 6,090,304,793	\$ 5,853,307,482	\$ 4,923,618,237	\$ 4,299,525,565	\$ 3,244,377,000	*	*	*	*	*
District's covered-employee payroll	\$ 7,565,999	\$ 7,493,016	\$ 7,537,214	\$ 6,634,972	\$ 6,845,079	\$ 7,008,675	\$ 7,146,021	*	*	*
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	245.7%	240.5%	197.4%	190.8%	140.7%	*	*	*	*	*
Plan fiduciary net position as a percentage of the total pension liability	53.54%	53.30%	55.50%	59.97%	66.80%	*	*	*	*	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Changes of benefit terms: The following changes were made by the Kentucky Legislature and reflected in the valuation performed as of June 30 listed below:

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

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

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

Changes of assumption: The following changes were made by the Kentucky Legislature and reflected in the valuation performed as of June 30 listed below:

2015: The assumed investment rate of return was decreased from 7.75% to 7.50%.

2015: The assumed rate of inflation was reduced from 3.50% to 3.25%.

2015: The assumed rate of wage inflation was reduced from 1.00% to 0.75%.

2015: Payroll growth assumption was reduced from 4.50% to 4.00%.

2015: 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).

2015: For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted.

2015: The assumed rates of Retirement, Withdrawal and Disability were updated to more accurately reflect experience.

2017: The assumed investment rate of return was decreased from 7.5% to 6.25%.

2017: The assumed rate of inflation was reduced from 3.25% to 2.30%.

2017: The assumed rate of salary growth was reduced from 4.00% to 3.05%.

CAMPBELL COUNTY SCHOOL DISTRICT

Schedule of District Contributions – CERS

	Last 10 Fiscal Years*									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ 1,598,620	\$ 1,451,159	\$ 1,399,697	\$ 1,302,002	\$ 1,191,146	\$ 1,305,034	\$ 1,384,992	\$ 1,354,171	*	*
Contributions in relation to the contractually required contribution	(1,598,620)	(1,451,159)	(1,399,697)	(1,302,002)	(1,191,146)	(1,305,034)	(1,384,992)	(1,354,171)	*	*
Contribution deficiency	-	-	-	-	-	-	-	-	*	*
District's covered-employee payroll	\$ 7,442,367	\$ 7,565,999	\$ 7,493,016	\$ 7,537,214	\$ 6,634,972	\$ 6,845,079	\$ 7,008,675	\$ 7,146,021	*	*
Contributions as a percentage of covered-employee payroll	21.48%	19.18%	18.68%	17.27%	17.95%	19.07%	19.76%	18.95%	*	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available. No changes were made to the assumptions or benefit terms.

CAMPBELL COUNTY SCHOOL DISTRICT

Schedule of District Contributions – LIF

	Last 10 Fiscal Years*									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District's proportion of the collective trust OPEB liability	0%	0%	*	*	*	*	*	*	*	*
District's proportionate share of the collective net OPEB liability	\$ -	\$ -	*	*	*	*	*	*	*	*
State's proportionate share of the collective net OPEB liability (asset) associated with the District	179,000	134,000	*	*	*	*	*	*	*	*
Total net OPEB liability	\$ 179,000	\$ 134,000	*	*	*	*	*	*	*	*
District's covered-employee payroll	\$ 23,286,240	\$ 22,359,061	*	*	*	*	*	*	*	*
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	0.0%	0.0%	*	*	*	*	*	*	*	*
Plan fiduciary net position as a percentage of the total OPEB liability	74.97%	79.99%	*	*	*	*	*	*	*	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Changes of benefit terms - None.

Methods and assumptions used in the actuarially determined contributions - The actuarially determined contribution rates, as a percentage of payroll, used to determine the actuarially determined contribution amounts in the Schedule of Employer Contributions are calculated as the of the indicated valuation date. The following actuarial methods and assumptions (from the indicated actuarial valuations) were used to determine contribution rates reported in that schedule for the year ending June 30, 2018:

Valuation date	June 30, 2015
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll
Amortization period	30 years, Open
Asset valuation method	Five-year smoothed value
Inflation	3.50%
Real wage growth	0.50%
Wage inflation	4.00%
Salary increases, including wage inflation	4.00% - 8.10%
Discount rate	7.50%

CAMPBELL COUNTY SCHOOL DISTRICT

Schedule of District Contributions – LIF

	Last 10 Fiscal Years*									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ -	\$ -	*	*	*	*	*	*	*	*
Contributions in relation to the contractually required contribution	-	-	*	*	*	*	*	*	*	*
Contribution deficiency	-	-	*	*	*	*	*	*	*	*
District's covered-employee payroll	\$ 23,286,240	\$ 22,359,061	*	*	*	*	*	*	*	*
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	*	*	*	*	*	*	*	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available. No changes were made to the assumptions or benefit terms.

CAMPBELL COUNTY SCHOOL DISTRICT

Schedule of District's Proportionate Share of Net OPEB Liability – MIF

	Last 10 Fiscal Years*									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District's proportion of the collective trust OPEB liability	0.348855%	0.343819%	*	*	*	*	*	*	*	*
District's proportionate share of the collective net OPEB liability	\$ 12,104,000	\$ 12,260,000	*	*	*	*	*	*	*	*
State's proportionate share of the collective net OPEB liability associated with the District	\$ 10,431,000	\$ 10,015,000	*	*	*	*	*	*	*	*
Total net OPEB liability	\$ 22,535,000	\$ 22,275,000	*	*	*	*	*	*	*	*
District's covered-employee payroll	\$ 23,286,240	\$ 22,359,061	*	*	*	*	*	*	*	*
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	52.0%	54.8%	*	*	*	*	*	*	*	*
Plan fiduciary net position as a percentage of the total OPEB liability	25.54%	21.18%	*	*	*	*	*	*	*	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

Methods and assumptions used in the actuarially determined contributions - The actuarially determined contributions rates, as a percentage of payroll, used to determine the actuarially determined contribution amounts in the Schedule of Employer Contributions are calculated as the of the indicated valuation date. The following actuarial methods and assumptions (from the indicated actuarial valuations) were used to determine contribution rates reported in that schedule for the year ending June 30, 2018:

Valuation date	June 30, 2017
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll
Amortization period	30 years, Open
Asset valuation method	Five-year smoothed value
Inflation	3.00%
Real wage growth	0.50%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% - 7.20%
Discount rate	8.00%
Health care cost trends	
Under 65	7.75% for FY 2018 decreasing to an ultimate rate of 5.00% by FY 2024
Ages 65 and older	5.75% for FY 2018 decreasing to an ultimate rate of 5.00% by FY 2021
Medicare Part B premiums	0% for FY 2018 with an ultimate rate of 5.00% by 2030
Under age 65 claims	the current premium charged by KEHP is used as the base cost and is projected forward using only the health care trend assumption (no implicit rate subsidy is recognized).

CAMPBELL COUNTY SCHOOL DISTRICT

Schedule of District Contributions – MIF

	Last 10 Fiscal Years*									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ 621,420	\$ 589,058	*	*	*	*	*	*	*	*
Contributions in relation to the contractually required contribution	(621,420)	(589,058)	*	*	*	*	*	*	*	*
Contribution deficiency	-	-	*	*	*	*	*	*	*	*
District's covered-employee payroll	\$ 23,286,240	\$ 22,359,061	*	*	*	*	*	*	*	*
Contributions as a percentage of covered-employee payroll	2.67%	2.63%	*	*	*	*	*	*	*	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

Methods and assumptions used in the actuarially determined contributions - The actuarially determined contributions rates, as a percentage of payroll, used to determine the actuarially determined contribution amounts in the Schedule of Employer Contributions are calculated as the of the indicated valuation date. The following actuarial methods and assumptions (from the indicated actuarial valuations) were used to determine contribution rates reported in that schedule for the year ending June 30, 2018:

Valuation date	June 30, 2017
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll
Amortization period	30 years, Open
Asset valuation method	Five-year smoothed value
Inflation	3.00%
Real wage growth	0.50%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% - 7.20%
Discount rate	8.00%
Health care cost trends	
Under 65	7.75% for FY 2018 decreasing to an ultimate rate of 5.00% by FY 2024
Ages 65 and older	5.75% for FY 2018 decreasing to an ultimate rate of 5.00% by FY 2021
Medicare Part B premiums	0% for FY 2018 with an ultimate rate of 5.00% by 2030
Under age 65 claims	the current premium charged by KEHP is used as the base cost and is projected forward using only the health care trend assumption (no implicit rate subsidy is recognized).

CAMPBELL COUNTY SCHOOL DISTRICT

Schedule of District's Proportionate Share of Net OPEB Liability – MIF (CERS)

	Last 10 Fiscal Years*									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District's proportion of the collective trust OPEB liability	0.305178%	0.307864%	*	*	*	*	*	*	*	*
District's proportionate share of the collective net OPEB liability	\$ 5,418,375	\$ 6,189,119	*	*	*	*	*	*	*	*
State's proportionate share of the collective net OPEB liability associated with the District	\$ -	\$ -	*	*	*	*	*	*	*	*
Total net OPEB liability	\$ 5,418,375	\$ 6,189,119	*	*	*	*	*	*	*	*
District's covered-employee payroll	\$ 7,565,999	\$ 7,493,016	*	*	*	*	*	*	*	*
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	71.6%	82.6%	*	*	*	*	*	*	*	*
Plan fiduciary net position as a percentage of the total OPEB liability	57.62%	52.40%	*	*	*	*	*	*	*	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Changes in assumptions:

1. The assumed investment return was changed from 7.50% to 6.25%.
2. The price inflation assumption was changed from 3.25% to 2.30%, which also resulted in a 0.95% decrease in the salary increase assumption at all years of service.
3. The payroll growth assumption (applicable for the amortization of unfunded actuarial accrued liabilities) was changed from 4.00% to 2.00%.
4. For the Non-Hazardous Plan, the single discount rate changed from 6.89% to 5.84%.

2018: Updated health care trend rates were implemented.

CAMPBELL COUNTY SCHOOL DISTRICT
Schedule of District Contributions – MIF (CERS)

	Last 10 Fiscal Years*									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ 355,513	\$ 354,548	*	*	*	*	*	*	*	*
Contributions in relation to the contractually required contribution	<u>(355,513)</u>	<u>(354,548)</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>
Contribution deficiency	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>*</u></u>	<u><u>*</u></u>	<u><u>*</u></u>	<u><u>*</u></u>	<u><u>*</u></u>	<u><u>*</u></u>	<u><u>*</u></u>	<u><u>*</u></u>
District's covered-employee payroll	\$ 7,442,367	\$ 7,565,999	*	*	*	*	*	*	*	*
Contributions as a percentage of covered-employee payroll	4.78%	4.69%	*	*	*	*	*	*	*	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available. No changes were made to the assumptions or benefit terms.

CAMPBELL COUNTY SCHOOL DISTRICT

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019**

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Agreement Number</u>	<u>Federal Expenditures for FYE June 30, 2019</u>
<u>U.S. Department of Education</u>			
<i>Passed through Kentucky Department of Education</i>			
Special Education Cluster			
Special Education_Grants to States	84.027	3810002 17	6,478
Special Education_Grants to States	84.027	3810002 18	935,454
Special Education_Preschool Grants	84.173	3800002 16	4,792
Special Education_Preschool Grants	84.173	3800002 17	28,397
Special Education_Preschool Grants	84.173	3800002 18	3,869
Total Special Education Cluster			<u>978,989</u>
Title I Grants to Local Educational Agencies	84.010A	3100002 16	13,566
Title I Grants to Local Educational Agencies	84.010A	3100002 17	155,291
Title I Grants to Local Educational Agencies	84.010A	3100002 18	440,740
Total Title I Grants			<u>609,597</u>
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	313E	1,337
Stewart B McKinney Homeless	84.196A	S196160018	705
Stewart B McKinney Homeless	84.196A	S196160018	61,078
Personnel MOA- Education Recovery Specialist	84.010	1900001263 & 1900001809	231,375
Career and technical Education -Basic Grants to States	84.048	3710002 18	1,645
Career and technical Education -Basic Grants to States	84.048	3710002 18	39,448
Title II Improving Teacher Quality State Grants	84.367	3230002 17	47,554
Title II Improving Teacher Quality State Grants	84.367	3230002 18	92,916
Title IV	84.424A	3420002-17	3,241
Title IV	84.424A	3420002-18	29,966
Twenty-First Century Community Learning Centers	84.287	S287C150018	16,730
Twenty-First Century Community Learning Centers	84.287	S287C1750017	294,596
NIJ - Comprehensive School Safety Initiative	16.560	2016-CK-BX-0009	<u>1,224,809</u>
Total U.S. Department of Education			<u>3,633,986</u>
<u>U.S. Department of Agriculture</u>			
Child Nutrition Cluster			
<i>Passed through Kentucky Department of Education</i>			
National School Lunch Program	10.555	7750002 18	182,557
National School Lunch Program	10.555	7750002 19	840,592
School Breakfast Program	10.553	7760005 18	52,975
School Breakfast Program	10.553	7760005 19	258,303
Summer Food Service Program	10.559	7690024 18	1,065
Summer Food Service Program	10.559	7740023 19	10,336
<i>Passed through Kentucky Department of Agriculture</i>			
National School Lunch Program - Food Donation	10.555	N/A	<u>148,755</u>
Total Child Nutrition Cluster			<u>1,494,583</u>
<i>Passed through Kentucky Department of Education</i>			
Child and Adult Care Food Program	10.558	7790021 18	11,247
Child and Adult Care Food Program	10.558	7790021 19	79,635
Child and Adult Care Food Program	10.558	7800016 18	799
Child and Adult Care Food Program	10.558	7800016 19	5,654
			<u>97,335</u>
Total U.S. Department of Agriculture			<u>1,591,918</u>
Total Expenditures of Federal Awards			<u><u>5,225,904</u></u>

CAMPBELL COUNTY SCHOOL DISTRICT

**Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019**

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Campbell County School District under programs of the federal government for the year ended June 30, 2019, and is reported on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the schedule presents only a selected portion of the operations of Campbell County School District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting in accordance with generally accepted accounting principles. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 - FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair value of the commodities disbursed. For the year ended June 30, 2019, the District reported food commodities expended in the amount of \$148,755.

NOTE 4 – INDIRECT COST RATE

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

NOTE 5 – SUBRECIPIENTS

The District did not have any subrecipients during the year ended June 30, 2019.

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

To the Members of the Board of Education
Campbell County School District
Alexandria, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Campbell County School District, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Campbell County School District's basic financial statements, and have issued our report thereon dated November 12, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We noted other matters that we reported to management of the District on pages 78 to 79 on the audited financials' statements.

BARNES DENNIG

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

(Continued)

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.

Barnes, Dennig & Co., Ltd.

Crestview Hills, Kentucky
November 12, 2019

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

Members of the Board of Education
Campbell County School District
Alexandria, Kentucky

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

BARNES DENNIG

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

(Continued)

Report on Internal Control Over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Barnes, Dennig & Co., Ltd.

Crestview Hills, Kentucky
November 12, 2019

CAMPBELL COUNTY SCHOOL DISTRICT

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

SECTION I -SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No

- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None noted

- Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No

- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None noted

Type of auditor's report issued on compliance for major programs: Unmodified

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

Identification of major programs

CFDA No.	Name of Federal Program or Cluster
10.553/10.555/10.559 84.010	Child Nutrition Cluster Title I Grants to Local Education Agencies

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

Auditee qualified as low-risk auditee? _____ X Yes _____ No

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters are reportable

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COST

No matters are reportable

CAMPBELL COUNTY SCHOOL DISTRICT

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

SECTION I -SUMMARY OF PRIOR YEAR AUDITOR'S RESULTS

No matters are reportable

SECTION II – PRIOR YEAR FINANCIAL STATEMENT FINDINGS

No matters are reportable

SECTION III – PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COST

No matters are reportable

CAMPBELL COUNTY SCHOOL DISTRICT

**Management Letter Comments
For the Year Ended June 30, 2019**

In planning and performing our audit of the financial statements of Campbell County School District for the year ended June 30, 2019, we considered the District's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

This letter summarizes our comments and suggestions regarding those matters. A separate report dated November 12, 2019 contains our report on significant deficiencies and material weaknesses in the District's internal control structure. This letter does not affect our report dated November 12, 2019, on the financial statements of the Campbell County School District.

CURRENT YEAR RECOMMENDATIONS

CENTRAL OFFICE

No matters are reportable

ACTIVITY FUNDS

Campbell County High School

No matters are reportable

Campbell County Middle School

No matters are reportable

Campbell Ridge Elementary

No matters are reportable

Cline Elementary

No matters are reportable

Crossroads Elementary

No matters are reportable

Grant's Lick Elementary

No matters are reportable

Reiley Elementary

No matters are reportable

CAMPBELL COUNTY SCHOOL DISTRICT

**Management Letter Comments
For the Year Ended June 30, 2019
(Continued)**

STATUS OF PRIOR YEAR RECOMMENDATIONS

CENTRAL OFFICE

No matters are reportable

ACTIVITY FUNDS

Campbell County High School

Statement of prior year deficiency:

- It was noted that blank checks were not stored in a secure location when not in use.

Current year follow-up: There were no such instances noted in the current year.

Campbell County Middle School

No matters are reportable

Campbell Ridge Elementary

Statement of prior year deficiency:

- It was noted that monthly financial statements and bank reconciliations were not signed or reviewed timely.

Current year follow-up: There were no such instances noted in the current year.

- It was noted that invoices were not marked paid.

Current year follow-up: There were no such instances noted in the current year.

Cline Elementary

No matters are reportable

Crossroads Elementary

No matters are reportable

Grant's Lick Elementary

No matters are reportable

John Reiley Elementary

No matters are reportable

APPENDIX C

**Campbell County School District Finance Corporation
School Building Revenue Refunding Bonds
Taxable Series 2020**

Continuing Disclosure Agreement

CONTINUING DISCLOSURE CERTIFICATE

Relating to:

\$15,295,000

CAMPBELL COUNTY SCHOOL DISTRICT FINANCE CORPORATION
SCHOOL BUILDING REVENUE REFUNDING BONDS, TAXABLE SERIES 2020

Dated as of: October 15, 2020

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THIS CONTINUING DISCLOSURE AGREEMENT (the "Agreement") is made and entered into as of October 15, 2020, between the Board of Education of the Campbell County School District (the "Board") and the Campbell County School District Finance Corporation (the "Issuer").

RECITALS

WHEREAS, the Issuer has issued or will issue its School Building Revenue Bonds, Taxable Series 2020 in the original aggregate principal amount of \$_____ (the "Bonds") pursuant to a Bond Resolution adopted August 17, 2020 (the "Bond Resolution") by the Issuer for the purpose of financing the costs of refunding a portion of the outstanding Campbell County School District Finance Corporation School Building Revenue Bonds, Series 2011 (the "Prior Bonds"), the proceeds of which were used to finance the costs of acquiring, constructing, installing and equipping a new vocational school on the campus of Campbell County High School (the "Project"); and

WHEREAS, the Bonds have been offered and sold pursuant to a Preliminary Official Statement, dated September 16, 2020 and an Official Statement, dated September 24, 2020 (the "Offering Document"); and _____ (the "Original Purchaser") has agreed to purchase the Bonds based on its competitive bid pursuant to the Issuer's Notice of Sale as to the Bonds; and

WHEREAS, the Board and the Issuer wish to provide for the disclosure of certain information concerning the Bonds, the Project and other matters on an on-going basis as set forth herein for the benefit of the Bondholders, as hereinafter defined, in accordance with the provisions of Securities and Exchange Commission Rule 15c2-12, as amended from time to time (the "Rule"); and

NOW, THEREFORE, in consideration of the mutual promises and agreements made herein and in the Bond Resolution and the resolution of the Board adopted on August 3, 2020 (the "Board Resolution"), the receipt and sufficiency of which consideration is hereby mutually acknowledged, the parties hereto agree as follows:

SECTION 1. Definitions; Scope of this Agreement.

(A) All terms capitalized but not otherwise defined herein shall have the meanings assigned to those terms in the Bond Resolution, as amended and supplemented from time to time. The following capitalized terms shall have the following meanings:

"Annual Financial Information" shall mean a copy of the annual audited financial information prepared by the Board which shall include a balance sheet, a statement of revenue and expenditure and a statement of changes in fund balances. All such financial information shall be prepared using generally accepted accounting principles; provided, however, that the Board may change the accounting principles used for preparation of such financial information so long as the Board includes as information provided to the public, a statement in narrative form to the effect that different accounting principles are being used, stating the reason for such change and how to compare the financial information provided by the differing financial accounting principles. Any or all of the items listed above may be set forth in other documents, including Offering Documents of debt issues of the Issuer, the Board or related public entities, which have been transmitted to the MSRB, or may be included by specific reference to documents available to the public on the MSRB's Internet Website or filed with the SEC.

"Beneficial Owner" shall mean any person which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

"Bondholders" shall mean any holder of the Bonds and any Beneficial Owner thereof.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Event" shall mean any of the following events with respect to the Bonds:

- (i) Principal and interest payment delinquencies;

- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the security, or other material events affecting the tax-exempt status of the security;
- (vii) Modifications to rights of security holders, if material;
- (viii) Bond calls, if material, and tender offers (except for mandatory scheduled redemptions not otherwise contingent upon the occurrence of the event);
- (ix) Defeasances;
- (x) Release, substitution or sale of property securing repayment of the securities, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the Obligated Person.
- (xiii) The consummation of a merger, consolidation or acquisition involving an Obligated Person, or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (xv) Incurrence of a Financial Obligation of the Issuer or Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer or Obligated Person, any of which affect security holders, if material;
- (xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer or Obligated Person, any of which reflect financial difficulties; and
- (xvii) The cure, in the manner provided under the Bond Resolution, of any payment or nonpayment related default under the Bond Resolution;

The SEC requires the listing of (i) through (xvi) although some of such events may not be applicable to the Bonds.

"Financial Obligation" shall mean (a) a debt obligation, (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) a guarantee of either (a) or (b). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule

"Operating Data" shall mean an update of the Operating Data contained in the Offering Document under the headings "BOND DEBT SERVICE," "DISTRICT STUDENT POPULATION," "LOCAL SUPPORT," and "SEEK ALLOTMENT".

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

"SEC" shall mean the Securities and Exchange Commission.

"State" shall mean the Commonwealth of Kentucky.

(B) This Agreement applies to the Bonds and any Additional Bonds issued under the Bond Resolution.

SECTION 2. Disclosure of Information.

(A) General Provisions. This Agreement governs the Issuer's and the Board's obligations with respect to information to be made public.

(B) Information Provided to the Public. Except to the extent this Agreement is modified or otherwise altered in accordance with Section 3 hereof, the Issuer and the Board shall make or cause to be made public the information set forth in subsections (1), (2), and (3) below:

(1) Annual Financial Information and Operating Data. Annual Financial Information and Operating Data at least annually not later than 270 days following the end of each fiscal year beginning with fiscal year ended June 30, 2021 and continuing with each fiscal year thereafter, for which the information is provided.

(2) Events Notices. Notice of the occurrence of an Event, in a timely manner, within ten business days of the occurrence of the Event.

(3) Failure to Provide Annual Financial Information. In a timely manner, notice of the failure of the Issuer or the Board to provide the Annual Financial Information and Operating Data by the date required herein.

(C) Information Provided to Public.

(1) The Issuer and the Board shall make the following items public in accordance with subsection (D) of this Section 2 and within the time frame set forth in clause (3) below, :

(a) the Annual Financial Information and Operating Data;

(b) Event occurrences;

(c) the notices of failure to provide information which the Issuer and the Board have agreed to make public pursuant to subsection (B)(3) of this Section 2;

(d) such other information as the Issuer and the Board shall determine to make public . If the Issuer and the Board choose to include any information in any Annual Financial Information report or in any notice of occurrence of an Event, in addition to that which is specifically required by this Agreement, neither the Issuer nor the Board shall have any obligation under this Agreement to update such information or include it in any future Annual Financial Information report or notice of occurrence of an Event; and

(2) The information which the Issuer and the Board have agreed to make public shall be in the following form:

(a) as to all notices, reports and financial statements to be provided, in the form required by the Bond Resolution or other applicable document or agreement; and

(b) as to all other notices or reports, in such form as the Issuer and the Board shall deem suitable for the purpose of which such notice or report is given.

(D) Means of Making Information Public.

(1) Information shall be deemed to be made public by the Issuer or the Board under this Section if it is transmitted to one or more of the following as provided in subsection (D)(2) of this Section 2:

(a) to the Bondholders of outstanding Bonds, by the method prescribed by the Bond Resolution;

(b) to the MSRB, in an electronic format as prescribed by the MSRB, accompanied by identifying information as prescribed by the MSRB; and/or

(c) to the SEC, by (i) electronic facsimile transmissions confirmed by first class mail, postage prepaid, or (ii) first class mail, postage prepaid; provided that the Issuer is authorized to transmit information to a SEC by whatever means are mutually acceptable to the Issuer, the Board, and the SEC.

(2) Information shall be transmitted to the following:

(a) all Annual Financial Information and Operating Data shall be transmitted to the MSRB;

(b) notice of all Events and notice of a failure by the Issuer or the Board to provide Annual Financial Information on or before the date specified in Section 2(B)(1) hereof shall be transmitted to the MSRB; and

(c) all information described in clauses (a) and (b) shall be made available to any Bondholder upon request, but need not be transmitted to the Bondholders who do not so request.

(d) to the extent the Issuer or the Board is obligated to file any Annual Financial Information or Operating Data with the MSRB pursuant to this Agreement, such Annual Financial Information or Operating Data may be set forth in the document or set of documents transmitted to the MSRB, or may be included by specific reference to documents available to the public on the MSRB's Internet Website or filed with the SEC.

SECTION 3. Amendment or Waiver. Notwithstanding any other provision of this Agreement, the Issuer and the Board may amend this Agreement and any provision of this Agreement may be waived, if such amendment or waiver is supported by an opinion of nationally recognized counsel expert in federal securities laws acceptable to the Issuer and the Board to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

SECTION 4. Miscellaneous.

(A) Representations. Each of the parties hereto represents and warrants to each other party that it has (i) duly authorized the execution and delivery of this Agreement by the officer of such party whose signature appears on the execution pages hereto, (ii) that it has all requisite power and authority to execute and deliver, and perform this Agreement under its organizational documents and any corporate resolutions now in effect, (iii) that the execution and delivery of this Agreement, and performance of the terms hereof, does not and will not violate any law, regulation, ruling, decision, order, indenture, decree, agreement or instrument by which such party is bound, and (iv) such party is not aware of any litigation or proceeding pending, or, to the best of such party's knowledge, threatened, contesting or questioning its existence, or its power and authority to enter into this Agreement, or its due authorization, execution and delivery of this Agreement, or otherwise contesting or questioning the issuance of the Bonds.

(B) Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State; provided that, to the extent that the SEC, the MSRB or any other federal or state agency or regulatory body with jurisdiction over the Bonds shall have promulgated any rule or regulation governing the subject matter hereof, this Agreement shall be interpreted and construed in a manner consistent therewith.

(C) Severability. If any provision hereof shall be held invalid or unenforceable by a court of competent jurisdiction, the remaining provisions hereof shall survive and continue in full force and effect.

(D) Counterparts. This Agreement may be executed in one or more counterparts, each and all of which shall constitute one and the same instrument.

(E) Termination. This Agreement may be terminated by any party to this Agreement upon thirty days' written notice of termination delivered to the other party or parties to this Agreement; provided the termination of this Agreement is not effective until (i) the Issuer and the Board, or their successors, enter into a new continuing disclosure agreement and agree to continue to provide, to the MSRB and the Bondholders of the Bonds, all information required to be communicated pursuant to the rules promulgated by the SEC or the MSRB, (ii) nationally recognized bond counsel or counsel expert in federal securities laws provides an opinion that the new continuing disclosure agreement is in compliance with all State and Federal Securities laws and (iii) notice of the termination of this Agreement is provided to the MSRB.

This Agreement shall terminate when all of the Bonds are or are deemed to be no longer outstanding by reason of redemption or defeasance or at maturity.

(F) Defaults: Remedies. A party shall be in default of its obligations hereunder if it fails to carry out or perform its obligations hereunder.

If a default occurs and continues beyond a period of thirty (30) days following notice of default given in writing to such defaulting party by any other party hereto or by a beneficiary hereof as identified in Section 4(G), the non-defaulting party or any such beneficiary may (and, at the request of the Original Purchaser or the holders of at least 25% aggregate principal amount of Outstanding Bonds, shall) take such action as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to compel performance hereunder. A default under this Agreement shall not be deemed an Event of Default under the Bond Resolution, and the sole remedy under this Agreement in the event of any failure to comply with this Agreement shall be an action to compel performance.

(G) Beneficiaries. This Agreement is entered into by the parties hereof and shall inure solely to the benefit of the Issuer, the Board, the original purchaser of the Bonds, and Bondholders and shall create no rights in any other person or entity.

SECTION 5. Additional Disclosure Obligations. The Issuer and the Board acknowledge and understand that other state and federal laws, including but not limited to the Securities Act of 1933, the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder, may apply to the Issuer and the Board, and that under some circumstances compliance with this Agreement, without additional disclosures or other action, may not fully discharge all duties and obligations of the Issuer or the Board under such laws.

SECTION 6. Notices. Any notices or communications to or among any of the parties to this Agreement may be given as follows:

To the Issuer: Campbell County School District Finance Corporation
 101 Orchard Street
 Alexandria, Kentucky 41001
 Attention: Superintendent
 Telephone: 859-635-2173
 Fax: 859-635-9051

To the Board: Board of Education of Campbell County School District
101 Orchard Street
Alexandria, Kentucky 41001
Attention: Superintendent
Telephone: 859-635-2173
Fax: 859-635-9051

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

IN WITNESS WHEREOF, the Issuer and the Board have each caused their duly authorized officers to execute this Agreement, as of the date first written above.

CAMPBELL COUNTY SCHOOL
DISTRICT FINANCE CORPORATION, Issuer

By: _____
President

Attest:

Secretary

BOARD OF EDUCATION OF CAMPBELL
INDEPENDENT SCHOOL DISTRICT

By: _____
Chairperson

Attest:

Secretary

APPENDIX D

**Campbell County School District Finance Corporation
School Building Revenue Refunding Bonds
Taxable Series 2020**

Official Terms and Conditions of Bond Sale

OFFICIAL TERMS AND CONDITIONS OF BOND SALE

\$15,295,000*

**Campbell County School District Finance Corporation
School Building Revenue Refunding Bonds, Taxable Series 2020
Dated October 15, 2020**

SALE: Thursday, September 24, 2020 at 1:00 P.M., E.T.

As advertised in The Courier-Journal, published in Louisville, Kentucky and the Campbell County Recorder, published in Fort Thomas, Kentucky, the Secretary of the Campbell County School District Finance Corporation (the "Corporation") will until September 24, 2020, at the hour of 1:00 P.M., E.D.T., at the office of the Executive Director of the Kentucky School Facilities Construction, 700 Louisville Road, Frankfort, Kentucky 40601, receive sealed competitive bids for the revenue refunding bonds (the "Bonds") herein described. To be considered, Bids must be submitted on an Official Bid Form and must be delivered to the Secretary at the address indicated on the date of sale no later than the hour indicated. Bids will be opened by the Secretary and may be accepted without further action by the Corporation's Board of Directors.

*Subject to Permitted Adjustment increasing or decreasing the issue by \$1,530,000.

STATUTORY AUTHORITY, PURPOSE OF ISSUE AND SECURITY

The 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 of Education of the Campbell County School District (the "Board") under the Lease identified below.

The Bonds are being issued to finance the cost of refunding in advance of maturity a portion of the outstanding Campbell County School District Finance Corporation School Building Revenue Bonds, Series 2011 (the "Prior Bonds"), the proceeds of which in turn were used to finance the costs of acquiring, constructing, installing and equipping a new vocational school on the campus of Campbell County High School (the "Project") and are secured by a statutory mortgage lien upon and a pledge of the revenues from the rental of the school buildings to the Board under a Contract, Lease and Option (the "Lease") on a year to year basis; the first rental period ending June 30, 2021. The statutory mortgage lien securing the Bonds is limited in its application to the exact site of the Project, real estate unoccupied by the Project is unencumbered. The Board has reserved the right to obtain the release of the statutory mortgage lien and revenue pledge on the site of the Project by effecting the redemption or defeasance of the proportionate part of the Bonds then outstanding as was expended on the site being released. Should the Board default in its obligations under the Lease or fail to renew the Lease, the Registered Owners of the Bonds have the right to have a receiver appointed to administer the Project under KRS 162.220; foreclosure and sale are not available as remedies.

The rental of the Project from the Corporation to the Board is to be effected under the Lease, whereunder the Project is leased to the Board for an 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 is legally obligated only for the initial rental period and for one year at a time thereafter each time the Lease is renewed.

Although the Board is obligated to pay the Corporation annual rentals in the full amount of the principal and interest requirements on the Bonds for each year in which the Lease is renewed, the Board has entered into the Lease in reliance upon a certain Participation Agreement by and between the Board and the Kentucky School Facilities Commission (the "Commission"). Under the terms of the Participation Agreement, the Commission has agreed to pay annually, until August 1, 2031 directly to the Paying Agent for the Bonds a stated agreed participation of approximately 2.00% of the debt service requirements for the Bonds herein identified until such date, subject to the constitutional restrictions limiting the commitment to the biennial; said annual amount is to be applied only to the principal and interest requirements of the Bonds so long as the Board renews the Lease. Under the Lease, the Board has pledged and assigned all of its rights under the Participation Agreement in and

to the Agreed Participation to the Corporation in order to secure the Bonds and has agreed to pay that portion of the rentals in excess of the Agreed Participation for each year in which the Lease is renewed.

KENTUCKY SCHOOL FACILITIES CONSTRUCTION COMMISSION

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

The 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 §§ 157.611 through 157.640 of the Kentucky Revised Statutes, as repealed, amended, and reenacted (the "Act") for the purpose of assisting local school districts in meeting the school construction needs of the Commonwealth in a manner which will ensure an equitable distribution of funds based upon unmet need. Pursuant to the provisions of the Act, the Regulations of the State Board of Education and of the Commission, the Commission has determined that the Board is eligible for participation from the Commission in meeting the costs of the Projects and has entered into the Participation Agreement with the Board whereunder the Commission agrees to pay an Agreed Participation equal to approximately 2.00% of the debt service requirements each year to be applied only to the payment of the principal and interest requirements on the Bonds; provided, however, that the contractual commitment of the Commission to pay the annual Agreed Participation is limited to the biennial budget period of the Commonwealth, with the first such biennial period terminating on June 30, 2021. The right is reserved in the Commission to terminate the commitment to pay the Agreed Participation every two years thereafter. The obligation of the Commission to make payments of the Agreed Participation shall be automatically renewed each two years for a period of two years unless the Commission shall give notice of its intention not to participate not less than sixty days prior to the end of the biennium; however, by execution of the Participation Agreement, the Commission has expressed its present intention to continue to pay the Agreed Participation in each successive biennial budget period until the retirement of all of the Bonds, but such execution does not obligate the Commission to do so.

ADDITIONAL PARITY BONDS FOR COMPLETION OF PROJECT

The Corporation has reserved the right and privilege of issuing additional bonds from time to time payable from the income and revenues of said Project and secured by the same statutory mortgage liens and pledges of revenues, but only if and to the extent the issuance of such additional parity bonds may be necessary to pay the costs, for which funds are not otherwise available, of completing the construction of said Project in accordance with the plans and specifications of the architect in charge of said Project, which plans have been completed, approved by the Board, State Department of Education, and filed in the office of the Secretary of the Corporation.

BOND MATURITIES, PRIOR REDEMPTION PROVISIONS AND PAYING AGENT

The Bonds shall be in denominations in multiples of \$5,000 within the same maturity, bear interest from October 15, 2020, payable on February 1, 2021, and semiannually thereafter and shall mature as to principal on February 1 in each of the years as follows:

<u>MATURITY</u>	<u>AMOUNT*</u>	<u>MATURITY</u>	<u>AMOUNT*</u>
February 1, 2021	\$ 90,000	August 1, 2026	\$1,145,000
August 1, 2021	505,000	August 1, 2027	1,985,000
August 1, 2022	510,000	August 1, 2028	2,035,000
August 1, 2023	525,000	August 1, 2029	2,090,000
August 1, 2024	1,080,000	August 1, 2030	2,140,000
August 1, 2027	1,100,000	August 1, 2031	2,090,000

*Subject to Permitted Adjustment of the amount of Bonds awarded of up to \$1,530,000 which may be applied in any or all maturities.

The Bonds maturing on or after August 1, 2028, are subject to redemption prior to their stated maturities on any date falling on or after August 1, 2027, in such order of maturities as the Corporation may determine (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 by regular United States Mail to the registered Owners of the Bonds so selected not less than thirty days prior to the date of redemption, upon terms of the face amount, plus accrued interest to the date of redemption.

The Bonds are further subject to extraordinary optional redemption prior to their stated maturities on any date, in such order of maturities as the Corporation may determine (less than all of a single maturity to be selected by lot), in whole or in part, from the proceeds of casualty insurance received upon the total destruction by fire, lightning, windstorm or other hazard of any of the buildings constituting the Project, upon notice of such prior redemption being given by the Paying Agent by regular United States Mail to the registered Owners of the Bonds so selected not less than thirty days prior to the date of redemption, upon terms of the face amount, plus accrued interest to the date of redemption.

The Bonds are to be issued in fully registered form (both principal and interest). U.S. Bank National Association, Louisville, Kentucky, the Bond Registrar and Paying Agent, shall remit interest on each semiannual due date to each Registered Owner of records of the 15th day of each month preceding the due date by regular United States Mail postmarked as of the interest due date. Principal shall be paid upon submission of matured Bond Certificates to the Paying Agent. Subsequent to the initial delivery of the Bonds, upon the submission of proper authentication, the Bond Registrar shall transfer ownership of Bonds within three business days of receipt without expense to the Registered Owner.

FINAL OFFICIAL STATEMENT

The Corporation shall provide to the successful purchaser a Final Official Statement. Arrangements have been made with the printer of the Preliminary Official Statement, upon submission of completion text, to print a reasonable quantity of Final Official Statements in sufficient time to meet the delivery requirements of the successful bidder under SEC or Municipal Securities Rulemaking Board delivery requirements. The successful bidder shall be required to pay for the printing of the Final Official Statement.

BOND MATURITIES, PRIOR REDEMPTION PROVISIONS AND PAYING AGENT

The Bonds will mature, have interest payment dates, be subject to redemption, have a Paying Agent and Registrar, be subject to the issuance of additional bonds and have other conditions and restrictions as set forth in the Preliminary Official Statement describing the Bonds. Reference is made to the Preliminary Official Statement for such information and for information regarding the District and the Corporation.

BIDDING CONDITIONS AND RESTRICTIONS

(A) Bids must be made on Official Bid Form, contained in the Official Statement available from the undersigned or RSA Advisors, LLC 325 West Main Street, Suite 300, Lexington, Kentucky 40507, enclosed in sealed envelopes marked "Bid for School Building Revenue Refunding Bonds." Bids may alternatively be submitted electronically via BiDCOMP™/PARITY™ system. Electronic bids for the Bonds must be submitted through the BiDCOMP™/PARITY™ system and no other provider of electronic bidding services will be accepted. Subscription to the BiDCOMP™/PARITY™ 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 the BiDCOMP™/PARITY™ system 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 the BiDCOMP™/PARITY™ system 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 the BiDCOMP™/PARITY™ system 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 the BiDCOMP™/PARITY™ system. The use of the BiDCOMP™/PARITY™ system facilities are at the sole risk of the prospective bidders. For further information regarding the BiDCOMP™/PARITY™ system, potential

bidders may contact BiDCOMP™/PARITY™, 1359 Broadway - 2nd Floor, New York, NY 10018, Telephone: (800) 850-7422. Notwithstanding the foregoing non-electronic bids may be submitted via facsimile or by hand delivery utilizing the Official Bid Form.

(B) The minimum bid for the Bonds shall be not less than \$15,142,050 (99.0% of par), plus accrued interest. Interest rates shall be in multiples of 1/8 or 1/100 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. There is no limit on the number of different interest rates.

(C) The maximum permissible net interest cost for each of 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%.

(D) The determination of the best purchase bid for the Bonds shall be made on the basis of all bids submitted for exactly \$15,295,000 principal amount of Bonds offered for sale hereunder; but the Corporation may adjust the principal amount of Bonds which may be awarded to such best bidder upward or downward by \$1,530,000 (the "Permitted Adjustment") to a minimum of \$13,765,000 or a maximum of \$16,825,000. In the event of such Permitted Adjustment, no rebidding or recalculation of a submitted bid will be required or permitted. The price of which such adjusted principal amount of Bonds will be sold will be the same price per \$1,000 of Bonds as the price per \$1,000 for the \$15,295,000 of Bonds bid.

(E) If three 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 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 be required to 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, (ii) the initial offering price to the public as of the Sale Date of any Maturity of the Bonds, and (iii) that they neither offered nor sold any of the Bonds of any 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 winning bidder shall advise the Corporation on the Sale Date if any maturity of the Bonds satisfies the 10% test set forth in (i) above as of the date and time of the award of the Bonds.

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

(i) *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.

(ii) *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.

(iii) *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.

(iv) *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 9, 2020.

(v) *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).

(F) CUSIP identification numbers will be printed on the Bonds at the expense of the Corporation. The purchaser shall pay the CUSIP Service Bureau Charge and the cost of printing the Final Official Statement. 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 the Bonds in accordance with the terms of any accepted proposal for the purchase of the Bonds.

(G) The Corporation shall provide to the successful purchaser a Final Official Statement in accordance with SEC Rule 15c2-12, as amended. Arrangements have been made with the printer of the Preliminary Official Statement, upon submission of completion text, to print a reasonable quantity of Final Official Statements in sufficient time to meet the delivery requirements of the successful bidder under SEC or Municipal Securities Rulemaking Board Delivery Requirements. The successful bidder shall be required to pay for the printing of the Final Official Statement.

(H) 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 to the order of the Corporation an amount equal to 2% of the amount of the principal amount of Bonds awarded by the close of business on the day following the award. Said good faith amount 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.

(I) The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. They 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 for each maturity of the Bonds of each series, each in the aggregate principal amount of such maturity, and will be deposited with DTC. Purchases of the Bonds under the DTC system must be made by or through securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations (the "Direct Participants"), which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond (a "Beneficial Owner") is in turn to be recorded on the records of Direct Participants or securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant (the "Indirect Participants"). 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 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 the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

(J) 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 Dinsmore & Shohl LLP, Covington, Kentucky, which Opinion will be qualified in accordance with the section hereof on TAX TREATMENT.

(K) The successful purchaser may require that a portion of the Bonds be term bonds maturing on one or more dates (the "Term Bonds"); provided, however, that the Term Bonds shall be subject to mandatory sinking fund redemption by lot at a redemption price of 100% of the principal amount thereof plus accrued interest to the date of redemption on February 1 and/or August 1 of the years and in the principal amounts set forth in the final adjusted maturity schedule as seen on page 2 of the successful bid.

(L) Prospective bidders are advised that RSA Advisors, LLC has been employed as Financial Advisor in connection with the issuance of the Bonds. RSA Advisors, LLC's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery thereof. Bidders may submit a bid for the purchase of the Bonds at the time of the advertised public sale, either individually or as a member of a syndicate organized to submit a bid for the purchase of the Bonds.

(M) As required by the Code, purchasers of the Bonds will be required to certify to the Corporation as to certain of their activities regarding any reoffering to the public of the Bonds, including any reoffering prices.

CONTINUING DISCLOSURE

In accordance with Securities and Exchange Commission Rule 15c2-12, as amended (the "Rule") the Board and the Corporation (the "Obligated Persons") will agree pursuant to a Continuing Disclosure Agreement to be dated as of the date of initial issuance and delivery (the "Disclosure Agreement"), to be delivered on the date of delivery of the Bonds, to cause the following information to be provided:

(a) to the Municipal Securities Rulemaking Board ("MSRB") or any successor thereto for purposes of the Rule, through the continuing disclosure service portal provided by the MSRB's Electronic Municipal Market Access ("EMMA") system as described in 1934 Act Release No. 59062, or any similar system that is acceptable to the Securities and Exchange Commission, certain annual financial information and operating data, including audited financial statements, generally consistent with the information contained under the headings "Bond Debt Service", "Local Support"-Local Tax Rates, -Property Assessments and Revenue Collections, -District's Largest Taxpayers, -Overlapping Bond Indebtedness", "SEEK Allotment" and in Appendix B of this Official Statement (the "Annual Financial Information"); such information shall include, at a minimum, that financial information and operating data which is customarily prepared by the Obligated Persons and is publicly available. The annual financial information shall be provided on or before the 270th day following the fiscal year ending on the preceding June 30;

(b) to the MSRB, in a timely manner, not in excess of ten business days after the occurrence of the event, notice of the occurrence of the following events with respect to the Bonds:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax-exempt status of the security;
- (vii) Modifications to rights of security holders, if material;
- (viii) Bond calls, if material, and tender offers (except for mandatory scheduled redemptions not otherwise contingent upon the occurrence of an event);
- (ix) Defeasances;
- (x) Release, substitution or sale of property securing repayment of the securities, if material;
- (xi) Rating changes;

- (xii) Bankruptcy, insolvency, receivership or similar event of the obligated person (Note: For the purposes of this event, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person);
- (xiii) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (xv) Incurrence of a financial obligation of the Corporation or Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the issuer or Obligated Person, any of which affect security holders, if material;
- (xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the issuer or Obligated Person, any of which reflect financial difficulties; and
- (vii) The cure, in the manner provided under the Bond Resolution, of any payment or nonpayment related default under the Bond Resolution.

(c) to the MSRB, notice of a failure (of which the Obligated Persons have knowledge) of an Obligated Person to provide the required Annual Financial Information on or before the date specified in the Disclosure Agreement.

The Disclosure Agreement provides bondholders, including beneficial owners of the Bonds, with certain enforcement rights in the event of a failure by the Obligated Persons to comply with the terms thereof; however, a default under a Disclosure Agreement does not constitute an event of default under the Bond Resolution. The Disclosure Agreement may also be amended or terminated under certain circumstances in accordance with the Rule as more fully described therein. Bondholders are advised that the Disclosure Agreement, the form of which is attached to the Official Statement as Appendix C, should be read in its entirety for more complete information regarding its contents.

For purposes of this transaction with respect to material events as defined under the Rule:

- (a) there are no debt service reserve funds applicable to the Bonds;
- (b) there are no credit enhancements applicable to the Bonds; and
- (c) there are no liquidity providers applicable to the Bonds.

TAX TREATMENT

Bond Counsel is of the opinion that:

APPENDIX E

**Campbell County School District Finance Corporation
School Building Revenue Refunding Bonds
Taxable Series 2020**

Official Bid Form

OFFICIAL BID FORM

Subject to the terms and conditions set forth in the Official Terms and Conditions of Bond Sale for \$15,295,000 of School Building Revenue Refunding Bonds, Taxable Series 2020, dated the date of initial issuance and delivery (the "Bonds") offered for sale by the Campbell County School District Finance Corporation (the "Corporation"), an agency and instrumentality acting on behalf of the Board of Education of the Campbell County School District and in accordance with the Notice of Bond Sale, as advertised in The Courier-Journal, published in Louisville, Kentucky and the Campbell County Recorder, published in Fort Thomas, Kentucky, to all of which the undersigned agrees, the undersigned hereby submits the following offer to purchase said Bonds.

We hereby bid for said \$15,295,000 principal amount of the Bonds, the total sum of \$_____ (not less than \$15,142,050) plus accrued interest from October 15, 2020, at the following annual rate(s), payable semiannually (rates on ascending scale, number of interest rates unlimited):

<u>MATURITY</u>	<u>AMOUNT</u>	<u>INTEREST RATE</u>	<u>MATURITY</u>	<u>AMOUNT</u>	<u>INTEREST RATE</u>
February 1, 2021	\$ 90,000	_____ %	August 1, 2026	\$1,145,000	_____ %
August 1, 2021	505,000	_____ %	August 1, 2027	1,985,000	_____ %
August 1, 2022	510,000	_____ %	August 1, 2028	2,035,000	_____ %
August 1, 2023	525,000	_____ %	August 1, 2029	2,090,000	_____ %
August 1, 2024	1,080,000	_____ %	August 1, 2030	2,140,000	_____ %
August 1, 2025	1,100,000	_____ %	August 1, 2031	2,090,000	_____ %

*Subject to Permitted Adjustment.

We understand this bid may be accepted for as much as \$16,825,000 of the Bonds or as little as \$13,765,000 of the Bonds, at the same price per \$1,000 Bond, with the variation in such amount occurring in any maturity of all maturities, which will be determined by the Corporation at the time of acceptance of the best bid.

It is understood that the Corporation will furnish the final, approving Legal Opinion of Dinsmore & Shohl LLP, Bond Counsel, of Covington, Kentucky.

No certified or bank cashier's check will be required to accompany the 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 day following the award. Said good faith amount will be applied (without interest) to the purchase price when said Bonds are tendered for delivery.

Electronic bids for the Bonds must be submitted through BiDCOMP™/PARITY™ and no other provider of electronic bidding services will be accepted. Subscription to the BiDCOMP™/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 BiDCOMP™/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 BiDCOMP™/PARITY™ conflict with the terms of the Official Terms and Conditions of Sale of Bonds, the Official Terms and Conditions of Sale of Bonds shall prevail. Electronic bids made through the facilities of BiDCOMP™/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 BiDCOMP™/PARITY™. The use of BiDCOMP™/PARITY™ facilities are at the sole risk of the prospective bidders. For further information regarding BiDCOMP™/PARITY™, potential bidders may contact BiDCOMP™/PARITY™, 1359 Broadway - 2nd Floor, New York, NY 10018, Telephone: (800) 850-7422. Notwithstanding the foregoing non-electronic bids may be submitted via facsimile or by hand delivery utilizing the Official Bid Form.

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

If three 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 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 be required to 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 neither offered nor sold any of the Bonds of any 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 24, 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).

If we are the successful bidder, we agree to accept and make payment for the Bonds in Federal Funds within forty-five (45) days from the date of sale in accordance with the terms of the sale.

Respectfully submitted,

Bidder

Address

Signature

Total interest cost from October 15, 2020
to final maturity \$ _____

Plus discount \$ _____

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 the Secretary of the Campbell County School District Finance Corporation for \$ _____ principal amount of Bonds at the price of \$ _____ as follows:

<u>MATURING MAY 1</u>	<u>AMOUNT</u>	<u>INTEREST RATE</u>	<u>MATURING MAY 1</u>	<u>AMOUNT</u>	<u>INTEREST RATE</u>
02/01/2021	\$ _____	_____ %	2026	\$ _____	_____ %
2021	_____	_____	2027	_____	_____
2022	_____	_____	2028	_____	_____
2023	_____	_____	2029	_____	_____
2024	_____	_____	2030	_____	_____
2025	_____	_____	2031	_____	_____

Dated: September 24, 2020

Secretary
Campbell County School District
Finance Corporation

