

**DATED SEPTEMBER 7, 2020**

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

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

*In the opinion of Bond Counsel, under existing law (i) interest on the Bonds will be excludable from gross income of the holders thereof for purposes of federal taxation and (ii) interest on the Bonds will not be a specific item of tax preference for purposes of the federal alternative minimum tax, all subject to the qualifications described herein under the heading "Tax Exemption." The Bonds and interest thereon are exempt from income taxation and ad valorem taxation by the Commonwealth of Kentucky and political subdivisions thereof (see "Tax Exemption" herein).*

**\$1,065,000\***  
**GREENUP COUNTY SCHOOL DISTRICT FINANCE CORPORATION**  
**SCHOOL BUILDING REFUNDING REVENUE BONDS,**  
**SERIES OF 2020**

**Dated: October 13, 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.

<b>Maturing</b>		<b>Interest</b>	<b>Reoffering</b>		<b>Maturing</b>		<b>Interest</b>	<b>Reoffering</b>	
<b>1-Aug</b>	<b>Amount</b>	<b>Rate</b>	<b>Yield</b>	<b>CUSIP</b>	<b>1-Aug</b>	<b>Amount</b>	<b>Rate</b>	<b>Yield</b>	<b>CUSIP</b>
2/1/2021	\$5,000	%	%		2026	\$115,000	%	%	
2021	\$80,000	%	%		2027	\$115,000	%	%	
2022	\$80,000	%	%		2028	\$120,000	%	%	
2023	\$85,000	%	%		2029	\$120,000	%	%	
2024	\$120,000	%	%		2030	\$110,000	%	%	
2025	\$115,000	%	%						

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

The Greenup County (Kentucky) School District Finance Corporation will until September 14, 2020 at 11:30 A.M., E.D.S.T., receive competitive bids for the Bonds at the office of the Executive Director of the Kentucky School Facilities Construction Commission, 700 Louisville Road, Carriage House, Frankfort, Kentucky 40601.

**\*As set forth in the "Official Terms and Conditions of Bond Sale," the principal amount of Bonds sold to the successful bidder is subject to a Permitted Adjustment by increasing or decreasing the amount not to exceed \$105,000.**

**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.



**GREENUP COUNTY, KENTUCKY  
BOARD OF EDUCATION**

Mary Kay McGinnis-Ruark, Chairperson  
Lance Warnock, Member  
Linda Wellman, Member  
Carl Cotton, Member  
Colt Royster, Member

Traysea Moresea, Superintendent/Secretary

**GREENUP COUNTY (KENTUCKY) SCHOOL DISTRICT  
FINANCE CORPORATION**

Mary Kay McGinnis-Ruark, Member  
Lance Warnock, President  
Linda Wellman, Member  
Carl Cotton, Member  
Colt Royster, Member

Traysea Moresea, Secretary  
Rebecca Fyffe, Treasurer

**BOND COUNSEL**

Step toe & Johnson PLLC  
Louisville, Kentucky

**FINANCIAL ADVISOR**

RSA Advisors, LLC  
Lexington, Kentucky

**PAYING AGENT AND REGISTRAR**

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

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

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

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

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**OFFICIAL STATEMENT  
Relating to the Issuance of**

**\$1,065,000\***

**GREENUP COUNTY SCHOOL DISTRICT FINANCE CORPORATION  
SCHOOL BUILDING REFUNDING REVENUE BONDS,  
SERIES OF 2020**

*\*Subject to Permitted Adjustment*

**INTRODUCTION**

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

The Bonds are being issued to (i) pay the accrued interest and refund on a current basis on October 16, 2020 the outstanding Greenup County School District Finance Corporation School Building Revenue Bonds, Series of 2010, dated June 1, 2010 (the "2010 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 Greenup County School District (the "District") and is in the best interest of the District.

The Bonds are revenue bonds and constitute a limited indebtedness of the Corporation. The Bonds will be secured by a lien and a pledge of the rental income derived by the Corporation from leasing the Projects (as hereinafter defined) to the Greenup County Board of Education (the "Board") on a year to year basis (see "Security" herein).

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

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

Copies of the Bond Resolution authorizing the issuance of the Bonds, the Participation Agreement, and the Lease Agreement, dated October 13, 2020, may be obtained at the office of Steptoe & Johnson PLLC, Bond Counsel, 700 N. Hurstbourne Parkway, Suite 115, Louisville, Kentucky 40222.

**BOOK-ENTRY-ONLY-SYSTEM**

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

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

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

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

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

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

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

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

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

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

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

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

### **THE CORPORATION**

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

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

### **KENTUCKY SCHOOL FACILITIES CONSTRUCTION COMMISSION**

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

The Commission will enter into a Participation Agreement with the Board whereunder the Commission, will agree to continue to pay approximately \$73,444 to be applied to the debt service of the Refunding Bonds through August 1, 2030; provided, however, that the contractual commitment of the Commission to pay the annual Agreed Participation is limited to the budget period of the Commonwealth, with the first such budget period terminating on June 30, 2021.

The General Assembly of the Commonwealth adopted the State's Budget for the biennium ending June 30, 2020. Inter alia, the Budget provides \$129,504,400 in FY 2018-19 and \$128,672,400 in FY 2019-20 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

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

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

### OUTSTANDING BONDS

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

<b>Bond Series</b>	<b>Original Principal</b>	<b>Current Principal Outstanding</b>	<b>Principal Assigned to Board</b>	<b>Principal Assigned to Commission</b>	<b>Approximate Interest Rate Range</b>	<b>Final Maturity</b>
2010	\$1,630,000	\$1,020,000	\$589,486	\$1,040,514	3.600% - 4.000%	2030
2010-REF	\$4,750,000	\$820,000	\$4,273,034	\$476,966	2.625%	2021
2011-REF	\$2,325,000	\$1,245,000	\$1,845,938	\$479,062	2.500% - 2.625%	2023
2013-ENERGY	\$1,380,000	\$965,000	\$1,380,000	\$0	1.850%	2028
2013	\$785,000	\$450,000	\$339,424	\$445,576	3.000% - 4.250%	2033
2016-REF	\$4,745,000	\$4,405,000	\$4,018,873	\$726,127	2.000% - 3.000%	2027
2020	\$1,570,000	\$1,570,000	\$785,000	\$785,000	2.000% - 2.500%	2040
<b>TOTALS:</b>	<b>\$17,185,000</b>	<b>\$10,475,000</b>	<b>\$13,231,755</b>	<b>\$3,953,245</b>		

### AUTHORITY

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

- i) the issuance of approximately \$1,065,000 of Bonds subject to a permitted adjustment of \$105,000;



- 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 13, 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 to Cede & Co., as the nominee of The Depository Trust Company. Please see Book-Entry-Only-System. Interest on the Bonds will be paid at rates to be established upon the basis of competitive bidding as hereinafter set forth, such interest to be payable on February 1 and August 1 of each year, beginning February 1, 2021 (Record Date is 15th day of month preceding interest due date).

**Redemption**

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

<b>Redemption Date</b>	<b>Redemption Price</b>
August 1, 2027 and thereafter	100%

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

**SECURITY**

**General**

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

## **The Lease; Pledge of Rental Revenues**

The Board has leased the school Project securing the Bonds for an initial period from October 13, 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, 2030, the final maturity date of the Bonds. Under the lease, the Corporation has pledged the rental revenue to the payment of the Bonds.

## **STATE INTERCEPT**

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

## **COMMISSION'S PARTICIPATION**

The Commission has determined that the Board is eligible for an average annual participation equal to approximately \$73,444 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 sixty-two percent (62%) 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.

## **VERIFICATION OF MATHEMATICAL ACCURACY**

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

## **THE PLAN OF REFUNDING**

A sufficient amount of the proceeds of the Bonds at the time of delivery will be deposited into the Bond Fund for the Refunded Bonds. The Bond Fund deposit is intended to be sufficient to (i) pay the accrued interest

and refund at or in advance of maturity all of the Greenup County School District Finance Corporation School Building Revenue Bonds, Series of 2010, dated August 1, 2010, maturing August 1, 2021 and thereafter (the "Refunded Bonds") on October 16, 2020; and (ii) pay the cost of the Bond issuance expenses (see "Plan of Refunding" herein). The Board has determined that the plan of refunding the Refunded Bonds will result in considerable interest cost savings to the Greenup County School District (the "District") and is in the best interest of the District.

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

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

### PURPOSE OF THE PRIOR BONDS

The Refunded Bonds were issued by the Corporation for the purpose of providing funds to finance improvements to Greenup County High 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 meet 38% 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	\$1,111,294	\$5,000	\$5,751	\$10,751	\$6,666	\$4,085	\$1,101,536
2022	\$1,117,141	\$80,000	\$18,360	\$98,360	\$60,983	\$37,377	\$1,106,821
2023	\$1,110,136	\$80,000	\$16,920	\$96,920	\$60,090	\$36,830	\$1,100,896
2024	\$1,114,266	\$85,000	\$15,435	\$100,435	\$62,270	\$38,165	\$1,106,151
2025	\$804,491	\$120,000	\$13,590	\$133,590	\$82,826	\$50,764	\$798,081
2026	\$806,991	\$115,000	\$11,475	\$126,475	\$78,415	\$48,061	\$797,866
2027	\$803,403	\$115,000	\$9,405	\$124,405	\$77,131	\$47,274	\$796,608
2028	\$71,288	\$115,000	\$7,335	\$122,335	\$75,848	\$46,487	\$61,923
2029	\$70,099	\$120,000	\$5,220	\$125,220	\$77,636	\$47,584	\$63,319
2030	\$68,711	\$120,000	\$3,060	\$123,060	\$76,297	\$46,763	\$59,671
2031	\$76,694	\$110,000	\$990	\$110,990	\$68,814	\$42,176	\$70,384
2032	\$12,536						\$12,536
2033	\$15,728						\$15,728
2034	\$14,798						\$14,798
<b>TOTALS:</b>	<b>\$7,197,576</b>	<b>\$1,065,000</b>	<b>\$107,541</b>	<b>\$1,172,541</b>	<b>\$726,975</b>	<b>\$445,566</b>	<b>\$7,106,318</b>

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

**ESTIMATED USE OF BOND PROCEEDS**

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

<b>Sources:</b>	
Par Amount of Bonds	<u>\$1,065,000.00</u>
Total Sources	\$1,065,000.00
<b>Uses:</b>	
Deposit to Escrow Fund	\$1,029,350.00
Underwriter's Discount (1%)	10,650.00
Cost of Issuance	<u>25,000.00</u>
Total Uses	\$1,065,000.00

**DISTRICT STUDENT POPULATION**

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

<u>Year</u>	<u>Average Daily Attendance</u>	<u>Year</u>	<u>Average Daily Attendance</u>
2000-01	2,946.3	2010-11	2,603.2
2001-02	2,800.4	2011-12	2,611.7
2002-03	2,780.0	2012-13	2,589.1
2003-04	2,801.6	2013-14	2,582.9
2004-05	2,792.2	2014-15	2,572.5
2005-06	2,824.4	2015-16	2,563.4
2006-07	2,798.1	2016-17	2,558.9
2007-08	2,736.2	2017-18	2,526.6
2008-09	2,707.9	2018-19	2,498.8
2009-10	2,689.9	2019-20	2,435.2

**STATE SUPPORT**

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

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

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

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

The following table shows the computation of the capital outlay allotment for the Greenup County School District for certain preceding school years.

<u>Year</u>	<u>Capital Outlay Allotment</u>	<u>Year</u>	<u>Capital Outlay Allotment</u>
2000-01	294,630.0	2010-11	260,318.0
2001-02	280,040.0	2011-12	261,165.0
2002-03	278,000.0	2012-13	258,909.0
2003-04	280,160.0	2013-14	258,294.0
2004-05	279,220.0	2014-15	257,251.0
2005-06	282,440.0	2015-16	256,340.0
2006-07	279,810.0	2016-17	255,890.8
2007-08	273,620.0	2017-18	252,660.0
2008-09	270,792.0	2018-19	249,875.8
2009-10	268,993.0	2019-20	243,520.0

If the school district has no capital outlay needs, upon approval from the State, the funds can be used for school plant maintenance, repair, insurance on buildings, replacement of equipment, purchase of school buses and purchase of modern technological equipment for educational purposes. If any district has a special levy for capital outlay or debt service that is equal to the capital outlay allotment or a proportionate fraction thereof, and spends the proceeds of the levy for eligible purposes, the State may authorize the district to use all or a proportionate fraction of its capital outlay allotment for current expenses (school districts which use capital outlay allotments to meet current expenses are not eligible to participate in the School Facilities Construction Commission funds).

**Facilities Support Program of Kentucky.** School districts may be eligible to participate in the Facilities Support Program of Kentucky (FSPK), subject to the following requirements:

- 1) The district must have unmet needs as set forth and approved by the State Department of Education in a School Facilities Plan;
- 2) The district must commit to establish an equivalent tax rate of at least 5 cents, in addition to the 30 cents minimum current equivalent tax rate; and,
- 3) The new revenues generated by the 5 cent addition, must be placed in a restricted account for school building construction bonding.

## LOCAL SUPPORT

**Homestead Exemption.** Section 170 of the Kentucky Constitution was amended at the General Election held November 2, 1971, to exempt from property taxes \$6,500 of value of single unit residential property of taxpayers 65 years of age or older. The 1972 General Assembly amended KRS Chapter 132 to permit counties

and school districts to adjust their local tax revenues lost through the application of this Homestead Exemption. The "Single Unit" qualification has been enlarged to subsequent sessions of the General Assembly to provide that such exemption shall apply to such property maintained as the permanent resident of the owner and the dollar amount has been construed to mean \$6,500 in terms of the purchasing power of the dollar in 1972. Every two years thereafter, if the cost of living index of the U.S. Department of Labor has changed as much as 1%, the maximum exemption shall be adjusted accordingly. Under the cost of living formula, the maximum was increased to \$39,300 effective January 1, 2019.

**Limitation on Taxation.** The 1979 Special Session of the Kentucky General Assembly enacted House Bill 44 which provides that no school district may levy a general tax rate, voted general tax rate, or voted building tax rate which would generate revenues that exceeds the previous years revenues by four percent (4%).

The 1990 Regular Session of the Kentucky General Assembly in enacting the "School Reform" legislative package amended the provisions of KRS 160.470 which prohibited school districts from levying ad valorem property taxes which would generate revenues in excess of 4% of the previous year's revenues without said levy subject to recall to permit exceptions to the referendum under (1) KRS 160.470(12) [a new section of the statute] and (2) an amended KRS 157.440.

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

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

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

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

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

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

**Local Tax Rates, Property Assessments and Revenue Collections**

<b>Tax Year</b>	<b>Combined Equivalent Rate</b>	<b>Total Property Assessment</b>	<b>Property Revenue Collections</b>
2000-01	53.6	611,698,226	3,278,702
2001-02	51.5	671,024,970	3,455,779
2002-03	55.2	677,438,239	3,739,459
2003-04	55.2	664,466,102	3,667,853
2004-05	57.2	687,969,708	3,935,187
2005-06	57.3	731,317,951	4,190,452
2006-07	59.4	761,150,385	4,521,233
2007-08	57.3	761,120,753	4,361,222
2008-09	65.3	797,917,332	5,210,400
2009-10	65.3	817,534,070	5,338,497
2010-11	63.1	808,048,958	5,098,789
2011-12	68.1	836,402,239	5,695,899
2012-13	76.1	851,287,320	6,478,297
2013-14	74.6	849,136,579	6,334,559
2014-15	76.6	876,266,441	6,712,201
2015-16	78.8	900,707,315	7,097,574
2016-17	77.7	933,694,711	7,254,808
2017-18	77.9	929,663,055	7,242,075
2018-19	81.4	940,632,701	7,656,750
2019-20	79.6	955,583,861	7,606,448

**OVERLAPPING BOND INDEBTEDNESS**

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

<b>Issuer</b>	<b>Original Principal Amount</b>	<b>Amount of Bonds Redeemed</b>	<b>Current Principal Outstanding</b>
County of Greenup			
General Obligation	\$1,500,000	\$698,470	\$801,530
Land Acquisition Renewable	\$500,000	\$150,000	\$350,000
Refinancing Revenue	\$550,000	\$170,649	\$379,351
Building Revenue	\$550,000	\$139,892	\$410,108
City of Flatwoods			
General Obligation	\$476,000	\$0	\$476,000
Sewer Revenue	\$505,000	\$317,000	\$188,000
City of Greenup			
General Obligation	\$4,150,000	\$1,865,417	\$2,284,583
City of Raceland			
General Obligation	\$310,000	\$209,561	\$100,439
Sewer Revenue	\$280,000	\$81,000	\$199,000
City of South Shore			
General Obligation	\$490,000	\$27,000	\$463,000

City of Wurtland			
Water & Sewer Revenue	\$280,000	\$98,300	\$181,700
Special Districts			
Greenup County Extension District	\$3,165,000	\$420,833	\$2,744,167
Greenup County Public Library	\$382,000	\$339,000	\$43,000
Lloyd Volunteer Fire Department	\$226,564	\$88,407	\$138,157
Northeast Kentucky Regional Industrial Authority	\$960,000	\$10,000	\$950,000
Greenup County Environmental Commission	\$5,615,000	\$1,715,000	\$3,900,000
Totals:	\$19,939,564	\$6,330,529	\$13,609,035

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	11,356,595	3,278,702	14,635,297
2001-02	11,023,366	3,455,779	14,479,145
2002-03	11,197,555	3,739,459	14,937,014
2003-04	11,621,344	3,667,853	15,289,197
2004-05	11,853,799	3,935,187	15,788,986
2005-06	12,722,794	4,190,452	16,913,246
2006-07	12,735,948	4,521,233	17,257,181
2007-08	13,527,864	4,361,222	17,889,086
2008-09	13,567,222	5,210,400	18,777,622
2009-10	12,156,805	5,338,497	17,495,302
2010-11	11,447,375	5,098,789	16,546,164
2011-12	12,411,026	5,695,899	18,106,925
2012-13	12,367,210	6,478,297	18,845,507
2013-14	12,232,805	6,334,559	18,567,364
2014-15	12,337,182	6,712,201	19,049,383
2015-16	12,343,086	7,097,574	19,440,660
2016-17	12,365,912	7,254,808	19,620,720
2017-18	12,335,660	7,242,075	19,577,735
2018-19	12,315,360	7,656,750	19,972,110
2019-20	12,034,835	7,606,448	19,641,283

- (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 \$0.796 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.

### **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>.

### **POTENTIAL LEGISLATION**

No assurance can be given that any future legislation, including amendments to the Code, if enacted into law, or changes in interpretation of the Code, will not cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent owners of the Bonds from realizing the full current benefit of the tax exemption of such interest. In addition, current and future legislative proposals, if enacted into law, may cause interest on state or local government bonds (whether issued before, on the date of, or after

enactment of such legislation) to be subject, directly or indirectly, to federal income taxation by, for example, changing the current exclusion or deduction rules to limit the amount of interest on such bonds that may currently be treated as tax exempt by certain individuals. Prospective purchasers of the Bonds should consult their own tax advisers regarding any pending or proposed federal tax legislation.

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

### **CONTINUING DISCLOSURE**

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

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

Financial information regarding the Board may be obtained from Superintendent, Greenup County Board of Education, 45 Musketeer Drive, Greenup, Kentucky 41144 (606) 473-9819.

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

Bond Counsel is of the opinion that:

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

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

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

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

### **Original Issue Premium**

Certain of the Bonds are being initially offered and sold to the public at a premium ("Acquisition Premium" from the amounts payable at maturity thereon. "Acquisition Premium" is the excess of the cost of a bond over the stated redemption price of such bond at maturity or, for bonds that have one or more earlier call dates, the amount payable at the next earliest call date. The Bonds that bear an interest rate that is higher than the yield (as shown on the cover page hereof), are being initially offered and sold to the public at an Acquisition Premium (the "Premium Bonds"). For federal income tax purposes, the amount of Acquisition Premium on each bond the interest on which is excludable from gross income for federal income tax purposes ("tax-exempt bonds")

must be amortized and will reduce the bondholder's adjusted basis in that bond. However, no amount of amortized Acquisition Premium on tax-exempt bonds may be deducted in determining bondholder's taxable income for federal income tax purposes. The amount of any Acquisition Premium paid on the Premium Bonds, or on any of the Bonds, that must be amortized during any period will be based on the "constant yield" method, using the original bondholder's basis in such bonds and compounding semiannually. This amount is amortized ratably over that semiannual period on a daily basis.

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

### **Original Issue Discount**

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

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

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

### **ABSENCE OF MATERIAL LITIGATION**

There is no controversy or litigation of any nature now pending or threatened (i) restraining or enjoining the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any proceedings of the Board or Corporation taken with respect to the issuance or sale thereof or (ii) which if successful would have a material adverse effect on the financial condition of the Board.

### **APPROVAL OF LEGALITY**

Legal matters incident to the authorization and issuance of the Bonds are subject to the approving legal opinion of Steptoe & Johnson PLLC, Bond Counsel. The form of the approving legal opinion of Bond Counsel will appear on each printed Bond.

### **NO LEGAL OPINION EXPRESSED AS TO CERTAIN MATTERS**

Bond Counsel has reviewed the information contained in the Official Statement describing the Bonds and the provisions of the Bond Resolution and related proceedings authorizing the Bonds, but Bond Counsel has not reviewed any of the financial data, computations, tabulations, balance sheets, financial projections, and general

information concerning the Corporation or District, and expresses no opinion thereon, assumes no responsibility for same and has not undertaken independently to verify any information contained herein.

### **BOND RATING**

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

### **FINANCIAL ADVISOR**

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

### **APPROVAL OF OFFICIAL STATEMENT**

The Corporation has approved and caused this "Official Statement" to be executed and delivered by its President. In making this "Official Statement" the Corporation relied upon information furnished to it by the Board of Education of the Greenup 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 Greenup County Board of Education or the Financial Advisor to give any information or representations, other than those contained in this Official Statement, and if given or made, such information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. Except when otherwise indicated, the information set forth herein has been obtained from the Kentucky Department of Education and the Greenup 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**

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

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**Demographic and Economic Data**

## GREENUP COUNTY, KENTUCKY

Greenup County is situated on the Ohio River in the Appalachian foothills of the tri-state area of Kentucky, Ohio, and West Virginia. The county has eight incorporated cities: Bellefonte, Flatwoods, Greenup, Raceland, Russell, South Shore, Worthington, and Wurtland. The total estimated population in Greenup County in 2019 was 35,123.

### The Economic Framework

The total number of people employed in Greenup County in 2019 averaged 9,641 with a total labor force of 14,631. There were a total of 1,113 business establishments employing people in Greenup County. Office and administrative support employed 1,590 persons; executive, managerial and administrative accounted for 1,280 jobs; sales employed 988; education, training and library employed 692 and 546 people were employed in food preparation and service.

### Education

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

## LABOR MARKET STATISTICS

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

### *Population*

<u>Description</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Greenup County	35,491	35,268	35,123
Russell	3,274	3,245	3,164

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

### Education

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

<u>Public Schools</u>	<u>Greenup County</u>	<u>Russell Independent</u>	<u>Raceland Independent</u>
Total Enrollment (2018-19)	2,690	2,188	989
Pupil-Teacher Ratio (2018-19)	15	16	16

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

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

Area Colleges and Universities

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

Area Technical Schools

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

**Financial Institutions**

<b>Institution</b>	<b>Total Assets</b>	<b>Total Deposits</b>
First & Peoples Bank and Trust Company	\$199,291,000	\$161,630,000

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

**APPENDIX B**

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

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



**GREENUP COUNTY SCHOOL DISTRICT**

**FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

GREENUP COUNTY SCHOOL DISTRICT  
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## INDEPENDENT AUDITORS' REPORT

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

### ***Management's Responsibility for the Financial Statements***

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

### ***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, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the "Auditor Responsibilities" Section of the *Kentucky Public School Districts' Audit Contract and Requirements*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's

internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

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

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension and OPEB information on pages 4 through 8 and 55 through 66 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 Greenup County School District's basic financial statements.

The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The statements of changes in assets and liabilities – school activity funds are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards is presented for purposes of additional analysis as required Title 2 U.S. *Code of Federal Regulation* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

These statements and schedule are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these statements and schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling schedules directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, these statements and schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2019, on our consideration of the District's internal control over financial reporting and our testing of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*The Fyffe Jones Group, AC*

THE FYFFE JONES GROUP, AC

Ashland, Kentucky  
November 13, 2019

GREENUP COUNTY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

As management of the Greenup 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 this report.

### FINANCIAL HIGHLIGHTS

- The beginning unassigned fund balance for General Fund was \$4,728,413 ending the Fiscal Year on June 30, 2018.
- The ending unassigned fund balance for General Fund increased \$435,499 to a balance of \$5,163,912 ending the Fiscal Year on June 30, 2019.
- An increase in unassigned fund balance is partially attributable to other funds needing fewer resources from the general fund than the prior year to cover their expenses.
- Beginning district-wide net position including capital assets and related long term debt was \$1,282,618 ending the Fiscal Year June 30, 2018.
- The ending district-wide net position increased \$671,160 to \$1,953,778 ending the Fiscal Year June 30, 2019.
- An increase in district-wide net position is attributable to the retirement of debt.
- The fundable average daily attendance for the Fiscal Year ended June 30, 2018 was 2,499.
- The fundable average daily attendance decreased to 2,435 for the 2019 Fiscal Year.
- During the 2019 Fiscal Year Greenup County Board of Education expended \$851,677 on capital assets; and made principal payments for the retirement of debt in the amount of \$1,404,622

### OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

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

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

GREENUP COUNTY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

supported by taxes and intergovernmental revenues. The government-wide financial statements can be found on pages 9 and 10 of this report.

**Fund financial statements:** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. This is a state mandated uniform system and chart of accounts for all Kentucky public school districts utilizing the MUNIS administrative software. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental, proprietary funds, and fiduciary funds. Fiduciary funds are trust funds established by benefactors to aid in student education, welfare and teacher support. The 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 11 through 18 of this report.

**Notes to the financial statements:** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 19 through 54 of this report.

#### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,953,778 as of June 30, 2019.

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

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



GREENUP COUNTY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**Net Position for the periods ending June 30, 2019 and 2018 are as follows:**

	<u>2019</u>	<u>2018</u>
Current Assets	\$ 7,031,433	\$ 6,347,494
Noncurrent Assets	25,933,706	26,590,789
<b>Total Assets</b>	<u>\$ 32,965,139</u>	<u>\$ 32,938,283</u>
Deferred Outflows of Resources	<u>\$ 4,007,493</u>	<u>\$ 4,681,214</u>
Current Liabilities	\$ 2,118,998	\$ 2,034,244
Long-Term Liabilities	30,666,051	32,369,419
<b>Total Liabilities</b>	<u>\$ 32,785,049</u>	<u>\$ 34,403,663</u>
Deferred Inflows of Resources	<u>\$ 2,233,805</u>	<u>\$ 1,933,216</u>
Invested in Capital Assets (Net of Debt)	\$ 25,933,706	13,785,926
Restricted	(98,760)	(362,251)
Unrestricted	(23,881,168)	(12,141,057)
<b>Total Net Position</b>	<u>\$ 1,953,778</u>	<u>\$ 1,282,618</u>

**FUND FINANCIAL ANALYSIS**

**Comments on Budget Comparisons:**

- The District's total revenue for the fiscal year ended June 30, 2019, net of Interfund transfers was \$31,393,563.
- General fund budget compared to actual revenue varied from line item to line item with the ending actual balance being \$3,802,675 more than budget.
- General fund budget compared to actual expenditures varied from line item to line item with the ending actual balance being \$2,422,905 more than budget.
- General fund budget compared to actual other financing sources (uses) varied from line item to line item with the ending balance being \$173,691 more than budget.
- The general fund net position was \$1,553,461 more favorable than budget.

GREENUP COUNTY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

The following table presents a summary of the District's revenues and expenses for the fiscal years ending:

	<u>2019</u>	<u>2018</u>
<b>Revenues:</b>		
Taxes	\$ 7,737,732	\$ 7,618,513
State Aid Formula Grants	18,805,241	19,164,085
Operating Grants and Contributions	5,428,595	5,091,529
Capital Grants and Contributions	1,267,794	1,257,806
Charges for Services	143,996	129,829
Investment Earnings	151,972	72,438
Other	265,487	250,519
<b>Total Revenues</b>	<u>\$ 33,800,817</u>	<u>\$ 33,584,719</u>
<b>Expenses:</b>		
Instruction	\$ 17,511,389	\$ 17,820,742
Student Support Services	2,359,584	2,436,495
Staff Support	1,568,253	1,748,632
District Administration	1,147,495	985,484
School Administration	2,268,254	2,206,897
Business Support	718,520	785,180
Plant Operations	3,324,512	3,365,123
Student Transportation	1,973,662	1,906,239
Community Support	6,257	295,575
Food Service	1,975,206	1,992,045
Interest on Long Term Debt	276,525	715,069
<b>Total Expenses</b>	<u>\$ 33,129,657</u>	<u>\$ 34,257,481</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenses</b>	<u>\$ 671,160</u>	<u>\$ (672,762)</u>

**Revenue**

The majority of revenue was derived from state-aid formula grants, 55.6%, with local taxes making up 22.9% of total revenue.

**School Allocation**

Instruction accounts for 53% for of the school level expenditures.

GREENUP COUNTY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets** – The District’s investment in capital assets for its governmental activities as of June 30, 2019, amounts to \$25,715,051. The investment in capital assets includes land, land improvements, buildings and improvements, technology equipment, machinery and equipment, and vehicles. The total decrease in the District’s investment in capital assets for the current fiscal year was \$643,307, or 2.4%, which is due mostly to the annual depreciation expense for depreciable assets. Beyond the depreciation decrease, major capital asset events during the current fiscal year consisted primarily of the purchase of school buses.

	<b>2019</b>	<b>2018</b>	<b>Variance</b>
	<b>Governmental Activities</b>	<b>Governmental Activities</b>	
Land	\$ 136,284	\$ 136,284	\$ -
Buildings and Improvements	23,761,380	24,497,129	(735,749)
Infrastructure	204,123	197,881	6,242
Technology and Equipment	291,017	421,401	(130,384)
Machinery and Equipment	233,803	160,319	73,484
Vehicles	1,088,444	945,344	143,100
Total	\$ 25,715,051	\$ 26,358,358	\$ (643,307)

**Long-term Debt** – At the end of the current fiscal year, the District had total bonded debt outstanding of \$10,410,000. The District finances some vehicle acquisitions through loans secured through the Kentucky Interlocal School Transportation Association (KISTA), primarily acquisition of school buses. At June 30, 2019, the District had a liability recorded for outstanding KISTA loans in the amount of \$1,081,734. The District owes amounts to the Kentucky School Boards Insurance Trust (KSBIT) in regards to the underfunded insurance pool, payable in equal yearly installments. At June 30, 2019, the liability for the KSBIT Assessment Payable amounted to \$86,292. Employees of the District are eligible to receive from the District an amount equal to 30% of the value of accumulated sick leave upon retirement from the school system. At June 30, 2019, the liability for such costs was \$948,560.

	<b>2019</b>	<b>2018</b>	<b>Variance</b>
	<b>Governmental Activities</b>	<b>Governmental Activities</b>	
Revenue Bonds	\$ 10,410,000	\$ 10,960,000	\$ (550,000)
KISTA Loans	1,081,734	1,594,864	(513,130)
KSBIT Assessment Payable	86,292	129,439	(43,147)
Accumulated Sick Leave	948,560	1,050,287	(101,727)
Total	\$ 12,526,586	\$ 13,734,590	\$ (1,208,004)

**BUDGETARY IMPLICATIONS**

In Kentucky, the public school fiscal year is July 1-June 30; other programs, i.e. some federal, operate on a different fiscal calendar, but are reflected in the district overall budget. By law the budget must have a minimum 2% contingency. The district adopted a budget with \$3.41 million in contingency in the current 2019 school year.

Questions regarding this report should be directed to the Superintendent at (606) 473-9819, or to the Finance Director, (606) 473-9810, or by mail at 45 Musketeer Drive, Greenup, Kentucky 41144.

GREENUP COUNTY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2019

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	\$ 5,620,607	\$ 817,086	\$ 6,437,693
Receivables (net of allowances for uncollectibles):			
Property Taxes	322,814	-	322,814
Intergovernmental - State	204,823	-	204,823
Intergovernmental - Federal	12,957	13,648	26,605
Inventories	-	39,498	39,498
Capital Assets, Not Being Depreciated	136,284	-	136,284
Capital Assets, Being Depreciated, Net	25,578,767	218,655	25,797,422
Total Assets	<u>\$ 31,876,252</u>	<u>\$ 1,088,887</u>	<u>\$ 32,965,139</u>
Deferred Outflows of Resources:			
Deferred Outflows from Pensions	\$ 2,343,444	\$ 320,407	\$ 2,663,851
Deferred Outflows from OPEB	1,247,624	96,018	1,343,642
Total Deferred Outflows of Resources	<u>\$ 3,591,068</u>	<u>\$ 416,425</u>	<u>\$ 4,007,493</u>
Liabilities:			
Accounts Payable	\$ 280,764	\$ 6,540	\$ 287,304
Interest Payable	82,601	-	82,601
Noncurrent Liabilities:			
Portion Due or Payable Within One Year:			
Debt Obligations	1,421,379	-	1,421,379
KSBIT Assessment Payable	43,146	-	43,146
Accrued Sick Leave	284,568	-	284,568
Portion Due or Payable After One Year:			
Debt Obligations	10,070,355	-	10,070,355
KSBIT Assessment Payable	43,146	-	43,146
Accrued Sick Leave	663,992	-	663,992
Net Pension Liability	8,905,786	1,217,640	10,123,426
Net OPEB Liability	9,410,171	354,961	9,765,132
Total Liabilities	<u>\$ 31,205,908</u>	<u>\$ 1,579,141</u>	<u>\$ 32,785,049</u>
Deferred Inflows of Resources:			
Grant Revenues Received in Advance	\$ 334,813	\$ -	\$ 334,813
Deferred Inflows on Pensions	707,493	96,732	804,225
Deferred Inflows on OPEB	1,022,988	71,779	1,094,767
Total Deferred Inflows of Resources	<u>\$ 2,065,294</u>	<u>\$ 168,511</u>	<u>\$ 2,233,805</u>
Net Position:			
Invested in Capital Assets, Net of Related Debt	\$ 25,715,051	\$ 218,655	\$ 25,933,706
Restricted	362,235	(460,995)	(98,760)
Unrestricted	(23,881,168)	-	(23,881,168)
Total Net Position	<u>\$ 2,196,118</u>	<u>\$ (242,340)</u>	<u>\$ 1,953,778</u>

See Notes to the Basic Financial Statements.

**GREENUP COUNTY SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Function/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
Instructional	\$ 17,511,389	\$ 3,056,818	\$ -	\$ (14,454,571)	\$ -	\$ (14,454,571)
Support Services:						
Students	2,359,584	84,556	-	(2,275,028)	-	(2,275,028)
Instructional Staff	1,568,253	51,744	-	(1,516,509)	-	(1,516,509)
District Administration	1,147,495	-	-	(1,147,495)	-	(1,147,495)
School Administration	2,268,254	-	-	(2,268,254)	-	(2,268,254)
Business and Other Support Services	718,520	-	-	(718,520)	-	(718,520)
Operation and Maintenance of Plant	3,324,512	66,840	-	(3,257,672)	-	(3,257,672)
Student Transportation	1,973,662	2,380	-	(1,971,282)	-	(1,971,282)
Community Services	6,257	320,740	-	314,483	-	314,483
Facility Acquisition and Construction	-	-	1,129,624	1,129,624	-	1,129,624
Debt Service	276,525	-	-	(276,525)	-	(276,525)
Total Government Activities	31,154,451	3,583,078	1,129,624	(26,441,749)	-	(26,441,749)
Business-Type Activities:						
Food Service	1,975,206	143,996	138,170	-	152,477	152,477
Total Business-Type Activities	1,975,206	143,996	138,170	-	152,477	152,477
Total School District	\$ 33,129,657	\$ 5,428,595	\$ 1,267,794	(26,441,749)	152,477	(26,289,272)
General Revenues						
Taxes				7,737,732	-	7,737,732
Intergovernmental Revenues				18,805,241	-	18,805,241
Investment Earnings				116,956	35,016	151,972
Miscellaneous				254,338	7,789	262,127
Interfund Transfer				-	3,360	3,360
Total General Revenues				\$ 26,914,267	\$ 46,165	\$ 26,960,432
Change In Net Position				472,518	198,642	671,160
Net Position, June 30, 2018				1,723,600	(440,982)	1,282,618
Net Position, June 30, 2019				\$ 2,196,118	\$ (242,340)	\$ 1,953,778

See Notes to the Basic Financial Statements.

GREENUP COUNTY SCHOOL DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2019

	General Fund	Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 5,316,221	\$ 194,036	\$ 110,350	\$ 5,620,607
Receivables (net of allowances for uncollectibles):				
Property Taxes	322,814	-	-	322,814
Intergovernmental - State	3,348	201,475	-	204,823
Intergovernmental - Federal	12,957	-	-	12,957
Total Assets	<u>\$ 5,655,340</u>	<u>\$ 395,511</u>	<u>\$ 110,350</u>	<u>\$ 6,161,201</u>
Deferred Outflows of Resources	\$ -	\$ -	\$ -	\$ -
Total Deferred Outflows of Resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities:				
Accounts Payable	\$ 206,480	\$ 66,248	\$ 8,036	\$ 280,764
Accrued Sick Leave	284,948	-	-	284,948
Total Liabilities	<u>\$ 491,428</u>	<u>\$ 66,248</u>	<u>\$ 8,036</u>	<u>\$ 565,712</u>
Deferred Inflows of Resources				
Grant Revenue Received in Advance	\$ -	\$ 334,813	\$ -	\$ 334,813
Total Deferred Inflows of Resources	<u>\$ -</u>	<u>\$ 334,813</u>	<u>\$ -</u>	<u>\$ 334,813</u>
Fund Balances:				
Restricted - Accrued Sick Leave	\$ 250,000	\$ -	\$ -	\$ 250,000
Restricted - Other	-	-	38,510	38,510
Restricted - SFCC Escrow-Current	-	-	22,851	22,851
Committed - Other	-	-	40,953	40,953
Assigned - Site Based Carryforward	112,235	18,661	-	130,896
Unassigned	4,801,677	(24,211)	-	4,777,466
Total Fund Balances	<u>\$ 5,163,912</u>	<u>\$ (5,550)</u>	<u>\$ 102,314</u>	<u>\$ 5,260,676</u>
Total Liabilities and Fund Balances	<u>\$ 5,655,340</u>	<u>\$ 395,511</u>	<u>\$ 110,350</u>	<u>\$ 6,161,201</u>

See Notes to the Basic Financial Statements.

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

Total Governmental Fund Balance	\$	5,260,676
Amounts Reported for Governmental Activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		25,715,051
Certain other assets and liabilities are not available to pay current period expenditures and therefore are not reported in the governmental funds.		(82,601)
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in governmental funds:		
Deferred Outflows from Pensions		2,343,444
Deferred Outflows from OPEB		1,247,624
Deferred Inflows from Pensions		(707,493)
Deferred Inflows from OPEB		(1,022,988)
Long-term liabilities, including bonds payable and post-employment liability, are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.		(30,557,595)
Net Position of Governmental Activities	\$	2,196,118

See Notes to the Basic Financial Statements.

GREENUP COUNTY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	General Fund	Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 7,267,416	\$ -	\$ 470,316	\$ 7,737,732
Interest Income	116,757	-	199	116,956
Intergovernmental - State	19,098,095	1,061,953	1,129,624	21,289,672
Intergovernmental - Federal	37,464	1,982,574	-	2,020,038
Other Local Revenues	143,655	12,291	73,219	229,165
Total Revenues	<u>\$ 26,663,387</u>	<u>\$ 3,056,818</u>	<u>\$ 1,673,358</u>	<u>\$ 31,393,563</u>
Expenditures:				
Instruction	\$ 13,307,072	\$ 2,588,583	\$ 55,601	\$ 15,951,256
Students	2,307,884	84,556	-	2,392,440
Instructional Staff	1,526,828	51,744	4,404	1,582,976
District Administration	1,084,492	-	-	1,084,492
School Administration	2,216,371	-	-	2,216,371
Business and Other Support Services	700,272	-	-	700,272
Operation and Maintenance of Plant	3,145,912	66,840	4,834	3,217,586
Student Transportation	1,788,723	2,380	-	1,791,103
Community Services	-	320,740	-	320,740
Debt Service	276,525	-	1,417,914	1,694,439
Total Expenditures	<u>\$ 26,354,079</u>	<u>\$ 3,114,843</u>	<u>\$ 1,482,753</u>	<u>\$ 30,951,675</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 309,308</u>	<u>\$ (58,025)</u>	<u>\$ 190,605</u>	<u>\$ 441,888</u>
Other Financing Sources (Uses):				
Operating Transfers In	\$ 182,026	\$ 285,365	\$ 1,109,832	\$ 1,577,223
Operating Transfers Out	(55,835)	(232,890)	(1,291,858)	(1,580,583)
Total Other Financing (Uses) Sources	<u>\$ 126,191</u>	<u>\$ 52,475</u>	<u>\$ (182,026)</u>	<u>\$ (3,360)</u>
Net Change in Fund Balances	<u>\$ 435,499</u>	<u>\$ (5,550)</u>	<u>\$ 8,579</u>	<u>\$ 438,528</u>
Fund Balances, June 30, 2018	\$ 4,728,413	\$ -	\$ 93,735	\$ 4,822,148
Fund Balances, June 30, 2019	<u>\$ 5,163,912</u>	<u>\$ (5,550)</u>	<u>\$ 102,314</u>	<u>\$ 5,260,676</u>

See Notes to the Basic Financial Statements.



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

Amounts Reported For Governmental Activities in the Statement of Net Position are Different Because:

Net Changes in Fund Balance - Governmental Funds \$ 438,528

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	835,677	
Depreciation expense	<u>(1,478,984)</u>	(643,307)

Governmental funds report pension contributions as expenditures when paid. However, in the Statement of Activities, pension expense is the cost of benefits earned, adjusted for member contributions, the recognition of changes in deferred outflows and inflows of resources related to pensions and investment experience:

KTRS on-behalf pension revenue	3,608,628	
KTRS on-behalf pension expense	(3,608,628)	
Pension Expense, Net	(679,650)	
OPEB Expense, Net	<u>2,901</u>	(676,749)

Bond and capital lease payments are recognized as expenditures of current financial resources in the fund financial statements, but are reductions of liabilities in the Statement of Net Position. 1,404,623

Bond 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.

Amortization of deferred savings from refunding bonds 114,798

Generally, expenditures recognized in the fund financial statements are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred for the following:

Long-term portion of accrued sick leave		71,209
Decrease in accrued interest		18,616
KSBIT assessment payable		43,146

Bond and capital lease proceeds are recognized as revenues in the fund financial statements, but are increases in liabilities in the Statement of Net Position (298,346)

Change in Net Position of Governmental Activities	<u><u>\$ 472,518</u></u>
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See Notes to the Basic Financial Statements.

GREENUP COUNTY SCHOOL DISTRICT  
STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
JUNE 30, 2019

	Food Service Fund	Total Proprietary Fund
Assets:		
Current Assets:		
Cash and Cash Equivalents	\$ 817,086	\$ 817,086
Receivables (net of allowances for uncollectibles):		
Intergovernmental - State	13,648	13,648
Inventories	39,498	39,498
Total Current Assets	\$ 870,232	\$ 870,232
Noncurrent Assets:		
Capital Assets, Net of Accumulated Depreciation	\$ 218,655	\$ 218,655
Total Noncurrent Assets	218,655	218,655
Total Assets	\$ 1,088,887	\$ 1,088,887
Deferred Outflows of Resources:		
Deferred Outflows from Pensions	\$ 320,407	\$ 320,407
Deferred Outflows from OPEB	96,018	96,018
Total Deferred Outflows of Resources	416,425	416,425
Total Assets and Deferred Outflows	\$ 1,505,312	\$ 1,505,312
Liabilities:		
Current Liabilities:		
Accounts Payable	\$ 6,540	\$ 6,540
Total Current Liabilities	\$ 6,540	\$ 6,540
Noncurrent Liabilities:		
Net Pension Liability	\$ 1,217,640	\$ 1,217,640
Net OPEB Liability	354,961	354,961
Total Liabilities	\$ 1,579,141	\$ 1,579,141
Deferred Inflows of Resources:		
Deferred Inflows from Pensions	\$ 96,732	\$ 96,732
Deferred Inflows from OPEB	71,779	71,779
Total Deferred Inflows of Resources	\$ 168,511	\$ 168,511
Net Position:		
Invested in Capital Assets	\$ 218,655	\$ 218,655
Restricted	(460,995)	(460,995)
Total Net Position	(242,340)	(242,340)
Total Liabilities, Deferred Inflows and Net Position	\$ 1,505,312	\$ 1,505,312

See Notes to the Basic Financial Statements.

GREENUP COUNTY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET  
POSITION - PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Food Service Fund</u>
Operating Revenues:	
Lunchroom Sales	\$ 143,996
Other Operating Revenues	7,789
Total Operating Revenues	<u>\$ 151,785</u>
Operating Expenses:	
Salaries and Benefits	\$ 872,837
Contract Services	26,330
Materials and Supplies	984,626
Depreciation	29,776
Other Operating Expenses	61,637
Total Operating Expenses	<u>\$ 1,975,206</u>
Operating Gain / (Loss)	<u>\$ (1,823,421)</u>
Nonoperating Revenues:	
Federal Grants	\$ 1,721,343
State Grants	124,174
Donated Commodities	138,170
Interest Income	35,016
Total Nonoperating Revenues	<u>\$ 2,018,703</u>
Other Financing Sources / (Uses):	
Operating Transfers In	\$ 3,360
Total Other Financing Sources / (Uses)	<u>\$ 3,360</u>
Increase / (Decrease) in Net Position	<u>\$ 198,642</u>
Net Position, June 30, 2018	\$ (440,982)
Net Position, June 30, 2019	<u><u>\$ (242,340)</u></u>

See Notes to the Basic Financial Statements.

GREENUP COUNTY SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Food Service Fund
Cash flows from Operating Activities:	
Cash received from:	
Lunchroom sales	\$ 143,996
Other operating revenues	7,789
Cash paid to/for:	
Employees (less on behalf of payments, pension and OPEB change)	(682,461)
Supplies (less commodities and capital purchases)	(830,456)
Other Activities	(131,830)
Net cash used for operating activities	\$ (1,492,962)
Cash flows from noncapital financing activities:	
Government grants	\$ 1,845,517
Transfers from other funds	3,360
Net cash provided by noncapital financing activities	\$ 1,848,877
Cash flows from capital and related financing activities:	
Purchase of capital assets	\$ (16,000)
Net cash used for capital and related financing activities	\$ (16,000)
Cash flows from Investing Activities:	
Interest received on investments	\$ 35,016
Net cash provided by investing activities	\$ 35,016
Net increase/(decrease) in cash and cash equivalents	\$ 374,931
Cash and cash equivalents, June 30, 2018	\$ 442,155
Cash and cash equivalents, June 30, 2019	\$ 817,086
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (1,823,421)
Adjustments to Reconcile operating Loss to	
Net Cash Used for Operating Activities:	
Depreciation	\$ 29,776
Donated Commodities	138,170
Employee benefits paid by KDE	107,179
Net pension adjustment	109,527
Net OPEB adjustment	11,199
Change in assets and liabilities:	
Inventory	36,684
Accounts payable	3,613
Net Cash Used for Operating Activities	\$ (1,387,273)
Non-Cash Items:	
Employee benefits paid by KDE	\$ 107,179
Donated Commodities	\$ 138,170

See Notes to the Basic Financial Statements.

GREENUP COUNTY SCHOOL DISTRICT  
 STATEMENT OF NET POSITION - FIDUCIARY FUNDS  
 JUNE 30, 2019

	Agency Funds
Assets:	
Cash and Cash Equivalents	\$ 188,789
Total Assets	188,789
Liabilities:	
Due to Students	188,789
Total Liabilities	188,789
Net Position Held in Trust	\$ -

See Notes to the Basic Financial Statements.

GREENUP COUNTY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**Note 1 – Nature of Activities:**

**A. Reporting Entity**

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

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

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

Based on the foregoing criteria, the financial statements of the following organization are included in the accompanying financial statements. Copies of component unit reports may be obtained from the District's Finance Office at 45 Musketeer Drive, Greenup, Kentucky 41144.

***Greenup County School District Finance Corporation*** - On September 27, 1993, the Greenup County Board of Education resolved to authorize the establishment of the Greenup 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 Board for financing the costs of school building facilities. The Board Members of the Greenup County Board of Education also comprise the Corporation's Board of Directors.

**B. Summary of Significant Accounting Policies and Description of Funds**

**Basis of Presentation**

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

***Government-wide Statements*** - Provide information about the primary government (the District). The statements include a statement of net position and a statement of activities. These statements report the financial activities of the overall government and business-type activities of the District. Governmental

GREENUP COUNTY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**Note 1 – Nature of Activities (Cont.):**

activities generally are financed through taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties.

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

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

***Fund Financial Statements*** - 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. Non-major 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 net total assets. Proprietary funds and fiduciary funds are reported using the economic resources measurement focus. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

The District has the following funds:

**I. Governmental Fund Types**

(A) The General Fund 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 unassigned 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 the specified project periods as well as the state grant programs.

GREENUP COUNTY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**Note 1 – Nature of Activities (Cont.):**

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.

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

i. 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.

ii. The Facility Support Program of Kentucky Fund (FSPK) accounts for funds generated by the building tax levy and also participates in the Kentucky 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.

iii. The Construction Fund includes Capital Projects Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction. This is a major fund of the District.

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

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

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

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



GREENUP COUNTY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**Note 1 – Nature of Activities (Cont.):**

**Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Propriety 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, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resource are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenues from nonexchange transactions must also be available before it can be recognized.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as needed.

**Expenses/Expenditures** - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the school year is reported in the statement of revenues, expenses, and changes in net position as an expense with a like amount reported as donated commodities revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable.

GREENUP COUNTY SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**Note 1 – Nature of Activities (Cont.):**

**Encumbrance Accounting**

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end and outstanding encumbrances at year-end are appropriated in the next year. A reservation of fund balance equal to outstanding encumbrances at year-end is provided for at June 30, 2019. Accordingly, no differences exist between actual results and the applicable budgetary data presented in the accompanying combined financial statements related to encumbrance accounting. Encumbrances outstanding at year-end are reported in the appropriate fund balance category (restricted, committed, or assigned) since they do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

**Capital Assets**

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

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

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

GREENUP COUNTY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**Note 1 – Nature of Activities (Cont.):**

**Interfund Activity**

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.

**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 with the exception of the Proprietary Funds, which records inventory at cost, on the first-in, first-out basis, using the accrual basis of accounting.

**Budgetary Process**

The District is required by state law to adopt annual budgets for the general fund, special revenue fund, capital outlay fund and the food service fund. The District's budgetary process accounts for certain transactions on a basis other than Generally Accepted Accounting Principles (GAAP). The major difference between the budgetary basis and the GAAP basis is that on-behalf payments made by the state for the District are not budgeted. See Note (14) for these amounts which were not known by the District at the time the budget was adopted.

**Property Taxes**

Property taxes collected are recorded as revenues in the fund for which they were levied. The District's ad valorem property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business property located in the District. The assessed value of property upon which the levy for the 2019 fiscal year was based was \$807,105,593.

The tax rates assessed for the year ended June 30, 2019, to finance general fund operations were \$.842 on real estate and \$.494 on motor vehicles, per \$100 valuation.

Taxes are due on October 1 and become delinquent by February 1 following the October 1 levy date. Current tax collections for the year ended June 30, 2019, were approximately 95.87% of the tax levy.

GREENUP COUNTY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**Note 1 – Nature of Activities (Cont.):**

**Accrued Liabilities and Long-Term Obligations**

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

**Fund Balance Reserves**

The District reserves those portions of fund balances which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion, which is available for appropriation in future periods. Fund balances reserves have been established for accrued sick leave. Unreserved fund balances are composed of designated and undesignated portions. The undesignated portion of the unreserved fund balance represents that portion of fund balance that is available for budgeting in future periods. Designated fund balances represent tentative plans for future use of financial resources.

**Fund Equity**

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

- I.** Nonspendable fund balances include amounts that cannot be spent because they are in a nonspendable form, such as inventory, or prepaid expense amounts, or they are legally or contractually required to be maintained intact, such as the corpus of a permanent fund.
- II.** Restricted fund balances are restricted due to legal restrictions from creditors, grantors, or laws and regulations of other governments or by legally enforceable enabling legislation or constitutional provisions.
- III.** Committed fund balances are amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the highest level of decision-making authority, which for the county is the five-member School Board. Said specific purposes and amounts are recorded in the official Board minutes of the fiscal year ended June 30, 2019.

GREENUP COUNTY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**Note 1 – Nature of Activities (Cont.):**

Those committed amounts cannot be used for any other purpose unless the School Board removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

IV. Assigned fund balances are constrained by the intent to use funds for specific purposes, but are neither restricted nor committed. Intent can be expressed by the five-member School Board or by a body or official to which the School Board has delegated the authority to assign amounts to be used for specific purposes. By reporting particular amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund, the Board has assigned those amounts to the purposes of the respective funds.

V. Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. In other funds, any negative fund balances would be unassigned.

**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. All other revenues are nonoperating. Operating expenses can be tied specifically to the production of the foods and services, such as materials and labor and direct overhead. Other expenses are nonoperating.

**Interfund Activity**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in 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.

**Restricted Resources**

Restricted resources should be applied first when an expense is incurred for purposes for which both restricted and unrestricted net position are available. If an expense is incurred for purposes for which committed, assigned, and unrestricted fund balances are all available, the fund balances should be reduced in the following order: committed, assigned, and then unrestricted.

GREENUP COUNTY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**Note 1 – Nature of Activities (Cont.):**

**Deferred Outflows of Resources**

A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period.

Balances of deferred outflows of resources may be presented in the statement of net position or governmental fund balance sheet as aggregations of different types of deferred amounts. For the fiscal year ended June 30, 2019, the District reported deferred outflows of resources on the government-wide financial statements for deferred pension contributions, deferred pension and OPEB payments, and advance refunding bond payments.

**Deferred Inflows of Resources**

A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period.

Balances of deferred inflows of resources may be presented in the statement of net position or governmental fund balance sheet as aggregations of different types of deferred amounts. For the fiscal year ended June 30, 2019, the District reported deferred inflows of resources on the government-wide financial statements for deferred pension investment earnings, and deferred OPEB investment earnings.

**Pensions and OPEB**

For purposes of measuring the net pension and OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to pensions, OPEB, pension expense, and OPEB expense, information about the fiduciary net position of the County Employees Retirement System Non-Hazardous (“CERS”) and Teachers Retirement System of the State of Kentucky (“KTRS”) and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the pensions and OPEB. 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.

GREENUP COUNTY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**Note 2 - Recent Accounting Pronouncements:**

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

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

GREENUP COUNTY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**Note 2 - Recent Accounting Pronouncements (Cont.):**

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* ("GASB 88"), which seeks to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements, while providing financial statement users with additional essential information concerning debt. In particular, GASB 88 defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date that the contractual obligation is established, and it clarifies which liabilities governments should include when disclosing information related to debt. Furthermore, this Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including (1) unused lines of credit; (2) assets pledged as collateral for the debt; and (3) terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. GASB 88 will be effective for the District beginning with its year ending June 30, 2019. Management is currently evaluating the impact of this Statement on its financial statements.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* ("GASB 89"), which seeks to (1) enhance the relevance and comparability of information concerning capital assets and the cost of borrowing for a reporting period, and (2) simplify accounting for interest cost incurred during the period of construction. In particular, GASB 89 establishes accounting requirements for interest cost incurred before the end of a construction period.

This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus, and thus, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. GASB 89 will be effective for the District beginning with its year ending June 30, 2021. Management is currently evaluating the impact of this Statement on its financial statements.



GREENUP COUNTY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**Note 3 – Estimates:**

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

**Note 4 – Cash and Cash Equivalents:**

The funds of the District must be deposited and invested under the terms of a contract. The depository bank places approved pledged securities for safekeeping and trust with the District's agent bank in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance. At June 30, 2019, the carrying amount of the Board's cash and cash equivalents was \$6,437,693 and the bank balances totaled \$6,849,779 including school activity. Of the total bank balances, up to \$250,000 was secured by Federal Depository insurance and the remaining amount was covered by a collateral agreement and collateral held by the pledging banks' trust departments in the District's name.

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

- Category 1 - Deposits, which are insured or collateralized with securities, held by the District or by its agent in the District's name.
- Category 2 - Deposits, which are collateralized with securities held by the pledging financial institution's trust department or agent in the District's name.
- Category 3 - Deposits, which are not collateralized or insured.

Based on these three levels of risk, the District's uninsured cash deposits are classified as Category 2.

General Fund cash and cash equivalents at June 30, 2019, consisted of an interest bearing checking account.

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

GREENUP COUNTY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**Note 5 – Capital Assets:**

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

Governmental Activities	Balance June 30, 2018	Additions	Disposals	Balance June 30, 2019
Land	\$ 136,284	\$ -	\$ -	\$ 136,284
Buildings and Improvements	45,003,864	370,116	-	45,373,980
Infrastructure	430,756	28,988	-	459,744
Technology and Equipment	4,539,647	25,891	-	4,565,538
Machinery and Equipment	637,349	100,617	-	737,966
Vehicles	3,847,204	310,065	-	4,157,269
Total	<u>\$ 54,595,104</u>	<u>\$ 835,677</u>	<u>\$ -</u>	<u>\$ 55,430,781</u>
Less: Accumulated Depreciation:				
Buildings and Improvements	\$ 20,506,735	\$ 1,105,865	\$ -	\$ 21,612,600
Infrastructure	232,875	22,746	-	255,621
Technology and Equipment	4,118,246	156,275	-	4,274,521
Machinery and Equipment	477,030	27,133	-	504,163
Vehicles	2,901,860	166,965	-	3,068,825
Total	<u>\$ 28,236,746</u>	<u>\$ 1,478,984</u>	<u>\$ -</u>	<u>\$ 29,715,730</u>
Governmental Activities Capital				
Assets - Net	<u>\$ 26,358,358</u>	<u>\$ (643,307)</u>	<u>\$ -</u>	<u>\$ 25,715,051</u>
Business-Type				
Activities				
Food Service Equipment	\$ 1,053,309	\$ 16,000	\$ -	\$ 1,069,309
Less: Accumulated Depreciation	<u>820,878</u>	<u>29,776</u>	<u>-</u>	<u>850,654</u>
Business-Type Activities				
Capital Assets - Net	<u>\$ 232,431</u>	<u>\$ (13,776)</u>	<u>\$ -</u>	<u>\$ 218,655</u>

Depreciation expense was allocated to governmental functions as follows:

Instruction	\$ 1,182,843
Student support	116
District administration	42,139
School administration	5,160
Business support services	1,624
Plant operation and maintenance	102,521
Student transportation	144,581
Total	<u>\$ 1,478,984</u>

GREENUP COUNTY SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**Note 6 – Debt Obligations:**

The amount shown in the accompanying financial statements as debt obligations represents the District's future obligations to make lease payments relating to the bonds issued by the Greenup County School District Financial Corporation and the Kentucky School Construction Commission aggregating \$21,844,050.

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

Issue Date	Proceeds	Rates
2002	\$ 3,395,000	1.35% to 4.00%
2008	2,355,000	2.40% to 3.50%
2010	1,630,000	1.00% to 4.20%
2010-REF	4,750,000	0.60% to 2.55%
2011-REF	2,325,000	1.10% to 2.50%
2012K	479,050	2.00%
2013E	1,380,000	1.85%
2013	785,000	1.85% to 4.25%
2016-REF	4,745,000	0.85% to 2.30%
	\$ 21,844,050	

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 Greenup County School District Financial Corporation and the Kentucky School Construction Commission to construct school facilities. The District has an option to purchase the property under lease at any time by retiring the bonds then outstanding. The proceeds from certain refunding issues have been placed in escrow accounts to be used to service the related debt.

**KSBIT Payable**

The Kentucky School Boards Insurance Trust (“KSBIT”) notified the District in 2013 that their self-insurance pools for worker’s compensation and liability insurance were underfunded. As a result, an assessment will be required under a fair methodology to be approved by the Kentucky Department of Insurance, of current and past participating members to fund the deficit and the transfer of liability to a qualified insurer/reinsurer. On June 24, 2013, the KSBIT Board voted to submit a plan to the Kentucky Department of Insurance using the novation option. A novation transfers all existing KSBIT claims and risk to a highly rated reinsurer which will continue to make claims payments. Under the novation method, the current District’s liability is \$86,292.

GREENUP COUNTY SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**Note 6 – Debt Obligations (Cont.):**

The changes in the general long-term debt for the year ended June 30, 2019, were as follows:

	Balance June 30, 2018	New Issues	Retirement	Balance June 30, 2019
General obligation bonds -				
\$22,409,050 originally issued with interest rates ranging from 0.60% to 4.25%	\$ 10,960,000	\$ -	\$ 1,210,000	\$ 9,750,000
KISTA Loans	1,594,864	298,346	151,476	1,741,734
KSBIT Assessment Payable	129,439	-	43,147	86,292
Accumulated Sick Leave	1,050,287	-	101,727	948,560
Total	<u>\$ 13,734,590</u>	<u>\$ 298,346</u>	<u>\$ 1,506,350</u>	<u>\$ 12,526,586</u>

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

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

Year	Greenup County School District		Kentucky School Facilities Construction Commission		Total Principal
	Principal	Interest	Principal	Interest	
2020	\$ 1,176,632	\$ 247,804	\$ 244,747	\$ 62,371	\$ 1,421,379
2021	1,175,405	219,007	249,985	56,019	1,425,390
2022	1,197,986	185,909	191,671	49,357	1,389,657
2023	1,218,187	158,838	196,865	44,163	1,415,052
2024	1,255,557	130,958	190,337	38,944	1,445,894
2025-2029	3,289,095	242,149	665,267	113,298	3,954,362
2030-2034	176,598	11,868	263,402	19,419	440,000
	<u>\$ 9,489,460</u>	<u>\$ 1,196,533</u>	<u>\$ 2,002,274</u>	<u>\$ 383,571</u>	<u>\$ 11,491,734</u>

GREENUP COUNTY SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**Note 7 – Accumulated Unpaid Sick Leave Benefits:**

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

**Note 8 – Interfund Transfers:**

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

Type	From	To	Purpose	Amount
Operating	General	Special Revenue	Technology	\$ 52,475
Debt Service	Capital Projects	Debt Service	Bond Payments	1,109,832
Operating	Special Revenue	Special Revenue	Inter-Grant	232,890
Operating	Capital Projects	General	KISTA Bus Payment	182,026
Operating	General	Food Service	Lunch Accounts	3,360

**Note 9 – Retirement Plans:**

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

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

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

GREENUP COUNTY SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**Note 9 – Retirement Plans (Cont.):**

*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

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. Five years’ service is required for death benefits prior to retirement and the employee must have suffered a duty-related death. The decedent’s beneficiary will receive the higher of the normal death benefit and \$10,000 plus 25% of the decedent’s monthly final rate of pay and any dependent child will receive 10% of the decedent’s monthly final rate of pay up to 40% for all dependent children. Five years’ service is required for nonservice-related disability benefits.

*Contributions*—Required contributions by the employee are based on the tier:

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

**General information about the Teachers’ Retirement System of the State of Kentucky (“KTRS”)**

*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 (KTRS)—a cost-sharing multiple-employer defined benefit pension plan with a special funding situation established to provide retirement annuity plan coverage for local school districts and other public educational agencies in the Commonwealth. KTRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the KRS. KTRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the

GREENUP COUNTY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**Note 9 – Retirement Plans (Cont.):**

*Commonwealth's financial statements*—KTRS issues a publicly available financial report that can be obtained at [http://www.ktrs.ky.gov/05\\_publications/index.htm](http://www.ktrs.ky.gov/05_publications/index.htm).

*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. KTRS 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 (KRS). Non-university employees are required to contribute 12.855% of their salaries to the System. University employees are required to contribute 9.895% of their salaries. KRS 161.580 allows each university to reduce the contribution of its employees by 2.215%; therefore, university employees contribute 7.68% of their salary to KTRS.

GREENUP COUNTY SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**Note 9 – Retirement Plans (Cont.):**

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

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

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

	KTRS	CERS
District's proportionate share of the net pension liability	\$ -	\$ 10,123,426
Commonwealth's proportionate share of the net pension liability associated with the District	49,803,330	-
	\$ 49,803,330	\$ 10,123,426

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 0.166222% percent.

For the year ended June 30, 2019, the District recognized pension expense of \$1,621,603 related to CERS and \$3,608,628 related to KTRS. The District also recognized revenue of \$3,608,628 for KTRS pension support provided by the Commonwealth.



GREENUP COUNTY SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**Note 9 – Retirement Plans (Cont.):**

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 330,198	\$ 148,186
Changes of assumptions	989,353	-
Net difference between projected and actual earnings on pension plan investments	470,747	592,132
Changes in proportion and differences between District contributions and proportionate share of contributions	20,460	63,907
District contributions subsequent to the measurement date	644,615	-
 Total	 \$ 2,455,373	 \$ 804,225

The \$644,615 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 ending June 30:	
2020	\$ 809,024
2021	380,586
2022	(128,744)
2023	(54,334)
2024	-
Total	\$ 1,006,532

*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%	3.50%-7.30%
Investment rate of return, net of investment expense and inflation	6.25%	7.50%

GREENUP COUNTY SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**Note 9 – Retirement Plans (Cont.):**

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

For KTRS, Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with a setback of 1 year for females. The actuarial assumptions used in the June 30, 2017 valuation were based on results of an actuarial experience study for the period July 1, 2010-June 30, 2015 adopted by the Board on September 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 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.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Combined Equity	35.0%	5.46%
Combined Fixed Income	24.0%	6.71%
Global Bonds	4.0%	3.00%
Real Return*	10.0%	7.00%
Real Estate	5.0%	9.00%
Absolute Return**	10.0%	5.00%
Private Equity	10.0%	6.50%
Cash Equivalent	2.0%	1.50%
	<u>100%</u>	

\*Diversified inflation strategies

\*\*Diversified hedge funds

GREENUP COUNTY SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**Note 9 – Retirement Plans (Cont.):**

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	40.0%	4.20%
Non-US Equity	22.0%	5.20%
Fixed Income	15.0%	1.20%
Additional Categories	8.0%	3.30%
Real Estate	6.0%	3.80%
Private Equity	7.0%	6.30%
Cash	2.0%	0.80%
	<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 would contribute the actuarially determined contribution rate of projected compensation over the remaining 25 year amortization period of the unfunded actuarial accrued liability. The actuarial determined contribution rate is adjusted to reflect the phase in of anticipated gains on actuarial value of assets over the first four years of the projection period.

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

GREENUP COUNTY SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**Note 9 – Retirement Plans (Cont.):**

*Sensitivity of CERS and KTRS 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>CERS</u>	<u>5.25%</u>	<u>6.25%</u>	<u>7.25%</u>
District's proportionate share of net pension liability	\$ 12,744,345	\$ 10,123,426	\$ 7,927,555
 <u>KTRS</u>	 <u>6.50%</u>	 <u>7.50%</u>	 <u>8.50%</u>
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 KTRS.

**Note 10 – Other Postemployment Benefit (OPEB) Plans:**

Kentucky Teachers Retirement System OPEB Plans

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

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

Medical Insurance Plan

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

GREENUP COUNTY SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**Note 10 – Other Postemployment Benefit (OPEB) Plans (Cont.):**

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

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

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

At June 30, 2019, the District reported a liability of \$6,814,000 for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the District's proportion was 0.365618% percent.

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 KTRS net OPEB liability	\$	6,814,000
Commonwealth's proportionate share of the KTRS net OPEB liability associated with the District		5,872,000
		\$ 12,686,000

GREENUP COUNTY SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**Note 10 – Other Postemployment Benefit (OPEB) Plans (Cont.):**

For the year ended June 30, 2019, the District recognized OPEB expense of \$304,964 and revenue of \$304,964 for support provided by the State. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 349,000
Changes of assumptions	94,000	-
Net difference between projected and actual earnings on investments	-	28,000
Changes in proportion and differences between District contributions and proportionate share of contributions	-	121,000
District contributions subsequent to the measurement date	358,544	-
Total	\$ 452,544	\$ 498,000

Of the total amount reported as deferred outflows of resources related to OPEB, \$358,544 is 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 ending June 30:	
2020	\$ (79,000)
2021	(79,000)
2022	(79,000)
2023	(67,000)
2024	(69,000)
Thereafter	(31,000)
Total	\$ (404,000)

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

Investment rate of return	8.00%, net of OPEB plan investment expense, including inflation
Projected salary increases	3.50%-7.20%, including inflation
Inflation rate	3.00%
Real Wage Growth	0.50%
Wage Inflation	3.50%
Healthcare cost trend rates	
Under 65	7.75%, for FY2018 decreasing to an ultimate rate of 5.00% by FY2024
Ages 65 and Older	5.75%, for FY2018 decreasing to an ultimate rate of 5.00% by FY2021
Medicare Part B Premiums	0.00% for FY2018 with an ultimate rate of 5.00% by FY2030
Municipal Bond Index Rate	3.89%
Discount Rate	8.00%
Single Equivalent Interest Rate	8.00%, net of OPEB plan investment expense, including inflation

GREENUP COUNTY SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**Note 10 – Other Postemployment Benefit (OPEB) Plans (Cont.):**

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

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	58.0%	4.60%
Fixed Income	9.0%	1.20%
Real Estate	5.5%	3.80%
Private Equity	6.5%	6.30%
Other Additional Categories*	20.0%	3.30%
Cash (LIBOR)	1.0%	0.90%
	100%	

*\*Includes hedge funds, high yield, and non-US developed bonds*

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

GREENUP COUNTY SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**Note 10 – Other Postemployment Benefit (OPEB) Plans (Cont.):**

The following table presents the District’s proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 8.00%, as well as, what the District’s proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	7.00%	8.00%	9.00%
District's proportionate share of net OPEB liability	\$ 14,876,000	\$ 12,686,000	\$ 10,862,000

*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 rate:

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of net OPEB liability	\$ 10,519,000	\$ 12,686,000	\$ 15,359,000

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

**Life Insurance Plan**

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

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

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



GREENUP COUNTY SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**Note 10 – Other Postemployment Benefit (OPEB) Plans (Cont.):**

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

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

District's proportionate share of net OPEB liability	\$	-
Commonwealth's proportionate share of the net OPEB liability associated with the District		101,000
		101,000
	\$	101,000

The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on the actual liability of the employees and former employees relative to the total liability of the Commonwealth as determined by the actuary. At June 30, 2018, the District's proportion was 0.357271%.

For the year ended June 30, 2019, the District recognized OPEB expense of \$304,964 and revenue of \$304,964 for support provided by the State.

Actuarial assumptions - The total OPEB liability in the June 30, 2016 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%
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, 2016 valuation were based on a review of recent plan experience done concurrently with the June 30, 2016 valuation.

GREENUP COUNTY SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**Note 10 – Other Postemployment Benefit (OPEB) Plans (Cont.):**

The long-term expected rate of return on OPEB plan investments was determined using a lognormal 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. Equity	40.0%	4.20%
International Equity	23.0%	5.20%
Fixed Income	18.0%	1.20%
Real Estate	6.0%	3.80%
Private Equity	5.0%	6.30%
Other Additional Categories*	6.0%	3.30%
Cash (LIBOR)	2.0%	0.90%
	100%	

*\*Modeled of 50% High Yield and 50% Bank Loans*

*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 or 1-percentage-point higher than the current rate:

	6.50%	7.50%	8.50%
District's proportionate share of net OPEB liability	\$ 122,000	\$ 101,000	\$ 74,000

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

GREENUP COUNTY SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**Note 10 – Other Postemployment Benefit (OPEB) Plans (Cont.):**

County Employees Retirement Systems OPEB Plan

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

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

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

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

Contributions: CERS allocates a portion of the employer contributions to the health insurance benefit plans. For the year ending June 30, 2018, CERS allocated 4.70% of the 19.18% actuarially required contribution rate paid by employers for funding the healthcare benefit. In addition, 1.00% of the contributions by employees hired after September 1, 2008 are allocated to the health insurance plan. During the year ending June 30, 2018, the District contributed \$197,450 to the CERS Insurance Fund. The contribution requirements of CERS are established and may be amended by the CERS Board of Trustees.

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

GREENUP COUNTY SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**Note 10 – Other Postemployment Benefit (OPEB) Plans (Cont.):**

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

At June 30, 2019, the District reported a liability of \$2,951,132 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2017. An expected total OPEB liability as of June 30, 2018 was determined using standard roll-forward techniques. District's proportion of the net OPEB liability was based on contributions to CERS during the fiscal year ended June 30, 2018. At June 30 2018, the District's proportion was 0.166216%.

The amount recognized by the District as its proportionate share of the OPEB liability is as follows:

District's proportionate share of the CERS net OPEB liability	\$	2,951,132
Commonwealth's proportionate share of the CERS net OPEB liability associated with the District		-
		\$ 2,951,132

For the year ended June 30, 2019, the District recognized OPEB expense of \$228,852, including an implicit subsidy of \$35,221. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 343,915
Changes of assumptions	589,385	6,818
Net difference between projected and actual earnings on investments	-	203,275
Changes in proportion and differences between District contributions and proportionate share of contributions	-	42,759
District contributions subsequent to the measurement date	209,043	-
Total	\$ 798,428	\$ 596,767

Of the total amount reported as deferred outflows of resources related to OPEB, \$209,043 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.

GREENUP COUNTY SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**Note 10 – Other Postemployment Benefit (OPEB) Plans (Cont.):**

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

Year ending June 30:	
2020	\$ 2,151
2021	2,151
2022	2,151
2023	41,630
2024	(33,976)
Thereafter	(21,488)
Total	\$ (7,381)

*Actuarial Methods and Assumptions* - The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll, closed 28 years
Remaining Amortization Period	5-year smoothed market
Asset Valuation Method	20.00% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Healthcare Trend Rates	
Pre-65	Initial trend starting at 7.25% at January 1, 2019 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years
Post-65	Initial trend starting at 5.10% at January 1, 2019 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 11 years
Payroll Growth	4.00%
Inflation Salary Increase	4.00%, average
Investment Rate of Return	7.50%

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

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

GREENUP COUNTY SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**Note 10 – Other Postemployment Benefit (OPEB) Plans (Cont.):**

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity*	17.5%	5.00%
International Equity	17.5%	7.00%
Global Bonds	4.0%	3.00%
Credit Fixed	24.0%	7.00%
Real Estate*	5.0%	9.00%
Private Equity	10.0%	6.50%
Absolute Return	10.0%	5.00%
Real Return*	10.0%	7.00%
Cash (LIBOR)	2.0%	1.50%
	<u>100%</u>	

*\*Long-term Expected Real Rates of Return may vary by plans depending on the risk tolerance of the plan*

*Discount rate* - The discount rate used to measure the total OPEB liability was 5.85%. The projection of cash flows used to determine the discount rate assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 26 years (closed) amortization period of the unfunded actuarial accrued liability. The discount rate determination used an expected rate of return of 6.25%, and a municipal bond rate of 3.62%, as reported in Fidelity Index's "20 -Year Municipal GO AA Index" as of June 30, 2018. However, the cost associated with the implicit employer subsidy was not included in the calculation of the System's actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the System's trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

GREENUP COUNTY SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**Note 10 – Other Postemployment Benefit (OPEB) Plans (Cont.):**

The following table presents the District's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 5.85%, as well as what the District's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1 -percentage-point lower or 1 -percentage-point higher than the current rate:

	4.85%	5.85%	6.85%
District's proportionate share of net OPEB liability	\$ 3,833,047	\$ 2,951,132	\$ 2,199,901

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

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of net OPEB liability	\$ 2,197,147	\$ 2,951,132	\$ 3,839,863

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

**Note 11 – Contingencies:**

The District receives funding from federal, state, and local government agencies and private contributions. These funds are to be used for designated purposes only. For government agency grants, if the grantors 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 program is predicated upon the grantors' satisfaction that the funds provided are being spent as intended and the grantors' intent to continue their programs.

The District is subject to certain legal proceedings arising from normal business activities. Administrative officials believe that these actions are without merit or that the ultimate liability, if any, resulting from them will not materially affect the accompanying financial statements.

GREENUP COUNTY SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**Note 12 – Risk Management:**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To obtain insurance for workers' compensation, the District carries their insurance with Kentucky Employers' Mutual Insurance (KEMI), which is located in Lexington Kentucky. KEMI is a mutual insurance company regulated by the Kentucky Department of Insurance. The District pays annual premiums for their coverage. The premium for workers' compensation is based on a formula. The District is assigned a classification code for their industry and each classification code has a corresponding rate. Multiplying the rate times the estimated payroll for operations then dividing by 100 will give the base premium, in some cases, modifiers may also be added, based on eligibility, which may increase or decrease the premium. In other cases, additional coverage may be requested that increase the premium.

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 13 – COBRA:**

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

**Note 14 – On-Behalf Payments:**

For fiscal year 2019, the Commonwealth of Kentucky contributed payments on behalf of the Greenup County School District as follows:

Plan/Description	Amount
KTRS - Pension	\$ 3,608,628
KTRS - OPEB	304,964
Health and Life Insurance	3,000,437
Technology	87,178
Debt Service	308,082
Total On-Behalf	\$ 7,309,289

These amounts are included the Government-wide Statement of Activities as State Revenue and an expense allocated to the different functions in the same proportion as full-time employees.



GREENUP COUNTY SCHOOL DISTRICT  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**Note 15 – Fund Balance:**

The detailed components of the various fund balance categories as of June 30, 2019, are as follows:

	General Current Expense Fund	Special Revenue Fund	District Activity Fund	Capital Outlay and Building Fund	Construction Fund	Total Governmental Funds
Restricted:						
Accrued Sick Leave	\$ 250,000	\$ -	\$ -	\$ -	\$ -	\$ 250,000
Other	-	-	-	8,009	30,501	38,510
SFCC Escrow - Current	-	-	-	22,851	-	22,851
Fund Balance Committed to:						
District Activity Funds	-	-	40,953	-	-	40,953
Assigned to:						
Site Based Carryforward	112,235	18,661	-	-	-	130,896
Unassigned	4,801,677	(24,211)	-	-	-	4,777,466
Total Fund Balance	<u>\$ 5,163,912</u>	<u>\$ (5,550)</u>	<u>\$ 40,953</u>	<u>\$ 30,860</u>	<u>\$ 30,501</u>	<u>\$ 5,260,676</u>

A deficit unassigned fund balance of \$5,550 exists in the Special Revenue Fund. The deficit results from the encumbrances of funds without accruing intergovernmental revenues for reimbursement of expenditures. The District accrues intergovernmental revenues only when all eligibility requirements have been met, including the requirement that allowable costs must have been actually incurred.

**Note 16 – Encumbrances:**

The District had \$18,661 in encumbrances as of June 30, 2019. These are reported in the Special Revenue Fund, as Assigned to Site Based Carryforward.

**Note 17 – Commitments, Contingencies, and Subsequent Events:**

All commitments, contingencies, and subsequent events have been evaluated by management and have been properly disclosed up through November 13, 2019, the date of this report.

GREENUP COUNTY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES - BUDGET  
AND ACTUAL (NON-GAAP BUDGETARY BASIS) - GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Taxes	\$ 6,395,000	\$ 6,474,000	\$ 7,267,416	\$ 793,416
Interest Income	25,000	25,000	116,757	91,757
State Sources	16,326,712	16,326,712	19,098,095	2,771,383
Federal Sources	35,000	35,000	37,464	2,464
Other Local Sources	56,500	-	143,655	143,655
Total Revenues	<u>\$ 22,838,212</u>	<u>\$ 22,860,712</u>	<u>\$ 26,663,387</u>	<u>\$ 3,802,675</u>
Expenditures:				
Instruction	\$ 10,629,937	\$ 10,667,337	\$ 13,307,072	\$ (2,639,735)
Support Services:				
Students	1,876,256	1,876,256	2,307,884	(431,628)
Instructional Staff	1,336,594	1,348,729	1,526,828	(178,099)
District Administration	1,431,529	1,431,529	1,084,492	347,037
School Administration	2,157,774	2,144,701	2,216,371	(71,670)
Business and Other Support Services	629,059	629,059	700,272	(71,213)
Operation and Maintenance of Plant	3,474,109	3,474,109	3,145,912	328,197
Student Transportation	2,082,928	2,082,928	1,788,723	294,205
Community Services	-	-	-	-
Debt Service	276,526	276,526	276,525	1
Total Expenditures	<u>\$ 23,894,712</u>	<u>\$ 23,931,174</u>	<u>\$ 26,354,079</u>	<u>\$ (2,422,905)</u>
Other Financing Sources (Uses):				
Transfers In	\$ -	\$ 2,500	\$ 182,026	\$ 179,526
Transfers Out	50,000	(50,000)	(55,835)	(5,835)
Total Other Financing Sources (Uses)	<u>\$ 50,000</u>	<u>\$ (47,500)</u>	<u>\$ 126,191</u>	<u>\$ 173,691</u>
Net Change In Fund Balance	<u>\$ (1,006,500)</u>	<u>\$ (1,117,962)</u>	<u>\$ 435,499</u>	<u>\$ 1,553,461</u>
Fund Balance, June 30, 2018	\$ 2,560,500	\$ 4,728,413	\$ 4,728,413	\$ -
Fund Balance, June 30, 2019	<u>\$ 1,554,000</u>	<u>\$ 3,610,451</u>	<u>\$ 5,163,912</u>	<u>\$ 1,553,461</u>

See Notes to the Basic Financial Statements.

GREENUP COUNTY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Interest Income	-	-	-	-
State Sources	935,822	959,824	1,061,953	102,129
Federal Sources	1,709,654	1,693,617	1,982,574	288,957
Other Local Sources	-	13,000	12,291	(709)
Total Revenues	<u>\$ 2,645,476</u>	<u>\$ 2,666,441</u>	<u>\$ 3,056,818</u>	<u>\$ 390,377</u>
Expenditures:				
Instruction	\$ 2,215,270	\$ 2,308,207	\$ 2,588,583	\$ (280,376)
Support Services				
Students	63,573	66,194	84,556	(18,362)
Instructional Staff	37,000	38,486	51,744	(13,258)
District Administration	-	-	-	-
School Administration	-	-	-	-
Business and Other Support Services	-	-	-	-
Operation and Maintenance of Plant	95,820	78,736	66,840	11,896
Student Transportation	-	10,127	2,380	7,747
Community Services	283,813	316,188	320,740	(4,552)
Total Expenditures	<u>\$ 2,695,476</u>	<u>\$ 2,817,938</u>	<u>\$ 3,114,843</u>	<u>\$ (296,905)</u>
(Deficiency) Excess of Revenues (Under) Over Expenditures	<u>\$ (50,000)</u>	<u>\$ (151,497)</u>	<u>\$ (58,025)</u>	<u>\$ 687,282</u>
Other Financing Sources (Uses):				
Transfers In	\$ 140,959	\$ 151,497	\$ 285,365	\$ (133,868)
Transfers Out	-	-	(232,890)	232,890
Total Other Financing Sources (Uses)	<u>\$ 140,959</u>	<u>\$ 151,497</u>	<u>\$ 52,475</u>	<u>\$ 99,022</u>
Net Change In Fund Balance	<u>\$ 90,959</u>	<u>\$ -</u>	<u>\$ (5,550)</u>	<u>\$ 5,550</u>
Fund Balance, June 30, 2018	\$ -	\$ -	\$ -	\$ -
Fund Balance, June 30, 2019	<u><u>\$ 90,959</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (5,550)</u></u>	<u><u>\$ 5,550</u></u>

See Notes to the Basic Financial Statements.

GREENUP COUNTY SCHOOL DISTRICT  
SCHEDULE OF DISTRICT'S PROPORTIONATE  
SHARE OF THE NET PENSION LIABILITY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Reported Fiscal Year (Measurement Date)				
	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
<b><u>COUNTY EMPLOYEES RETIREMENT SYSTEM:</u></b>					
District's proportion of the net pension liability	0.166222%	0.167995%	0.168460%	0.163970%	0.168008%
District's proportionate share of the net pension liability	\$ 10,123,426	\$ 9,833,264	\$ 8,249,204	\$ 7,049,916	\$ 5,451,000
District's covered-employee payroll	\$ 3,974,196	\$ 4,201,879	\$ 4,159,246	\$ 4,068,338	\$ 3,870,696
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	254.7289%	234.0206%	198.3341%	173.2874%	140.8300%
Plan fiduciary net position as a percentage of the total pension liability	53.540%	53.300%	55.500%	59.970%	66.800%
<b><u>KENTUCKY TEACHER'S RETIREMENT SYSTEM</u></b>					
District's proportion of the net pension liability	0.3803%	0.3792%	0.3726%	0.3643%	0.3650%
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the District	\$ 49,803,330	\$ 102,329,629	\$ 109,925,662	\$ 84,773,477	\$ 74,703,628
Total	<u>\$ 49,803,330</u>	<u>\$ 102,329,629</u>	<u>\$ 109,925,662</u>	<u>\$ 84,773,477</u>	<u>\$ 74,703,628</u>
District's covered-employee payroll	\$ 11,951,482	\$ 11,889,156	\$ 12,175,364	\$ 11,838,464	\$ 11,396,368
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.000%	0.000%	0.000%	0.000%	0.000%
Plan fiduciary net position as a percentage of the total pension liability	39.830%	39.830%	35.220%	42.500%	45.590%

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

GREENUP COUNTY SCHOOL DISTRICT  
SCHEDULE OF PENSION CONTRIBUTIONS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	2019	2018	2017	2016	2015	2014
<b><u>COUNTY EMPLOYEES RETIREMENT SYSTEM:</u></b>						
Contractually required contribution	\$ 644,615	\$ 608,432	\$ 580,215	\$ 505,287	\$ 493,514	\$ 529,251
Contributions in relation to the contractually required contribution	\$ 644,615	\$ 608,432	\$ 580,215	\$ 505,287	\$ 493,514	\$ 529,251
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 3,974,196	\$ 4,201,879	\$ 4,159,246	\$ 4,068,338	\$ 3,870,696	\$ 3,851,898
District's contributions as a percentage of its covered-employee payroll	16.22%	14.48%	13.95%	12.42%	12.75%	13.74%
<b><u>KENTUCKY TEACHER'S RETIREMENT SYSTEM</u></b>						
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 11,951,482	\$ 11,889,156	\$ 12,175,364	\$ 11,838,464	\$ 11,396,368	\$ 11,384,328
District's contributions as a percentage of its covered-employee payroll	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%

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

GREENUP COUNTY SCHOOL DISTRICT  
 NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PENSION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**Note 1 – Changes in Assumptions:**

CERS

There were no changes of assumptions.

KTRS

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

**Note 2 – Method and Assumptions Used in Calculations of Actuarially Determined Contributions:**

CERS

The actuarially determined contribution rates are determined on a biennial basis beginning with the fiscal years ended 2016 and 2017, determined as of July 1, 2016. The amortization period of the unfunded liability has been reset as of July 1, 2013 to a closed 30-year period. The following actuarial methods and assumptions were used to determine the contribution rates reported in that schedule:

Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	27 years
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	3.25%
Salary Increase	4.0% average, including inflation
Investment Rate of Return	7.5%, net of pension plan investments expense, including inflation

KTRS

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

Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, open
Remaining Amortization Period	23 years
Asset Valuation Method	5-year smoothed market
Inflation	3.0%
Salary Increase	3.5% to 7.2%, including inflation
Investment Rate of Return	8.0%, net of pension plan investment expense, including inflation

**Note 3 – Change of Benefits:**

There were no changes in benefit terms for KTRS or CERS.

GREENUP COUNTY SCHOOL DISTRICT  
SCHEDULE OF DISTRICT'S PROPORTIONATE  
SHARE OF THE NET OPEB LIABILITY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Reporting Fiscal Year (Measurement Date)	
	2019 (2018)	2018 (2017)
<b><u>COUNTY EMPLOYEES RETIREMENT SYSTEM- INSURANCE FUND:</u></b>		
District's proportion of the net OPEB liability	0.166216%	0.167995%
District's proportionate share of the net OPEB liability	\$ 2,951,132	\$ 3,377,274
District's covered-employee payroll	\$ 3,974,196	\$ 4,201,879
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	74.257%	80.375%
Plan fiduciary net position as a percentage of the total OPEB liability	57.620%	52.400%
<b><u>KENTUCKY TEACHER'S RETIREMENT SYSTEM- MEDICAL INSURANCE PLAN:</u></b>		
District's proportion of the net OPEB liability	0.365618%	0.364027%
District's proportionate share of the net OPEB liability	\$ 6,814,000	\$ 7,144,000
State's proportionate share of the net OPEB liability associated with the District	\$ 5,872,000	\$ 5,836,000
Total	<u>\$ 12,686,000</u>	<u>\$ 12,980,000</u>
District's covered-employee payroll	\$ 11,951,482	\$ 11,442,462
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	57.014%	62.434%
Plan fiduciary net position as a percentage of the total OPEB liability	25.500%	21.180%

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

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

	Reporting Fiscal Year (Measurement Date)	
	2019 (2018)	2018 (2017)
<b><u>KENTUCKY TEACHER'S RETIREMENT SYSTEM-</u></b>		
<b><u>LIFE INSURANCE PLAN:</u></b>		
District's proportion of the net OPEB liability	0.357271%	0.355782%
District's proportionate share of the net OPEB liability	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the District	\$ 101,000	\$ 78,000
Total	<u>\$ 101,000</u>	<u>\$ 78,000</u>
District's covered-employee payroll	\$ 11,951,482	\$ 11,889,156
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	0.000%	0.000%
Plan fiduciary net position as a percentage of the total OPEB liability	75.000%	79.990%

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



GREENUP COUNTY SCHOOL DISTRICT  
SCHEDULE OF OPEB CONTRIBUTIONS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	2019	2018	2017
<b><u>COUNTY EMPLOYEES RETIREMENT SYSTEM</u></b>			
<b><u>INSURANCE FUND:</u></b>			
Contractually required contribution	\$ 209,043	\$ 197,450	\$ 196,732
Contributions in relation to the contractually required contribution	\$ 209,043	\$ 197,450	\$ 196,732
Contribution deficiency (excess)		-	-
District's covered-employee payroll	\$ 3,974,196	\$ 4,201,879	\$ 4,159,246
District's contributions as a percentage of its covered-employee payroll	5.26%	4.70%	4.73%
<b><u>KENTUCKY TEACHER'S RETIREMENT SYSTEM -</u></b>			
<b><u>MEDICAL INSURANCE PLAN:</u></b>			
Contractually required contribution	\$ 358,544	\$ 356,675	\$ 343,275
Contributions in relation to the contractually required contribution	\$ 358,544	\$ 356,675	\$ 343,275
Contribution deficiency (excess)	-	-	-
District's covered-employee payroll	\$ 11,951,482	\$ 11,889,156	\$ 11,442,462
District's contributions as a percentage of its covered-employee payroll	3.00%	3.00%	3.00%

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

GREENUP COUNTY SCHOOL DISTRICT  
SCHEDULE OF OPEB CONTRIBUTIONS (CONCLUDED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	2019	2018	2017
<b><u>KENTUCKY TEACHER'S RETIREMENT SYSTEM -</u></b>			
<b><u>LIFE INSURANCE PLAN:</u></b>			
Contractually required contribution	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	\$ -	\$ -	\$ -
Contribution deficiency (excess)	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 11,951,482	\$ 11,889,156	\$ 11,442,462
District's contributions as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%

See Notes to the Basic Financial Statements.

GREENUP COUNTY SCHOOL DISTRICT  
 NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - OPEB  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**Note 1 – Changes in Assumptions:**

CERS Insurance Fund

There were no changes of assumptions

KTRS Insurance Fund

*Medical Insurance Plan*- There were no changes of assumptions.

*Life Insurance Plan* - There were no changes of assumptions.

**Note 2 – Method and Assumptions Used in Calculations of Actuarially Determined Contributions:**

CERS Insurance Fund

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

Valuation Date	June 30, 2017
Experience Study	July 1, 2008 – June 30, 2013
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay
Remaining Amortization Period	28 Years, Closed
Payroll Growth Rate	2.00%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	3.25%
Salary Increase	4.00%, average
Investment Rate of Return	7.50%
Healthcare Trend Rates	
Pre-65	Initial trend starting at 7.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 5 years.
Post-65	Initial trend starting at 5.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 2 years.

GREENUP COUNTY SCHOOL DISTRICT  
 NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - OPEB  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**Note 2 – Method and Assumptions Used in Calculations of Actuarially Determined Contributions (Cont.):**

**KTRS Insurance Fund**

*Medical Insurance Plan* - 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, 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 FY2017 decreasing to an ultimate rate of 5.00% by FY2023
Ages 65 and older	5.75% for FY2017 decreasing to an ultimate rate of 5.00% by FY2020
Medicare Part B Premiums	1.02% for FY2017 with an ultimate rate of 5.00% by FY2029
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).

GREENUP COUNTY SCHOOL DISTRICT  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - OPEB  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**Note 2 – Method and Assumptions Used in Calculations of Actuarially Determined Contributions (Cont.):**

*Life Insurance Plan* - 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, 2017
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Payroll
Amortization Period	30 years, Open
Asset Valuation Method	Market Value
Inflation	3.50%
Real Wage Growth	0.50%
Wage Inflation	4.00%
Salary increases, including wage inflation	4.00% - 8.10%
Discount rate	7.50%

**Note 3 – Changes in Benefits:**

There were no changes in benefit terms for KTRS or CERS.

GREENUP COUNTY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2019

	Capital Outlay Fund	Building Fund	Construction Fund	Debt Service Fund	District Activity Funds	Total Non-Major Governmental Funds
Assets:						
Cash and Cash Equivalents	\$ 10,875	\$ 19,985	\$ 30,501	\$ -	\$ 48,989	\$ 110,350
Total Assets	<u>\$ 10,875</u>	<u>\$ 19,985</u>	<u>\$ 30,501</u>	<u>\$ -</u>	<u>\$ 48,989</u>	<u>\$ 110,350</u>
Liabilities:						
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ 8,036	\$ 8,036
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,036</u>	<u>\$ 8,036</u>
Fund Balances:						
Restricted - Other	\$ 10,875	\$ 8,009	\$ 30,501	\$ -	\$ -	\$ 49,385
Restricted - SFCC Escrow-Current	-	11,976	-	-	-	11,976
Committed - District Activity Funds	-	-	-	-	40,953	40,953
Assigned - Capital Expenditures	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total Fund Balances	<u>10,875</u>	<u>19,985</u>	<u>30,501</u>	<u>-</u>	<u>40,953</u>	<u>102,314</u>
Total Liabilities and Fund Balances	<u>\$ 10,875</u>	<u>\$ 19,985</u>	<u>\$ 30,501</u>	<u>\$ -</u>	<u>\$ 48,989</u>	<u>\$ 110,350</u>

See Notes to the Basic Financial Statements.

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

	Capital Outlay Fund	Building Fund	Construction Fund	Debt Service Fund	District Activity Funds	Total Non-Major Governmental Funds
Revenues:						
Taxes	\$ -	\$ 470,316	\$ -	\$ -	\$ -	\$ 470,316
Interest Income	-	-	199	-	-	199
Intergovernmental - State	249,876	571,666	-	308,082	-	1,129,624
Other Local Revenues	-	-	-	-	73,219	73,219
Total Revenues	<u>\$ 249,876</u>	<u>\$ 1,041,982</u>	<u>\$ 199</u>	<u>\$ 308,082</u>	<u>\$ 73,219</u>	<u>\$ 1,673,358</u>
Expenditures:						
Instruction	\$ -	\$ -	\$ -	\$ -	\$ 55,601	\$ 55,601
Instructional Staff	-	-	-	-	4,404	4,404
Operation and Maintenance of Plant	-	-	-	-	4,834	4,834
Student Transportation	-	-	-	-	-	-
Facility Acquisition and Construction	-	-	-	-	-	-
Debt Service	-	-	-	1,417,914	-	1,417,914
Total Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,417,914</u>	<u>\$ 64,839</u>	<u>\$ 1,482,753</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 249,876</u>	<u>\$ 1,041,982</u>	<u>\$ 199</u>	<u>\$ (1,109,832)</u>	<u>\$ 8,380</u>	<u>\$ 190,605</u>
Other Financing Sources (Uses):						
Operating Transfers In	-	-	-	1,109,832	-	1,109,832
Operating Transfers Out	(249,876)	(1,041,982)	-	-	-	(1,291,858)
Total Other Financing (Uses) Sources	<u>\$ (249,876)</u>	<u>\$ (1,041,982)</u>	<u>\$ -</u>	<u>\$ 1,109,832</u>	<u>\$ -</u>	<u>\$ (182,026)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 199</u>	<u>\$ -</u>	<u>\$ 8,380</u>	<u>\$ 8,579</u>
Fund Balances, June 30, 2018	\$ 10,875	\$ 19,985	\$ 30,302	\$ -	\$ 32,573	\$ 93,735
Fund Balances, June 30, 2019	<u>\$ 10,875</u>	<u>\$ 19,985</u>	<u>\$ 30,501</u>	<u>\$ -</u>	<u>\$ 40,953</u>	<u>\$ 102,314</u>

See Notes to the Basic Financial Statements.

**GREENUP COUNTY SCHOOL DISTRICT**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - SCHOOL ACTIVITY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Cash Balance June 30, 2018	Receipts	Disbursements	Cash Balance June 30, 2019	Transfers	Deposits Held In Custody For Students June 30, 2019
	\$			\$	\$	\$
Greenup County High School	107,105	230,173	225,189	112,089	-	112,089
McKell Middle School	5,206	85,737	86,124	4,819	(180)	4,639
Wurtland Middle School	21,926	43,471	42,479	22,918	180	23,098
Argilite Elementary	8,629	49,532	55,784	2,377	800	3,177
Greysbranch Elementary	12,993	55,652	52,016	16,629	-	16,629
McKell Elementary	31,249	68,887	85,248	14,888	-	14,888
Wurtland Elementary	2,505	47,026	44,408	5,123	(800)	4,323
GC Family	68	-	-	68	-	68
Special Education - CBI	1,221	404	1,437	188	-	188
Special Olympics	790	1,044	1,456	378	-	378
Cross Country - Middle School	60	1,837	1,897	-	-	-
Football - Middle School	499	2,251	2,565	185	-	185
Middle School Soccer	4,640	3,384	1,760	6,264	-	6,264
Middle School Baseball	1,026	546	610	962	(130)	832
Middle School Softball	-	1,295	1,425	(130)	130	-
21st Century Swim Club	525	-	-	525	-	525
21st Century Funds	503	-	-	503	-	503
McKell Preschool	-	2,882	2,396	486	-	486
Preschool	375	292	150	517	-	517
<b>Total</b>	<b>\$ 199,320</b>	<b>594,413</b>	<b>604,944</b>	<b>\$ 188,789</b>	<b>\$ -</b>	<b>\$ 188,789</b>



GREENUP COUNTY SCHOOL DISTRICT  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
SCHOOL ACTIVITY FUNDS - GREENUP COUNTY HIGH SCHOOL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Cash Balance June 30, 2018	Receipts	Disbursements	Cash Balance June 30, 2019	Accounts Receivable (Payable)	Total
General Account	\$ 126	\$ 162	\$ 144	\$ 144	\$ -	\$ 144
Robotics	-	2,000	1,099	901	-	901
Library	197	-	-	197	-	197
Natio9nal Honor Society	40	-	-	40	-	40
CMPS	14	-	-	14	-	14
CMPS Christmas Project	343	-	199	144	-	144
Beta	-	420	384	36	-	36
Drama	144	-	-	144	-	144
Textbook Fees	-	600	367	233	-	233
ROTC	18,362	10,909	24,496	4,775	(20)	4,755
Art	2,615	-	1,550	1,065	-	1,065
Prom Committee	5	9,404	3,483	5,926	-	5,926
Advance Placement Tests	1,265	915	900	1,280	-	1,280
Seniors	1,640	2,230	3,389	481	-	481
Student Government	4	-	-	4	-	4
Graphics	508	5,394	5,292	610	180	790
Spanish Honor Society	5	-	-	5	-	5
Bowling Field Trip Account	-	108	-	108	-	108
Yearbook	8,045	5,805	9,193	4,657	-	4,657
After Prom	1,100	3,555	3,856	799	-	799
Choir	481	-	-	481	-	481
Food Bank	589	-	-	589	-	589
Scholarship	3,930	3,000	3,500	3,430	-	3,430
Earl Belford	101	-	-	101	-	101
GC Employee's Scholarship	-	2,010	-	2,010	-	2,010
Social Studies Honor Society	1,689	301	484	1,506	-	1,506
Christian Athletes	239	-	-	239	-	239
Devin Rose Scholarship	102	-	-	102	-	102
Family Resource	246	450	268	428	(175)	253
KYA	-	6,897	6,690	207	175	382
Science Olympiad	23	-	-	23	-	23
Science Lab	200	-	-	200	-	200
Tech Conference	20	-	-	20	-	20
STLP	25	-	-	25	-	25
Success Academy	305	-	-	305	-	305
General Athletics	22,745	121,530	118,146	26,129	(20)	26,109
BOE Athletics	32,574	27,350	18,583	41,341	-	41,341
Athletic Trainer	741	215	225	731	-	731
Bass Fishing Booster	200	1,825	986	1,039	-	1,039
Cross Country Booster	1,839	100	290	1,649	-	1,649
Track Booster	1,668	-	-	1,668	-	1,668
GCHS Volleyball Booster	622	8,263	6,999	1,886	(140)	1,746
Boys/Girls Soccer Booster	2,957	5,953	3,889	5,021	-	5,021
Tennis Booster	833	-	-	833	-	833
Boys Golf Booster	500	-	-	500	-	500
Spring Band Trip	63	-	-	63	-	63
District Activity Sweep	-	10,777	10,777	-	-	-
<b>Total</b>	<b>\$ 107,105</b>	<b>\$ 230,173</b>	<b>\$ 225,189</b>	<b>\$ 112,089</b>	<b>\$ -</b>	<b>\$ 112,089</b>

GREENUP COUNTY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass-Through Grantor <u>Program Title</u>	<u>Federal</u> CFDA <u>Number</u>	<u>Pass-Through</u> Grantor's <u>Number</u>	<u>Program</u> or Award <u>Amount</u>	<u>Expenditures</u> <u>Paid</u>
U.S. Department of Agriculture:				
Child Nutrition Cluster:				
Passed through State Department of Education				
Cash Assistance:				
National School Snacks	10.555	7760005-19	\$ -	\$ 3,474
National School Breakfast Program	10.553	7760005-19	-	494,370
National School Lunch Program	10.555	7750002-19	-	1,202,925
Summer Food Service for Children	10.559	7740023-19	-	19,790
Total				<u>1,720,559</u>
Non-Cash Assistance:				
National School Lunch Program	10.555	057502-19	-	121,527
Total				<u>121,527</u>
Total U.S. Department of Agriculture				<u>1,842,086</u>
U.S. Department of Education:				
Passed through State Department of Education				
Title I Grants to Local Educational Agencies	84.010	3100002-18	834,414	56,782
Title I Grants to Local Educational Agencies	84.010	3100002-19	893,269	887,686
Total				<u>944,468</u>
Vocational Education Basic Grants to States	84.048	3710002-18	19,944	4,584
Vocational Education Basic Grants to States	84.048	3710002-19	19,887	9,082
				<u>13,666</u>
Special Education Cluster:				
Special Education Grants to States - IDEA, Part B	84.027	3810002-18	652,102	24,003
Special Education Grants to States - IDEA, Part B	84.027	3810002-19	661,385	580,636
Special Education - Pre-School	84.173	3800002-17	27,191	13,408
Special Education - Pre-School	84.173	3800002-18	27,191	1,032
Special Education - Pre-School	84.173	3800002-19	28,194	19,463
Total				<u>\$ 638,542</u>

See Notes to the Schedule of Expenditures of Federal Awards.

GREENUP COUNTY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONT.)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Federal Grantor/Pass-Through Grantor <u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Program or Award Amount</u>	<u>Expenditures Paid</u>
Education for Homeless Children and Youth	84.196	3990002-17	91502	\$ 6,967
Total				<u>6,967</u>
Twenty-First Century Community Learning Centers -550D	84.287	3400002-17	96,000	94,962
Total				<u>94,962</u>
Improving Teacher Quality State Grants	84.367	3230002-17	196,471	59,790
Improving Teacher Quality State Grants	84.367	3230002-18	140,967	140,967
Improving Teacher Quality State Grants	84.367	3230002-19	144,667	24,618
Total				<u>225,375</u>
Title IV - A Student Support and Academic Enrichment Grant	84.424	3420002-17	20,370	19,793
Title IV - A Student Support and Academic Enrichment Grant	84.424	3420002-18	60,212	20,914
Total				<u>40,707</u>
Total U.S. Department of Education				<u>1,964,687</u>
U.S. Department of Defense:				
Direct Program:				
Basic, Applied, and Advanced Research in Science and Engineering	12.000	504C	68,205	68,205
Basic, Applied, and Advanced Research in Science and Engineering	12.000	504D	59,387	7,222
Total U.S. Department of Defense				<u>75,427</u>
U.S. Department of Health and Human Services				
Passed Through Kentucky School Board Association				
Medical Assistance Program				
Fiscal Year 2015	93.778	110-4810	12,342	12,342
Total U.S. Department of Health and Human Services				<u>12,342</u>
Total Expenditures of Federal Awards				<u>\$ 3,894,542</u>

See Notes to the Schedule of Expenditures of Federal Awards.

GREENUP COUNTY SCHOOL DISTRICT  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL 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 Greenup County School District and is presented 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* (Uniform Guidance).

**Note 2 – Food Distribution:**

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2019, commodities on hand are included on the total inventory of \$39,498.

**Note 3 – Indirect Cost:**

The Greenup County School District did not elect to use the 10% de minimis indirect cost rate for its federal programs.

**Note 4 – Subrecipients:**

The Greenup County School District did not have subrecipients during the 2019 fiscal year.



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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*

Kentucky State Committee for  
School District Audits  
Members of the Board of Education  
Greenup County School District  
Greenup, 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 the Greenup 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 Greenup County School District's basic financial statements, and have issued our report thereon dated November 13, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Greenup 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 the Greenup County School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Greenup 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 the Greenup 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 certain matters that were reported to management of the Greenup County School District in a separate letter dated November 13, 2019.

### **Purpose of this Report**

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

A handwritten signature in blue ink that reads "The Fyffe Jones Group, AC". The signature is written in a cursive, flowing style.

THE FYFFE JONES GROUP, AC

Ashland, Kentucky  
November 13, 2019



The Fyffe Jones Group, AC

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

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

**Report on Compliance for Each Major Federal Program**

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

***Management's Responsibility***

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

***Auditors' Responsibility***

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

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

### ***Opinion on Each Major Federal Program***

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

### **Report on Internal Control Over Compliance**

Management of the Greenup County School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Greenup 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 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 Greenup 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*The Fyffe Jones Group, AC*

THE FYFFE JONES GROUP, AC

Ashland, Kentucky  
November 13, 2019

GREENUP COUNTY SCHOOL DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**A. Summary of Audit Results:**

Financial Statements

Type of auditor’s report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weakness(es)?	None Reported
Noncompliance material to financial statements?	No

Federal Awards

Internal control over major programs	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weakness(es)?	None Reported
Type of auditor’s report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?	No

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

Title I – Grants to Local Education Agencies (84.010)

The dollar threshold used for distinguishing between Type A and Type B programs was \$750,000.

The Greenup County School District qualified as a low-risk auditee under Uniform Guidance.

**B. Findings Relating to the Financial Statements Required to be Reported in Accordance with Generally Accepted Government Auditing Standards:**

No matters were reported.

**C. Findings and Questioned Costs Related to Federal Awards:**

No matters were reported.

GREENUP COUNTY SCHOOL DISTRICT  
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

No findings reported in the prior year.

GREENUP COUNTY SCHOOL DISTRICT  
CORRECTIVE ACTION PLAN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**Name of Contact Person:**

Traysea Moresea (606) 473-5710

**Corrective Action Planned:**

No corrective action plan is needed in the current year.



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

In planning and performing our audit of the financial statements of Greenup County School District (the "District") as of and for the year ended June 30, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

During our audit, we did not become aware of matters that are opportunities for strengthening internal controls and operating efficiency. This letter does not affect our report dated November 13, 2019, on the financial statements of the District.

Our prior year management letter did not include any issues needing addressed, therefore, we did not find it necessary to review any comments or follow up on any resolutions from the previous year.

*The Fyffe Jones Group, AC*

THE FYFFE JONES GROUP, AC  
Ashland, Kentucky  
November 13, 2019

GREENUP COUNTY SCHOOL DISTRICT  
MANAGEMENT LETTER POINTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**Current Year Management Points**

None.

**Status of Prior Year Management Points**

There were no management points in the prior year.

**APPENDIX C**

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

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**Continuing Disclosure Agreement**

## CONTINUING DISCLOSURE UNDERTAKING AGREEMENT

This Continuing Disclosure Undertaking Agreement ("Agreement") made and entered into as of the 13th day of October, 2020, by and between the Board of Education of Greenup County, Kentucky School District ("Board"); the Greenup County School District Finance Corporation, an agency and instrumentality of the Board ("Corporation") and the Registered and Beneficial Owners of the Bonds hereinafter identified as third party beneficiaries to this Agreement. For the purposes of this Agreement "Beneficial Owner" means the person or entity treated as the owner of the Bonds for federal income tax purposes and "Registered Owner" means the person or entity named on the registration books of the bond registrar.

### WITNESSETH:

WHEREAS, the Corporation has acted as issuing agency for the Board pursuant to the provisions of Section 162.385 of the Kentucky Revised Statutes ("KRS") and the Corporation's Bond Resolution in connection with the authorization, sale and delivery of \$1,065,000 of the Corporation's School Building Refunding Revenue Bonds, Series 2020, dated as of October 13, 2020 ("Bonds"), which Bonds were offered for sale under the terms and conditions of a Final Official Statement ("FOS") prepared by RSA Advisors, LLC, Lexington, Kentucky ("Financial Advisor") and approved by the authorized representatives of the Board and the Corporation, and

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

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

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

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

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

### 1. ANNUAL FINANCIAL INFORMATION

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

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



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

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

## **2. MATERIAL EVENTS NOTICES**

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

- (1) Principal/interest payment delinquency;
- (2) Nonpayment related default, if material;
- (3) Unscheduled draw on debt service reserve reflecting financial difficulties;
- (4) Unscheduled draw on credit enhancement reflecting financial difficulties;
- (5) Substitution of credit or liquidity provider, or its failure to perform;
- (6) Adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the securities, or other material events affecting the tax status of the security;
- (7) Modifications to rights of security holders, if material;
- (8) Bond call, if material and tender offers;
- (9) Defeasance;
- (10) Release, substitution or sale of property securing the repayment of the security, if material;
- (11) Rating change;
- (12) Merger, consolidation, acquisition or sale of all or substantially all assets of an obligated person, other than in the ordinary course of business, and the entry into a definitive agreement to undertake such action or the termination of a definitive agreement relating to such action, other than pursuant to its terms, if material;
- (13) Bankruptcy, insolvency, receivership or similar event of the obligated person;
- (14) Successor, additional or change in trustee, if material;
- (15) Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material, and;
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

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

- (A) Debt obligation;

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

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

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

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

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

### **3. SPECIAL REQUESTS FOR INFORMATION**

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

### **4. DISCLAIMER OF LIABILITY**

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

### **5. FINAL OFFICIAL STATEMENT**

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

### **6. DURATION OF THE AGREEMENT**

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

### **7. AMENDMENT; WAIVER**

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

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

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

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

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

## 8. DEFAULT

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

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

BOARD OF EDUCATION OF  
GREENUP COUNTY, KENTUCKY SCHOOL DISTRICT

\_\_\_\_\_  
Chairperson

Attest:

\_\_\_\_\_  
Secretary

GREENUP COUNTY SCHOOL  
DISTRICT FINANCE CORPORATION

\_\_\_\_\_  
President

Attest:

\_\_\_\_\_  
Secretary

**APPENDIX D**

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

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**Official Terms and Conditions of Bond Sale**

**OFFICIAL TERMS AND CONDITIONS OF BOND SALE**

**\$1,065,000\***

**Greenup County School District Finance Corporation  
School Building Refunding Revenue Bonds, Series of 2020  
Dated as of October 13, 2020**

**SALE: September 14, 2020 AT 11:30 A.M., E.D.S.T.**

The Greenup County School District Finance Corporation (the "Corporation") will until 11:30 A.M., E.D.S.T., on September 14, 2020 receive at the office of the Kentucky School Facilities Construction Commission, 700 Louisville Road, Carriage House, Frankfort, Kentucky, 40601, competitive bids for the purchase of \$1,065,000 principal amount of Greenup County School District Finance Corporation School Building Refunding Revenue Bonds, Series of 2020 (the "Refunding Bonds"), dated and bearing interest from October 13, 2020, payable on February 1, 2021, and semi-annually thereafter on August 1 and February 1 of each year, in denominations in multiples of \$5,000 within the same maturity, maturing on February 1, 2021 and August 1 in each of the years as follows:

<u>MATURITY</u>	<u>PRINCIPAL AMOUNT*</u>
Feb. 1, 2021	\$ 5,000
2021	80,000
2022	80,000
2023	85,000
2024	120,000
2025	115,000
2026	115,000
2027	115,000
2028	120,000
2029	120,000
2030	110,000

\* Subject to Permitted Adjustment as described herein.

**REDEMPTION PROVISIONS**

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

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

The Refunding Bonds are to be issued in fully registered form (both principal and interest). First & Peoples Bank and Trust Company, Russell, Kentucky, the Bond Registrar and Paying Agent, shall remit interest on each semiannual due date to each Registered Owner of record as of the 15th day of the month preceding the due date which shall be Cede & Co., as the Nominee of The Depository Trust Company ("DTC"). Please see "Book-Entry-Only-System" below.

## **GREENUP COUNTY SCHOOL DISTRICT FINANCE CORPORATION**

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

### **AUTHORITY AND PURPOSE**

The Refunding Bonds are being issued under and in full compliance with the Constitution and Statutes of the Commonwealth of Kentucky, including Sections 162.120 through 162.300, 162.385, and Section 58.180 of the Kentucky Revised Statutes, within the meaning of the decision of the Court of Appeals of Kentucky (Supreme Court) in the case of *Hemlepp v. Aronberg*, 369 S.W.2d 121, for the purpose of providing funds to retire the outstanding Greenup County School District Finance Corporation School Building Revenue Bonds, Series of 2010, dated June 1, 2010 maturing August 1, 2021 and thereafter (the "Refunded Bonds") prior to their stated maturities on October 16, 2020.

### **SCHOOL FACILITIES CONSTRUCTION COMMISSION**

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

The Commission will enter into a Participation Agreement with the Board whereunder the Commission, will agree to continue to pay approximately \$73,444 to be applied to the debt service of the Refunding Bonds through August 1, 2030; provided, however, that the contractual commitment of the Commission to pay the annual Agreed Participation is limited to the budget period of the Commonwealth, with the first such budget period terminating on June 30, 2021.

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

### **PROCEEDS TO RETIRE ALL BONDS OF PRIOR ISSUE**

The Refunded Bonds were issued under the authority of Sections 162.120 through 162.300 and 162.385 of the Kentucky Revised Statutes for the purpose of providing funds to finance improvements at Greenup County High School (the "Project"). Under the terms of the Resolution authorizing the Refunded Bonds, the Refunded Bonds are payable from the income and revenues of the Project financed from the proceeds thereof. The Refunded Bonds are secured by a lien upon and a pledge of revenues from the rental of the Project to the Board under a Contract, Lease and Option, dated June 1, 2010 (the "Prior Lease").

The total principal amount of the Refunded Bonds currently outstanding is \$1,020,000, scheduled to mature on August 1 in each of the years 2021 through 2030. The proceeds of the Refunding Bonds will be used to pay accruing interest on and retire on October 16, 2020 all of the Refunded Bonds

The 2020 Bond Resolution adopted by the Corporation's Board of Directors authorizes the payment and retirement of the Refunded Bonds including principal and accruing interest prior to their stated maturities through

the deposit of the required amount of proceeds of the Refunding Bonds in the Bond and Interest Redemption Fund established for the Refunded Bonds or in a special Escrow Fund for application to the retirement of the Refunded Bonds.

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

### **SECURITY FOR REFUNDING BONDS**

The Refunding Bonds will constitute a limited indebtedness of the Corporation and will be payable as to both principal and interest solely from the income and revenues of the school Project financed from the proceeds of the Refunded Bonds. The Refunding Bonds are secured by a lien upon and a pledge of the revenues derived from the rental of the school Project to the Board under a Lease Agreement dated October 13, 2020 (the "2020 Lease"); provided, however, that said lien and pledge are on parity with similar liens and pledges securing certain of the Corporation's outstanding School Building Revenue Bonds (the "Parity Bonds").

Under the 2020 Lease the Board has leased the school property securing the Refunding Bonds in accordance with the provisions of KRS 162.140 for an initial period from October 13, 2020 through June 30, 2021, with the option in the Board to renew said 2020 Lease from year to year for one year at a time, at annual rentals, sufficient in each year to enable the Corporation to pay, solely from the rentals due under the 2020 Lease, the principal and interest on all of the Refunding Bonds as same become due.

The 2020 Lease provides that the Prior Lease will be canceled effective upon the deposit of sufficient funds to provide for the retirement of the Refunded Bonds. The 2020 Lease provides further that so long as the Board exercises its annual renewal options, its rentals will be payable according to the terms and provisions of the 2020 Lease until August 1, 2030, the final maturity date of the Refunding Bonds, and such annual rentals shall be deposited as received in the Bond Fund for the Refunding Bonds and used and applied for the payment of all maturing principal of and interest on the Refunding Bonds.

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

### **BIDDING CONDITIONS AND RESTRICTIONS**

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

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

(2) Electronic bids for the Bonds must be submitted through PARITY® and no other provider of electronic bidding services will be accepted. Subscription to the PARITY® Competitive Bidding System is required in order to submit an electronic bid. The Corporation will neither confirm any subscription nor be responsible for the failure of any prospective bidders to subscribe. For the purposes of the bidding process, the time as maintained by PARITY® shall constitute the official time with respect to all bids

whether in electronic or written form. To the extent any instructions or directions set forth in PARITY® conflict with the terms of the Official Terms and Conditions of Sale of Bonds, this Official Terms and Conditions of Sale of Bonds shall prevail. Electronic bids made through the facilities of PARITY® shall be deemed an offer to purchase in response to the Notice of Bond Sale and shall be binding upon the bidders as if made by signed, sealed written bids delivered to the Corporation. The Corporation shall not be responsible for any malfunction or mistake made by or as a result of the use of the electronic bidding facilities provided and maintained by PARITY®. The use of PARITY® facilities are at the sole risk of the prospective bidders. For further information regarding PARITY®, potential bidders may contact PARITY®, telephone (212) 404-8102. Notwithstanding the foregoing non-electronic bids may be submitted via facsimile or by hand delivery utilizing the Official Bid Form.

(3) The bid shall be not less than \$1,054,350 (99% of par) plus accrued interest. Interest rates shall be in multiples of 1/8 or 1/20 of 1% or both. Only one interest rate shall be permitted per Bond, and all Bonds of the same maturity shall bear the same rate. Interest rates must be on an ascending scale, in that the interest rate stipulated in any year may not be less than that stipulated for any preceding maturity. There is no limit on the number of different interest rates.

(4) The determination of the best purchase bid for said Refunding Bonds shall be made on the basis of all bids submitted for exactly \$1,065,000 principal amount of Refunding Bonds offered for sale under the terms and conditions herein specified; provided, however, the Corporation reserves the right to increase or decrease the total principal amount of Refunding Bonds sold to such best bidder, in the amount of not exceeding \$105,000, with such increase or decrease to be made in any maturity, and the total amount of Refunding Bonds awarded to such best bidder will be a minimum of \$960,000 or a maximum of \$1,170,000. In the event of any such adjustment, no rebidding or recalculation of a submitted bid will be required or permitted. The price at which such adjusted principal amount of Bonds will be sold will be at the same price per \$5,000 of Refunding Bonds as the price per \$5,000 for the \$1,065,000 of Refunding Bonds bid.

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

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

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

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

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

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

(c) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term



"related party" for purposes of this certificate generally means any two or more persons who have greater than 50% common ownership, directly or indirectly.

(d)*Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is September 14, 2020.

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

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

(7) The successful purchaser shall be required (without further advice from the Corporation) to wire transfer an amount equal to 2% of the principal amount of Refunding Bonds actually awarded to the Paying Agent First & Peoples Bank and Trust Company, Russell, Kentucky, Attn: Ms. Jeannie C. Fraley, AVP (606-836-0211) by the close of business on the day following the award as a good faith deposit said amount will be applied (without interest) to the purchase price upon delivery and will be forfeited if the purchaser fails to take delivery.

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

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

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

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

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

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

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

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

### STATE SUPPORT OF EDUCATION

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

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

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

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

KRS 157.440(1) requires that effective for fiscal years beginning July 1, 1990 each school district shall levy a minimum equivalent tax rate of \$.30 for general school purposes. The equivalent tax rate is defined as the rate which results when the income collected during the prior year from all taxes levied by the district (including utilities gross receipts license and special voted) for school purposes is divided by the total assessed value of property, plus the assessment for motor vehicles certified by the Revenue Cabinet of the Commonwealth. Any school district board of education which fails to comply with the minimum equivalent tax rate levy shall be subject to removal from office.

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

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

KRS 157.620(1) also provides that in order to be eligible for participation from the Kentucky School Facilities Construction Commission for debt service on bond issues the district must levy a tax which will produce revenues equivalent to \$.05 per \$100 of the total assessed value of all property in the district (including tangible and intangible property and motor vehicles) in addition to the minimum \$.30 levy required by KRS 160.470(12). A district having a special voted tax which is equal to or higher than the required \$.05 tax, must commit and segregate for capital purposes at least an amount equal to the required \$.05 tax. Those districts which

levy the additional \$.05 tax are also eligible for participation in the Kentucky Facilities Support ("KFS") program for which funds are appropriated separately from SEEK funds and are distributed to districts in accordance with a formula taking into account outstanding debt and funds available for payment from both local and state sources under KRS 157.440(1)(b).

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

### **COMMONWEALTH BUDGET FOR PERIOD ENDING JUNE 30, 2021**

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

### **POTENTIAL LEGISLATION**

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

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

### **CONTINUING DISCLOSURE**

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

Financial information regarding the Board may be obtained from Superintendent, Greenup County Board of Education, 45 Musketeer Drive, Greenup, Kentucky 41144 (606) 473-9819.

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

Bond Counsel advises as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**GREENUP COUNTY SCHOOL DISTRICT  
FINANCE CORPORATION**

By /s/ Traysea Moresea  
Secretary

**APPENDIX E**

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

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**Official Bid Form**

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

The Greenup County School District Finance Corporation ("Corporation"), will until 11:30 A.M., E.D.S.T., on September 14, 2020, receive in the office of the Executive Director of the Kentucky School Facilities Construction Commission, 700 Louisville Road, Carriage House, Frankfort, Kentucky, 40601, (telephone 502-564-5582; Fax 888-979-6152) competitive bids for its \$1,065,000 School Building Refunding Revenue Bonds, Series of 2020, dated as of October 13, 2020; maturing February 1, 2021 and August 1, 2021 through 2030 ("Bonds").

We hereby bid for said \$1,065,000\* principal amount of Bonds, the total sum of \$ \_\_\_\_\_ (not less than \$1,054,350) plus accrued interest from October 13, 2020 payable February 1, 2021 and semiannually thereafter (rates on ascending scale in multiples of 1/8 or 1/20 of 1%; number of interest rates unlimited) and maturing as to principal on February 1, 2021 and August 1 in each of the years as follows:

<u>Year</u>	<u>Amount*</u>	<u>Rate</u>
Feb. 1, 2021	\$ 5,000	_____ %
2021	80,000	_____ %
2022	80,000	_____ %
2023	85,000	_____ %
2024	120,000	_____ %
2025	115,000	_____ %
2026	115,000	_____ %
2027	115,000	_____ %
2028	120,000	_____ %
2029	120,000	_____ %
2030	110,000	_____ %

\* Subject to Permitted Adjustment up to \$105,000

We understand this bid may be accepted for as much as \$1,170,000 of Bonds or as little as \$960,000 of Bonds, at the same price per \$5,000 Bond, with the variation in such amount occurring in any maturity or all maturities, which will be determined by the Secretary of the Corporation at the time of acceptance of the best bid.

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

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

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

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

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

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

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

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

(d)*Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is September 14, 2020.

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

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

malfunction or mistake made by or as a result of the use of the electronic bidding facilities provided and maintained by PARITY®. The use of PARITY® facilities are at the sole risk of the prospective bidders. For further information regarding PARITY®, potential bidders may contact PARITY®, telephone (212) 404-8102.

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

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

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

No certified or bank cashier's check will be required to accompany a bid, but the successful bidder shall be required to wire transfer an amount equal to 2% of the principal amount of Refunding Bonds awarded by the close of business on the date following the award. Said good faith amount will be applied (without interest) to the purchase price on delivery. Wire transfer procedures should be arranged through First & Peoples Bank and Trust Company, Russell, Kentucky, Attn: Ms. Jeannie C. Fraley, AVP (606-836-0211).

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

If we are the successful bidder, we agree to accept and make payment for the Bonds in Federal Funds on or about October 13, 2020 and upon acceptance by the Issuer's Financial Advisor this Official Bid Form shall become the Bond Purchase Agreement.

Respectfully submitted,

\_\_\_\_\_ Bidder

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

\_\_\_\_\_ Address

Total interest cost from October 13, 2020 to final maturity \$ \_\_\_\_\_

Plus discount or less any premium \$ \_\_\_\_\_

Net interest cost (Total interest cost plus discount or less any premium) \$ \_\_\_\_\_

Average interest rate or cost (ie NIC) \_\_\_\_\_ %

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

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

<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Year</u>	<u>Amount</u>	<u>Rate</u>
2021	_____,000	_____%	2026	_____,000	_____%
2021	_____,000	_____%	2027	_____,000	_____%
2022	_____,000	_____%	2028	_____,000	_____%
2023	_____,000	_____%	2029	_____,000	_____%
2024	_____,000	_____%	2030	_____,000	_____%
2025	_____,000	_____%			

Dated: September 14, 2020

\_\_\_\_\_  
RSA Advisors, LLC, Municipal Advisor and  
Agent for Greenup County School District Finance Corporation