PRELIMINARY OFFICIAL STATEMENT

DATED NOVEMBER 11, 2020

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

In the opinion of Bond Counsel, under existing law interest on the Bonds will be includable in gross income of the holders thereof for purposes of federal taxation. The Bonds and interest thereon are exempt from income taxation and ad valorem taxation by the Commonwealth of Kentucky and political subdivisions thereof (see "Tax Status" herein).

$2,415,000*
FLEMING COUNTY SCHOOL DISTRICT FINANCE CORPORATION SCHOOL BUILDING REFUNDING REVENUE BONDS, TAXABLE SERIES OF 2020

Dated with Delivery: December 10, 2020 | **Due: as shown below**

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

Maturing 1-Oct	Amount	Interest Rate	Reoffering Yield	CUSIP	Maturing 1-Oct	Amount	Interest Rate	Reoffering Yield	CUSIP
4/1/2021	$20,000	%	%		2026	$215,000	%	%	
2021	$200,000	%	%		2027	$220,000	%	%	
2022	$195,000	%	%		2028	$230,000	%	%	
2023	$200,000	%	%		2029	$235,000	%	%	
2024	$200,000	%	%		2030	$240,000	%	%	
2025	$215,000	%	%		2031	$245,000	%	%	

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 Fleming 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 Fleming County Board of Education.

The Fleming County (Kentucky) School District Finance Corporation will until November 19, 2020 at 11:00 A.M., E.D.S.T., receive competitive bids for the Bonds at the office of the Executive Director of the Kentucky School Facilities Construction Commission, 700 Louisville Road, Carriage House, Frankfort, Kentucky 40601.

***As set forth in the "Official Terms and Conditions of Bond Sale," the principal amount of Bonds sold to the successful bidder is subject to a Permitted Adjustment by increasing or decreasing the amount not to exceed $240,000.**

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

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

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

RSA advisors

FLEMING COUNTY
BOARD OF EDUCATION

Heather Crump, Chairperson
Michael Ishmael, Member
Ed Ward, Member
David Corbin, Member
Rob Earlywine, Member

Brian Creasman, Superintendent/Secretary

FLEMING COUNTY (KENTUCKY) SCHOOL DISTRICT
FINANCE CORPORATION

Heather Crump, President
Michael Ishmael, Member
Ed Ward, Member
David Corbin, Member
Rob Earlywine, Member

Brian Creasman, Secretary
Andy Plank, Treasurer

BOND COUNSEL

Steptoe & Johnson PLLC
Louisville, Kentucky

FINANCIAL ADVISOR

RSA Advisors, LLC
Lexington, Kentucky

PAYING AGENT AND REGISTRAR

Peoples Bank of Kentucky, Inc.
Flemingsburg, 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 Fleming County School District Finance Corporation School Building Refunding Revenue Bonds, Taxable 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

$2,415,000*

FLEMING COUNTY SCHOOL DISTRICT FINANCE CORPORATION
SCHOOL BUILDING REFUNDING REVENUE BONDS,
TAXABLE 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 Fleming County School District Finance Corporation (the "Corporation") School Building Refunding Revenue Bonds, Taxable Series of 2020 (the "Bonds").

The Bonds are being issued to (i) pay the accrued interest and refund at or in advance of maturity on October 1, 2021, all of the outstanding Fleming County School District Finance Corporation School Building Revenue Bonds, Series of 2011, dated October 1, 2011 (the "2011 Bonds") maturing October 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 Fleming 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 Fleming 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 Fleming County Board of Education from its records, except for information expressly attributed to other sources. The presentation of financial and other information is not intended, unless specifically stated, to indicate future or continuing trends in the financial position or other affairs of the Board. No representation is made that past experience, as is shown by financial and other information, will necessarily continue or be repeated in the future.

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

Copies of the Bond Resolution authorizing the issuance of the Bonds and the Lease Agreement, dated December 10, 2020, may be obtained at the office of Steptoe & Johnson PLLC, Bond Counsel, 700 N. Hurstbourne Parkway, Suite 115, Louisville, Kentucky 40222.

BOOK-ENTRY-ONLY-SYSTEM

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

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

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

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

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

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

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

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

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

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

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

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

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

THE CORPORATION

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

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

KENTUCKY SCHOOL FACILITIES CONSTRUCTION COMMISSION; NO PARTICIPATION IN THIS ISSUE

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

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

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

Biennium	Appropriation
1986-88	$18,223,200
1988-90	14,050,700
1990-92	13,542,800
1992-94	3,075,300
1994-96	2,800,000
1996-98	4,996,000
1998-00	12,141,500
2000-02	8,100,000
2002-04	9,500,000
2004-06	14,000,000
2006-08	9,000,000
2008-10	10,968,000
2010-12	12,656,200
2012-14	8,469,200
2014-16	8,764,000
2016-18	23,019,400
2018-20	7,608,000
2020-21	2,946,900
Total	$183,861,200

BIENNIAL BUDGET FOR PERIOD ENDING JUNE 30, 2022

The Kentucky General Assembly is required by the Kentucky Constitution to adopt measures providing for the state's revenues and appropriations for each fiscal year. The Governor is required by law to submit a biennial State Budget (the "State Budget") to the General Assembly during the legislative session held in each even numbered year. State Budgets have generally been adopted by the General Assembly during those legislative sessions, which end in mid-April, to be effective upon the Governor's signature for appropriations commencing for a two-year period beginning the following July 1.

In the absence of a legislatively enacted budget, the Supreme Court has ruled the Governor has no authority to spend money from the state treasury except where there is a statutory, constitutional or federal mandate and the Commonwealth may be prevented from expending funds for certain state governmental functions, including the ability to pay principal of, premium, if any, and interest, when due, on obligations that are subject to appropriation.

Due to the unforeseen nature on the economy of the Commonwealth caused by the COVID-19 pandemic, in its 2020 regular session, the General Assembly adopted only a one-year budget for the biennial period ending June 30, 2022 which was approved and signed by the Governor. The biennial budget will be reviewed and supplemented during the General Assembly's 2021 regular session. Such budget became effective beginning July 1, 2020. The Office of the State Budget Director makes available on its website monthly updates to the General Fund receipts and other Funds of the commonwealth. When published, the updates can be found at www.osbd.ky.gov.

OUTSTANDING BONDS

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

Bond Series	Original Principal	Current Principal Outstanding	Principal Assigned to Board	Principal Assigned to Commission	Approximate Interest Rate Range	Final Maturity
2010-REF	$2,875,000	$450,000	$2,875,000	$0	2.500%	2021
2011 - QSCB	$11,918,000	$11,918,000	$9,029,291	$2,888,709	4.650	2030
2011	$2,665,000	$2,265,000	$2,625,000	$0	3.250% - 4.250%	2031
2012-REF	$2,820,000	$1,410,000	$2,224,720	$595,280	2.000% - 2.250%	2024
2012-KISTA Energy	$1,000,000	$840,000	$1,000,000	$0	3.000% - 3.375%	2032
2013	$4,520,000	$3,985,000	$3,623,753	$896,247	1.850% - 3.000%	2033
2016-REF	$960,000	$575,000	$0	$960,000	2.000% - 2.250%	2026
2016	$14,890,000	$12,675,000	$2,860,893	$12,029,107	2.000% - 3.000%	2036
2017-REF	$1,815,000	$1,595,000	$1,003,262	$811,738	2.000% - 3.000%	2028
Totals:	$43,463,000	$35,713,000	$25,241,919	$18,181,081		

AUTHORITY

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

i) the issuance of approximately $2,415,000 of Bonds subject to a permitted adjustment of $240,000;

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 December 10, 2020, will bear interest from that date as described herein, payable semi-annually on April 1 and October 1 of each year, commencing April 1, 2021, and will mature as to principal on April 1, 2021 and October 1, 2021, and each October 1 thereafter in the years and in the principal amounts as set forth on the cover page of this Official Statement.

Registration, Payment and Transfer

The Bonds are to be issued in fully-registered form (both principal and interest). Peoples Bank of Kentucky, Inc., Flemingsburg, Kentucky, the Bond Registrar and Paying Agent, shall remit interest on each semiannual due date to Cede & Co., as the nominee of The Depository Trust Company. Please see Book-Entry-Only-System. Interest on the Bonds will be paid at rates to be established upon the basis of competitive bidding as hereinafter set forth, such interest to be payable on April 1 and October 1 of each year, beginning April 1, 2021 (Record Date is 15th day of month preceding interest due date).

Redemption

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

Redemption Date	Redemption Price
October 1, 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 December 10, 2020, through June 30, 2021 with the option in the Board to renew said Lease from year to year for one year at a time, at annual rentals, sufficient in each year to enable the Corporation to pay, solely from the rental due under the Lease, the principal and interest on all of the Bonds as same become due. The Lease provides further that so long as the Board exercises its annual renewal options, its rentals will be payable according to the terms and provisions of the Lease until October 1, 2031, the final maturity date of the Bonds. Under the lease, the Corporation has pledged the rental revenue to the payment of the Bonds.

STATE INTERCEPT

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

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 in advance of maturity all of the Fleming County School District Finance Corporation School Building Revenue Bonds, Series of 2011, dated October 1, 2011, maturing October 1, 2021 and thereafter (the "Refunded Bonds") on October 1, 2021; 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 Fleming 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 at Hillsboro Elementary 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 100% of the debt service of the Bonds.

Fiscal Year Ending June 30	Current Local Bond Payments	2020 Refinancing Revenue Bonds			Total Local Bond Payments
		Principal	Interest	Total	
2021	$1,629,120	$20,000	$12,419	$32,419	$1,614,553
2022	$1,563,858	$200,000	$39,378	$239,378	$1,551,325
2023	$1,567,200	$195,000	$37,896	$232,896	$1,553,919
2024	$1,562,265	$200,000	$36,165	$236,165	$1,548,542
2025	$1,562,317	$200,000	$33,665	$233,665	$1,547,932
2026	$1,512,658	$215,000	$30,553	$245,553	$1,497,760
2027	$1,508,502	$215,000	$27,220	$242,220	$1,493,372
2028	$1,511,741	$220,000	$23,575	$243,575	$1,496,366
2029	$1,511,677	$230,000	$19,465	$249,465	$1,500,992
2030	$1,391,182	$235,000	$14,460	$249,460	$1,379,692
2031	$1,410,942	$240,000	$8,760	$248,760	$1,398,659
2032	$973,684	$245,000	$2,940	$247,940	$961,205
2033	$786,461				$786,461
2034	$254,986				$254,986
2035	$256,635				$256,635
2036	$257,386				$257,386
Totals:	$19,260,614	$2,415,000	$286,495	$2,701,495	$19,099,784

Note: Numbers rounded to the nearest $1.00.

ESTIMATED USE OF BOND PROCEEDS

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

Sources:	
Par Amount of Bonds	$2,415,000.00
Total Sources	$2,415,000.00
Uses:	
Deposit to Escrow Fund	$2,352,700.00
Underwriter's Discount (1%)	24,150.00
Cost of Issuance	38,150.00
Total Uses	$2,415,000.00

DISTRICT STUDENT POPULATION

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

Year	Average Daily Attendance	Year	Average Daily Attendance
2000-01	2,181.5	2010-11	2,146.3
2001-02	2,218.6	2011-12	2,125.0
2002-03	2,220.1	2012-13	2,112.2
2003-04	2,263.3	2013-14	2,073.2
2004-05	2,273.0	2014-15	2,100.3
2005-06	2,233.3	2015-16	2,121.6
2006-07	2,194.3	2016-17	2,101.7
2007-08	2,184.9	2017-18	2,068.0
2008-09	2,175.1	2018-19	2,032.9
2009-10	2,122.8	2019-20	1,993.5

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 Fleming County School District for certain preceding school years.

Year	Capital Outlay Allotment	Year	Capital Outlay Allotment
2000-01	218,150.0	2010-11	214,634.0
2001-02	221,860.0	2011-12	212,501.0
2002-03	222,010.0	2012-13	211,222.0
2003-04	226,330.0	2013-14	207,320.0
2004-05	227,300.0	2014-15	210,031.0
2005-06	223,330.0	2015-16	212,160.0
2006-07	219,430.0	2016-17	210,170.0
2007-08	218,490.0	2017-18	206,800.0
2008-09	217,509.0	2018-19	203,288.5
2009-10	212,280.0	2019-20	199,350.0

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

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

1) The district must have unmet needs as set forth and approved by the State Department of Education in a School Facilities Plan;

2) The district must commit to establish an equivalent tax rate of at least 5 cents, in addition to the 30 cents minimum current equivalent tax rate; and,

3) The new revenues generated by the 5 cent addition, must be placed in a restricted account for school building construction bonding.

LOCAL SUPPORT

Homestead Exemption. Section 170 of the Kentucky Constitution was amended at the General Election held November 2, 1971, to exempt from property taxes $6,500 of value of single unit residential property of taxpayers 65 years of age or older. The 1972 General Assembly amended KRS Chapter 132 to permit counties and school districts to adjust their local tax revenues lost through the application of this Homestead Exemption.

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

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

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

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

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

Local Thirty Cents Minimum. Effective for school years beginning after June 30, 1990, the board of education of each school district shall levy a minimum equivalent tax rate of thirty cents ($0.30) for general school purposes. If a board fails to comply, its members shall be subject to removal from office for willful neglect of duty.

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

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

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

Local Tax Rates, Property Assessments and Revenue Collections

Tax Year	Combined Equivalent Rate	Total Property Assessment	Property Revenue Collections
2000-01	49.2	432,286,624	2,126,850
2001-02	49.9	449,598,780	2,243,498
2002-03	48.5	466,742,130	2,263,699
2003-04	48.5	488,129,497	2,367,428
2004-05	47.9	517,497,965	2,478,815
2005-06	48.6	537,075,942	2,610,189
2006-07	47	549,807,231	2,584,094
2007-08	48.6	573,485,945	2,787,142
2008-09	47.5	600,423,501	2,852,012
2009-10	47.5	603,022,784	2,864,358
2010-11	48.7	617,720,302	3,008,298
2011-12	52.1	625,193,174	3,257,256
2012-13	52.6	639,911,027	3,365,932
2013-14	53.8	647,098,177	3,481,388
2014-15	55	658,720,316	3,622,962
2015-16	55.1	680,026,333	3,746,945
2016-17	56.2	717,517,055	4,032,446
2017-18	53.6	732,961,136	3,928,672
2018-19	53.4	749,601,387	4,002,871
2019-20	55.3	789,398,293	4,365,373

OVERLAPPING BOND INDEBTEDNESS

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

Issuer	Original Principal Amount	Amount of Bonds Redeemed	Current Principal Outstanding
County of Fleming			
Water Revenue	$4,308,000	$747,947	$3,560,053
Court Facility Refunding Revenue	$6,980,000	$0	$6,980,000
Refunding Revenue	$790,000	$130,000	$660,000
City of Ewing			
Pool Funding Revenue	$100,000,000	$0	$100,000,000
City of Flemingsburg			
General Obligation	$515,000	$125,000	$390,000
Improvement Project Revenue	$1,995,000	$109,000	$1,886,000
Special Districts			
Fleming County Hospital	$32,000,000	$3,742,250	$28,257,750
Fleming County Public Library	$2,899,200	$1,532,180	$1,367,020
Western Fleming County Water District	$2,076,000	$1,047,000	$1,029,000
Total:	$151,563,200	$7,433,377	$144,129,823

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	8,407,262	2,126,850	10,534,112
2001-02	8,602,762	2,243,498	10,846,260
2002-03	8,869,391	2,263,699	11,133,090
2003-04	9,377,017	2,367,428	11,744,445
2004-05	9,564,883	2,478,815	12,043,698
2005-06	9,893,952	2,610,189	12,504,141
2006-07	9,807,852	2,584,094	12,391,946
2007-08	10,653,821	2,787,142	13,440,963
2008-09	10,832,690	2,852,012	13,684,702
2009-10	9,588,739	2,864,358	12,453,097
2010-11	9,641,121	3,008,298	12,649,419
2011-12	10,101,537	3,257,256	13,358,793
2012-13	9,838,467	3,365,932	13,204,399
2013-14	9,731,151	3,481,388	13,212,539
2014-15	10,062,132	3,622,962	13,685,094
2015-16	10,488,148	3,746,945	14,235,093
2016-17	10,372,098	4,032,446	14,404,544
2017-18	10,241,232	3,928,672	14,169,904
2018-19	10,219,072	4,002,871	14,221,943
2019-20	9,784,645	4,365,373	14,150,018

(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 $0.553 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 later extended that through the end of the school year. All 172 Kentucky school districts utilized KDE's Non-Traditional Instruction (NTI) Program for the remainder of the school year.

On August 10, 2020, the Governor recommended that all Kentucky Schools postpone in-person learning until at least September 28, 2020. 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 having outstanding at the time the Bonds referred to herein are offered for public sale municipal securities in excess of $1,000,000, the Corporation and the Board will enter into a written agreement for the benefit of all parties who may become Registered or Beneficial Owners of the Bonds whereunder said Corporation and Board will agree to comply with the provisions of the Municipal Securities Disclosure Rules set forth in Securities and Exchange Commission Rule 15c2-12 by filing annual financial statements and material events notices with the Electronic Municipal Market Access (EMMA) System maintained by the Municipal Securities Rule Making Board.

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

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

Financial information regarding the Board may be obtained from Superintendent, Fleming County School District Board of Education, 211 West Water Street, Flemingsburg, KY 41041, 606-845-5851.

TAX STATUS

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 includable in the gross income of the recipient thereof for Federal income tax purposes under existing law.

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 Fleming 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 Fleming 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 Fleming 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

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

Demographic and Economic Data

FLEMING COUNTY, KENTUCKY

Flemingsburg, the county seat of Fleming County, is located in the Outer Bluegrass Region in northeastern Kentucky. Flemingsburg is located 64 miles northeast of Lexington, Kentucky; 74 miles southeast of Cincinnati, Ohio; and 212 miles north of Knoxville, Tennessee. Flemingsburg had an estimated population of 2,778 in 2020.

Fleming County, characterized by gently rolling terrain, covers a land area of 351 square miles. The county had an estimated 2020 population of 14,424 persons.

The Economic Framework

Fleming County has a labor force of 6,671 people with an unemployment rate of 5.2%. The total number of people employed in 2020 averaged 3,524. The top 5 jobs by occupation are as follows: office and administrative support - 551 (15.64%); executive, managers and administrators - 477 (13.54%); sales - 401 (11.38%); education, training/library - 259 (7.35%); and production workers - 196 (5.56%).

Transportation

Major highways directly serving Flemingsburg include Kentucky Routes 11 and 32. Both are AAA-rated trucking highways and provide access to Interstate 64. Fourteen trucking companies provide interstate and/or intrastate service to Flemingsburg. Rail service is provided by T.T.I. Systems, Inc. at Maysville, Kentucky, seventeen miles north. The Fleming-Mason Airport, seven miles north of Flemingsburg, maintains a 5,000-foot paved runway. The nearest scheduled commercial airline service is available at the Blue Grass Airport near Lexington, 63 miles southwest of Flemingsburg; and at the Cincinnati/Northern Kentucky International Airport, 71 miles northwest of Flemingsburg.

Power and Fuel

Kentucky Utilities Company provides electric power to Flemingsburg and parts of Fleming County. Fleming County is also served electric power by the Fleming-Mason Rural Electric Cooperative Corporation. Flemingsburg Utilities System provides natural gas service to Flemingsburg.

Education

The Fleming County School System provides primary and secondary education to the residents of Flemingsburg and Fleming County. Seventeen colleges and universities are located within 60 miles of Flemingsburg. The nearest area technology center (ATC) providing secondary technical training is Mason County ATC in Maysville. The nearest technical college providing postsecondary technical training is Rowan County Technical College in Morehead.

LOCAL GOVERNMENT

Structure

The City of Flemingsburg is governed by a mayor and six council members. The mayor is elected to a four-year term while the council members each serve two-year terms. Fleming County is governed by a county judge/executive and six magistrates. Each county official is elected to a four-year term.

Planning and Zoning

Joint agency - Flemingsburg-Fleming County Planning Commission
Participating cities - Flemingsburg
Zoning enforced - none
Subdivision regulations enforced - Within city of Flemingsburg and two miles beyond the corp. limits
Local codes enforced - Building and housing

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

Local Fees and Licenses

The City of Flemingsburg levies a one percent occupational license tax on the gross wages of individuals employed within the city. A business license fee of 7/20 of one percent of annual gross income is levied on professions, with a minimum annual fee of $200. Business license fees for firms with annual gross receipts of $200,000 or less range from $40 to $160 per year, depending on the type of business. Firms with annual gross receipts of more than $200,000 are levied at flat fee based on gross receipts.

Sales and Use Tax

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

State and Local Property Taxes

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

LABOR MARKET STATISTICS

The Flemingsburg labor market area includes Fleming County and the following additional counties: Bath, Lewis, Mason, Nicholas, Robertson, and Rowan.

Population

Area	2018	2019	2020
Fleming County	14,450	14,140	14,424
Flemingsburg	2,792	2,794	2,778

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

Population Projections

Area	2025	2030	2035
Fleming County	14,887	14,876	14,763

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

EDUCATION

Public Schools

	Fleming County
Total Enrollment (2019-2020)	2,146
Pupil-Teacher Ratio (2019-2020)	16 to 1

Vocational Training

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

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

Bluegrass State Skills Corporation

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

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

School	Location	Enrollment (2018-2019)
Montgomery County ATC	Mt. Sterling, KY	496
Foster Mead Vocational Education Center	Vanceburg, KY	N/A
Harrison County ATC	Cynthiana, KY	556
Clark County ATC	Winchester, KY	680
Morgan County ATC	West Liberty, KY	514
Elkhorn Crossing School	Georgetown, KY	N/A
Eastside Center for Applied Technology	Lexington, KY	N/A
Greenup County ATC	Greenup, KY	430
Russell ATC	Russell, KY	449
Lee County ATC	Beattyville, KY	312
Boyd County High School Vocational School	Ashland, KY	N/A
Chapman Academic Vocational Education Center	Covington, KY	N/A

Colleges and Universities

Name	Location	Enrollment (Fall 2019)
Morehead State University	Morehead, KY	9,660
Georgetown College	Georgetown, KY	983
Midway University	Midway, KY	1,481
University of Kentucky	Lexington, KY	29,402
Transylvania University	Lexington, KY	949
Eastern Kentucky University	Richmond, KY	14,980
Northern Kentucky University	Highland Heights, KY	15,678
Maysville Community & Tech College	Maysville, KY	3,890
Bluegrass Community & Tech College	Lexington, KY	10,144
Ashland Community & Tech College	Ashland, KY	2,598

FINANCIAL INSTITUTIONS

Institution	Total Assets	Total Deposits
People's Bank of Kentucky, Inc.	$319,386,000	$264,513,000

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

EXISTING INDUSTRY

Firm	Product	Total Employed
Flemingsburg:		
A Raymond Tinnerman	Window channel guides, sunroof components	97
Hinton Mills	Feed and nutrient for livestock	13
Hypac, Inc.	Hydraulic systems: power units, cylinders, & hose assemblies for medical & recreational vehicle industries	20
Johnson Brothers, Inc.	Hardwood pallets & lumber, crates, moldings, green & dried (kd) lumber	10
Over Armour Off Road	Manufactures custom enclosures for the ATV/ UTV market	9
Ridley Block Operations	Manufacture livestock nutritional supplements	20
Riverside Plastics, Inc.	Plastic industrial & boat parts, agricultural materials & flower pots	11
Toyo Seat USA Corporation	Automotive hardware & seating components, tracks & frame work	210
Wallingford:		
Greentree Forest Products Inc	Sawmill: pallets rough dimension & grade lumber	60

Source: Kentucky Directory of Manufacturers (2020).

APPENDIX B

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

Audited Financial Statement ending June 30, 2019

FLEMING COUNTY BOARD OF EDUCATION

FINANCIAL STATEMENTS
SUPPLEMENTARY INFORMATION
And
INDEPENDENT AUDITOR'S REPORTS

Year Ended June 30, 2019

Denise M. Keene
Certified Public Accountant
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Georgetown, Kentucky 40324
859-421-5062

FLEMING COUNTY BOARD OF EDUCATION
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INDEPENDENT AUDITOR'S REPORT

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Emphasis of Matter

As described in Note Q to the financial statements, the District adopted GASB Statement No. 88, *Certain Disclosures Related to Debt, including direct Borrowings and Direct Placements,* effective for July 1, 2018. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 through 11 and budgetary comparison information on pages 57 and 58, the Schedules of Proportionate Share of the Net Pension Liability and Schedule of Contributions on pages 59 and 60, the Schedule of Proportionate Share of the Net OPEB Liability and Schedule of the OPEB Contributions on pages 61 and 62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board's basic financial statements. The combining statements for nonmajor governmental funds and fiduciary funds, the statement of receipts, disbursements, and due to student groups-Fleming County High School are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200. Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* and is also not a required part of the basic financial statements.

The combining statements for nonmajor funds and fiduciary funds, the statement of receipts, disbursements, and due to student groups-Fleming County High School, and the schedule of expenditures of federal awards is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements for nonmajor funds and fiduciary funds, the statement of receipts, disbursements, and due to student groups-Fleming County High School, and the schedule of expenditures of federal awards 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 Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.

Denise M. Keene

Denise M. Keene, CPA
Georgetown, Kentucky
November 13, 2019

FLEMING COUNTY BOARD OF EDUCATION
FLEMINGSBURG, KENTUCKY

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

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

FINANCIAL HIGHLIGHTS

The beginning cash balance, including activity funds, for the District was $3,249,591.
The ending cash balance, including activity funds, for the District was $6,519,005.

The General Fund had $18,749,826 in revenue, which primarily consisted of the state program (SEEK), property, utilities, and motor vehicle taxes. Excluding inter-fund transfer, there were $18,696,560 in General Fund expenditures. This includes on-behalf payments.

The District filed a capital funds request and received KDE approval to use Capital Outlay funds and Building funds of $229,790 for the following expenditures - Insurance $164,840, and payment of the KISTA debt service of $64,950.

The District participated in the Community Eligibility Provision (CEP) program.
CEP allows the District to serve breakfast and lunch at no cost to all enrolled students.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

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

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

The district-wide financial statements can be found on pages 12 and 13 of this report.

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

The basic governmental fund financial statements can be found on pages 14-22 of this report.

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

DISTRICT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by $1.6 million as of June 30, 2019.

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

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

Net position for the period ending June 30, 2019 and 2018

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

Net Position (in thousands)

	Governmental		Business-type		Total	
	2018	2019	2018	2019	2018	2019
Assets	$54,659	$53,082	$1,039	$1,068	$55,698	$54,150
Deferred Outflows of Resources	$3,196	$2,574	$460	$387	$3,656	$2,961
Liabilities	$56,023	$52,910	$1,489	$1,450	$57,512	$54,360
Deferrred Inflows of Resources	$783	$1,145	$130	$148	$913	$1,293
Investment in capital assets (net of debt)	$8,541	$9,503	$51	$36	$8,592	$9,539
Restricted	3,228	4,072	(171)	(179)	3,057	3,893
Unrestricted	(10,720)	(11,974)			(10,720)	(11,974)
Total Net Position	$1,049	$1,601	($120)	(143)	$929	$1,458

Budgetary Implications

In Kentucky the public school fiscal year is July 1 - June 30; other programs, i.e. some federal operate on a different fiscal year, but are reflected in the district overall budget. By law the budget must have a minimum 2 percent contingency. The district adopted a budget with $1,600,000 in contingency, which is 11.75 percent.

Comments on Budget Comparisons

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

Changes in Net Position (in thousands)

	Governmental		Business-type		Total	
Revenues	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**
Local Revenue Sources	$4,414	$4,534	$321	$330	$4,735	$4,864
State Revenue Sources	21,899	18,434	150	544	22,049	18,978
Federal Revenue Sources	2,392	2,751	1,758	1,859	4,150	4,610
Investments	56	98	1	1	57	99
Total Revenues	28,761	25,817	2,230	2,734	30,991	28,551
Expenses						
Instruction	18,828	14,720			18,828	14,720
Student Support Services	1,047	1,123			1,047	1,123
Instructional Support	451	334			451	334
District Administration	1,031	1,338			1,031	1,338
School Administration	1,246	1,336			1,246	1,336
Business Support	234	108			234	108
Plant Operations	2,489	2,431			2,489	2,431
Student Transportation	1,896	1,685			1,896	1,685
Community Support	197	276			197	276
Food Service			2,246	2,754	2,246	2,754
Debt Service	1,447	1,598			1,447	1,598
Total Expenses	28,866	24,949	2,246	2,754	31,112	27,703
Sale of Assets	137	(313)		(3)	137	(316)
Change in Net Position	32	555	(16)	(23)	16	532
Beginning Net Position	1,017	1,049	(104)	(120)	913	929
Prior period adjustment		(2)			0	(2)
Ending Net Position	$1,049	$1,602	($120)	($143)	$929	$1,459

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

INFRASTRUCTURE

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

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

Fund	Beginning	Revenues	Expenses	Transfer	Ending
General Fund	$1,135	$18,946	$18,696	$187	$1,572
Special Revenue	$2	$3,246	$3,279	$43	$12
Capital Outlay	$0	$203		($203)	$0
Building	$20	$1,695		($1,694)	$21
Construction	$982		$983		($1)
Debt Service	$3,208	$1,922	$3,003	$1,667	$3,794

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

	Beginning	Additions	Deductions	Ending
Governmental				
Capital Assets	$67,683	$1,271	$2,441	$66,513
Accumulated Depreciation	$20,144	$1,063	$1,932	$19,275
Business-Type				
Capital Assets	$521		$104	$417
Accumulated Depreciation	$470	$12	$101	$381
Bonds Payable	$38,823		$1,685	$37,138
Capital Lease	$1,563		$81	$1,482
Sick Leave Payable	$559		$209	$350

CURRENT ISSUES

The District is concerned about the future of pensions for employees.

The District is concerned about future budget demands. There continue to be unfunded mandates from the state.

The district is concerned with the consistent decrease in SEEK funding. Funding today, compared to 4 years ago, has decreased over $550,000 annually.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Board's finances and to reflect the Board's accountability for the monies it receives. Questions about this report or additional financial information should be directed to the Superintendent, Brian Creasman, or to the Finance Officer, Andrew Plank, 606-668-8002 or by mail at Water Street, Flemingsburg, KY 41004.

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

ASSETS	Governmental Activities	Business-type Activities	Total
Cash and equivalents - Note C	$5,229,129	$1,001,334	$6,230,463
Accounts receivable	615,024	14,685	629,709
Inventory		15,985	15,985
Capital assets			
Land and construction in progress	15,768,541		15,768,541
Other capital assets, net of depreciation	31,469,575	35,825	31,505,400
Total capital assets	47,238,116	35,825	47,273,941
TOTAL ASSETS	$53,082,269	$1,067,829	$54,150,098
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows from advance refundings	$208,666		$208,666
Deferred outflows from pensions	1,545,628	295,395	1,841,023
Deferred outflows from OPEB	819,970	92,110	912,080
TOTAL DEFERRED OUTFLOWS OF RESOURCES	$2,574,264	$387,505	$2,961,769
LIABILITIES			
Accounts payable	$96,388	$1,766	$98,154
Unearned revenue	350,197		350,197
Interest payable	299,443		299,443
Long-term Liabilities			
Due within 1 year	1,807,810		1,807,810
Due in more than 1 year	37,162,201		37,162,201
Pension liability	6,184,727	1,121,507	7,306,234
OPEB liability	7,008,932	326,934	7,335,866
TOTAL LIABILITIES	$52,909,698	$1,450,207	$54,359,905
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows from pensions	466,543	84,601	551,144
Deferred inflows from OPEB	678,683	63,410	742,093
TOTAL DEFERRED INFLOWS OF RESOURCES	1,145,226	148,011	1,293,237
NET POSITION			
Net investment in capital assets	$9,503,318	$35,825	$9,539,143
Restricted			
Food Service		(178,709)	(178,709)
Other	11,998		11,998
Future Construction Projects	215,099		215,099
Debt Service	3,793,817		3,793,817
Assigned	50,975		50,975
Unrestricted	(11,973,598)		(11,973,598)
TOTAL NET POSITION	$1,601,609	($142,884)	$1,458,725

See accompanying notes

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

FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position Governmental Activities	Business-type Activities	Total
Governmental Activities							
Instruction	$14,719,960		$2,644,756		($12,075,204)	$	($12,075,204)
Support services:							
Student	1,123,497		313,298		(810,199)		(810,199)
Instruction staff	334,003		70,863		(263,140)		(263,140)
District administrative	1,337,665		6,422		(1,331,243)		(1,331,243)
School administrative	1,335,788				(1,335,788)		(1,335,788)
Business	107,979				(107,979)		(107,979)
Plant operation and maintenance	2,430,972				(2,430,972)		(2,430,972)
Student transportation	1,684,970				(1,684,970)		(1,684,970)
Community service activities	275,592		210,642		(64,950)		(64,950)
Interest on long-term debt	1,598,280			861,234	(737,046)		(737,046)
Total governmental activities	24,948,706		3,245,981	861,234	(20,841,491)		(20,841,491)
Business-type Activities							
Food service	2,754,025	330,113	2,403,183			(20,729)	(20,729)
Total business-type activities	2,754,025	330,113	2,403,183			(20,729)	(20,729)
Total school district	$27,702,731	$330,113	$5,649,164	$861,234	($20,841,491)	($20,729)	($20,862,220)

	Governmental Activities	Business-type Activities	Total
General Revenues			
Property taxes	$2,898,552		$2,898,552
Motor Vehicle taxes	616,725		616,725
Utility taxes	785,115		785,115
Other local revenues	68,272		68,272
State aid-formula grants	17,154,489		17,154,489
Federal revenues	88,832		88,832
Investment earnings	97,534	825	98,359
Gain (loss) on assets	(313,059)	(2,916)	-315,975
Total general & special	21,396,460	(2,091)	21,394,369
Change in net positions	554,969	(22,820)	532,149
Net position - beginning	1,048,819	(120,064)	928,755
Prior period adjustment-Note S	(2,179)		(2,179)
Net position - ending	$1,601,609	($142,884)	$1,458,725

See accompanying notes

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

	General Fund	Special Revenue	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$1,401,833	$11,998	$3,793,817	$21,481	$5,229,129
Interfund receivable	51,564				51,564
Other receivables	201,709	413,315			615,024
TOTAL ASSETS	$1,655,106	$425,313	$3,793,817	$21,481	$5,895,717
LIABILITIES					
Accounts payable	$83,522	$12,866	$	$	$96,388
Interfund payable		50,252		1,312	51,564
Unearned revenue		350,197			350,197
TOTAL LIABILITIES	83,522	413,315		1,312	498,149
Fund Balances					
Restricted					
Future Construction Projects BG-1	194,930			20,169	215,099
Debt Service			3,793,817		3,793,817
Other		11,998			11,998
Assigned Purchase Obligations	50,975				50,975
Unassigned	1,325,679				1,325,679
Total Fund Balances	1,571,584	11,998	3,793,817	20,169	5,397,568
TOTAL LIABILITIES, AND FUND BALANCE	$1,655,106	$425,313	$3,793,817	$21,481	$5,895,717

See accompanying notes

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

Amounts reported for governmental activities in the statement of net position are different because:		5,397,568
Total Fund Balance - Governmental Funds		
Capital assets are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net position		47,238,116
Deferred outflow of resources		2,574,264
Deferred inflow of resources		(1,145,226)
Certain liabilities are not reported in this fund financial statement because they are not due and payable, but they are presented in the statement of net position		
	Bonds Payable	(37,138,000)
	Capital Leases	(1,482,355)
	Pension Liability	(6,184,727)
	OPEB Liability	(7,008,932)
	Accrued Interest on Bonds	(299,443)
	Accumulated Sick Leave	(349,656)
Total Net Position - Governmental Activities		1,601,609

See accompanying notes

FLEMING COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the year ended June 30, 2019

	General Fund	Special Revenue	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
From local sources					
Property taxes	$2,148,950	$	$	$749,602	$2,898,552
Motor vehicle taxes	616,725				616,725
Utility taxes	785,115				785,115
Earnings on investments	1,349	21	96,185		97,555
Other local revenues	68,272	164,941			233,213
Intergovernmental - State	15,040,583	937,240	1,307,308	1,149,113	18,434,244
Intergovernmental - Federal	88,832	2,143,779	518,719		2,751,330
Total revenues	18,749,826	3,245,981	1,922,212	1,898,715	25,816,734
Expenditures					
Instruction	11,196,726	2,677,628			13,874,354
Support services					
Student	807,008	313,298			1,120,306
Instruction staff	263,140	70,863			334,003
District administration	1,331,243	6,422			1,337,665
School administration	1,335,320				1,335,320
Business	107,849				107,849
Plant operation and maintenance	1,965,331				1,965,331
Student transportation	1,624,993				1,624,993
Community service activities	64,950	210,642			275,592
Capital Outlay				983,422	983,422
Debt service			3,003,536		3,003,536
Total expenditures	18,696,560	3,278,853	3,003,536	983,422	25,962,371
Excess(deficit)of revenues over expenditures	53,266	(32,872)	(1,081,324)	915,293	(145,637)
Other Financing Sources (Uses)					
Sale of equipment	196,230				196,230
Operating transfers in	229,790	42,691	1,667,291		1,939,772
Operating transfers out	(42,691)			(1,897,081)	(1,939,772)
Total other financing sources (uses)	383,329	42,691	1,667,291	(1,897,081)	196,230
Change in Fund Balance on Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds	436,595	9,819	585,967	(981,788)	50,593
Fund balance, July 1, 2018	1,134,989	9,097	3,207,850	997,218	5,349,154
Prior Period Adjustment -NOTE S		(6,918)		4,739	(2,179)
Fund balance, June 30, 2019	$1,571,584	$11,998	$3,793,817	$20,169	$5,397,568

See accompanying notes

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

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

Total net change in fund balances - governmental funds		$50,593
Capital outlays are reported as expenditures in this fund financial statement because they use current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives. The difference is the amount by which capital outlays exceeds depreciation expense for the year.		
Depreciation Expense	(1,062,951)	
Capital Outlays	1,271,537	208,586
Loss on assets		(509,289)
Deferred outflows from advance refundings		(51,888)
Deferred outflows from pension		(534,323)
Deferred inflows from pension		(35,273)
Deferred outflows from OPEB		140,685
Deferred inflows from OPEB		(502,869)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Repayment of Bond Principal		1,685,000
Repayment of Capital Leases		80,824
Generally, expenditures recognized in this fund financial statement are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred.		
Change in Accrued Interest		(360,568)
Change in Pension Liability		(254,652)
Change in OPEB Liability		429,179
Change in Sick Leave		208,964
Total Change in Net Position - Governmental Activities		$554,969

See accompanying notes

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

	Business-Type Activities Enterprise Funds Food Service Fund
ASSETS	
Cash and Equivalents	$1,001,334
Accounts Receivable	14,685
Inventory	15,985
Capital Assets, net of depreciation	35,825
TOTAL ASSETS	$1,067,829
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows from pension	$295,395
Deferred outflows from OPEB	92,110
TOTAL DEFERRED OUTFLOWS OF RESOURCES	$387,505
LIABILITIES	
Account payable	$1,766
Net pension liability	1,121,507
Unfunded OPEB liability	326,934
TOTAL LIABILITIES	$1,450,207
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows from pension	$84,601
Deferred inflows from OPEB	63,410
TOTAL DEFERRED INFLOWS OF RESOURCES	$148,011
NET POSITION	
Net Investment in Capital Assets	35,825
Restriced - Other Pension	(910,713)
Restricted - Other OPEB	(298,234)
Restricted Net Position	1,030,238
TOTAL NET POSITION	($142,884)

See accompanying notes

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

	Business-Type Activities Enterprise Funds Food Service Fund
OPERATING REVENUES	
Lunchroom sales	$330,113
Total Operating Revenues	330,113
OPERATING EXPENSES	
Salaries and wages	1,260,112
Contract services	73,979
Materials and supplies	1,402,149
Miscellaneous	5,475
Depreciation	12,310
Total Operating Expenses	2,754,025
Operating income (loss)	(2,423,912)
NON-OPERATING REVENUES (EXPENSES)	
Federal grants	1,752,384
Commodities received	106,402
State grants	14,859
State on-behalf payments	529,538
Loss on assets	(2,916)
Interest income	825
Non-operating revenues (expenses)	2,401,092
Net income (loss) before Capital Contributions	(22,820)
Increase (decrease) in Net Position	(22,820)
Net Position, July 1, 2018	(120,064)
Net Position, June 30, 2019	($142,884)

See accompanying notes

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

	Business-Type Activities Enterprise Funds Food Service Fund
CASH FLOW FROM OPERATING ACTIVITIES	
Cash received from customers	$330,113
Cash paid to employees, including benefits	(657,843)
Cash paid to suppliers	(1,398,402)
Net cash provided by operating activities	(1,726,132)
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES	
Cash received from government funding	1,752,558
Net cash provided from capital and related financing activities	1,752,558
CASH FLOW FROM INVESTING ACTIVITIES	
Interest Income	825
Net cash provided from investing activities	825
Net increase (decrease) in cash	27,251
Cash and equivalents, July 1, 2018	974,083
Cash and equivalents, June 30, 2019	$1,001,334
Reconcilation of Operating income (loss) to Net Cash Provided by Opeating Activities	
Operating income (loss)	($2,423,912)
Adjustments to reconcile net income to cash provided by operating activities	
Depreciation	12,310
On-behalf payments	529,538
Commodities used	106,402
Change in pension expense	72,731
(Increase) Decrease in inventory	(1,827)
Increase (Decrease) in accounts payable	(21,374)
Net cash provided by operating activities and increase in cash and equivalents	($1,726,132)

Schedule of Non-Cash Financing Activities

Donated commodities	$106,402
On Behalf payments	$529,538

See accompanying notes

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

	Special Purpose Trust Funds	Agency Fund
ASSETS		
Cash and equivalents	$152,105	$288,542
Accounts receivable		0
TOTAL ASSETS	$152,105	$288,542
LIABILITIES		
Accounts payable		$4,477
Due to student groups		284,065
TOTAL LIABILTIIES		$288,542
NET POSITION		
Held in trust for special pupose	$152,105	
TOTAL NET POSITION	$152,105	

See accompanying notes

FLEMING COUNTY SCHOOL DISTRICT
STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
For The Year Ended June 30, 2019

	Private Purpose Trust Fund
ADDITIONS	
Earning on investments	$19
Local sources	28,526
TOTAL ADDITIONS	28,545
DEDUCTIONS	
Community Services	0
Change in Net Position	28,545
Net Position, July 1, 2018	123,560
Net Position, June 30, 2019	$152,105

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

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

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

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

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

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

Basis of Presentation

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

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

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

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

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

The District has the following funds:

I. Governmental Fund Types

(A) The General Fund (Fund 1) is the primary operating fund of the District. It accounts for and reports all financial resources not accounted for and reported in another fund. This is a budgeted fund and any unrestricted fund balances are considered as resources available for use. This is a major fund of the District.

(B) The Special Revenue Fund (Fund 2) accounts for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. It includes federal financial programs where unused balances are returned to the grantor at the close of specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally-funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report. This is a major fund of the District.

C. Capital Project Funds are used to account for and report financial resource that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

1. The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund (Fund 310) receives those funds designated by the state as Capital Outlay Funds and is restricted for use in financing projects identified in the district's facility plan.
2. The Facility Support Program of Kentucky (FSPK) Fund (Fund 320) accounts for funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable. Funds may be used for projects identified in the district's facility plan.
3. The Construction Fund (Fund 360) includes Capital Projects Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction and/or renovations.

II. Debt Service Fund

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

III. Proprietary Funds (Enterprise Fund)

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

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

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

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

V. Permanent Funds

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

Basis of Accounting

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

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

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

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

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

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

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

Property Taxes

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

The property tax rates assessed for the year ended June 30, 2019, to finance operations were $.442 per $100 valuation for real property, $.442 per $100 valuation for business personal property and $.559 per $100 valuation for motor vehicles.

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

Fund Balance Classification Policies and Procedures

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

Nonspendable Fund Balance
Amounts that cannot be spent because they are either not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact will be classified as Nonspendable Fund Balance.
Restricted Fund Balance
Fund Balance will be reported as restricted when constraints placed on the use of resources are either; (a) externally imposed by creditors, grantors, contributors, or laws or regulations or other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
The Board will use restricted amounts before unrestricted amounts when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available.
Committed Fund Balance
Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Education will be reported as committed fund balance.
Assigned Fund Balance
Amounts that have been assigned for a specific purpose by formal resolution of the Board of Education will be reported as assigned fund balance for a specific purpose.
Unassigned Fund Balance
Unassigned Fund Balance is the residual classification for the general fund.

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

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

Capital Assets

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

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

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

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

Accumulated Unpaid Sick Leave Benefits

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

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

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

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

Budgetary Process

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

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

Cash and Cash Equivalents

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

Inventories

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

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

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

Prepaid Assets

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

Pensions

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

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

Accrued Liabilities and Long-Term Obligations

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

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

Net Position

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

Operating Revenues and Expenses

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

Contributions of Capital

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

Subsequent Events

The District has evaluated and considered the need to recognize or disclose subsequent events through November 13, 2019, which represents the date that these financial statements were available to be issued. Subsequent events past this date, as they pertain to the fiscal year ended June 30, 2019, have not been evaluated by the District.

Interfund Activity

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

Uses of Estimates

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

Encumbrances

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

NOTE B – PROPERTY TAX CALENDAR

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

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

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

NOTE C – CASH AND CASH EQUIVALENTS

At year-end, the carrying amount of the District's total cash and cash equivalents was $6,519,005. Of the total cash balance, $250,000 was covered by Federal Depository insurance, with the remainder covered by collateral agreements and collateral held by the pledging banks trust departments in the District's name. Cash equivalents are funds temporarily invested in securities with a maturity of 90 days or less.

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

	Bank Balance	Book Balance
General Checking Account		
General Fund	$	$ 1,401,833
Special Revenue		11,998
Fund 310		0
Fund 320		21,481
Fund 360		0
Fund 51		1,001,334
Total General Checking Account	4,221,818	2,436,646
Agency Funds	296,911	288,542
Debt Service Funds	3,793,817	3,793,817
TOTALS	$ 8,312,546	$6,519,005
Breakdown per financial statements:		
Governmental Funds		$ 5,229,129
Proprietary Funds		1,001,334
Agency Funds		288,542
TOTALS		$ 6,519,005

DEPOSITS AND INVESTMENTS

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

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

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

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

NOTE D – CAPITAL ASSETS

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

	Beginning	Additions	Retirements	Ending
Land	572,899		8,154	564,745
Land & Land Improvements	1,346,341		68,463	1,277,878
Buildings and Improvements	47,132,403		920,796	46,211,607
Technology Equipment	1,476,914	293,000	573,835	1,196,079
Vehicles	2,555,609		827,575	1,728,034
General Equipment	373,143		42,051	331,092
Construction in Progress	14,225,259	978,537		15,203,796
Totals at historical cost	67,682,568	1,271,537	2,440,874	66,513,231
Accumulated Depreciation				
Land & Land Improvements	1,038,141	29,906	57,652	1,010,395
Buildings and Improvements	15,075,871	868,402	439,664	15,504,609
Technology Equipment	1,355,730	94,944	568,460	882,214
Vehicles	2,324,372	59,977	823,215	1,561,134
General Equipment	349,635	9,722	42,594	316,763
Total Accumulated Depreciation	20,143,749	1,062,951	1,931,585	19,275,115
Totals for Governmental	47,538,819	208,586	509,289	47,238,116

Business type Activities	Beginning	Additions	Retirements	Ending
Technology Equipment	1,420		720	700
General Equipment	519,033		102,928	416,105
Totals at historical cost	520,453		103,648	416,805
Accumulated Depreciation				
Technology Equipment	1,303	0	720	583
General Equipment	468,098	12,310	100,012	380,396
Total Accumulated Depreciation	469,401	12,310	100,732	380,979
Totals for Business	51,052	(12,310)	2,916	35,826

NOTE D – CAPITAL ASSETS (continued)

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

Instruction	$ 533,544
Support Services	
Student	3,191
School Administration	468
Business	130
Plant operations & maintenance	465,641
Student transportation	59,977
Total Depreciation expense, governmental activities	$1,062,951

NOTE E – BONDED DEBT AND LEASE OBLIGATIONS

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

Issue Date	Proceeds	Rates
2008R	$ 2,320,000	3.00% - 3.30%
2010R	2,875,000	1.00% - 2.50%
2011	2,665,000	1.20% - 4.25%
2011 QSCB	11,918,000	4.65%
2012R	2,820,000	.50% - 2.40%
2012K	1,000,000	2.00% - 3.375%
2013	4,520,000	1.40% - 3.00%
2013K	157,950	2.00%
2013K	300,000	1.50% - 3.625%
2014K	355,408	2.00% - 3.25%
2016	14,890,000	2.00% - 3.00%
2016R	960,000	2.00% - 2.25%
2017R	1,815,000	2.00% - 3.00%

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

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

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

NOTE E – BONDED DEBT AND LEASE OBLIGATIONS (continued)

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

	Beginning Balance	Additions	Payments	Ending Balance	Current	Long Term
Bonds	38,823,000	0	1,685,000	37,138,000	1,700,000	35,438,000
Capital Lease	1,563,179	0	80,824	1,482,355	81,028	1,401,327
Sick Leave	558,620	0	208,964	349,656	26,782	322,874
Total	40,944,799	0	1,974,788	38,970,011	1,807,810	37,162,201

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:

	SFCC Participation		US Treasury	Fleming County Schools		
	Principal	Interest	Interest	Principal	Interest	Total
2020	842,601	324,398	554,187	857,399	338,158	2,916,743
2021	797,240	307,889	554,187	872,760	317,712	2,849,788
2022	813,188	291,941	554,187	801,812	294,498	2,755,626
2023	829,469	275,663	554,187	820,531	275,894	2,755,744
2024	846,742	258,389	554,187	838,258	255,181	2,752,757
2025	802,347	240,973	554,187	862,653	232,790	2,692,950
2026	819,426	223,892	554,187	800,574	212,609	2,610,688
2027	802,892	206,640	554,187	822,108	189,980	2,575,807
2028	737,624	188,680	554,187	847,376	166,144	2,494,011
2029	729,422	170,212	554,187	875,578	141,219	2,470,618
2030	683,185	151,744	554,187	781,815	116,156	2,287,087
2031	3,592,388	131,248	277,094	9,860,612	89,846	13,951,188
2032	724,789	110,140	0	785,211	61,629	1,681,769
2033	746,534	88,395	0	618,466	40,304	1,493,699
2034	711,764	66,000	0	233,236	21,750	1,032,750
2035	733,118	44,646	0	241,882	14,754	1,034,400
2036	755,111	22,654	0	249,889	7,496	1,035,150
	15,967,840	3,103,504	6,373,151	21,170,160	2,776,120	49,390,775

NOTE F – CAPITAL LEASE PAYABLE

The following is an analysis of the leased property under capital lease by class:

Classes of Property	Book value as of June 30, 2019
School Buses	$ 331,092

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

Year Ending June 30,	Capital Lease Payable
2020	63,895
2021	63,945
2022	55,955
2023	55,956
2024	41,382
Thereafter	41,382
Total minimum lease payments	322,515
Less: Amount representing interest	(25,160)
Present Value of Net Minimum Lease Payments	$ 297,355

NOTE G – COMMITMENTS UNDER NONCAPITALIZED LEASES

Commitments under operating lease agreements for equipment provide the minimum future rental payments as of June 30, 2019, as follows:

Year ending June 30,

2020	$ 78,019
2021	26,007
2022	0
2023	0
2024	0
Later years	0
Total	$ 104,026

NOTE H – CONTINGENCIES

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

NOTE I – INSURANCE AND RELATED ACTIVITIES

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

NOTE J – ACCUMULATED UNPAID SICK LEAVE BENEFITS
Upon retirement from the school system, an employee will receive from the district an amount equal to 30% of the value of accumulated sick leave. At June 30, 2019, this amount totaled $349,656 for those employees who were eligible for retirement..

NOTE K – INTERFUND RECEIVABLES AND PAYABLES
Interfund balances at June 30, 2019, consisted of the following:

Receivable Fund	Payable Fund	Amount
General Fund	Special Revenue	$ 50,252
General Fund	Construction Fund	$ 1,312

NOTE L – RISK MANAGEMENT

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

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

NOTE M – DEFICIT OPERATING/FUND BALANCES

Funds with a current year deficit of revenues over expenditures

Fund 360	(983,422)
Fund 51	(22,820)

NOTE N – COBRA

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

NOTE O – TRANSFER OF FUNDS

The following transfers were made during the year.

Type	From Fund	To Fund	Purpose	Amount
Operating	1	2	KETS Matching	$ 42,691
COFT	310	1	COFT	203,289
BFFT	320	1	BFFT	26,501
Debt Service	320	400	Bond Payment	1,667,291

NOTE P – ON-BEHALF PAYMENTS

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

Health Insurance	$ 2,478,579
Life Insurance	3,825
Administrative Fees	31,646
HRA/Dental/Vision	95,117
Federal Reimbursement	(147,121)
TRS	2,990,092
Technology On Behalf Payments	81,327
Debt Service On Behalf Payments	1,307,308
Total On-Behalf Payments	$ 6,840,773

Fund 1	$ 5,003,927
Fund 400	1,307,308
Fund 51	529,538
Total On-Behalf Payments by Fund	$ 6,840,773

NOTE Q – GASB 88

The provisions of GASB 88 were adopted by the District for the fiscal year beginning July 1, 2018. The primary objective of the Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

The District has the following lines of credit:

American Express	$ 50,000
Walmart	$ 4,000
Lowes	$ 12,000

NOTE R – RETIREMENT PLANS

	Government	Food Service	Total
Deferred Outflows			
CERS Pension Contributions	372,652	82,693	455,345
CERS Pension	1,172,976	212,702	1,385,678
CERS OPEB Contributions	120,848	26,816	147,664
CERS OPEB	360,072	65,294	425,366
TRS OPEB	72,000	0	72,000
TRS OPEB Contributions	267,050	0	267,050
	2,365,598	387,505	2,753,103
Deferred Inflows			
CERS Pension	466,543	84,601	551,144
CERS OPEB	349,683	63,410	413,093
TRS OPEB	329,000	0	329,000
	1,145,226	148,011	1,293,237
Pension Liability			
CERS	6,184,727	1,121,507	7,306,234
OPEB Liability			
CERS	1,802,932	326,934	2,129,866
TRS	5,206,000	0	5,206,000
	7,008,932	326,934	7,335,866
Pension Expense			
CERS	996,732	180,742	1,177,474
OPEB Expense			
CERS	227,721	41,294	269,015
TRS	264,000	0	264,000
	491,721	41,294	533,015

NOTE R – RETIREMENT PLANS (continued)

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

Plan Description – Teaching-certified employees of the District are provided pensions through the Teachers' Retirement System of the State of Kentucky (TRS) – a cost-sharing multiple-employer defined benefit pension plan with a special funding situation established to provide retirement annuity plan coverage for local school districts and other public education agencies in the state. TRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter161 Section 990 of the Kentucky Revised Statutes (KRS). TRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth's financial statements. TRS issues a publicly available financial report that can be obtained at http://trs.ky.gov/financial-reports-information.

Benefits Provided – For members who have established an account in a retirement system administered by the Commonwealth prior to July 1, 2008, members become vested when they complete five (5) years of credited service. To qualify for monthly retirement benefits, payable for life, members must either:
1. Attain age fifty-five (55) and complete five (5) years of Kentucky service, or
2. Complete 27 years of Kentucky service.

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

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

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

NOTE R – RETIREMENT PLANS (continued)

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

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

Medical Insurance Plan

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

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

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

NOTE R – RETIREMENT PLANS (continued)

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

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

State's proportionate share of the net pension liability associated with the District	$ 38,050,808

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2018, the District's proportion was 0.2906 percent.

For the year ended June 30, 2019, the District recognized pension expense of $2,757,075 and revenue of $2,757,075 for support provided by the State on the Fund financial statements.

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

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

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

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

NOTE R – RETIREMENT PLANS (continued)

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

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

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

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
System's net pension liability	$48,774,311	$38,050,808	$29,028,413

NOTE R – RETIREMENT PLANS (continued)

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

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

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

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

NOTE R – RETIREMENT PLANS (continued)

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

Inflation	3.00%
Real wage growth	0.50%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% - 7.20%
Long-term Investment Rate of Return, net of OPEB plan investment expense, including Inflation	
MIF	8.00%
LIF	7.50%
Municipal Bond Index Rate	3.89%
Year FNP is projected to be depleted	
MIF	n/a
LIF	n/a
Single Equivalent Interest Rate, net of OPEB Plan investment expense, including price	
Inflation	
MIF	8.00%
LIF	7.50%
MIF Health Care Cost Trends	
Under Age 65	7.75% for FYE 2018 decreasing to an Ultimate rate of 5.00% by FYE 2023
Ages 65 and Older	5.75% for FYE 2018 decreasing to an Ultimate rate of 5.00% by FYE 2020
Medicare Part B Premiums	1.02% for FYE 2018 with an ultimate Rate of 5.00% by 2029

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

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

NOTE R – RETIREMENT PLANS (continued)

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

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

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

	Health Care Cost Trend Rate Sensitivity		
	1% Decrease	Current	1% Increase
MIF Net OPEB Liability	$4,317,000	$5,206,000	$6,303,000

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

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

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

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

Cash flows occur mid-year.

NOTE R – RETIREMENT PLANS (continued)

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

Employee contributions

School District/University Contributions

State Contributions for KEHP premium subsidies payable to retirees who retire after June 30, 2010

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

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

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

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

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

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

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

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

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

Active employees do not explicitly contribute to the plan.

Cash flows occur mid-year.

NOTE R – RETIREMENT PLANS (continued)

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

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

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

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

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

There is no LIF Net OPEB Liability.

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

NOTE R – RETIREMENT PLANS (continued)

Please see Section V of the report on the website for the development of the collective OPEB expense. The District's proportionate share of the net OPEB expense is $264,000, the state contributed $326,000 on behalf of the District for a total OPEB expense of $590,000.

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

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

Deferred Amounts to be recognized in Fiscal Years Ending

	Deferred Outflows/ (Inflows) of Resources OPEB
2020	$(51,000)
2021	$(51,000)
2022	$(51,000)
2023	$(41,000)
2024	$(43,000)_
thereafter	$(20,000)

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

NOTE R – RETIREMENT PLANS (continued)

KENTUCKY RETIREMENT SYSTEM
County Employees Retirement System (CERS)

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

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

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

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

At June 30, 2019, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2016. An expected total pension liability as of June 30, 2018 was determined using standard roll-forward techniques. The District's proportion of the net pension liability was based on contributions to CERS during the fiscal year ended June 30, 2018. At June 30, 2018, the District's proportion was .070730%.

For the year ended June 30, 2019, the District recognized pension expense of $1,177,474. At June 30, 2019, the District reported deferred outflows of resources for District contributions subsequent to the measurement date of $455,345, deferred outflows of resources from change of assumptions and expectations of $1,385,678, and deferred inflows of resources related to pensions from the net difference between projected and actual earnings on pension plan investments in the amount of $551,144.

NOTE R – RETIREMENT PLANS (continued)

District contributions subsequent to the measurement date of $455,345 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to CERS will be recognized in pension expense as follows:

Year	Deferred Outflows (Inflows)
2020	$ 634,364
2021	324,269
2022	(84,885)
2023	(39,214)
2024	0
	$ 834,534

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

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

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

NOTE R – RETIREMENT PLANS (continued)

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

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

Discount Rate: The projection of cash flows used to determine the discount rate of 6.25% for the CERS Non-hazardous assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 25 years (closed) amortization period of the unfunded actuarial accrued liability. The discount rate determination does not use a municipal bond rate. The target asset allocation and best estimates of arithmetic nominal rates of return for each major asset class are summarized in the CAFR.

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

NOTE R – RETIREMENT PLANS (continued)

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

	1% Decrease (5.25%)	Current discount rate (6.25%)	1% Increase (7.25%)
District's proportionate share of the net pension liability	$ 9,197,792	$ 7,306,234	$ 5,721,440

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

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

OPEB

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

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

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

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

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

NOTE R – RETIREMENT PLANS (continued)

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

Discount Rate: The projection of cash flows used to determine the discount rate of 5.85% for CERS Non-hazardous assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 25 years (closed) amortization period of the unfunded actuarial accrued liability. The discount rate determination used an expected rate of return of 6.25%, an a municipal bond rate of 3.62%, as reported in Fidelity Index's "20-Year Municipal GO AA Index", as of June 30, 2018. However, the cost associated with the implicit employer subsidy was not included in the calculation of the System's actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the System's trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy. The target asset allocation and best estimates of arithmetic nominal rates of return for each major asset class are summarized in the CAFR.

The District's proportionate share of the Net OPEB Liability as of June 30, 2018 is $2,129,866. The District's proportionate share is 0.119960%. The District's proportionate share of the OPEB expense is $269,015. The total Deferred Outflows of Resources is $425,366 and the total Deferred Inflows of Resources is $413,093. Total employer contributions were $139,746, implicit subsidy was $25,419 for a total contributions of $165,165.

Discount Rate Sensitivity

	1% Decrease 4.85%	Current Discount Rate 5.85%	1% Increase 6.85%
Net OPEB Liability	2,766,354	2,129,866	1,587,694

Healthcare Cost Trend Rate Sensitivity

	1% Decrease	Current Discount Rate	1% Increase
Net OPEB Liability	1,585,706	2,129,866	2,771,274

NOTE R – RETIREMENT PLANS (continued)

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

Valuation Date	June 30, 2016
Experience Study	July 1, 2008 - June 30, 2013
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay
Remaining Amortization Period	27 Years, Closed
Payroll Growth Rate	4.00%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	3.25%
Salary Increases	4.00% average
Investment Rate of Return	7.50%
Healthcare Trend Rates	
Pre-65	Initial trend starting at 7.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 5 years,
Post-65	Initial trend starting at 5.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 2 years,

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

Deferred Amounts to be recognized in Fiscal Years Ending

	Deferred Outflows/ (Inflows) of Resources MIF
2020	$ 4,875
2021	$ 4,875
2022	$ 4,875
2023	$33,367
2024	$(21,205)
thereafter	$(14,514)
Total	$12,273

NOTE S – PRIOR PERIOD ADJUSTMENT

Net Position as of June 30, 2018, has been restated as follows, for difference between MUNIS and the audit report.

	Original	Change	Adjusted
Special Revenue Fund	$ 9,097	$(6,918)	$ 2,179
Construction Fund	$ 997,218	4,739	$1,001,957

SUPPLEMENTARY INFORMATION

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Taxes	3,038,000	3,137,751	3,550,790	413,039
Other Local Sources	55,150	5,150	69,621	64,471
State Sources	13,846,729	13,734,437	15,040,583	1,306,146
Federal Sources	80,000	80,000	88,832	8,832
TOTAL REVENUES	17,019,879	16,957,338	18,749,826	1,792,488
EXPENDITURES				
Instruction	10,460,660	10,042,969	11,196,726	(1,153,757)
Support Services				
Student	660,510	660,007	807,008	(147,001)
Instructional Staff	453,092	327,599	263,140	64,459
District Administration	1,077,292	1,014,987	1,331,243	(316,256)
School Administration	1,190,903	1,143,680	1,335,320	(191,640)
Business	170,607	168,607	107,849	60,758
Plant Operation and Maintenance	1,708,000	1,655,480	1,965,331	(309,851)
Student Transportation	1,350,363	1,304,363	1,624,993	(320,630)
Debt Services	70,000	70,000	64,950	5,050
Contingency	1,600,000	1,600,000		1,600,000
TOTAL EXPENDITURES	18,741,427	17,987,692	18,696,560	(708,868)
Excess (Deficit) of Revenues Over Expenditures	(1,721,548)	(1,030,354)	53,266	1,083,620
OTHER FINANCING SOURCES (USES)				
Sale of Equipment			196,230	196,230
Operating Transfers In			229,790	229,790
Operating Transfers Out	(50,669)	(50,669)	(42,691)	7,978
TOTAL OTHER FINANCING SOURCES (USES)	(50,669)	(50,669)	383,329	433,998
Change in Fund Balance on Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds	(1,772,217)	(1,081,023)	436,595	1,517,618
Fund Balance, July 1, 2018	1,779,446	1,081,023	1,134,989	53,966
Fund Balance, June 30, 2019	$7,229	$0	$1,571,584	$1,571,584

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
State Sources	$1,074,577	$1,221,912	$937,240	(284,672)
Federal Sources	2,195,366	2,220,212	2,143,779	(76,433)
Local Sources	167,092	366,027	164,962	(201,065)
TOTAL REVENUES	3,437,035	3,808,151	3,245,981	(562,170)
EXPENDITURES				
Instruction	2,700,322	3,015,095	2,677,628	337,467
Support Services				
Student	332,823	298,649	313,298	(14,649)
Instructional Staff	173,828	72,220	70,863	1,357
District Administration	123	1,553	6,422	(4,869)
School Administration	17,896	11,000		11,000
Plant Operations & Maintenance	61,549	55,927		55,927
Community Service Operations	196,515	405,361	210,642	194,719
TOTAL EXPENDITURES	3,483,056	3,859,805	3,278,853	580,952
Excess (Deficit) of Revenues Over Expenditures	(46,021)	(51,654)	(32,872)	18,782
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	44,136	50,669	42,691	(7,978)
TOTAL OTHER FINANCING SOURCES (USES)	44,136	50,669	42,691	(7,978)
Excesss (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	(1,885)	(985)	9,819	10,804
Restricted Fund Balance, July 1, 2018	0	0	9,097	9,097
Restricted Fund Balance, June 30, 2019	($1,885)	($985)	$18,916	$19,901

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

	2019	2018	2017	2016	2015
District's proportion of the net pension liability (asset)					
TRS	$0	$0	$0	$0	$0
CERS	$7,306,234	$7,023,793	$5,659,482	$5,097,567	$3,931,000
Total	$7,306,234	$7,023,793	$5,659,482	$5,097,567	$3,931,000
District's proportionate share of the net pension liability (asset)					
TRS	0.2906%	0.2870%	0.2750%	0.2840%	0.3070%
CERS	0.119965%	0.1200%	0.1150%	0.1186%	12.1000%
State's proportionate share of the net pension liability (asset) associated with the District					
TRS	$38,050,808	$77,414,842	$81,042,991	$66,127,682	$63,007,387
District's covered employee payroll					
TRS	$9,848,088	$9,624,161	$9,438,832	$9,340,475	$9,618,989
CERS	$3,055,283	$2,950,016	$2,749,346	$2,762,066	$2,779,719
Total	$12,903,371	$12,574,177	$12,188,178	$12,102,541	$12,398,708
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll					
TRS	0.00%	0.00%	0.00%	0.00%	0.00%
CERS	239.13%	238.09%	205.85%	184.56%	141.42%
Plan fiduciary net position as a percentage of the total pension liability					
TRS	59.28%	39.83%	35.22%	42.49%	45.59%
CERS	53.54%	53.30%	55.50%	59.97%	66.80%

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

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

	2019	2018	2017	2016	2015	2014
Contractually required contributions						
TRS	$0	$0	$0	$0	$0	$0
CERS	$430,536	$442,405	$411,644	$341,460	$352,182	$381,950
Total	$430,536	$442,405	$411,644	$341,460	$352,182	$381,950
Contributions in relation to the contractually required contribution						
TRS	$0	$0	$0	$0	$0	$0
CERS	$430,536	$442,405	$441,644	$341,460	$352,182	$381,950
Total	$430,536	$442,405	$441,644	$341,460	$352,182	$381,950
Contribution deficiency (excess)						
TRS	$0	$0	$0	$0	$0	$0
CERS	$0	$0	$0	$0	$0	$0
Total	$0	$0	$0	$0	$0	$0
District's covered employee payroll						
TRS	$9,914,577	$9,848,088	$9,624,161	$9,438,832	$9,340,475	$9,618,989
CERS	$2,952,952	$3,055,283	$2,950,016	$2,749,346	$2,762,066	$2,779,719
Total	$12,867,529	$12,903,371	$12,574,177	$12,188,178	$12,102,541	$12,398,708
Contributions as a percentage of covered employee payroll						
TRS	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CERS	14.58%	14.48%	13.95%	12.42%	12.75%	13.74%

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

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

	2019	2018
District's proportion of the net OPEB liability (asset)		
CERS	$2,129,866	$2,412,350
TRS - Medical Insurance	$5,206,000	$5,398,000
TRS - Life Insurance	$0	$0
Total	$7,335,866	$7,810,350
District's proportionate share of the net OPEB liability (asset)		
CERS	0.119960%	0.119997%
TRS - Medical Insurance	0.279360%	0.275018%
TRS - Life Insurance	0.273009%	0.268728%
State's proportionate share of the net OPEB liability (asset) associated with the District		
TRS - Medical Insurance	$4,487,000	$4,409,000
TRS - Life Insurance	$77,000	$59,000
Total	$4,564,000	$4,468,000
District's covered employee payroll		
TRS	$9,848,088	$8,644,667
CERS	$3,055,283	$2,950,016
Total	$12,903,371	$11,594,683
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll		
CERS	52.86%	81.774%
TRS - Medical Insurance	69.71%	62.443%
TRS - Life Insurance	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability		
CERS	57.62%	52.40%
TRS - Medical Insurance	25.54%	21.18%
TRS - Life Insurance	74.97%	79.99%

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

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

	2019	2018	2017
Contractually required contributions			
CERS	$165,165	$143,562	$139,419
TRS - Medical Insurance	$266,972	$267,285	$259,340
TRS - Life Insurance	$0	$0	$0
Total	$432,137	$410,847	$398,759
Contributions in relation to the contractually required contribution			
CERS	$165,165	$143,562	$139,419
TRS - Medical Insurance	$266,972	$267,285	$259,340
TRS - Life Insurance	$0	$0	$0
Total	$432,137	$410,847	$398,759
Contribution deficiency (excess)			
CERS	$0	$0	$0
TRS - Medical Insurance	$0	$0	$0
TRS - Life Insurance	$0	$0	$0
Total	$0	$0	$0
District's covered employee payroll			
TRS	$9,914,577	$8,909,500	$8,644,667
CERS	$2,952,952	$3,055,283	$2,950,016
Total	$12,867,529	$11,964,783	$11,594,683
Contributions as a percentage of covered employee payroll			
TRS	3.00%	3.00%	3.00%
CERS	5.26%	4.70%	4.73%

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

PENSIONS

Changes of benefit terms

TRS - none
CERS -none

Changes of assumptions

TRS

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

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

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

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

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

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

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

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

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

CERS

None since June 30, 2017.

OPEB

Changes of benefit terms

TRS

The following change was made to the assumptions as noted:

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

MIF

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

LIF - None

CERS - none

Changes of assumptions

TRS - none

CERS

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

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

	SEEK Capital Outlay Fund	Building Fund	Construction Fund	Total
ASSETS AND RESOURCES				
Cash and equivalents	$0	$21,481	$0	$21,481
TOTAL ASSETS AND RESOURCES	$0	$21,481	$0	$21,481
LIABILITIES				
Interfund Payable			$1,312	$1,312
TOTAL LIABILITIES			$1,312	$1,312
FUND BALANCES				
Restricted - Future Construction		$21,481	($1,312)	$20,169
TOTAL FUND BALANCES		21,481	(1,312)	20,169
TOTAL LIABILITIES AND FUND BALANCES	$0	$21,481	($1,312)	$20,169

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

	SEEK Capital Outlay Fund	Building Fund	Construction Fund	Total
REVENUES				
From local sources				
Property Taxes	$	$749,602		$749,602
Intergovernmental-State	203,289	945,824		1,149,113
TOTAL REVENUES	203,289	1,695,426		1,898,715
EXPENDITURES				
Building Improvements			983,422	983,422
TOTAL EXPENDITURES			983,422	983,422
Excess (deficit) revenues over expenditures	203,289	1,695,426	(983,422)	915,293
OTHER FINANCING SOURCES (USES)				
Operating transfers in				
Operating transfers out	(203,289)	(1,693,792)		(1,897,081)
TOTAL OTHER FINANCING SOURCES (USES)	(203,289)	(1,693,792)	0	(1,897,081)
Excess (deficit) revenues and other financing sources over expenditures and other financing uses	0	1,634	(983,422)	(981,788)
Restricted Fund Balance, July 1, 2018	0	19,847	977,371	997,218
Prior Period Adjustment	0	0	4,739	4,739
Restricted Fund Balance, June 30, 2019	$0	$21,481	($1,312)	$20,169

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

	Fleming County High School	Simons Middle School	E. T. Ward Elementary School	Hillsboro Elementary School	Ewing Elementary School	Flemingsburg Elementary School	Total
ASSETS							
Cash and equivalents	$148,140	$40,668	$19,798	$21,787	$13,469	$44,680	$288,542
Accounts receivable	0	0	0	0	0	0	0
TOTAL ASSETS	$148,140	$40,668	19,798	$21,787	$13,469	$44,680	$288,542
LIABILITIES							
Accounts payable	$4,477	$0	$0	$0	$0	$0	$4,477
Due to student groups	143,663	40,668	19,798	21,787	13,469	44,680	284,065
TOTAL LIABILITIES	$148,140	$40,668	$19,798	$21,787	$13,469	$44,680	$288,542

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

	Cash Balances July 1, 2018	Receipts	Disbursement	Cash Balances June 30, 2019	Accounts Receivable June 30, 2019	Accounts Payable June 30, 2019	Due To Student Groups June 30, 2019
Fleming County High School	$135,348	$460,049	$447,257	$148,140	$0	$4,477	$143,663
Simons Middle School	$38,370	$141,443	$139,145	$40,668			$40,668
E. T. Ward Elementary	$18,470	$30,999	$29,671	$19,798			$19,798
Hillsboro Elementary	$24,639	$25,376	$28,228	$21,787			$21,787
Ewing Elementary	$13,431	$30,270	$30,232	$13,469			$13,469
Flemingsburg Elementary	$34,746	$63,544	$53,610	$44,680			$44,680
TOTAL ACTIVITY FUNDS	$265,004	$751,681	$728,143	$288,542	$0	$4,477	$284,065

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

	Cash Balances July 1, 2018	Receipts	Disbursements	Transfers	Cash Balances June 30, 2019	Accounts Receivable June 30, 2019	Accounts Payable June 30, 2019	DUE TO STUDENT GROUPS June 30, 2019
General Office	$871	$4,538	$5,160	$131	$380			$380
Lost Lock	0	5		10	15			15
Interest	208	1,649	1,193		664			664
Staff	485	260	121		624		113	511
CBI-FMD	395	1,270	784	300	1,181			1,181
JR/SR Prom	5060	6,170	4,882		6,348			6,348
Panther Printing	210	376	116	192	662			662
FC Virtual Academy	200				200			200
Summer Acceleration Academy	0	1,800			1,800			1,800
ACT Bootcamp Donation	0	365	217		148			148
Math	292		75		217			217
English-Staggs	685				685			685
Winter Formal	0	3,275	1,065	(2,210)	0			0
Youth Service Center	0	220	246	56	30			30
AP Testing	0	12,004	10,593	(849)	562			562
Certification Test	0	105	1,014	993	84			84
Math-Williams	269			138	407			407
Auto Mechanics	335	3,322	2,811	(44)	802			802
Bass Fishing	0	150	150		0			0
JR Pro Boys and Girls	0	5,155	3,268		1,887			1,887
Academic Team	2,930	1,726	1,805		2,851			2,851
Archery	0	2,522	600		1,922			1,922
Welding Projects	0	4,013	1,632	241	2,622		17	2,605
Panther Bullying	0	3,926	3,925		1			1
Culinary	158	5,096	4,178	324	1,400			1,400
Library	32	999	1,031		0			0
Pepsi-Faculty	107	995	668		434			434
Picture Fund	214	1,853	1,750		317			317
Project Prom	0	280	280		0			0
National Art Honor Society	280	319	197	74	476			476
Game Club	213		66		147			147
Swim Team	0	883	790	300	393			393
Bowling	5,578	3,115	4,842		3,851			3,851
Girls Soccer	706	209	320		595			595
Boys Soccer	1,691	2,723	2,742		1,672			1,672
Baseball	2,034	11,520	10,249		3,305			3,305
Boys Basketball	11,800	19,055	25,897	366	5,324		223	5,101
JR Pro Basketball	7,862	700	804	(2,053)	5,705			5,705
Cheerleading	262	4,742	3,533	38	1,509			1,509
Intermural Cheerleading	92	940	913		119			119
Cross Country	1,169	66	1,117		118			118
Track	0	1,172	740		432			432
Football	3,862	26,100	28,852	812	1,922			1,922
Intermural Football	308	6,950	5,793	(892)	573			573
Girls Basketball	210	996	1,144		62			62
Boys and Girls Golf	1,359	403	270		1,492			1,492
Girls Softball	4,235	12,391	11,490	500	5,636			5,636
Athletics	11,320	88,178	85,361	395	14,532		145	14,387
Concessions	88	17,119	12,437		4,770			4,770
Volleyball	108		400	300	8			8
Science-Vice CJ	0			138	138			138
Science-Caskey	103			138	241			241
Brandi Trent-English	318	600	680	138	376			376
Yearbook Sales	18,017	13,353	11,088		20,282			20,282
English-Kissell	857		857		0			0
English-B Howard	309			276	585			585
English-Halsey	1,729	550	916	414	1,777			1,777
Youth Service Center	93		137	44	0			0
FCA	350				350			350
School Farm	0	13,599	10,519		3,080			3,080
FFA	9,954	19,153	18,774	(300)	10,033		1,610	8,423

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

	Cash Balances Beginning	Receipts	Disbursements	Transfers	Cash Balances Ending	Accounts Receivable	Accounts Payable	DUE TO STUDENT GROUPS Ending
Barn Account	490	2,349	1,555		1,284			1,284
FBLA	707	37,005	38,141	754	325		1,554	(1,229)
Region 9 FCCLA	1,091	1,430	2,791	270	0			0
FCCLA Boosters	1,489				1,489			1,489
FCCLA	2,281	8,146	7,936	(210)	2,281			2,281
Ag-Floral Design	3,982	3,120	4,022	200	3,280			3,280
HOSA	3,795	2,687	2,182	(87)	4,213			4,213
Skills USA	21	300			321			321
Guidance Office	10	30	33		7			7
Science	0	152			152			152
Senior Class	10,773	42,367	46,575		6,565		179	6,386
Beta Club	951	5,510	4,051	(240)	2,170			2,170
Spanish Club	805	380	645	415	955			955
Student Council	1,495	9,857	8,412	(862)	2,078		526	1,552
STLP	320			(14)	306			306
TSA	176	947	78	16	1,061			1,061
Choir	716	1,345	1,123		938			938
Band	5,445	24,702	28,165	(40)	1,942		34	1,908
Panther Parent Program	3,000	7,343	10,254		89		76	13
Panther Stop and Shop	443	5,469	2,802	(172)	2,938			2,938
TOTAL	$135,348	$460,049	$447,257	$0	$148,140	$0	$4,477	$143,663

FLEMING COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2019

Federal Grantor/Passed-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass Through Grantor's Number	Federal Expenditures
U.S. Department of Agriculture			
Passed through Kentucky Department of Education			
Child Nutrition Cluster			
National School Lunch Program	10.555	7750002	$1,089,624
Commodities	10.555	not provided	106,402
School Breakfast Program	10.553	7760005	616,196
Summer Food Service Program for Children	10.559	7740023	29,088
Total Child Nutrition Cluster			1,841,310
Child and Adult Care Food Program	10.558	7790021	16,320
Child and Adult Care Food Program	10.558	7800016	1,156
TOTAL U.S. DEPARTMENT OF AGRICULTURE			1,858,786
U.S. Department of Education			
Passed through Kentucky Department of Education			
Improving America's School Act of 1994			
Title I, Part A			
Title I Grants to Local Educational Agencies	84.010	3100002	1,127,232
Special Education Cluster (IDEA)			
Special Education-Grants to States (IDEA, Part B)	84.027	3810002	429,713
Special Education-Preschool Grants (IDEA, Preschool)	84.173	3800002	27,987
		subtotal	457,700
Title VI, Rural Education	84.358	3140002	61,448
Title IV, Part A			
State Support and Academic Enrichment Grant	84.424	3420002	55,000
Career & Technical Education	84.048	3710002	34,272
Supporting Effective Instruction State Grants	84.367	3230002	164,938
Title I School Improvement	84.377	3100302	241,892
Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP)	84.334	not provided	1,215
TOTAL U.S. DEPARTMENT OF EDUCATION			2,143,697
TOTAL EXPENDITURES OF FEDERAL AWARDS			$4,002,483

The accompanying notes are an integral part of this schedule

Note 1 – Basis of Presentation

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

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

The District did not use the 10 percent de minimis indirect cost rate.

Note 3 – Food Distribution

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities disbursed, totaling $106,402.

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

State Committee For School District Audits
Members of the Board of Education
Fleming County School District
Flemingsburg, Kentucky

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, Audits of States and Local Governments, and Non-profit Organizations, and the audit requirement prescribed by the Kentucky Committee for School District Audits, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Fleming County Board of Education as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated November 13, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

Denise M. Keene

Denise M. Keene, CPA
Georgetown, Kentucky
November 13, 2019

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

State Committee For School District Audits
Members of the Board of Education
Fleming County School District
Flemingsburg, Kentucky

Report on Compliance for Each Major Federal Program

We have audited Fleming County School District's (the "District") compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2019. The 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 statues, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) Audits of States, Local Governments, and Non-Profit Organizations* and the audit requirements prescribed by the Kentucky Committee for School District Audits. 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 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 on the District's compliance.

Opinion on Each Major Federal Program

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

Opinion on Each Major Federal Program

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2019-001. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

Management of the Fleming 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 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 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 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2019-001, that we consider to be significant deficiencies..

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.

Denise M. Keene

Denise M. Keene, CPA
Georgetown, Kentucky
November 13, 2019

FLEMING COUNTY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2019

Section I – Summary of Auditor's Results

Financial Statements

An unmodified opinion was issued on the financial statements.

Internal control over financial reporting	
Material weakness(es) identified?	__ yes X no
Significant deficiency(s) identified that are not considered to be material weakness(es)?	_yes X none reported
Noncompliance material to financial statements noted?	__ yes X no

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	__ yes X no
Significant deficiency(s) identified that are not Considered to be material weakness(es)?	__ yes _X_ none reported

An unmodified opinion was issued on compliance for all major programs.

Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)?	__ yes _X_ no

Identification of major programs

CFDA Number(s)	Name of Federal Program or Cluster
10.553, 10.555, 10.559	Child Nutrition Cluster
84.215	Innovative Approaches to Literacy

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

Auditee qualified as low-risk auditee? ___ yes X__ no

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

2019-001
Information on the Federal Program
CFDA 84.010
2019 Award
U.S. Department of Education
Kentucky Department of Education

Criteria or Specific Requirement:
Compliance Supplement Special Tests and Provisions
Participation of Private School Children

Condition:
The District did not conduct timely consultation with private school officials.

Statement of Cause:
The District sent letter to private school officials for other federal programs. The Title I coordinator thought Title I was included in those letters.

Possible Asserted Effect:
The effect of the omission is that private school officials were not given an opportunity to participate in the Title I program..

Questioned Costs:
Questioned costs are unknown. The District has not had a history of private schools participating in federal programs.

Prospective:
There were no private school letter sent to review and no personal consultations done.

Repeat Finding:
No, this was not a repeat finding from the prior year.

Recommendation:
I recommend Title I contact private school officials each year,

Views of Responsible Officials of the Auditee:
This error was due to incorrect assumptions that Title I was included on the participation forms provided to the school district by KDE. Instead, Title I was not included and all other federal programs were. This error was not due to harmful intent but will be corrected. A corrective action plan will be included. The plan is to have Federal Program Directors, including Title I Coordinator, to work with Senior Management team to ensure all correspondence is completed appropriately and in a timely manner. The correct forms will be completed and documented to verify correspondence is correct and follows regulation.

Fleming County School District
Corrective Action Plan
For the Year Ended June 30, 2019

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2019-001	The District understands that it was not providing the Title I letters to private school officials in a timely manner. This error was due to incorrect assumptions that Title I was included with other federal progams on the sample letters. To correct this error, the Title I Coordinator will work with the Senior Management team to ensure private school officials receive this correspondence in a timely manner.	12/31/2019	Michelle Hunt, Title I Coordinator

Our Vision is to become a District of Distinction
211 West Water Street • Flemingsburg, Kentucky 41041 • Phone (606) 845-5851 • Fax (606) 849-3158

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

PRIOR YEAR – FINANCIAL STATEMENT FINDINGS

2018-001
The District corrected the condition. The District went through extensive measures to identify internal control weaknesses and correct them. The District has placed a heavy emphasis on introducing new procedures to ensure segregation of duties and enhance internal controls. The District established new purchasing procedures, implementing an electronic approval system when each purchase has multiple approvers, examined by the board and reviewed by the Superintendent and Assistant Superintendent before checks are delivered to vendors. Access to MUNIS financial system is being monitored and the amount of access has been limited to specific job duties. The District has implemented a new payroll review process. An initial proof of Payroll is performed by Personnel Director to ensure correct employees are being paid. Then a second proof is conducted by Benefits Coordinator and the Financial Director.

PRIOR YEAR – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None were reported last year.

MANAGEMENT LETTER

DENISE M. KEENE
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Fleming County Board of Education
Flemingsburg, Kentucky

We have audited the financial statements of the Fleming County School District for the year ended June 30, 2019 and have issued our report thereon dated November 13, 2019. As part of our audit, we made a study and evaluation of the District's system of internal accounting control to the extent we considered necessary to evaluate the system as required by auditing standards generally accepted in the United States of America. The purpose of our study and evaluation was to determine the nature, timing and extent of the auditing procedures necessary for expressing an opinion on the District's financial statements. Our study and evaluation was more limited than would be necessary for expressing an opinion on the system of internal accounting control taken as a whole.

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

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

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

The following of last year's management letter points were corrected during the current fiscal year as outlined in the District's response: 2018-02, 2018-03,

The following of last year's management letter points were not corrected during the current fiscal - year: 2018-001,.

Denise M. Keene, CPA
November 13, 2019

CURRENT YEAR MANAGEMENT POINTS

2019-001
The District did not conduct timely consultation with private school officials

Management's Response:
This error was due to incorrect assumptions that Title I was included on the participation forms provided to the school district by KDE. Instead, Title I was not included and all other federal programs were. This error was not due to harmful intent but will be corrected. A corrective action plan will be included. The plan is to have Federal Program Directors, including Title I Coordinator, to work with Senior Management team to ensure all correspondence is completed appropriately and in a timely manner. The correct forms will be completed and documented to verify correspondence is correct and follows regulation.

2019-002
Year end adjustments relating to accounts receivable, accounts payable, and transfers for debt service were not made. **This is a repeat finding from last year. (2018-01)**

Management's Response:
Year-end entries will be identified and made timely by the Finance Officer during year end process moving forward.

2019-003
According to Board policies, "travel vouchers shall be submitted within one (1) week of the travel." Testing disclosed that this policy is not being followed. Some are turning in expenses for six months at a time.

Management's Response:
Policy needs to be updated, with the one week requirement being removed.

2019-004
The Construction Fund balances in the four open projects is $153,477.62. The cash balance in the Construction Fund is $(1,312.38). The Construction Fund in out of balance by $154,790.00 and has been for at least three years. I recommend the finance officer investigate why the fund is out of balance.

Management's Response:
During the 2020 fiscal year, Finance Officer will review Construction Fund issues and correctly balance fund when errors are found.

2019-005
The process for recording fixed assets needs to improve. Testing disclosed several food service fixed assets that had not been added to the fixed asset list. I recommend the District develop a procedure for staff to inform the finance officer when a fixed asset is purchased.

Management's Response:
Fixed Asset procedures will be reviewed by Finance Officer. If needed, procedures will be updated. Additional training on the proper handling of fixed assets will be provided to staff. Also, purchasing process will be updated to ensure Finance Officer is notified when a fixed asset is purchased.

2019-006
According to the Redbook, "The district finance office will work with the superintendent to submit all school budgets to the local board for approval by the end of May." This is not being done. I recommend the finance officer get the Principal's Combining Budget from each school and present to the Board for approval at the May board meeting.
Management's Response:
Moving forward, budgets will be presented and approved by the Board.

2019-007
The Superintendent's travel reimbursement was approved by the Assistant Superintendent. The State Auditor's office recommends the Superintendent's travel be approved by the board.

Management's Response:
Travel will be approved by Chairman of the Board

2019-008
Payroll testing disclosed several problems with Form I-9. The forms are not always listing the documents used to verify citizenship. The forms are not always being signed by a District representative. I recommend a review of current employee files to verify Form I-9 has been completed accurately.

Management's Response:
Files will be reviewed and records will be updated. Personnel staff will review processes to ensure documentation is completed in an appropriate manner.

2019-009
Procedures for credit card use needs to improve. There were five (5) credit card expenditures that were not preapproved. There were four (4) credit card expenditures without the original invoice. I recommend credit card procedures be strengthen.

Management's Response:
Purchasing procedures will be reviewed with all staff, including purchases made by credit card. AP Clerk, who secures credit cards, will ensure they are not being used until purchase order is approved.

2019-010
Board policy states, "All purchases shall require the prior approval of the Superintendent or the Superintendent's designee." Testing disclosed three (3) or seventy-two (72) expenditures tested did not have prior approval. I recommend the finance officer follow up on any expenditures without prior approval.

Management's Response:
Purchasing procedures will be reviewed with all staff. Purchases without prior approval will not be allowed to be made and staff making error will be contacted by Finance Officer. AP Clerk and School Bookkeepers will be trained to help identify these purchasing errors.

2019-011
None of the board minutes for the year were signed. The Chair and Secretary of the Board should sign the board minutes after they have been approved by the board.

Management's Response
Board minutes will be signed at monthly board meetings

2019-012
During the year, the Superintendent was paid $408 more than the amount approved by his contract. The Superintendent's contract states the board will pay for a Life Insurance policy. The Life Insurance reimbursement was paid at a set rate, which was more than the actual cost of the insurance which created the overpayment. I recommend the cost of the life insurance and the reimbursement be monitored to ensure the two amounts agree.

Management's Response:
Finding will be corrected in current year payroll process. This finding was due to an error in properly recording cost of life insurance policy, which is included in the Superintendent's contract. Life insurance was being reimbursed at a set monthly rate instead of true cost of life insurance premium. To correct this, the life insurance premium will be included in pay record at cost and will be reviewed on an annual basis by Finance Officer to ensure the premium's cost is being recorded correctly.

2019-013
The District did not comply with model procurement with one vendor. I recommend the District monitor expenditures and bid all purchases as required.

Management's Response:
Vendor expenditures will be reviewed and bids will be submitted when needed. Procurement will be reviewed with all Department leaders to ensure they are following the model procurement regulations and guidelines.

Fleming County High School

2019-014
According to the Red Book, each month the Principal will "review the bank statement, signing and dating the front page after review." Testing disclosed that none of the bank statements were signed all had been initialed. Two of the statements had not been dated. I recommend the Principal sign and date the front page of the bank statement after reviewing.

Management's Response:
Principal will sign and date each statement going forward.

2019-015
According to the Red Book, “If an activity account ends the year with a negative balance (after taking receivable and accounts payable into consideration), then the general activity account must cover the deficit by June 30.” The FBLA account had a balance of $324.51 before accounts payable. Accounts payable were $1,554.15, which recreated a negative balance of $$1,229.64. The deficit was not covered by the general activity account. The general account only had $380.08 at year end.

Management’s Response:
Will monitor accounts closely as the year comes to a close and make sure there is enough money to cover invoices.

2019-016
According to the Red Book, “All checks shall contain the signatures of the principal’s designee, and the school treasurer.” Eighteen (18) checks had only one signature. I recommend the Principal verify each check has two signatures prior to distribution.

Management’s Response:
Will closely monitor checks before sending them out in the mail that all have been signed.

2019-017
According to the Red Book, “The Purchase Order shall be prepared and approved by the sponsor and principal before the payment is obligated.” Three (3) out of nineteen (19) expenditures tested had invoice dates before the purchase order date. I recommend the Principal remind all staff that purchase orders must be approved prior to obligating the school.

Management’s Response:
Will remind staff of procedures and require all sponsors to go thru redbook training.

2019-018
According to the Red Book, “Before being processed, each disbursement shall be documented by a completed purchase order and an original vendor invoice.” Testing disclosed one (1) disbursement did not have an original invoice. Testing also disclosed two (2) disbursements without a purchase order. These two items were referees. A standard invoice was done, but not a purchase order. I recommend the Principal verify each disbursement has an original invoice and a purchase order prior to signing the check.

Management’s Response:
Will monitor paperwork more closely.

2019-019
According to the Red Book, “The Purchase Order shall be prepared and approved by the sponsor and principal before the payment is obligated.” Testing disclosed ten (10) out of nineteen (19) expenditures tested were not approved by the sponsor. I recommend the Principal not approve a purchase order until the sponsor has approved it.

Management’s Response:
Will meet with staff and advise all purchase orders need to be signed by them before purchase order number is put on purchase order.

2019-020
According to the Red Book, “District and school administrators cannot be reimbursed expenses for travel from the activity fund unless students are on the trip.” The Athletic Director was reimbursed for travel when students were not on the trip. I recommend the Principal not approve reimbursement for nonallowed travel.

Management’s Response:
Funds will be transferred to district and paid out of there.

2019-021
According to Board policy, the board creates all new positions in the district. The school created an Intramural Director for Junior Pro Boys and Girls and paid the individual from the activity account. This is not allowed. I recommend the Principal request the position be created by the Board and pay the individual through payroll.

Management’s Response:
We were advised to pay out of activity fund. In the future the positions will be done at board.

2019-022
There were several problems with transfers during the year. The Principal did not sign four(4) of the seventy-five (75) transfer forms. The sponsor did not sign twenty-nine (29) of the seventy-five (75) forms. Transfer form 67 was for $100.00 but only $10.00 was transferred, Student Council owes FCCLA $90.00 I recommend the Principal monitor transfers to make sure all forms are signed properly and all are recorded.

Management's Response
This was a transpose of numbers and will be corrected in this fiscal year.

2019-023
There were numerous problems with ticket sales. Twenty-three (23) forms were not signed properly. There were twenty-two events when the same person sold the tickets and was the ticket taker. According to the Red Book, "Two people (ticket seller, ticket taker) are required to work the gate." I recommend the Principal remind the athletic director to have two people at each event to work the gate, and to monitor the completion of the ticket sale form.

Management's Response:
Will speak with athletic director and advise him of requirements. As the book keeper I will make sure 3 signatures are on form.

2019-024
According to the Red Book, "Students third grade and above must sign the Multiple Receipt Form." Testing disclosed that some teachers were not having their students sign the Multiple Receipt Form. The Principal should remind teachers/sponsors who are receiving money to have the students sign the Multiple Receipt Form.

Management's Response:
Will meet with staff and inform them that all students must sign forms.

2019-025
Some teachers are not completing the line on the Multiple Receipt Form for ""teacher", therefore the teacher cannot be identified. I recommend the Principal remind all staff to complete all forms in their entirety.

Management's Response:
Will inform teachers to sign where the signature is legible and I will monitor forms more closely.

2019-026
Testing disclosed the "Adrenaline Fundraiser" did not complete a Fundraiser Approval or a Fundraiser Worksheet form. I recommend the Principal monitor fundraisers to assure compliance with the Red Book.

Management's Response:
Will go over procedures with staff on the correct steps for fundraisers.

2019-027
According to the Red Book, fundraiser activities involving inventory for sale shall use the Inventory Control Worksheet. Inventory Control Worksheets are not being used. I recommend the Principal remind all staff involved in fundraisers with inventory to complete the Inventory Control Worksheet as required.

Management's Response:
Will have training with staff and inform them on how to fill out worksheets.

2019-028
External Booster organizations are required to provide the following information to the Principal each year, the federal identification number, names of officers, budget, annual financial report, and insurance. The Choral did not provide a budget or annual financial report. The Girls Basketball did not provide insurance or annual financial report. I recommend the Principal not approve any fundraisers until the required information is provided.

Management's Response:
All boosters are internal as of July 1, 2019

Simons Middle School

2019-029
According to the Red Book, each month the Principal will "review the bank statement, signing and dating the front page after review." Testing disclosed that three of the bank statements were not signed. Ten of the statements had not been dated. I recommend the Principal sign and date the front page of the bank statement after reviewing.

Management's Response:
Principal will date and sign bank statements.

2019-030
According to the Red Book, “If an activity account ends the year with a negative balance (after taking receivable and accounts payable into consideration), then the general activity account must cover the deficit by June 30.” The P.A.T.S. account had a deficit of $11.09 at year end. Athletics had a deficit of $1,447.76 after accounts payable. The deficit was not covered by the general activity account.

Management’s Response:
PATS was overspend and negative balances will be reviewed at year end and corrected.

2019-031
According to the Red Book, “The Purchase Order shall be prepared and approved by the sponsor and principal before the payment is obligated.” Three (3) out of nineteen (19) expenditures tested had invoice dates before the purchase order date. I recommend the Principal remind all staff that purchase orders must be approved prior to obligating the school.

Management’s Response:
Purchasing processes will be reviewed with all staff.

2019-032
According to the Red Book, “Before being processed, each disbursement shall be documented by a completed purchase order and an original vendor invoice.” Testing disclosed three (3) disbursements did not have an original invoice. I recommend the Principal verify each disbursement has an original invoice prior to signing the check.

Management’s Response:
Disbursement process will be addressed with staff. No check will be written until original invoice is present.

2019-033
According to the Red Book, “The Purchase Order shall be prepared and approved by the sponsor and principal before the payment is obligated.” Testing disclosed thirteen (13) out of nineteen (19) expenditures tested were not approved by the sponsor. I recommend the Principal not approve a purchase order until the sponsor has approved it.

Management’s Response:
Principal will practice not approving a Purchase Order until Sponsor has approved first.

2019-034
Schools are exempt from the payment of sales tax. However, testing disclosed five (5) out of nineteen (19) disbursements reimbursed sales tax. I recommend the Principal not sign any checks when sales tax is included.

Management's Response:
Staff and Bookkeeper will be informed to not pay invoices with sales tax included. Principal will not sign checks where sales tax is being paid.

2019-035
According to the Red Book, "If there is a need to reimburse or refund monies to students, use the Student Refund/Disbursement Form and have students sign as they receive their refund. The school reimbursed monies during the year, but did not use the Student Refund/Disbursement Form. I recommend the Principal remind staff to use the proper form when issuing refunds.

Management's Response:
Principal will review process with staff to inform them to use proper forms and to complete appropriately.

2019-036
The Red Book does not allow expenditures that benefits the adult sponsors or district personnel. Testing disclosed the purchase of pizza on two occasions, one for coaches and one for teachers. Both are not allowed. I recommend the Principal not approve expenditures for coaches, teachers or any personnel from school activity funds.

Management's Response:
Principal will review allowable and unallowable expenditures with sponsors. Approval for these unallowable expenditures will not be approved by the Principal.

2019-037
According to the Red Book, "Amounts may be transferred between accounts only by proper completion of a Transfer Form. The sponsor of the remitting (paying) activity account and the principal shall sign the Transfer Form." Three (3) out of thirteen (13) transfer forms did not have the sponsor signature. I recommend the Principal monitor transfers to make sure all forms are signed properly.

Management's Response
Principal will review and monitor transfers among school activity accounts to ensure documentation is being completed correctly.

2019-038
There were numerous problems with ticket sales. Seventeen (17) forms were not signed properly. There were thirty-two (32) events when the same person sold the tickets and was the ticket taker. According to the Red Book, “Two people (ticket seller, ticket taker) are required to work the gate.” I recommend the Principal remind the athletic director to have two people at each event to work the gate, and to monitor the completion of the ticket sale form.

Management’s Response:
Issue with this point is the proper completion of the ticket sales form. Two individuals work the gate at each event but these individuals need to be aware of how to properly complete form.

2019-039
According to the Red Book, “The money and the report (ticket sales report) are to be given to the school treasurer the first business day following the event. Testing disclosed the money from one sporting event was not turned in for four (4) school days. I recommend the Principal remind staff to turn money in daily.

Management’s Response:
Sponsors and staff will be informed to turn in money on a daily basis and to not hold funds.

2019-040
According to the Red Book, “Students third grade and above must sign the Multiple Receipt Form.” Testing disclosed that some teachers were not having their students sign the Multiple Receipt Form. The Principal should remind teachers/sponsors who are receiving money to have the students sign the Multiple Receipt Form.

Management’s Response:
Teachers will be reminded to have students sign the Multiple Receipt Form.

2019-041
Some teachers are not completing the line on the Multiple Receipt Form for “”teacher”, therefore the teacher cannot be identified. I recommend the Principal remind all staff to complete all forms in their entirety.

Management’s Response:
Principal will review proper completion of the Multiple Receipt Form.

2019-042
External Booster organizations are required to provide the following information to the Principal each year, the federal identification number, names of officers, budget, annual financial report, and insurance. The external booster organization did not provide the required data.. I recommend the Principal not approve any fundraisers until the required information is provided.

Management’s Response:
External Boosters were moved to internal.

Ewing Elementary School

2019-043
According to the Red Book, each month the Principal will “review the bank statement, signing and dating the front page after review.” Testing disclosed that four (4) of the bank statements were initialed, but not signed. I recommend the Principal sign and date the front page of the bank statement after reviewing.

Management’s Response:
Principal will sign bank statement after reviewing.

Flemingsburg Elementary School

2019-044
The bank reconciliation does not agree with the Activity Accounts Total. The Activity Accounts Total is $44,687.56 and the bank reconciliation balance is $44,679.91, a difference of $7.65. This should be reconciled. I recommend the bookkeeper and Principal make sure the two balance prior to signing the financial statements and bank reconciliations.

Management’s Response:
Difference has been identified and corrected. Balances will be reviewed by Principal to ensure proper reconciliations.

2019-045
According to the Red Book, “The principal shall prepare the Principal’s Combining Budget. The Combining Budget is due to the District finance officer by May 15.” A Combining Budget was not made available to the auditors. I recommend the Principal do the Combining Budget and turn into the finance officer each year by May 15.

Management’s Response:
Principal will ensure Budget is completed and turned into the Finance Officer by May 15.

2019-046
According to the Red Book, “The Purchase Order shall be prepared and approved by the sponsor and principal before the payment is obligated.” Four (4) out of fourteen (14) expenditures tested had invoice dates before the purchase order date. One was not approved by the Principal. I recommend the Principal remind all staff that purchase orders must be approved prior to obligating the school.

Management’s Response:
Principal will review purchasing procedures with staff.

2019-047
According to the Red Book, “Before being processed, each disbursement shall be documented by a completed purchase order and an original vendor invoice.” Testing disclosed two (2) disbursement did not have an original invoice. Testing also disclosed two (2) disbursements without a purchase order. I recommend the Principal verify each disbursement has an original invoice and a purchase order prior to signing the check.

Management’s Response:
Principal will review invoices prior to signing checks and ensure invoice is included with payment.

2019-048
Schools are exempt from the payment of sales tax. However, testing disclosed five (5) out of nineteen (19) disbursements reimbursed sales tax. I recommend the Principal not sign any checks when sales tax is included.

Management’s Response:
Checks including payment for sales tax will not be signed by Principal.

2019-049
There were seven transfer forms not found, form numbers 76, 77, 78, 79, 80, 81, and 82. I recommend the Principal monitor transfers to make sure all forms are filed.

Management's Response
Principals will monitor transfer process and verify forms are documented.

2019-050
According to the Red Book, "The Requisition and Report of Ticket Sales (Form F-SA-1) is to be used to report and reconcile the number of tickets sold and the funds collected. The School sold tickets for Grandparents breakfast. Names of those attending were written on a sheet of paper. The Ticket Sales Form was not used. The event was held and money collected on September 19, 2018, but the money was not turned in until October 24, 2018. I recommend the Principal remind staff to complete the ticket sale form and to turn money in daily.

Management's Response:
Principal will discuss with staff and remind them to turn money in daily.

2019-051
The bookkeeper used "Misc Vendor" for all transactions. I recommend the bookkeeper set up vendors for disbursements and receipts based on whom is paid, or from whom money is received.

Management's Response:
Bookkeeper will work to set up appropriate vendors for disbursements and receipts.

2019-052
According to the Red Book, "Students third grade and above must sign the Multiple Receipt Form." Testing disclosed that some teachers were not having their students sign the Multiple Receipt Form. The Principal should remind teachers/sponsors who are receiving money to have the students sign the Multiple Receipt Form.

Management's Response:
Principal will review MR form procedures with staff.

2019-053
Some teachers are not completing the line on the Multiple Receipt Form for "”teacher", therefore the teacher cannot be identified. I recommend the Principal remind all staff to complete all forms in their entirety.

Management's Response:
Principal will review MR form procedures with staff.

2019-054
According to the Red Book, "All money collected by a teacher or sponsor shall be given to the school treasurer on the day collected…" Testing disclosed that money is not being turned in daily. Some checks were dated two weeks prior to being turned in. I recommend the Principal remind all staff to turn money in daily.

Management's Response:
Principal will make sure that staff are turning in their money on a daily basis.

2019-055
According to the Red Book, all fundraisers must be approved and the Fundraiser Worksheet must be completed when items are sold. The fundraiser approval and worksheet was not found for the Yankee Candle fundraiser. I recommend the Principal monitor fundraiser to assure approval and forms are being completed.

Management's Response:
Principal will ensure that fundraisers are approved before they begin.

2019-056
External Booster organizations are required to provide the following information to the Principal each year, the federal identification number, names of officers, budget, annual financial report, and insurance. The PTO provided only the names of the officers.. I recommend the Principal not approve any fundraisers until the required information is provided.

Management's Response:
Principal will make sure that annual documentation is received from External Boosters.

Hillsboro Elementary School

2019-057
According to the Red Book, “The Purchase Order shall be prepared and approved by the sponsor and principal before the payment is obligated.” Two (2) out of eleven (11) expenditures tested were not approved by the Principal, one was not approved by the sponsor.. I recommend the Principal remind all staff that purchase orders must be approved prior to obligating the school.

Management’s Response:
Principal will review purchasing procedures and steps will staff.

2019-058
According to the Red Book, “If there is a need to reimburse or refund monies to students, use the Student Refund/Disbursement Form and have students sign as they receive their refund. The school reimbursed monies during the year, but did not use the Student Refund/Disbursement Form. I recommend the Principal remind staff to use the proper form when issuing refunds.

Management’s Response:
Principal will ensure staff are using proper forms to reimburse students.

2019-059
The Principal did not sign two (2) of the twenty-eight (28) transfer forms. The Principal is to sign all transfer forms prior to the transfer being made. I recommend the Principal monitor transfers to make sure all forms are signed properly.

Management’s Response
Principal will monitor transfers to ensure they are signed properly.

2019--060
According to the Red Book, “Students third grade and above must sign the Multiple Receipt Form.” Testing disclosed that some teachers were not having their students sign the Multiple Receipt Form. The Principal should remind teachers/sponsors who are receiving money to have the students sign the Multiple Receipt Form.

Management’s Response:
Principal will review the process for signing the Multiple Receipt Form.

2019-061
External Booster organizations are required to provide the following information to the Principal each year, the federal identification number, names of officers, budget, annual financial report, and insurance. The PTO did not provide a budget, annual financial report, proof of insurance, or federal identification number.. I recommend the Principal not approve any fundraisers until the required information is provided.

Management's Response:
Principal will verify proper information has been received from External Boosters.

Ward Elementary

2019-062
Schools are exempt from the payment of sales tax. However, testing disclosed two (2) out of twelve (12) disbursements reimbursed sales tax. I recommend the Principal not sign any checks when sales tax is included.

Management's Response:
Principal will assure that sales tax is not included on future disbursements.

2019-063
According to the Red Book, "Any purchase that benefits the adult sponsors or district personnel and not the student organization." Is no allowed. Testing disclosed retirement gifts were purchased from the school activity account. I recommend the Principal not approve expenses that are not allowed.

Management's Response:
Principal will monitor expenses from school activity account to make sure appropriate expenditures.

2019-064
There was a transfer during the year from an activity account to the lounge account. Transfers into the staff account from other activity accounts are not allowed. I recommend the Principal monitor transfers to make sure transfers are appropriate before signing the form.

Management's Response
Principal will monitor the transfer of funds from one account to another to make sure they allowed.

2019-065
Some teachers are not completing the line on the Multiple Receipt Form for ""teacher", therefore the teacher cannot be identified. The student signature section is not always being completed. I recommend the Principal remind all staff to complete all forms in their entirety.

Management's Response:
Principal will review multiple receipt forms to make sure they are completed in their entirety.

2019-066
External Booster organizations are required to provide the following information to the Principal each year, the federal identification number, names of officers, budget, annual financial report, and insurance. The PTO did not provide the federal identification number, names of officers, budget or insurance.. I recommend the Principal not approve any fundraisers until the required information is provided.

Management's Response:
Principal will ensure proper documentation from external groups are collected annually.

APPENDIX C

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

Continuing Disclosure Agreement

CONTINUING DISCLOSURE UNDERTAKING AGREEMENT

This Continuing Disclosure Undertaking Agreement ("Agreement") made and entered into as of the 10th day of December, 2020, by and between the Board of Education of Fleming County, Kentucky School District ("Board"); the Fleming County School District Finance Corporation, an agency and instrumentality of the Board ("Corporation") and the Registered and Beneficial Owners of the Bonds hereinafter identified as third party beneficiaries to this Agreement. For the purposes of this Agreement "Beneficial Owner" means the person or entity treated as the owner of the Bonds for federal income tax purposes and "Registered Owner" means the person or entity named on the registration books of the bond registrar.

W I T N E S S E T H:

WHEREAS, the Corporation has acted as issuing agency for the Board pursuant to the provisions of Section 162.385 of the Kentucky Revised Statutes ("KRS") and the Corporation's Bond Resolution in connection with the authorization, sale and delivery of $2,415,000 of the Corporation's School Building Refunding Revenue Bonds, Taxable Series of 2020, dated as of December 10, 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 FLEMING COUNTY, KENTUCKY SCHOOL DISTRICT

____
Chairman

Attest:

____
Secretary

FLEMING COUNTY SCHOOL DISTRICT FINANCE CORPORATION

____
President

Attest:

____
Secretary

APPENDIX D

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

Official Terms and Conditions of Bond Sale

OFFICIAL TERMS AND CONDITIONS OF BOND SALE

$2,415,000*
Fleming County School District Finance Corporation
School Building Refunding Revenue Bonds, Taxable Series of 2020
Dated as of December 10, 2020

SALE: November 19, 2020 AT 11:00 A.M., E.S.T.

As published on PARITY®, a nationally recognized electronic bidding system, the Fleming County School District Finance Corporation (the "Corporation") will until 11:00 A.M., E.S.T., on November 19, 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 $2,415,000 principal amount of Fleming County School District Finance Corporation School Building Refunding Revenue Bonds, Taxable Series of 2020 (the "Refunding Bonds"), dated and bearing interest from December 10, 2020, payable on April 1, 2021, and semi-annually thereafter on October 1 and April 1 of each year, in denominations in multiples of $5,000 within the same maturity, maturing on April 1, 2021 and October 1 in each of the years as follows:

MATURITY	PRINCIPAL AMOUNT*
Apr. 1, 2021	$ 20,000
2021	200,000
2022	195,000
2023	200,000
2024	200,000
2025	215,000
2026	215,000
2027	220,000
2028	230,000
2029	235,000
2030	240,000
2031	245,000

* Subject to Permitted Adjustment as described herein.

REDEMPTION PROVISIONS

The Bonds maturing on or after October 1, 2028 are subject to redemption at the option of the Corporation prior to their stated maturity on any date falling on or after October 1, 2027, in 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). Peoples Bank of Kentucky, Inc., Flemingsburg, 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.

FLEMING 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 Fleming 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 Fleming County School District Finance Corporation School Building Revenue Bonds, Series of 2011, dated October 1, 2011 maturing October 1, 2021 and thereafter (the "Refunded Bonds") at or prior to their stated maturities on October 1, 2021.

ADDITIONAL PARITY BONDS

The Corporation has reserved the right and privilege of issuing additional bonds from time to time payable from the income and revenues of said lands and school building Projects and secured by a statutory mortgage lien and pledge of revenues, but only if and to the extent the issuance of such additional parity bonds are in accordance with the plans and specifications of the architect in charge of said Projects, which plans have been completed, approved by the Board, Commissioner of Education, and filed in the office of the Secretary of the Corporation.

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 Hillsboro Elementary 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 October 1, 2011 (the "Prior Lease").

The total principal amount of the Refunded Bonds currently outstanding is $2,265,000, scheduled to mature on October 1 in each of the years 2021 through 2031. The proceeds of the Refunding Bonds will be used to pay accruing interest on and retire on October 1, 2021 all of the Refunded Bonds

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

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

SECURITY FOR REFUNDING BONDS

The Refunding Bonds will constitute a limited indebtedness of the Corporation and will be payable as to both principal and interest solely from the income and revenues of the school Project financed from the proceeds of the Refunded Bonds. The Refunding Bonds are secured by a lien upon and a pledge of the revenues derived from the rental of the school Project to the Board under a Lease Agreement dated December 10, 2020 (the "2020 Lease"); provided, however, said lien and pledge rank on parity with the Corporation's outstanding Qualified School Construction Bonds, Taxable Series of 2011, dated October 1, 2011 concurrently issued with the 2011 Bonds to construct the Project (the "Parity Bonds").

Under the 2020 Lease the Board has leased the school property securing the Refunding Bonds in accordance with the provisions of KRS 162.140 for an initial period from December 10, 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 October 1, 2031, 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 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 to the Corporation the right to notify and request the Kentucky Department of Education to withhold from the Board a sufficient portion of any undisbursed funds then held, set aside, or allocated to the Board and to request said Department or Commissioner of Education to transfer the required amount thereof to the Paying Agent for the payment of such rentals.

BIDDING CONDITIONS AND RESTRICTIONS

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

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

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

(3) The bid shall be not less than $2,390,850 (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 $2,415,000 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 $240,000, 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 $2,175,000 or a maximum of $2,655,000. 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 $2,415,000 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 November 19, 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 October 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 Peoples Bank of Kentucky, Inc., Flemingsburg, Kentucky, Attn: Ms. Leigh Ann Jolly (606-845-2461) 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 being subject to Federal taxation but not Kentucky income taxation on the date of their delivery to the successful bidder. See TAX STATUS 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 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.

BIENNIAL BUDGET FOR PERIOD ENDING JUNE 30, 2022

The Kentucky General Assembly is required by the Kentucky Constitution to adopt measures providing for the state's revenues and appropriations for each fiscal year. The Governor is required by law to submit a biennial State Budget (the "State Budget") to the General Assembly during the legislative session held in each even numbered year. State Budgets have generally been adopted by the General Assembly during those legislative sessions, which end in mid-April, to be effective upon the Governor's signature for appropriations commencing for a two-year period beginning the following July 1.

In the absence of a legislatively enacted budget, the Supreme Court has ruled the Governor has no authority to spend money from the state treasury except where there is a statutory, constitutional or federal mandate and the Commonwealth may be prevented from expending funds for certain state governmental functions, including the ability to pay principal of, premium, if any, and interest, when due, on obligations that are subject to appropriation.

Due to the unforeseen nature on the economy of the Commonwealth caused by the COVID-19 pandemic, in its 2020 regular session, the General Assembly adopted only a one-year budget for the biennial period ending June 30, 2022 which was approved and signed by the Governor. The biennial budget will be reviewed and supplemented during the General Assembly's 2021 regular session. Such budget became effective beginning July 1, 2020. The Office of the State Budget Director makes available on its website monthly updates to the General Fund receipts and other Funds of the commonwealth. When published, the updates can be found at www.osbd.ky.gov.

POTENTIAL LEGISLATION

No assurance can be given that any future legislation, will not cause interest on the Refunding Bonds to be subject, directly or indirectly, to state income taxation. Further, no assurance can be given that the introduction or enactment of any such future legislation, 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, Fleming County Board of Education, 211 W. Water, Flemingsburg, Kentucky 41041 (606) 845-5851.

TAX STATUS

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 includable in the gross income of the recipient thereof for Federal income tax purposes under existing law.

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.

**FLEMING COUNTY SCHOOL DISTRICT
FINANCE CORPORATION**

By /s/ Brian Creasman
Secretary

APPENDIX E

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

Official Bid Form

OFFICIAL BID FORM
(Bond Purchase Agreement)

The Fleming County School District Finance Corporation ("Corporation"), will until 11:00 A.M., E.S.T., on November 19, 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 $2,415,000 School Building Refunding Revenue Bonds, Taxable Series of 2020, dated as of December 10, 2020; maturing April 1, 2021 and October 1, 2021 through 2031 ("Bonds").

We hereby bid for said $2,415,000* principal amount of Bonds, the total sum of $_______________ (not less than $2,390,850) plus accrued interest from December 10, 2020 payable April 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 April 1, 2021 and October 1 in each of the years as follows:

Year	Amount*	Rate
Apr. 1, 2021	$ 20,000	________%
2021	200,000	________%
2022	195,000	________%
2023	200,000	________%
2024	200,000	________%
2025	215,000	________%
2026	215,000	________%
2027	220,000	________%
2028	230,000	________%
2029	235,000	________%
2030	240,000	________%
2031	245,000	________%

* Subject to Permitted Adjustment up to $240,000

We understand this bid may be accepted for as much as $2,655,000 of Bonds or as little as $2,175,000 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 November 19, 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 June 1 in accordance with the maturity schedule setting the actual size of the issue.

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

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

No certified or bank cashier's check will be required to accompany a bid, but the successful bidder shall be required to wire transfer an amount equal to 2% of the principal amount of 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 Peoples Bank of Kentucky, Inc., Flemingsburg, Kentucky, Attn: Ms. Leigh Ann Jolly (606-845-2461).

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 December 10, 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 December 10, 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 Fleming County School District Finance Corporation for $____________ amount of Bonds at a price of $____________ as follows:

Year	Amount	Rate	Year	Amount	Rate
2021	______,000	______%	2027	______,000	______%
2022	______,000	______%	2028	______,000	______%
2023	______,000	______%	2029	______,000	______%
2024	______,000	______%	2030	______,000	______%
2025	______,000	______%	2031	______,000	______%
2026	______,000	______%			

Dated: November 19, 2020

____

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