PRELIMINARY OFFICIAL STATEMENT

DATED JANUARY 27, 2021

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).

$1,806,000*
WAYNE COUNTY SCHOOL DISTRICT FINANCE CORPORATION SCHOOL BUILDING REFUNDING REVENUE BONDS, TAXABLE SERIES OF 2021

Dated with Delivery: March 3, 2021 | **Due: as shown below**

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

Maturing 1-Nov	Amount	Interest Rate	Reoffering Yield	CUSIP	Maturing 1-Nov	Amount	Interest Rate	Reoffering Yield	CUSIP
5/1/2021	$19,000	%	%		2026	$165,000	%	%	
2021	$158,000	%	%		2027	$166,000	%	%	
2022	$163,000	%	%		2028	$172,000	%	%	
2023	$163,000	%	%		2029	$175,000	%	%	
2024	$163,000	%	%		2030	$176,000	%	%	
2025	$164,000	%	%		2031	$122,000	%	%	

The Bonds are NOT 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 Wayne 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 Wayne County Board of Education.

The Wayne County (Kentucky) School District Finance Corporation will until February 4, 2021 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 $181,000.**

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

WAYNE COUNTY
BOARD OF EDUCATION

Donna Blevins, Chairperson
Melissa Upchurch, Member
Larry Muse, Member
Whitney Smith, Member
Jarrod Criswell, Member

Wayne Roberts, Superintendent/Secretary

WAYNE COUNTY (KENTUCKY) SCHOOL DISTRICT
FINANCE CORPORATION

Donna Blevins, President
Melissa Upchurch, Member
Larry Muse, Member
Whitney Smith, Member
Jarrod Criswell, Member

Wayne Roberts, Secretary
Lisa Pyles, Treasurer

BOND COUNSEL

Steptoe & Johnson PLLC
Louisville, Kentucky

FINANCIAL ADVISOR

RSA Advisors, LLC
Lexington, Kentucky

PAYING AGENT AND REGISTRAR

Franklin Bank & Trust Company
Bowling Green, 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 Wayne County School District Finance Corporation School Building Refunding Revenue Bonds, Taxable Series of 2021, identified on the cover page hereof. No person has been authorized by the Corporation or the Board to give any information or to make any representation other than that contained in the Official Statement, and if given or made such other information or representation must not be relied upon as having been given or authorized. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of the Bonds by any person in any jurisdiction in which it is unlawful to make such offer, solicitation or sale.

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

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

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

TABLE OF CONTENTS

OFFICIAL STATEMENT
Relating to the Issuance of

$1,806,000*

WAYNE COUNTY SCHOOL DISTRICT FINANCE CORPORATION
SCHOOL BUILDING REFUNDING REVENUE BONDS,
TAXABLE SERIES OF 2021

**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 Wayne County School District Finance Corporation (the "Corporation") School Building Refunding Revenue Bonds, Taxable Series of 2021 (the "Bonds").

The Bonds are being issued to (i) pay the accrued interest and refund at or in advance of maturity on September 1, 2021, all of the outstanding Wayne County School District Finance Corporation School Building Revenue Bonds, Series of 2011, dated September 6, 2011 (the "2011A Bonds") maturing September 1, 2021 and thereafter and the outstanding Monticello Independent School District Finance Corporation School Building Revenue Bonds, Series of 2011, dated June 1, 2011 (the "2011B Bonds") maturing June 1, 2022 and thereafter, (collectively, 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 Wayne 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 Wayne 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 Wayne 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 March 3, 2021, 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
*2006B	$365,000	$155,000	$53,219	$311,781	4.125%	2026
2007	$2,740,000	$450,000	$1,850,063	$889,937	4.000% - 4.100%	2027
2011	$2,377,000	$1,443,000	$0	$2,377,000	2.375% - 3.500%	2031
2012-REF	$6,830,000	$2,695,000	$1,525,911	$5,304,089	2.000%	2025
2013	$445,000	$375,000	$445,000	$0	1.000% - 2.900%	2023
2015-REF	$2,980,000	$2,310,000	$1,454,190	$1,525,810	2.000% - 2.500%	2026
2015	$3,210,000	$2,665,000	$1,199,184	$2,010,816	2.000% - 3.300%	2035
2018	$14,210,000	$13,900,000	$11,916,936	$2,293,064	3.000% - 3.750%	2038
2020	$8,620,000	$8,620,000	$8,620,000	$0	3.00%	2040
TOTALS:	$41,777,000	$32,613,000	$27,064,503	$14,712,497		

*Monticello ISD (Issuer) merged with Wayne CSD July 1, 2013

AUTHORITY

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

i) the issuance of approximately $1,806,000 of Bonds subject to a permitted adjustment of $181,000;

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 March 3, 2021, will bear interest from that date as described herein, payable semi-annually on May 1 and November 1 of each year, commencing May 1, 2021, and will mature as to principal on May 1, 2021 and November 1, 2021 and each November 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). Franklin Bank & Trust Company, Bowling Green, 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 May 1 and November 1 of each year, beginning May 1, 2021 (Record Date is 15th day of month preceding interest due date).

Redemption

The Bonds are not subject to optional redemption prior to their stated maturity.

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 March 3, 2021, 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 November 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 2021 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 2021 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 2021 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 outstanding Wayne County School District Finance Corporation School Building Revenue Bonds, Series of 2011, dated September 6, 2011 (the "2011A Bonds") maturing September 1, 2021 and thereafter and the outstanding Monticello Independent School District Finance Corporation School Building Revenue Bonds, Series of 2011, dated June 1, 2011 (the "2011B Bonds") maturing June 1, 2022 and thereafter, (collectively, 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 Wayne 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 additions to Wayne County Middle School and renovations to Monticello High School (the “Project”).

The remainder of this page intentionally left blank.

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	----- Series 2021 Ref. Revenue Bonds (100% SFCC)			Total Local Bond Payments
		Principal Portion	Interest Portion	Total Payment	
2020	$1,661,182				$1,661,182
2021	$1,658,286	$19,000	$3,798	$22,798	$1,654,513
2022	$1,652,302	$158,000	$22,938	$180,938	$1,648,253
2023	$1,655,128	$163,000	$21,854	$184,854	$1,646,978
2024	$1,657,657	$163,000	$20,632	$183,632	$1,650,632
2025	$1,656,361	$163,000	$19,205	$182,205	$1,650,463
2026	$1,652,560	$164,000	$17,529	$181,529	$1,647,786
2027	$1,654,763	$165,000	$15,596	$180,596	$1,651,114
2028	$1,652,883	$166,000	$13,361	$179,361	$1,650,359
2029	$1,653,864	$172,000	$10,739	$182,739	$1,647,465
2030	$1,657,721	$175,000	$7,701	$182,701	$1,652,671
2031	$1,650,943	$176,000	$4,322	$180,322	$1,647,244
2032	$1,652,923	$122,000	$1,281	$123,281	$1,652,923
2033	$1,652,461				$1,652,461
2034	$1,656,611				$1,656,611
2035	$1,657,599				$1,657,599
2036	$1,657,091				$1,657,091
2037	$1,659,831				$1,659,831
2038	$1,489,775				$1,489,775
2039	$592,250				$592,250
TOTALS:	$31,882,192	$1,806,000	$158,955	$1,964,955	$31,827,202

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	$1,806,000.00
Total Sources	$1,806,000.00
Uses:	
Deposit to Escrow Fund	$1,754,880.00
Underwriter's Discount (1%)	18,060.00
Cost of Issuance	33,060.00
Total Uses	$1,806,000.00

DISTRICT STUDENT POPULATION

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

Year	Average Daily Attendance	Year	Average Daily Attendance
2000-01	2,369.4	2010-11	2,260.7
2001-02	2,294.2	2011-12	2,277.6
2002-03	2,267.7	2012-13	2,289.5
2003-04	2,323.4	2013-14	3,013.7
2004-05	2,284.0	2014-15	2,926.6
2005-06	2,309.7	2015-16	2,937.7
2006-07	2,298.1	2016-17	2,891.4
2007-08	2,291.1	2017-18	2,846.7
2008-09	2,314.3	2018-19	2,749.0
2009-10	2,269.8	2019-20	2,733.5

Source: Kentucky State Department of Education.

STATE SUPPORT

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

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

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

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

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

Year	Capital Outlay Allotment	Year	Capital Outlay Allotment
2000-01	236,940.0	2010-11	226,071.0
2001-02	229,420.0	2011-12	227,757.0
2002-03	226,770.0	2012-13	228,946.0
2003-04	232,340.0	2013-14	301,368.0
2004-05	228,400.0	2014-15	292,660.0
2005-06	230,970.0	2015-16	293,767.0
2006-07	229,810.0	2016-17	289,140.0
2007-08	229,110.0	2017-18	284,670.0
2008-09	231,433.0	2018-19	274,900.0
2009-10	226,980.0	2019-20	273,350.0

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	48.5	476,504,931	2,311,049
2001-02	50	502,663,328	2,513,317
2002-03	49.5	538,453,829	2,665,346
2003-04	49.5	548,804,800	2,716,584
2004-05	48.7	581,147,297	2,830,187
2005-06	48.7	607,216,995	2,957,147
2006-07	48.2	631,622,670	3,044,421
2007-08	48.7	677,544,810	3,299,643
2008-09	50.5	713,543,387	3,603,394
2009-10	50.5	733,663,557	3,705,001
2010-11	47.2	776,963,309	3,667,267
2011-12	47.3	777,276,061	3,676,516
2012-13	47.2	783,610,333	3,698,641
2013-14	51.9	864,450,160	4,486,496
2014-15	55.3	880,334,131	4,868,248
2015-16	56.4	889,376,385	5,016,083
2016-17	55.5	908,986,972	5,044,878
2017-18	54.9	929,330,183	5,102,023
2018-19	60.7	948,943,906	5,760,090
2019-20	59.3	955,869,010	5,668,303

Overlapping Bond Indebtedness

The following table shows any other overlapping bond indebtedness of the Wayne 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 Wayne			
General Obligation	3,013,450	1,198,395	1,815,055
Cable Television Project	2,295,000	1,533,861	761,139
City of Monticello			
General Obligation	2,295,000	1,547,424	747,576
Utilities Revenue	5,221,000	2,526,500	2,694,500
Water & Sewer Revenue	3,350,000	285,548	3,064,452
Multiple Purposes Revenue	4,984,000	332,500	4,651,500
Improvement Project Revenue	8,442,000	584,000	7,858,000
Special Districts			
Wayne County Extension District	750,000	320,000	430,000
Wayne County Public Properties Corp.	6,020,000	3,105,000	2,915,000
Totals:	36,370,450	11,433,228	24,937,222

Source: 2020 Kentucky Local Debt Report.

SEEK Allotment

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

SEEK	Base Funding	Local Tax Effort	Total State & Local Funding
2000-01	9,668,629	2,311,049	11,979,678
2001-02	9,558,978	2,513,317	12,072,295
2002-03	9,696,760	2,665,346	12,362,106
2003-04	10,154,687	2,716,584	12,871,271
2004-05	9,936,520	2,830,187	12,766,707
2005-06	10,908,688	2,957,147	13,865,835
2006-07	10,923,901	3,044,421	13,968,322
2007-08	11,788,543	3,299,643	15,088,186
2008-09	11,979,422	3,603,394	15,582,816
2009-10	10,349,650	3,705,001	14,054,651
2010-11	10,042,314	3,667,267	13,709,581
2011-12	10,976,842	3,676,516	14,653,358
2012-13	10,973,909	3,698,641	14,672,550
2013-14	15,273,569	4,486,496	19,760,065
2014-15	15,212,568	4,868,248	20,080,816
2015-16	15,640,193	5,016,083	20,656,276
2016-17	15,198,740	5,044,878	20,243,618
2017-18	15,095,688	5,102,023	20,197,711
2018-19	14,810,231	5,760,090	20,570,321
2019-20	14,816,111	5,668,303	20,484,414

(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 $0.593 for FY 2018-19. The equivalent tax rate" is defined as the rate which results when the income from all taxes levied by the district for school purposes is divided by the total assessed value of property plus the assessment for motor vehicles certified by the Commonwealth of Kentucky Revenue Cabinet.

State Budgeting Process

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

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

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

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

b) fails to comply with the law.

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 Friday, Dec. 18, 2020, Gov. Andy Beshear issued Executive Order No. 2020-1041 (EO 2020-1041), which outlines requirements and recommendations for the reopening of schools in January 2021. 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.

In the past five (5) years, the Board and the Corporation have made the required filings under the terms of the Continuing Disclosure Agreement between the Board and the Corporation executed in connection with previous bond issues.

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, Wayne County School District Board of Education, 1025 S. Main Street, Monticello, Kentucky 42633, Telephone 606-348-5083.

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 Wayne 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 Wayne 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 Wayne 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

Wayne County School District Finance Corporation
School Building Refunding Revenue Bonds
Taxable Series of 2021

Demographic and Economic Data

WAYNE COUNTY, KENTUCKY

Wayne County is located in south central Kentucky. The city of Monticello, the county seat, had a 2019 estimated population of 6,068 and is located 105 miles southwest of Lexington, Kentucky; 121 miles northwest of Knoxville, Tennessee; 170 miles southeast of Louisville, Kentucky; 145 miles northeast of Nashville, Tennessee; and 182 miles south of Cincinnati, Ohio.

Wayne County, with a total land area of 459 square miles, covers portions of both the Mississippi Plateaus and the Eastern Kentucky Coal Fields Regions of the state. Lake Cumberland runs along or near the northern boundary of Wayne County and the Tennessee state line forms the southern boundary. Wayne County had a 2019 estimated population of 20,626.

The Economic Framework - Wayne County has a labor force of 7,853 people with an unemployment rate of 5.6%. The total number of people employed in 2019 averaged 6,158. The top 5 jobs by occupation are as follows: production workers - 860 (13.97%); office and administrative support - 846 (13.74%); sales - 751 (12.2%); executive managers and administrators - 565 (9.18%); and education training/library - 439 (9.13%).

Transportation - Monticello is served directly by Kentucky Highway 90, a "AAA"-rated trucking highway, and by Kentucky Highway 92, a "AA"-rated trucking highway. In addition, the Cumberland Parkway, a multi-lane toll road, is located twenty-nine miles north of Monticello. Thirteen trucking companies provide interstate and/or intrastate service to Monticello. Norfolk Southern Railroad provides the nearest main line rail service located at Burnside, Kentucky, twenty-one miles northeast. The nearest scheduled commercial airline service is available at Blue Grass Airport, 105 miles northeast of Monticello. The Monticello-Wayne County Airport, a local airport located just north of Monticello, maintains a 4,000-foot paved runway.

Power and Fuel - Electric power is provided to Monticello by the City of Monticello Electric Plant Board, which is supplied by the Tennessee Valley Authority. Wayne County is served by the South Kentucky Rural Electric Cooperative Corporation, which is supplied by East Kentucky Power.

Education - Primary and secondary education is provided by the Wayne County Public School System. Twenty colleges and universities are located within 60 miles of Monticello. Vocational-technical education is provided by the Wayne County Area Technology Center in Monticello; Lake Cumberland ATC in Russell Springs; Pulaski County ATC in Somerset; and Clinton County ATC in Albany. The nearest technical college providing post-secondary education is Somerset Community College in Somerset, KY.

POPULATION

The Wayne County labor market area includes Wayne County and the following additional counties: Clinton, Cumberland, McCreary, Pulaski and Russell. In addition, the labor market area includes Pickett County, Tennessee.

	2015	2016	2017	2018	2019
Wayne County	20,404	20,453	20,621	20,468	20,626
Monticello	6,073	6,087	6,085	6,034	6,068

Property Taxes

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

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

Property assessments in Kentucky are at 100% fair cash value. Accounts receivable are taxed at 85% of face value.

EDUCATION

Public Schools

	Wayne County
Total Enrollment (Fall, 2018-19)	3,011
Pupil-Teacher Ratio (2018-19)	15 - 1

Area Colleges and Universities

Location Name	Enrollment	Fall (2020)
Lindsey Wilson College	Columbia, Kentucky	1,999
University of the Cumberlands	Williamsburg, Kentucky	16,966
Campbellsville University	Campbellsville, Kentucky	13,744
Union College	Barbourville, Kentucky	NA
Centre College	Danville, Kentucky	1,411
Berea College	Berea, Kentucky	1,688

Vocational-Technical Training

Kentucky Tech secondary schools (Sec), called area technology centers, are operated by the Cabinet for Workforce Development and the postsecondary schools (P/S), called technical colleges, are governed by the Kentucky Community and Technical College System (KCTCS).

Institution	Location	Enrollment (2018-2019)
Wayne County ATC	Monticello, KY	524
Lake Cumberland ATC	Russell Springs, KY	759
Pulaski ATC	Somerset, KY	762
Casey County ATC	Liberty, KY	433
Corbin ATC	Corbin, KY	418
Green County ATC	Greensburg, KY	539
Rockcastle County ATC	Mount Vernon, KY	438
Monroe County ATC	Tompkinsville, KY	478
Lincoln County ATC	Stanford, KY	322
Knox County ATC	Barbourville, KY	470
Marion County ATC	Lebanon, KY	617
Garrard County ATC	Lancaster, KY	392
Barren County ATC	Glasgow, KY	761

Customized Training

The Kentucky Tech system, through its training and development coordinators, will provide technical assistance and will identify and develop low-cost customized training programs and services for both established and prospective businesses. Businesses wanting to establish a customized training program should contact a training and development coordinator located at the Hazard Technical College.

Assessment Services

Kentucky Tech Career Connections offers to business, education and government agencies testing packages for evaluating job applicants, selecting employees for promotional consideration and developing training programs within the organization. A Career Connections Assessment Center is located at the Madisonville Technical College.

Adult Education Services

Adult education programs are available to adults who want to develop new academic skills, improve basic skills or earn a high school equivalence diploma. In Monticello, adult education and adult literacy classes are administered through the Kentucky Valley Educational Cooperative.

Bluegrass State Skills Corporation

The Bluegrass State Skills Corporation (BSSC) was established in 1984 by the General Assembly of The Commonwealth of Kentucky as an independent, de jure corporation to stimulate economic development through customized business and industry specific skills training programs. The BSSC works with business and industry and Kentucky's educational institutions to establish programs of skills training. The BSSC is attached to the Cabinet for Economic Development for administrative purposes, in recognition of the relationship between economic development and skills training efforts.

The BSSC is comprised of two economic development tools: matching grants and the newly authorized Skills Training Investment Credit Act. The BSSC grant program is available to new, expanding and existing business and Industry. Eligible training activities include pre-employment skills training and assessment; entry level, skills upgrade and occupational upgrade training; train-the-trainer travel; and capacity-building. The Skills Training Investment Credit Act provides credits to existing businesses for skills upgrade training.

MAJOR BUSINESS AND INDUSTRY

Firm	Product	Employees
Monticello		
American Woodmark Corp	Wooden cabinet doors & frames	555
Cobb Vantress Inc.	Chicken breeder	250
E&E Shoe Brokerage	Shoe broker/distributor	45
Monticello Flooring & Lumber Co. Inc	Hardwood flooring	95
Monticello Machine Shop Inc.	Machine shop: drilling, boring, cutting, honing, general machining & welding; conveyors, plate & sheet metal fabricating	9
Monticello Tool & Die Inc.	Tool & die; jigs & fixtures	15
Patriot Industries Inc.	Athletic shorts and shirts, backpacks, ammo pouches, coveralls and vests	360
Specialty Wood Products Inc.	Rough lumber, crossties, sawing	13
Sunstar Houseboats Inc.	Aluminum houseboats and yachts	18
Trifecta Renovations	Service and delivery of houseboats and energy efficient modular homes	12
W&W Hardwoods Inc.	Interior doors, kitchen cabinet doors and veneer parts of interior doors	114
Wayne Dry Kilns Inc.	Kiln dried & dimension lumber, hardwood veneer slicing, raised hardwood panels	25
Wayne Lumber Co. Inc.	Veneer logs, hardwood lumber (rough sawn and kiln dried), precut pallet lumber	48

Source: Kentucky Directory of Manufacturers (2020).

APPENDIX B

Wayne County School District Finance Corporation
School Building Refunding Revenue Bonds
Taxable Series of 2021

Audited Financial Statement ending June 30, 2019

WAYNE COUNTY
SCHOOL DISTRICT

AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTAL SCHEDULES

For the year ended June 30, 2019

Prepared by:

WHITE & ASSOCIATES, PSC
CERTIFIED PUBLIC ACCOUNTANTS
1407 Lexington Road
Richmond, Kentucky 40475
Phone (859) 624-3926 Fax (859) 625-0227

TABLE OF CONTENTS

****

White & Associates, PSC
Certified Public Accountants & Consultants

1407 Lexington Road
Richmond, KY 40475
(859) 624-3926

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the Wayne County School District
Monticello, KY
and the State Committee for School District Audits

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedules of the District's Proportionate Share of the Net Pension and OPEB Liability and Schedule of Contributions for CERS and KTRS and Medical and Life and Health Insurance Plans comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Wayne County School District's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

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

White & Associates, PSC

Richmond, Kentucky
November 12, 2019

Wayne County Public School District-Monticello, Kentucky
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2019

As management of the Wayne County School 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 for the District was $3,395,961. The year ended with a balance of $12,593,700. The year end balance is $9,197,739 more than the 2017-2018 year end balance.
- The General Fund had $27,554,241 in revenue, which primarily consisted of the state program (SEEK), property, utilities and motor vehicle taxes. Excluding interfund transfers and other financing sources, there were $28,206,935 in General Fund expenditures.
- Bonds are issued as the District renovates facilities consistent with a long-range facilities plan that is established with community input and in keeping with Kentucky Department of Education (KDE) stringent compliance regulations. The District's total debt increase on bonds was $12,485,981 for the current fiscal year. The District's outstanding debt, excluding KISTA, is $27,873,510 (principal and interest combined) at the end of fiscal year 2019.
- The District continued its commitment to maintaining a modern bus fleet by adding 5 new buses through the KISTA program in fiscal year 2019.
- Construction continued on the new Area Career and Technology Center through fiscal year 2019.
- Construction began in fiscal year 2019 on a new soccer field and track on campus to replace a soccer field located off campus on Highway 90.
- Total enrollment for 2018-2019 for grades K-12 was 3,129, a 30 student decrease from 2017-2018. The overall District attendance rate for 2018-2019 was 93.23, a slight increase from 2017-2018 of 93.12.

Overview of Financial Statements

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

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

The statement of net assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

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

The government-wide financial statements pages can be found on the table of contents of this report.

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

The basic governmental fund financial statements pages can be found on the table of contents of this report.

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

Changes in Net Position
(in millions)

	Governmental Activities 2018	Governmental Activities 2019	Business-Type Activities 2018	Business-Type Activities 2019	Total School District 2018	Total School District 2019	Total Percentage Change 2018-2019
Revenues:							
Charges for services		$ 0.03	$ 0.14	$ 0.18	$ 0.14	$ 0.21	51%
Operating grants and contributions	3.36	5.42	2.14	2.81	5.50	8.23	50%
Capital grants and contributions		2.39			-	2.39	100%
General revenues	33.69	28.65	0.44	(0.09)	34.13	28.56	-16%
Total revenue	37.05	36.49	2.72	2.90	39.77	39.39	-1%
Expenses:							
Instruction	$ 24.01	$ 20.29			$ 24.01	$ 20.29	-15%
Student	2.17	1.83			2.17	1.83	-16%
Instructional staff	4.00	3.52			4.00	3.52	-12%
District administration	0.63	0.49			0.63	0.49	-22%
School administration	1.93	1.67			1.93	1.67	-13%
Business	0.46	0.42			0.46	0.42	-9%
Plant operation & maintenance	2.90	2.48			2.90	2.48	-15%
Student transportation	3.36	2.75			3.36	2.75	-18%
Food Service Operations	0.08	0.09	2.641	2.63	2.72	2.72	0%
Day Care Operations		0.02	0.08	0.22	0.08	0.23	196%
Depreciaion/Amortization		1.37		0.08	-	1.45	100%
Facility acquisition/construction	0.73				0.73	-	-100%
Adult Education	0.03				0.03	-	-100%
Debt Service	2.78	0.77			2.78	0.77	-72%
Community Services	0.41	0.41			0.41	0.41	1%
Total Expenses	$ 43.47	$ 36.11	$ 2.72	$ 2.93	$ 46.19	$ 39.04	-15%
Change in net position	$ (6.43)	$ 0.37	$ 0.00	$ (0.03)	$ (6.43)	$ 0.35	105%

Government-Wide Financial Analysis

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by $2,001,835 as of June 30, 2019. This reflects a decrease of $1,686,065 from 2017-2018.

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

Capital Assets at Year-End

$ (Net of Depreciation, in Millions)

	Governmental Activities		Business-type Activities		Totals	
	2018	2019	2018	2019	2018	2019
Land	2,133,142	2,133,142			2,133,142	2,133,142
Land Improvements	307,683	308,029			307,683	308,029
Buildings	26,494,884	25,584,803	1,305,491	1,255,126	27,800,375	26,839,929
Technology Equipment	187,455	128,615			187,455	128,615
Vehicles	1,106,044	1,341,673			1,106,044	1,341,673
General Equipment	107,065	97,390	175,371	231,396	282,436	328,786
Construction in Progress	825,284	6,770,187			825,284	6,770,187
Totals	31,161,557	36,363,839	1,480,862	1,486,522	32,642,419	37,850,361

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.

Outstanding Debt at Year-End (in Millions)

	Government Activities	
	2018	2019
General Obligation Bonds	$15.39	$27.87
KSBIT Obligations		0.10
Total Obligations	$15.39	$27.97

Net Position
$ (in Millions)

	Governmental Activities		Business-type Activities		Totals	
	2018	2019	2018	2019	2018	2019
Current assets	3.99	12.35	1.02	1.07	5.00	13.42
Non-current assets	31.16	36.36	1.48	1.49	32.64	37.85
Total assets	35.14	48.71	2.50	2.56	37.64	51.27
Deferred outflows	27.87	4.15	0.22	0.18	28.09	4.33
Current liabilities	3.07	3.02	0.01	0.01	3.08	3.03
Non-current liabilities	30.98	47.32	1.13	0.69	32.11	48.01
Total liabilities	34.05	50.34	1.14	0.70	35.19	51.04
Deferred inflows	1.68	2.48	0.07	0.09	1.75	2.56
Net position:						
Invested in capital assets, net of debt	15.77	8.49	1.48	1.48	17.25	9.97
Restricted	(15.68)	8.91	(0.95)	0.54	(16.64)	9.45
Unrestricted (deficit)	2.09	(17.35)	0.98	(0.08)	3.07	(17.43)
Total net position	2.18	0.05	1.50	1.95	3.68	1.99

Comments on Budget Comparisons

- The District's total general revenues for the fiscal year ended June 30, 2019, net of Interfund transfers, were $36,429,599.
- General Fund budget compared to actual revenue varied slightly from line item to line item with the exception of revenue code 3900 (on-behalf payments made by the state for employee benefits). On-behalf payments are not included in the budget. The actual revenue received was $336,079 more than budgeted.
- General Fund budget expenditures to actual varied overall due to recording on-behalf payments.

Budgetary Implications

In Kentucky the public school fiscal year is July 1-June 30; other programs, i.e. some federal operate on a different fiscal calendar, but are reflected in the district overall budget. By law the budget must have a minimum 2% contingency. The district adopted a budget with $950,000.00 in contingency (3.96%). The beginning cash balance for beginning the fiscal year is $12,593,700.

General Fund Revenue/Expenditures

The majority of the total General Fund (Fund 1) revenue was derived from state revenue (79.2%). Local funding accounted for 17.9% of the revenue.

The greatest amount of revenue (55.3%) was expended for instruction. Other significant expenditures were student transportation (11.3%), plant operation and management (8.8%), instructional staff support which includes school libraries and district-wide instructional support staff (7.9%), student support services which includes health services, attendance services and guidance counseling (6.3%) and school administrative support (5.9%).

Special Revenue Fund Revenue/Expenditures

The majority (67.9%) of the Special Revenue's (Fund 2) revenue was derived from federal sources with state revenue making up 31.2%. The largest expenditure for the fund was for instruction, which was 67.1% of the fund's total expenditures. Instructional staff support services was 23.4% of the total expenditures.

District Activity Fund Revenue/Expenditures

The District Activity Fund allows school activity funds to transfer funds to the district bank account. District activity funds are not subject to the Redbook and may be expended with more flexibility. Funds are assigned project numbers (7XXX) to fulfill reporting requirements.

Capital Outlay Fund and Facilities Support Program of Kentucky Revenue/Expenditures

The Capital Outlay Fund's (Fund 310) revenue is received from the state funding program (SEEK). The FSPK Fund (Fund 320) receives revenue from both state funding and local taxes. During this year the majority of these funds were transferred to the debt service fund for paying on bonds sold in previous years for new and renovated facilities. This year the state allowed the district to use a portion of Capital Outlay funds for approved operation expenses that would have been funded through General Fund and for construction of a new soccer field and track.

Construction Fund Revenue/Expenditures

The Construction Fund (Fund 360) is used for new buildings and renovations. Construction of a new Area Career and Technology Center continued through fiscal year 2019. Construction began in fiscal year 2019 on a new soccer field and track.

Debt Service Fund Revenue/Expenditures

The Debt Service Fund (Fund 400) is used for paying debt service on bonds sold for new and renovated facilities. The fund receives a majority of its revenue from transfers from other funds primarily the Capital Outlay and FSPK Funds.

Food Service Fund Revenue/Expenditures

The School Food Services Fund (Fund 51) is an enterprise fund, which receives revenue from federal (84.5%), state (12.6%) and local (3%) sources. Expenditures for this fund are for food service staff, food, supplies and equipment.

Childcare Tuition Fund Revenue/Expenditures

The Childcare Tuition Fund (Fund 52) is an enterprise fund that receives its revenue from day care fees. The funds expenditures are for day care staff, supplies and equipment.

REVENUE	Fund 1	Fund 2	Fund 310	Fund 320	Fund 360	Fund 400	Fund 51
Local Revenue Sources	5,034,770	47,138		948,944		161	80,192
State Revenue Sources	22,334,779	1,706,202	274,904	839,849		1,274,965	358,141
Federal Revenue Sources	184,692	3,710,886					2,400,325
Other	454,044				13,552,535		3,574
Transfers	188,900	1,565			759,353	976,583	
TOTALS	**28,197,185**	**5,465,791**	**274,904**	**1,788,793**	**14,311,888**	**2,251,709**	**2,842,232**
EXPENDITURES	**Fund 1**	**Fund 2**	**Fund 310**	**Fund 320**	**Fund 360**	**Fund 400**	**Fund 51**
Instruction	15,602,294	3,664,792					
Student Support Services	1,772,277	54,511					
Instructional Staff Support Services	2,242,699	1,278,116					
District Admin Support	489,908						
School Admin Support	1,672,466	606					
Business Support Services	420,466						
Plant Operation & Management	2,490,228	45,296					
Student Transportation	3,191,076	9,396					
Food Service Operations	32	92,580					2,714,082
Day Care Operations	16,830	2,201					
Community Services	95,913	316,817					
Land Improvements					114,709		
Building Acquisitons & Construction					5,830,194		
Debt Service	212,746				97,840	2,190,765	
Other					284,200		
Transfers	22,559	1,476	479,962	1,328,750			93,654
TOTALS	**28,229,494**	**5,465,791**	**479,962**	**1,328,750**	**6,326,943**	**2,190,765**	**2,807,736**
Excess / (Deficit)	(32,309)	-	(205,058)	460,043	7,984,945	60,944	34,496

Questions regarding this report should be directed to the Superintendent (606)348-8484 or to Lisa Pyles, Finance Officer (606)348-8484 or by mail at 1025 South Main Street, Monticello, Kentucky 42633.

Wayne County School District
Statement of Net Position
June 30, 2019

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 11,552,688	$ 1,041,012	$ 12,593,700
Receivables			
Taxes-current	105,373		105,373
Taxes-delinquent	3,279		3,279
Accounts	68,406	5,865	74,271
Interfund	5,865		5,865
Intergovernmental	613,179		613,179
Inventories		28,261	28,261
Capital assets:			
Land and construction in progress	8,078,045		8,078,045
Other capital assets, net of depreciation	28,285,794	1,486,522	29,772,316
Total capital assets	36,363,839	1,486,522	37,850,361
Total assets	48,712,629	2,561,660	51,274,289
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	2,768,395	143,569	2,911,964
Deferred outflows related to OPEB	1,309,429	36,158	1,345,587
Deferred savings from refunding bonds	75,000		75,000
Total deferred outflows of resources	4,152,824	179,727	4,332,551
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	52,865,453	2,741,387	55,606,840
LIABILITIES			
Accounts payable and accrued expenses	706,494	2,657	709,151
Accrued interest payable	192,206		192,206
Accrued payroll and related expenses	1,908		1,908
Interfund payable		5,865	5,865
Unearned revenue	498,244		498,244
Long-term liabilities:			
Due within 1 year:			
Bond obligations	1,622,074		1,622,074
Capital lease obligations	223,280		223,280
KSBIT payable	50,925		50,925
Total due within 1 year	1,896,279	-	1,896,279
Due in more than 1 year:			
Bond obligations	24,913,827		24,913,827
Capital lease obligations	1,114,329		1,114,329
KSBIT payable	50,925		50,925
Sick leave	165,762		165,762
Net pension liability	10,319,864	535,190	10,855,054
Net OPEB liability	10,481,403	156,017	10,637,420
Total due in more than 1 year	47,046,110	691,207	47,737,317
Total liabilities	50,341,241	699,729	51,040,970
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	1,134,461	58,833	1,193,294
Deferred inflows related to OPEB	1,341,122	29,619	1,370,741
Total deferred inflows of resources	2,475,583	88,452	2,564,035
NET POSITION			
Net Investment in capital assets	8,490,329	1,486,522	9,976,851
Restricted for:			
Capital projects	8,904,616		8,904,616
Debt service	4,986		4,986
Food services		543,101	543,101
Unrestricted (deficit)	(17,351,302)	(76,417)	(17,427,719)
Total net position	48,629	1,953,206	2,001,835
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 52,865,453	$ 2,741,387	$ 55,606,840

See the accompanying notes to the financial statements.

Wayne County School District

Statement of Activities

Year Ended June 30, 2019

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
					Primary Government		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-type Activities**	**Total**
PRIMARY GOVERNMENT:							
Governmental activities:							
Instruction	$ 20,293,707	$ -	$ 3,363,739	$ -	$ (16,929,968)		$ (16,929,968)
Support Services							
Student	1,826,788	66,855	273,966		(1,485,967)		(1,485,967)
Instructional Staff	3,522,370		528,255		(2,994,115)		(2,994,115)
District Administration	489,908		73,472		(416,436)		(416,436)
School Administration	1,673,072		250,913		(1,422,159)		(1,422,159)
Business	420,466		63,058		(357,408)		(357,408)
Plant Operation & Maintenance	2,482,447	(35,411)	372,296	1,114,753	(1,030,809)		(1,030,809)
Student Transportation	2,752,182		412,748		(2,339,434)		(2,339,434)
Food Service Operation	92,612	2,389	13,889		(76,334)		(76,334)
Enterprise Operations	19,031		2,854		(16,177)		(16,177)
Community Services Operations	412,730		61,898		(350,832)		(350,832)
Amortization	131,912				(131,912)		(131,912)
Depreciation*	1,237,491				(1,237,491)		(1,237,491)
Interest on long-term debt	766,103			1,274,965	508,862		508,862
Total governmental activities	36,120,819	33,833	5,417,088	2,389,718	(28,280,180)		(28,280,180)
Business-type activities:							
Food service operations	2,630,191	80,192	2,758,466			$ 208,467	208,467
Day care operations	215,061	100,644	54,412			(60,005)	(60,005)
Depreciation	83,891					(83,891)	(83,891)
Total business-type activities	2,929,143	180,836	2,812,878	-	-	64,571	64,571
Total primary government	$ 39,049,962	$ 214,669	$ 8,229,966	$ 2,389,718	$ (28,280,180)	64,571	$ (28,215,609)

	Governmental Activities	Business-type Activities	Total
General revenues:			
Taxes:			
Property taxes	4,020,172		4,020,172
Delinquent property taxes	52,662		52,662
Motor vehicle taxes	631,614		631,614
Uitility taxes	1,017,809		1,017,809
Unmined minerals	1,778		1,778
Franchise	181,995		181,995
State and formula grants	22,519,471		22,519,471
Other local revenue	75,311		75,311
Transfers	93,654	(93,654)	-
Unrestricted investment earnings	52,737	3,574	56,311
Total general revenues and transfers	28,647,203	(90,080)	28,557,123
Change in net position	367,023	(25,509)	341,514
Net position - beginning	2,181,599	1,506,301	3,687,900
Prior period adjustment	(2,499,993)	472,414	(2,027,579)
Restated net position - beginning	(318,394)	1,978,715	1,660,321
Net position - ending	$ 48,629	$ 1,953,206	$ 2,001,835

*Unallocated depreciation that excludes depreciation which is included in the direct expenses of various programs, if any.

See the accompanying notes to the financial statements.

Wayne County School District

Balance Sheet

Governmental Funds

June 30, 2019

	Governmental Funds					
	General	**Special Revenue**	**Construction**	**Debt Service**	**Other Governmental Funds**	**Total**
ASSETS						
Cash and cash equivalents	$ 2,072,698	$ -	$ 8,592,543	$ 4,986	$ 882,461	$ 11,552,688
Interfund receivables	78,576					78,576
Receivables						
Taxes-current	105,373					105,373
Taxes-delinquent	3,279					3,279
Accounts	49,813	18,593				68,406
Intergovernmental-state	45	15,258				15,303
Intergovernmental-federal		597,876				597,876
Total assets	2,309,784	631,727	8,592,543	4,986	882,461	12,421,501
LIABILITIES						
Accounts payable	132,017	60,772	513,705			706,494
Interfund payables		72,711				72,711
Accrued salaries and benefits payable	1,753					1,753
Payroll taxes payable	155					155
Unearned revenue		498,244				498,244
Total liabilities	133,925	631,727	513,705	-	-	1,279,357
FUND BALANCE						
Restricted	82,881		8,078,838	4,986	825,778	8,992,483
Committed					56,683	56,683
Unassigned	2,092,978					2,092,978
Total fund balance	2,175,859	-	8,078,838	4,986	882,461	11,142,144
TOTAL LIABILITIES AND FUND BALANCE	$ 2,309,784	$ 631,727	$ 8,592,543	$ 4,986	$ 882,461	$ 12,421,501

See the accompanying notes to the financial statements.

Wayne County School District

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position

June 30, 2019

Fund balances-total governmental funds	$	11,142,144
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net position.		36,363,839
Costs associated with bond issues and refundings are expensed in the fund financial statements because they are a use of current financial resources but are capitalized on the statement of net position using the economic resources focus		75,000
Certain liabilities (such as bonds payable, the long-term portion of accrued sick leave, accrued interest payable, other accounts payable, and net pension obligations) are not due and payble in the current period and, therefore, are not reported in the funds		
Accrued interest payable		(192,206)
Bonds payable		(26,535,901)
Capital lease payable		(1,337,609)
KSBIT payable		(101,850)
Sick leave liability		(165,762)
Net OPEB liability		(10,481,403)
Net pension liability		(10,319,864)
Deferred outflows and inflows or resources related to pensions are applicable to future periods and, therefore, are not reported in the funds		
Deferred outflows related to net pensions		2,768,395
Deferred outflows related to OPEB		1,309,429
Deferred inflows related to net pensions		(1,134,461)
Deferred inflows related to OPEB		(1,341,122)
Net position of governmental activities	$	48,629

See the accompanying notes to the financial statements.

Wayne County School District

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

Year Ended June 30, 2019

	General	Special Revenue	Construction	Debt Service	Other Governmental Funds	Total Governmental Funds
REVENUES						
From Local Sources						
Taxes						
Property	$ 3,071,228	$ -	$ -	$ -	$ 948,944	$ 4,020,172
Delinquent property tax	52,662					52,662
Motor vehicle	631,614					631,614
Unmined minerals	1,778					1,778
Franchise	181,995					181,995
Utilities	1,017,809					1,017,809
Earnings on investments	52,573	3		161		52,737
Food service		2,389				2,389
Student activities		3,900			62,955	66,855
Other local revenue	25,111	40,846			9,354	75,311
Intergovernmental - state	22,334,779	1,706,202		1,274,965	1,114,753	26,430,699
Intergovernmental - federal	184,692	3,710,886				3,895,578
Total revenues	27,554,241	5,464,226	-	1,275,126	2,136,006	36,429,599
EXPENDITURES						
Instruction	15,602,294	3,664,792			47,913	19,314,999
Support Services						
Student	1,772,277	54,511				1,826,788
Instructional Staff	2,242,699	1,278,116			1,555	3,522,370
District Administration	489,908					489,908
School Administration	1,672,466	606				1,673,072
Business	420,466					420,466
Plant Operation & Maintenance	2,490,228	45,296				2,535,524
Student Transportation	3,191,076	9,396				3,200,472
Food Service Operation	32	92,580				92,612
Day Care Operation	16,830	2,201				19,031
Community Services Operations	95,913	316,817				412,730
Land Improvements			114,709			114,709
Building Acquistions & Construction			5,830,194			5,830,194
Debt Service	212,746		97,840	2,190,765		2,501,351
Total expenditures	28,206,935	5,464,315	6,042,743	2,190,765	49,468	41,954,226
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(652,694)	(89)	(6,042,743)	(915,639)	2,086,538	(5,524,627)
OTHER FINANCING SOURCES (USES)						
Bond principal proceeds			13,552,535			13,552,535
Bond discounts			(284,200)			(284,200)
Capital lease proceeds	454,044					454,044
Operating transfers in	188,900	1,565	759,353	976,583		1,926,401
Operating transfers (out)	(22,559)	(1,476)			(1,808,712)	(1,832,747)
Total other financing sources and (uses)	620,385	89	14,027,688	976,583	(1,808,712)	13,816,033
NET CHANGE IN FUND BALANCES	(32,309)	-	7,984,945	60,944	277,826	8,291,406
FUND BALANCE-BEGINNING	2,208,168	-	93,893	(55,958)	604,635	2,850,738
FUND BALANCE-ENDING	$ 2,175,859	$ -	$ 8,078,838	$ 4,986	$ 882,461	$ 11,142,144

See the accompanying notes to the financial statements.

Wayne County School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Year ended June 30, 2019

Net change in fund balances-total governmental funds	$	8,291,406
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report district pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.		
District pension contributions less costs of benefits earned net employee contributions		(765,593)
Governmental funds report district OPEB contributions as expenditures. However in the Statement of Activities, the cost of OPEB benefits earned net of employee contributions is reported as pension expense.		
District OPEB contributions less costs of benefits earned net employee contributions		(204,154)
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.		5,202,282
The difference in the issue amount of the refunding of bond proceeds and the amount for payment to the escrow account to pay the refunded bonds is amortized over the life of the refunding issue.		(131,912)
The discount on the sale of bonds is reported as an expenditure by current financial resources but it is deferred and amortized over the life of the bond on the statement of net position.		350,786
Bond and capital lease payments are recognized as expenditures of current financial resources in the fund financial statement but are reductions of liabilities in the statement of net position.		(12,145,711)
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.		
Accrued interest payable		(192,206)
KSBIT payable		50,925
Noncurrent sick leave payable		(88,800)
Change in net position of governmental activities	$	367,023

See the accompanying notes to the financial statements.

Wayne County School District

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

General Fund

Year Ended June 30, 2019

	Budgeted Amounts Original	Budgeted Amounts Final		Actual	Variance with Final Budget Favorable (Unfavorable)
REVENUES					
From Local Sources					
Taxes					
Property	$ 2,787,500	$ 2,787,500		$ 2,883,311	$ 95,811
Delinquent property tax	40,000	40,000		52,662	12,662
Motor vehicle	585,000	585,000		631,614	46,614
Unmined minerals	1,500	1,500		1,778	278
Franchise tax	175,000	175,000		181,995	6,995
Utilities	940,000	940,000		1,017,809	77,809
Revenue in lieu of taxes	150,000	150,000		187,917	37,917
Earnings on investments	12,000	12,000		52,573	40,573
Other local revenue	24,770	24,770		25,111	341
Intergovernmental - state	14,596,327	14,596,327	*	14,603,714	7,387
Intergovernmental - federal	175,000	175,000		184,692	9,692
Total revenues	19,487,097	19,487,097		19,823,176	336,079
EXPENDITURES					
Instruction	10,806,656	10,806,656	*	10,083,557	723,099
Support Services					
Student	1,329,546	1,329,546	*	1,331,618	(2,072)
Instructional Staff	1,785,409	1,785,409	*	1,596,009	189,400
District Administration	569,863	569,863	*	443,988	125,875
School Administration	1,250,292	1,250,292	*	1,247,227	3,065
Business	282,144	282,144	*	378,010	(95,866)
Plant Operation & Maintenance	2,362,390	2,362,390	*	2,430,790	(68,400)
Student Transportation	2,229,420	2,229,420	*	2,639,150	(409,730)
Food Service Operations				32	(32)
Day Care Operations	5,000	5,000		16,830	(11,830)
Community Services	1,000	1,000		95,913	(94,913)
Debt Service	212,746	212,746		212,746	-
Total expenditures	20,834,466	20,834,466		20,475,870	358,596
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,347,369)	(1,347,369)		(652,694)	694,675
OTHER FINANCING SOURCES (USES)					
Operating transfers in (out)	166,163	166,163		166,341	178
Capital lease proceeds				454,044	454,044
Total other financing sources and (uses)	166,163	166,163		620,385	454,222
NET CHANGE IN FUND BALANCE	(1,181,206)	(1,181,206)		(32,309)	1,148,897
FUND BALANCE-BEGINNING	2,131,206	2,131,206		2,208,168	76,962
FUND BALANCE-ENDING	$ 950,000	$ 950,000		$ 2,175,859	$ 1,225,859

* The on-behalf payments (please see the accompnaying notes to the financial statemetns) were not budgeted, therefore, to better compare the actual to the budgeted amounts these amouns were deducted from both revenue and expenditures in the amount of $7,731,065.

See the accompanying notes to the financial statements.

Wayne County School District
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Special Revenue Fund
Year Ended June 30, 2019

	Budgeted Amounts			Variance with Final Budget
	Original	**Final**	**Actual**	**Favorable (Unfavorable)**
REVENUES				
From Local Sources				
Earnings on investments	$ -	$ -	$ 3	$ 3
Food service	84	84	2,389	2,305
Student activities	9,358	9,358	3,900	(5,458)
Other local revenue	38,163	38,163	40,846	2,683
Intergovernmental - state	1,663,596	1,663,596	1,706,202	42,606
Intergovernmental - federal	3,784,832	3,784,832	3,710,886	(73,946)
Total revenues	5,496,033	5,496,033	5,464,226	(31,807)
EXPENDITURES				
Instruction	3,638,181	3,638,181	3,664,792	(26,611)
Support Services				
Student	53,869	53,869	54,511	(642)
Instructional Staff	1,272,880	1,272,880	1,278,116	(5,236)
School Administration	2,981	2,981	606	2,375
Plant Operations & Maintenance	108,008	108,008	45,296	62,712
Student Transportation			9,396	(9,396)
Food Service Operation	102,659	102,659	92,580	10,079
Day Care Operation	300	300	2,201	(1,901)
Community Services Operations	317,927	317,927	316,817	1,110
Total expenditures	5,496,805	5,496,805	5,464,315	32,490
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(772)	(772)	(89)	683
OTHER FINANCING SOURCES (USES)				
Operating transfers in (out)	772	772	89	(683)
Total other financing sources and (uses)	772	772	89	(683)
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE-BEGINNING	-		-	-
FUND BALANCE-ENDING	$ -	$ -	$ -	$ -

See the accompanying notes to the financial statements.

Wayne County School District
Statement of Net Position
Proprietary Funds
June 30, 2019

	Enterprise Funds		
	School Food Services	**Other Proprietary Fund**	**Total**
ASSETS			
Cash and cash equivalents	$ 1,041,012	$ -	$ 1,041,012
Inventories	28,261	-	28,261
Accounts receivable, net	-	5,865	5,865
Capital assets:			
Other capital assets, net of depreciation	1,486,522	-	1,486,522
Total assets	2,555,795	5,865	2,561,660
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	125,282	18,287	143,569
Deferred outflows related to OPEB	31,552	4,606	36,158
Total deferred outflows of resources	156,834	22,893	179,727
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2,712,629	28,758	2,741,387
LIABILITIES			
Accounts payable and accrued expenses	2,657	-	2,657
Interfund payable	-	5,865	5,865
Net pension liability	467,020	68,170	535,190
Net OPEB liability	136,144	19,873	156,017
Total liabilities	605,821	93,908	699,729
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	51,339	7,494	58,833
Deferred inflows related to OPEB	25,846	3,773	29,619
Total deferred inflows of resources	77,185	11,267	88,452
NET POSITION			
Net Investment in capital assets	1,486,522	-	1,486,522
Restricted	543,101	-	543,101
Unrestricted (Deficit)	-	(76,417)	(76,417)
Total net position	2,029,623	(76,417)	1,953,206
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 2,712,629	$ 28,758	$ 2,741,387

See the accompanying notes to the financial statements.

Wayne County School District
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Year Ended June 30, 2019

	Enterprise Funds		
	School Food Services	**Other Proprietary Fund**	**Total**
OPERATING REVENUES			
Lunchroom sales	$ 80,192	$ -	$ 80,192
Tuition		100,644	100,644
Total operating revenues	80,192	100,644	180,836
OPERATING EXPENSES			
Depreciation	83,891		83,891
Day Care Operations			
Employee services		166,093	166,093
Operational expenses		48,968	48,968
Food service operations			
Employee services	953,628		953,628
Operational expenses	1,676,563		1,676,563
Total operating expenses	2,714,082	215,061	2,929,143
OPERATING INCOME (LOSS)	(2,633,890)	(114,417)	(2,748,307)
NONOPERATING REVENUES (EXPENSES)			
Federal grants	2,400,325		2,400,325
State grants	358,141	54,412	412,553
Transfers	(93,654)		(93,654)
Earnings from investments	3,574		3,574
Total nonoperating revenues (expenses)	2,668,386	54,412	2,722,798
CHANGE IN NET POSITION	34,496	(60,005)	(25,509)
NET POSITION-BEGINNING	1,548,996	(42,695)	1,506,301
Prior period adjustment	446,131	26,283	472,414
RESTATED NET POSITION-BEGINNING	1,995,127	(16,412)	1,978,715
NET POSITION-ENDING	$ 2,029,623	$ (76,417)	$ 1,953,206

See the accompanying notes to the financial statements.

Wayne County School District

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2019

	Enterprise Funds		
	School Food Services	Other Proprietary Funds	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	$ 80,192	$ 100,644	$ 180,836
Payments to suppliers	(1,648,074)	(2,612)	(1,650,686)
Payments to employees	(953,628)	(166,093)	(1,119,721)
Net cash provided (used) by operating activities	(2,521,510)	(68,061)	(2,589,571)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers	(93,654)		(93,654)
Intergovernmental revenue	2,758,466	54,412	2,812,878
Net cash provided (used) by noncapital financing activities	2,664,812	54,412	2,719,224
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES			
Purchase of capital assets	(89,550)	-	(89,550)
Net cash provided (used) by capital financing activities	(89,550)	-	(89,550)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest	3,574	-	3,574
Net cash provided (used) by investing activities	3,574	-	3,574
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	57,326	(13,649)	43,677
CASH BALANCE-BEGINNING	983,686	13,649	997,335
CASH BALANCE-ENDING	$ 1,041,012	$ -	$ 1,041,012
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	$ (2,633,890)	$ (114,417)	$ (2,748,307)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	83,891	-	83,891
Changes in assets and liabilities:			
Accounts payable	(2,503)	(128)	(2,631)
Receivables	101	(2,746)	(2,645)
Deferrals	46,660	(7,723)	38,937
Deferrals	7,644	(12,063)	(4,419)
Pension liability	(301,080)	16,995	(284,085)
Interfund		5,865	5,865
OPEB liability	(158,528)	19,873	(138,655)
Prior period adjustments	446,131	26,283	472,414
Inventories	(9,936)		(9,936)
Net cash provided (used) by operating activities	$ (2,521,510)	$ (68,061)	$ (2,589,571)

NONCASH NONCAPITAL FINANCING ACTIVITIES

During the year, the district received $146,088 of food commodities from the U.S. Department of Agriculture.

During the year, the district recognized revenues and expenses for -on-behalf payments relating to fringe benefits in the amount of $339,647 for food service and $54,412 for daycare provided by state government.

See the accompanying notes to the financial statements.

Wayne County School District
Statement of Fiduciary Net Position -
Fiduciary Fund
June 30, 2019

	School Activity Funds
ASSETS	
Cash and cash equivalents	$ 299,255
Total Assets	299,255
LIABILITIES	
Accounts payable	51
Due to student groups	299,204
Total Liabilities	$ 299,255

See the accompanying notes to the financial statements.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

The District, for financial purposes, includes all of the funds relevant to the operation of the Wayne 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 District itself such as Band Boosters, Parent-Teacher Associations, etc.

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

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

Blended Component Unit

Wayne County Board of Education Finance Corporation

The Board authorized establishment of the Wayne County Board of Education Finance Corporation a non-stock, non-profit corporation pursuant to Section 162.385 of the School Bond Act and Chapter 273 and Section 58.180 of the Kentucky Revised Statutes (the "Corporation") to act as an agency of the District for financing the costs of school building facilities. The Board of Directors of the Corporation shall be the same persons who are at any time the members of the Board of Education of the Wayne County Board of Education.

Basis of Presentation

Government-wide Financial Statements – The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities. The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

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

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

The District has the following funds:

I. Governmental Fund Types

(A) General Fund

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

(B) Special Revenue (Grant) Fund

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

(C) District Activity Fund

The District Activity Fund is a Special Revenue Fund type and is used to account for funds collected at individual schools for operation costs of the schools or school district that allows for more flexibility in the expenditure of those funds.

(D) Capital Project Funds

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

SEEK Capital Outlay Fund

The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund receives those funds designated by the state as Capital Outlay Funds and is restricted for use in financing projects as identified in the District's facility plan. This is a non-major fund of the District.

Building (FSPK) Fund

The Facility Support Program of Kentucky (FSPK) accounts for funds generated by the building tax levy that is 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.

Construction Fund

The Construction Fund accounts for proceeds from sale of bonds and other revenues to be used for authorized construction and/or remodeling.

(D) Debt Service Fund

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

<u>II. Proprietary Funds (Enterprise Funds)</u>

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

Day Care Fund - The Day Care Fund is used to account for child care revenue.

The District applies all GASB pronouncements to proprietary funds.

III. Fiduciary Fund Types

Agency Funds

The Agency Fund accounts for activities of student groups and other types of activities requiring clearing accounts. These funds are accounted for in accordance with "Accounting Procedures for Kentucky School Activity Funds," except for those accounted through the central office.

Basis of Accounting

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

Revenues – Exchange and Non-exchange Transactions – Revenues resulting from exchange transactions, in which each party receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of the fiscal year-end. Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resource are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis, On a modified accrual basis, revenues from nonexchange transactions must also be available before it can be recognized.

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

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

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

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

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

Inventory consists of food purchased by the District and commodities granted by the United States Department of Agriculture (USDA). The commodities are recognized as revenues and expenditures by the Food Service Fund when consumed. Any material commodities on hand at year end are recorded as inventory. All purchased inventory items are valued at the lower of cost or market (first-in, first-out) using the consumption method and commodities assigned values are based on information provided by the USDA.

Prepaid Assets

Payments made that will benefit periods beyond June 30, 2018 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and expenditure/expense is reported in the year in which services are consumed.

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 government funds. These assets are reported in the government activities column of the government-wide financial 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 capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of one thousand dollars with the exception of computers, digital cameras and real property for which there is no threshold. The District does not possess any infrastructure. Improvements are capitalized; the cost of, normal maintenance and repairs that do not add to the value of the asset or materially extend an assets life are not.

Land and construction in progress are not depreciated. The other property, plant and equipment of the district are depreciated using the straight-line method over the following estimated useful lives:

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

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

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgment, the noncurrent portion of capital leases, accumulated sick leave, contractually required pension and OPEB 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.

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 the 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.

Fund Balances
Fund balance is divided into five categories as defined by GASB 54 as follows:

Nonspendable:	Permanently nonspendable by decree of the donor, such as an endowment, or funds that are not in a spendable form, such as prepaid expenses or inventory on hand.
Restricted	Legally restricted under legislation, bond authority, or grantor contract.
Committed	Commitments of future funds for specific purposes passed by the Board.
Assigned	Funds that are intended by management to be used for a specific purpose, including encumbrances.
Unassigned	Funds available for any purpose; unassigned amounts are reported only in the General Fund unless a fund has a deficit.

The Board has adopted a GASB 54 spending policy which states that the spending order of funds is to first use restricted, committed, and assigned resources first, then unassigned resources as they are needed.

Net Position

The Statement of Net Position presents the reporting entity's non-fiduciary assets and liabilities, the difference between the two being reported as Net Position. Net Position is reported in three categories: 1) net investment in capital assets – consisting of capital assets, net of accumulated depreciation and reduced by outstanding balances for debt related to the acquisition, construction, or improvement of the assets; 2) restricted net position – resulting from constraints placed on net position by creditors, grantors, contributors, and other external parties, including those constraints imposed by law through constitutional provisions or enabling legislation adopted by the School District; 3) unrestricted net position – those assets that do not meet the definition of restricted net position or net investment in capital assets. It is the District's policy to first apply restricted net position and then unrestricted net position when an expense is incurred for which both restricted and unrestricted net position are available.

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

The property tax rates assessed for the year ended June 30, 2019, to finance the General Fund operations were $.494 per $100 valuation of real property, $.495 per $100 valuation for business personal property and $.528 per $100 valuation for motor vehicles.

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

Operating and Non-Operating Revenues and Expenses

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

Non-operating revenues are not generated directly from the primary activity of the proprietary funds. For the School District those revenues come in the form of grants (federal and state), donated commodities, and earnings from investments.

In-Kind

Local Contributions, which include contributed services provided by individuals, private organizations and local governments, are used to match federal and state administered funding on various grants. The amounts of such services and donated commodities are recorded in the accompanying financial statements at their estimated fair market values.

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.

Inter-fund Receivables/Payables

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.

Interfund Transfers

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes a section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until the appropriate period. The District reports three types of deferred outflows – contributions to the CERS’s pension and OPEB plans after the measurement period and the unrecognized portion of a deferred loss on the refinancing of long-term debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until appropriate period. The District reports two types of deferred inflows related to the net difference projected and actual earnings on pension and OPEB plan investments.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County Employees Retirement System Non-Hazardous (“CERS”) and Teachers Retirement System of the State of Kentucky (“KTRS”) and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the pensions. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Postemployment Benefits Other Than OPEBs (OPEB)

For purposes of measuring the liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Teachers’

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

Bond and Related Premiums, Discounts, and Issuance Costs

In the government-wide financial statements and in the proprietary fund financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when bonds are issued.

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Estimates

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

Budgetary Process

The District prepares its budgets on the modified accrual basis of accounting, which is the same basis as used prepare the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.

Once the budget is approved, it can be amended. Amendments are presented to the Board at their regular meetings. Per Board policy, only amendments that aggregate greater than $50,000 require Board approval. Such amendments made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end in accordance with State law. Each budget is prepared and controlled by the budget coordinator at the revenue and expenditure function/object level. All budget appropriations lapse at year-end. The budget for the Special Revenue Fund consists of the sum of each active grant's budget. Large variances between budgeted and actual activity can occur because grants with little activity during the year will have their entire budget rolled up into the combined budget for all grants. The Kentucky Department of Education does not require the Capital Project Funds and Debt Service Funds to prepare budgets.

New Pronouncements

GASB issued Statement No. 83, *Certain Asset retirement Obligations*, effective for the District's fiscal year ending June 30, 2019.

GASB issued Statement No. 88, *Certain Disclosures Related to Debt*, including Direct Borrowings and Direct Placements, effective for the District's fiscal year ending June 30, 2019.

The adoption of GASB Statement Numbers 83 and 88 did not have an impact on the District's financial position or results of operations.

The District will adopt the following new accounting pronouncements in future years:

GASB issued Statement No. 84, *Fiduciary Activities*, effective for the District's fiscal year ending June 30, 2020.

GASB issued Statement No. 87, *Leases*, effective for the District's fiscal year ending June 30, 2021.

GASB issued Statement No. 89, Accounting for Interest Costs Incurred before the End of a Construction Period, effective for the District's fiscal year ending June 30, 2021.

GASB Statement No. 90, Majority *Equity Interests – an amendment of GASB Statements No. 14 and No. 61*, effective for the District's fiscal year ending June 30, 2020.

The impact of these pronouncements on the District's financial statement has not been determined.

NOTE B – CASH AND CASH EQUIVALENTS

The Kentucky Revised Statutes authorize the District to invest money subject to its control in obligations of the United States; bonds or certificates of indebtedness of Kentucky and its agencies and instrumentalities; savings and loan associations insured by an agency of the United States up to the amount insured; and national or state banks chartered in Kentucky and insured by an agency of the United States providing such banks pledge as security obligations, as permitted by KRS 41.240(4), having a current quoted market value at least equal to uninsured deposits.

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The District's deposit policy for custodial credit risk requires compliance with the provisions of state law.

At year end the District's bank balances were collateralized by securities held by the pledging bank's trust department in the District's name and FDIC insurance. At year end, the carrying amount of the District's cash and cash equivalents was $12,892,955. The bank balance for the same time was $13,803,480.

Due to the nature of the accounts and certain limitations imposed on the use of funds, each bank account within the following funds is considered to be restricted: SEEK Capital Outlay Fund, Facility Support

Program (FSPK/Building) Fund, special Revenue (Grant Fund), School Construction Fund, School Food Service Fund, and School Activity Fund. The restricted cash for the Debt Service Fund is held with Fiscal Agents, BNY Mellon and US Bank.

NOTE C – CAPITAL ASSETS

Governmental Activities	July 1, 2018	Additions	Deductions	June 30, 2019
Land	$ 2,133,142	$ -	$ -	$ 2,133,142
Land improvements	993,887	32,594	-	1,026,481
Buildings	40,420,918	15,483	-	40,436,401
Technology equipment	682,086	28,914	110,001	600,999
Vehicles	3,687,448	448,290	215,197	3,920,541
General equipment	219,126	5,000	7,150	216,976
Construction in progress	825,284	5,944,903	-	6,770,187
Total at historical cost	$ 48,961,892	$ 6,475,184	$ 332,348	$ 55,104,727
Less: Accumulated depreciation				
Land improvements	$ 686,204	$ 32,248	$ -	$ 718,453
Buildings	13,926,034	925,564	-	14,851,599
Technology equipment	494,631	58,509	80,756	472,384
Vehicles	2,581,404	206,494	209,030	2,578,867
General equipment	112,061	14,675	7,150	119,586
Total accumulated depreciation	$ 17,800,335	$ 1,237,490	$ 296,937	$ 18,740,888
Governmental Activities				
Capital Assets-net	$ 31,161,557	$ 5,237,694	$ 35,412	$ 36,363,839
Business-Type Activities	**July 1, 2018**	**Additions**	**Deductions**	**June 30, 2019**
Buildings	$ 2,164,517	$ -	$ -	$ 2,164,517
Technology equipment	-	-	-	-
General equipment	524,419	89,550	-	613,969
Total at historical cost	$ 2,688,936	$ 89,550	$ -	$ 2,778,486
Less: Accumulated depreciation				
Buildings	$ 859,026	$ 50,365	$ -	$ 909,391
Technology equipment	-	-	-	-
General equipment	349,048	33,526	-	382,574
Total accumulated depreciation	$ 1,208,074	$ 83,891	$ -	$ 1,291,965
Business-Type Activities				
Capital Assets-net	$ 1,480,863	$ 5,659	$ -	$ 1,486,522

Depreciation expense was not allocated to governmental functions. It appears on the statement of activities as “unallocated”.

NOTE D – DEBT OBLIGATIONS

Bonds

The amount shown in the accompanying financial statements as bonded debt and lease obligations represent the District's future obligations to make payments relating to the bonds issued by the Wayne County School District Finance Corporation.

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

The original amount of outstanding issues, the issue dates, interest rates, maturity dates, and outstanding balances, at June 30, 2019 are summarized below:

Bond Issues	Original Amount	Maturity Date	Interest Rates	2018 Bonds Outstanding	Additions	Retirements	2019 Bonds Outstanding
2006B	$ 365,000	2026	4.125%	$ 175,000	$ -	20,000	$ 155,000
2007	2,740,000	2027	3.9%-4.0%	560,000	-	55,000	505,000
2008-REF	1,800,000	2020	3.4%-3.7%	395,000	-	195,000	200,000
2009-REF	1,265,000	2019	3.300%	115,000	-	115,000	-
2011	2,377,000	2031	2.0%-3.5%	1,769,000	-	107,000	1,662,000
2011M	440,000	2031	4.5%	1,218,869	-	20,000	1,198,869
2012-REF	6,830,000	2025	2.000%	4,085,000	-	800,000	3,285,000
2013	445,000	2023	1.0%-2.9%	395,000	-	10,000	385,000
2015-REF	2,980,000	2026	2.0%-2.5%	2,700,000	-	195,000	2,505,000
2015	3,210,000	2035	2.0%-3.3%	2,905,000	-	140,000	2,765,000
2018	14,210,000	2038	0	-	14,210,000	-	14,210,000
QZAB	195,511	2023	0	106,642	-	17,773	88,869
				$ 14,424,511	$ 14,210,000.00	$ 1,674,773	$ 26,870,869
		Less:	Discount	(357,251)	-	(22,283)	(334,968)
		Totals		14,067,260.16	14,210,000.00	1,652,490.14	26,535,901

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

The bonds may be called prior to maturity at dates and redemption premiums specified in each issue. Assuming no issues are called prior to 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:

Fiscal Year Ended June 30th	Principal Local	Principal KSFCC	Interest Local	Interest KSFCC	Principal Principal	Interest Interest
2020	615,286	1,006,788	486,088	295,327	1,622,074	781,415
2021	640,517	1,012,257	470,736	271,391	1,652,774	742,127
2022	645,325	1,046,449	457,185	249,328	1,691,774	706,514
2023	651,747	1,071,152	442,654	223,224	1,722,899	665,879
2024	437,868	1,096,995	421,228	198,781	1,534,863	620,008
2025-2029	2,824,846	3,424,978	1,835,358	604,454	6,249,824	2,439,812
2030-2034	4,144,954	1,683,046	1,227,057	295,091	5,828,000	1,522,148
2035-2038	4,784,295	1,784,366	438,963	54,747	6,568,661	493,709
	$ 14,744,838	$ 12,126,031	$ 5,779,269	$ 2,192,342	$ 26,870,869	$ 7,971,611

KSBIT

The District elected to finance the worker's compensation and property and liability insurance deficit (KSBIT) with the now defunct Kentucky School Board Insurance Trust through the Kentucky Inter-local School Transportation Association (KISTA). The activity during fiscal year 2019 for the worker's compensation and property and liability insurance deficit is as follows:

KISBIT Issues	Original Amount	Maturity Date	Interest Rates	2018 KSBIT Outstanding	Additions	Retirements	2019 KSBIT Outstanding
KSBIT	$ 222,133	8/15/2024	2.0 - 3.25%	$ 152,775	$ -	$ 50,925	$ 101,850

The minimum payments are as follows:

	Year Ended June 30, 2018
2020	50,925
2021	50,925
Total	$ 101,850

Accumulated Sick Leave

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. The activity during fiscal year 2019 for accumulated sick leave is as follows:

	2018 Outstanding Balance	Additions	Retirements	2019 Outstanding Balance
Sick Leave	$ 76,962	$ 88,800	$ -	$ 165,762
Totals	$ 76,962	$ 88,800	$ -	$ 165,762

Net Pension & OPEB Liability

The net pension liability is $10,319,864 for governmental activities and $535,190 for business-type activities for a total of $10,855,055 as of June 30, 2019. (See Note F for additional information) The net OPEB liability is $10,481,403 for governmental activities and $156,017 for business-type activities for a total of $10,637,420 as of June 30, 2019. (See Note H for additional information)

A summary of activity in bond obligations and other debts is as follows:

Description	2018 Outstanding Balance	Additions	Retirements	2019 Outstanding Balance	Amount Due in 1 Year
Bonds, Net Premium and Discount	$ 14,067,260	$ 14,200,000	$ 1,652,490	$ 26,535,901	$1,622,074
KSBIT	152,775	-	50,925	101,850	50,925
Capital Lease (See Note F)	1,069,660	454,044	186,095	1,337,609	223,280
Sick Leave	76,692	88,800	-	165,762	-
Net Pension Liability	10,764,766	90,288	-	10,855,054	-
Net OPEB Liability	7,818,192	2,819,228	-	10,637,420	-
Totals	$ 33,949,345	$ 3,466,560	$1,889,510	$35,526,395	$ 1,896,279

NOTE E – CAPITAL LEASES

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

KISTA Issue	Original Amount	Maturity Date	Interest Rates	2018 Lease Outstanding	Additions	Retirements	2019 Lease Outstanding
2011	428,647	3/1/2025	2.0-2.5%	124,134	-	45,479	78,655
2014	773,987	3/1/2024	2.0 - 2.625%	451,833	-	76,443	375,390
2015	268,833	3/1/2020	2.0- 3.6%	183,958	-	26,228	157,730
2017	345,956	3/1/2027	2.55%	309,735	-	37,945	271,790
2019	454,044	3/1/2029	3.000%	-	454,044	-	454,044
				1,069,660	454,044	186,095	1,337,609

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 Ended June 30,	Principal	Interest	Total
2020	223,380	35,470	258,850
2021	229,063	35,854	264,917
2022	185,395	23,797	209,192
2023	175,975	19,197	195,172
2024	175,467	14,592	190,059
2025-2029	348,329	9,870	358,199
	1,337,609	138,779	1,476,388

Total minimum lease payments	$	1,476,388
Less: Amount representing interest		(138,779)
Present Value of Net Minimum Lease Payments	$	1,337,609

NOTE F – COMMITMENTS UNDER NON-CAPITALIZED LEASES

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

Fiscal Year Ended June 30,		Payment
2020	$	8,583
2021		8,583
2022		8,201
2023		333
Total	$	25,700

Expenditures for equipment under operating leases for the year ended June 30, 2019 totaled $8,583.

NOTE G – RETIREMENT PLANS

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

Teachers Retirement System Kentucky (TRS)

Plan description—Teaching-certified employees of the Kentucky School District are provided pensions through the Teachers' Retirement System of the State of Kentucky—a cost-sharing multiple-employer defined benefit pension plan with a special funding situation established to provide retirement annuity plan coverage for local school districts and other public educational agencies in the state. TRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the Kentucky Revised Statutes (KRS). TRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth's financial statements. TRS issues a publicly available financial report that can be obtained at http://www.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 is 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 service, including the first ten years. In addition, employees who retire July 1, 2004 and later with more than 30 years of service will have their multiplier increased for all years over 30 from 2.5% to 3.0% to be used in their benefit calculation. Effective July 1, 2008, the system has been amended to change the benefit structure for 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. Employees at least age 55 with 27 or more years of service may use their three (3) highest annual salaries to compute the final average salary. TRS also provides disability benefits for vested employees at the rate of sixty (60) percent of the final average salary. A life insurance benefit, payable upon the death of a member, is $2,000 for active contributing members and $5,000 for retired or disabled members.

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

Contributions—Contribution rates are established by Kentucky Revised Statutes (KRS). Non-university employees 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 in the amount of 13.105% of salaries for local school district employees hired before July 1, 2008 and 14.105% for those hired after July 1, 2008. For local school district employees whose salaries are federally funded, the employer contributes 15.355% 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 point seventy-five percent (3.75%) is paid by member contributions and three quarters percent (.75%) from state appropriation and three percent (3.00%) from the employer. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan.

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

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

District's proportionate share of KTRS net pension liability	$	-
Commonwealth's proportionate share of the KTRS net pension liability associated with the District		54,079,748
	$	54,079,748

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, 2019, the District's proportion was 0.413%.

Actuarial Methods and 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:

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of pay, closed
Remaining Amortization Period	27.4 years
Asset Valuation Method	5-year smoothed market
Single Equivalent Interest Rate	7.50%
Municipal Bond Index Rate	3.89%
Projected Salary Increase	3.50 – 7.30%, includes wage inflation of 3.50%
Investment Rate of Return	7.5%, includes price inflation of 3.00%

The following represents assumptions and changes of assumptions from the prior valuation to the valuation performed as of June 30, 2018:

- Municipal Bond Index Rate increased to 3.89%.
- Single Equivalent Interest Rate increased to 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 (with a setforward of 1 year for females and 2 years for males). The most recent experience study based on the results from July 1, 2010 – June 30, 2015 adopted by the Board on September 19, 2016.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	40.0%	4.4%
Non U.S. Equity	22.0%	5.3%
Fixed Income	15.0%	1.5%
Additional Categories	8.0%	3.6%
Real Estate	6.0%	4.4%
Alternatives	7.0%	6.7%
Cash	2.0%	0.8%
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 rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at the Actuarially Determined Contribution rates, adjusted by 95%, for all fiscal years in the future. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments through 2037 and a municipal bond index rate of 3.56% was applied to all periods of projected benefit payments after 2037. The Single Equivalent Interest Rate (SEIR) that discounts the entire projected benefit stream to the same amount as the sum of the present values of the two separate benefit payments streams was used to determine the total pension liability.

The following table presents the net pension liability of the Commonwealth associated with the District, calculated using the discount rate of 7.50%, as well as what the Commonwealth's 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 (8.50%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
KTRS	6.50%	7.50%	8.50%
Commonwealth's proportionate share of net pension liability	$ 69,320,537	$ 54,079,748	$ 41,256,661

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

County Employees Retirement System

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 5.00% (6.00% for employees hired after September 1, 2008) of their salary through payroll deductions, and by employers of members. For the year ending June 30, 2019, employers were required to contribute 21.48% of the member's salary. During the year ending June 30, 2019, the District contributed $902,287 to the CERS pension plan. The contribution requirements of CERS are established and may be amended by the CERS Board of Trustees.

CERS-Medical Insurance Plan

In addition to the CERS pension benefits described above, recipients of CERS retirement benefits may elect to participate in a voluntary hospital/medical group insurance plan for themselves and their dependents. The cost of participation for their dependents is borne by the retiree. The retirement system will pay a portion of the cost of participation for the retiree based on years of service as follows: Less than 4 years – 0%, 4-9 years – 25%, 10-14 years – 50%, 15-19 years – 75% and 20 or more years – 100%.

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

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, 2018. 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, 2019, the District's proportion was 0.178235%.

District's proportionate share of CERS net pension liability	$	10,855,054
Commonwealth's proportionate share of the KTRS net pension liability associated with the District		-
	$	10,855,054

For the year ended June 30, 2019, the District recognized pension expense of $833,365. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 354,062	158,895
Changes of assumptions	1,060,855	-
Net difference between projected and actual earnings on pension plan investments	504,768	634,926
Changes in proportion and differences between District contributions and proportionate share of contributions	89,992	399,473
District contributions subsequent to the measurement date	902,287	-
	$ 2,911,964	$ 1,193,294

The $902,287 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020.

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

	Year Ended June 30,
2020	$ 672,123
2021	320,327
2022	(117,807)
2023	(58,260)
	$ 816,383

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:

Valuation Date	June 30, 2016
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll, closed

Remaining Amortization Period	27 years
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	3.25%
Salary Increase	4% average
Investment Rate of Return	7.5%

The following represents assumptions and changes of assumptions from the prior valuation to the valuation performed as of June 30, 2018:

- The assumed investment rate of return increased to 7.50%.
- The assumed rate of inflation increased to 3.25%.
- The Salary Increase increased to 4.00%.
- The Asset Valuation Method changed to 20% of the difference between the market value of assets and the expected actuarial value of assets.

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 Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Combined Equity	35.0%	5.85%
Combined Fixed Income	24.0%	6.69%
Global Bond	4.0%	3.00%
Real Return (Diversified Inflation Strategies)	10.0%	7.00%
Real Estate	5.0%	9.00%
Absolute Return (Diversified Hedge Funds)	10.0%	5.00%
Private Equity	10.0%	6.50%
Cash Equivalent	2.0%	1.50%
	100.0%	

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

Sensitivity of the District's proportionate share of 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	Current Discount Rate	1% Increase
CERS	5.25%	6.25%	7.25%
District's proportionate share of net pension liability	$ 13,665,390	$ 10,855,055	$ 8,500,486

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, there are no payables to CERS.

NOTE H – ACCOUNTING STANDARDS STATEMENT NO. 75

Government Accounting Standards Board (GASB) Statement No. 75 replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployments Benefits Other Than OPEB's, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB.

Reporting under GASB 75 is effective for fiscal years commencing after June 15, 2017.

NOTE I – POSTEMPLOYMENT BENEFITS OTHER THAN OPEB

The District's employees participate in retirement systems of either TRS or CERS as described earlier. The following describes the postemployment benefits other than OPEB for both systems.

TRS – General Information about the OPEB Plans

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

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

Retiree Medical Plan funded by the Medical Insurance Fund

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

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

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

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

At June 30, 2019, the District reported a liability of $7,473,000 for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the District's proportion was .21537 percent.

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

District's proportionate share of KTRS net OPEB liability	$	7,473,000
Commonwealth's proportionate share of the KTRS net OPEB liability associated with the District		6,440,000
	$	13,913,000

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

		Deferred Outflows of Resources		Deferred Inflows of Resources
Differences between expected and actual experience	$	-	$	713,000
Changes of assumptions		191,001		-
Net difference between projected and actual earnings on pension plan investments		-		57,000
Changes in proportion and differences between District contributions and proportionate share of contributions		51,000		-
District contributions subsequent to the measurement date		370,228		-
	$	612,229	$	770,000

The $370,228 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the collective net OPEB liability for the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

		Year Ended June 30,
2020	$	(108,000)
2021		(108,000)
2022		(108,000)
2023		(82,000)
2024		(87,000)
Thereafter		(35,001)
	$	(527,999)

Changes of Benefit Terms - None

Changes of Assumptions- The amortization period decreased to 23 years and the Municipal Bond Index Rate increased to 3.89%.

Actuarial Methods and Assumptions—The total OPEB liability was determined using an actuarial valuation of the June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal
Amortization Method	23 years, closed
Asset Valuation Method	5-year smoothed value
Single Equivalent Interest Rate	8.00%
Municipal Bond Index Rate	3.89%
Investment Rate of Return	8.0%, includes price inflation
Inflation	3.0%
Real Wage Growth	.50%
Wage Inflation	3.50%
Salary Increase	3.50 to 7.20%, including wage inflation
Discount Rate	8.0%

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 (with a setforward of 1 year for females and 2 years for males). The RP-2000 Disabled Mortality Table set forward two years for males and seven years for females is used for the period after disability retirement.

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

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

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

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%
High Yield	20.0%	3.3%
Cash	1.0%	0.9%
	100.0%	

Discount Rate: The discount rate used to measure the total OPEB liability was 8.00%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 74. The projections basis was an actuarial valuation performed as of June 30, 2017. In addition to 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%.
- For the retiree health care costs of those beneficiaries under age 65, the KEHP implicit rate subsidies were assumed to be paid in all years by the employer directly to plan members as the benefits come due.
- As administrative expenses were assumed to be paid in all years by the employer as they come due, they were not considered.
- Cash flows occur mid-year.

Future contributions to the MIF were based upon the contribution rates defined in statue 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 amount 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 (Schedule E). 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.
- A 0% active member growth rate was assumed for the purposes of developing estimates for new entrants (membership dates beyond June 30, 2016).

Based on these assumptions, the MIF's fiduciary net position was not projected to be depleted.

The following table presents the net OPEB liability of the Commonwealth associated with the District, calculated using the discount rate of 8.00%, as well as what the Commonwealth's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
KTRS	7.00%	8.00%	9.00%
District's & State's proportionate share of net OPEB liability	$ 16,315,000	$ 13,913,000	$ 11,912,000

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

	1% Decrease	Current Trend Rate	1% Increase
District's & State's proportionate share of net OPEB liability	$ 11,536,000	$ 13,913,000	$ 16,844,000

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

Other Post Employment Benefits Liabilities related to the Life Insurance Plan funded by - Life Insurance Plan (LIF)

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

Benefits provided - Effective July 1, 2000, the Kentucky Teachers' Retirement System shall:

- Provide a life insurance benefit in a minimum amount of five thousand dollars ($5,000) for its members who are retired for service or disability. This life insurance benefit shall be payable upon the death of a member retired for service or disability to the member's estate or to a party designated by the member on a form prescribed by the retirement system; and
- Provide a life insurance benefit in a minimum amount of two thousand dollars ($2,000) for its active contributing members. This life insurance benefit shall be payable upon the death of an active contributing member to the member's estate or to a party designated by the member on a form prescribed by the retirement system.

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

Note: Members employed on a substitute or part-time basis and working at least 69% of a full contract year in a single fiscal year will be eligible for a life insurance benefit for the balance of the fiscal year or the immediately succeeding fiscal year under certain conditions. For non-vested members employed on a substitute or part-time basis, the life insurance benefit is provided if death occurs as the result of a physical injury on the job. For vested members employed on a substitute or part-time basis, death does not have to be the result of a physical injury on the job for life insurance benefits to be provided.

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

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

District's proportionate share of KTRS net OPEB liability	$	-
Commonwealth's proportionate share of the KTRS net OPEB liability associated with the District		110,000
	$	110,000

For the year ended June 30, 2019, the District recognized OPEB expense of $75,692 and revenue of $75,692 for support provided by the State.

Changes of Benefit Terms— Discount rate decreased to 7.5%. Amortization method changed from open to closed. Municipal bond interest rate increased to 3.89%. Inflation increased to 3.5%. Wage inflation increased to 4.0%.

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

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal
Amortization Method	30 years, closed
Asset Valuation Method	5-year smoothed value
Single Equivalent Interest Rate	7.5%
Municipal Bond Index Rate	3.89%
Investment Rate of Return	7.5%, includes price inflation
Inflation	3.5%
Real Wage Growth	.50%
Wage Inflation	4.00%
Salary Increase	4.00-8.10%, including wage inflation
Discount Rate	8.0%

The following represents assumptions and changes of assumptions from the prior valuation to the valuation performed as of June 30, 2018:

- Amortization period switched to closed.
- Projected salary increases increased to 4%.
- Inflation rate increased to 3.5%.
- Wage inflation increased to 4%.
- Municipal Bond Index Rate increased to 3.89%.

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 (with a setforward of 1 year for females and 2 years for males). 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 long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity	40.0%	4.2%
International Equity	23.0%	5.2%
Fixed Income	18.0%	1.2%
Real Estate	6.0%	3.8%
Private Equity	5.0%	6.3%
Other Additional Categories	6.0%	3.3%
Cash	2.0%	0.9%
	100.0%	

Discount Rate: The discount rate used to measure the total OPEB liability was 8.0%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 74. The projections basis was an actuarial valuation performed as of June 30, 2018. In addition to 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 4.00%.
- The employer will contribute the Actuarially Determined Contribution (ADC) in accordance with the funds funding policy determined by a valuation performed on a date two years prior to the beginning of the fiscal year in which the ADC applies.
- As administrative expenses were assumed to be paid in all years by the employer as they come due, they were not considered.
- Active employees do not explicitly contribute to the plan.
- Cash flows occur mid-year.

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

The following table presents the District's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 8.00%, as well as the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
KTRS	7.00%	8.00%	9.00%
District's proportionate share of net OPEB liability	$ 168,000	$ 110,000	$ 63,000

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

CERS – General Information about the OPEB Plans

Other Pension Benefit Programs-Employees' Health Plan

Plan description – Recipients of CERS retirement benefits may elect to participate in a voluntary hospital/medical group insurance plan for themselves and their dependents. The cost of participation for their dependents is borne by the retiree. The retirement system will pay a portion of the cost of participation for the retiree based on years of service as follows: Less than 4 years – 0%, 4-9 years – 25%, 10-14 years – 50%, 15-19 years – 75% and 20 or more years – 100%.

Benefits provided – Post Retirement Death Benefits – members with a least 4 years creditable service the System will pay a $5,000 death benefit. Insurance benefits as described above.

Contributions - Requirements for medical benefits are a portion of the actuarially determined rates of covered payroll, as disclosed above. Current employees pay 1% toward the insurance fund.

The unfunded medical benefit obligation of the CERS, based upon the entry age normal cost method, as of June 30, 2019 was as follows:

Total medical benefit obligation	$ 3,092,623
Net position available for benefits at actuarial value	(2,371,430)
Unfunded medical benefit obligation	$ 721,193

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

At June 30, 2019, the District reported a liability of $3,164,420 for its proportionate share of the collective net OPEB liability. The collective net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the District's proportion was .17822900 percent.

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

District's proportionate share of net OPEB liability	$	3,164,420
Commonwealth's proportionate share of the net OPEB liability associated with the District		-
	$	3,164,420

For the year ended June 30, 2019, the District recognized OPEB expense of $144,883. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

		Deferred Outflows of Resources		Deferred Inflows of Resources
Differences between expected and actual experience	$	-		368,771
Changes of assumptions		631,982		7,311
Net difference between projected and actual earnings on pension plan investments		-		217,966
Changes in proportion and differences between District contributions and proportionate share of contributions		5,232		6,693
District contributions subsequent to the measurement date		96,144		-
	$	733,358	$	600,741

The $96,144 (includes $51,049 Implicit Subsidy) reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the collective net OPEB liability for the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

		Year Ended June 30,
2020	$	10,687
2021		10,687
2022		10,687
2023		53,020
2024		(28,071)
Thereafter		(20,537)
	$	36,473

Implicit Employer Subsidy- The fully-insured premiums KRS pays for the Kentucky Employees' Health Plan are blended rates based on the combined experience of active and retired members. Because the average cost of providing health care benefits to retirees under age 65 is higher than the average cost of providing health care benefits to active employees, there is an implicit employer subsidy for the non-Medicare eligible retirees. GASB 75 requires that the liability associated with this implicit subsidy be included in the calculation of the Total OPEB Liability.

Changes of Benefit Terms-None

Changes of Assumptions-There have been no changes in actuarial assumption since June 30, 2017.

Actuarial Methods and Assumptions—The total OPEB liability for CERS was determined by applying procedures to the actuarial valuation as of June 30, 2018. The financial reporting actuarial valuation used the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of pay
Amortization Period	27 years, Closed
Asset Valuation Method	20% of difference in market and expected market value
Price Inflation	3.25%
Salary Increase	4.00%, average
Investment Return	7.50%
Payroll Growth	4.0%
Mortality	RP-2000 Combined Mortality Table, projected to 2013 With Scale BB (set back 1 year females)
Healthcare Trend Rates (Pre-65)	Initial trend starting at 7.50% and gradually decreasing To an ultimate trend rate of 5.00% over period of 5 years.
Healthcare Trend Rates (Post 65)	Initial trend starting at 5.50% and gradually decreasing To an ultimate trend rate of 5.00% over period of 2 years.

Discount rate: The discount rate used to measure the total OPEB liability was 5.85%. The rate is based on the expected rate of return on OPEB plan investments of 6.25% and a municipal bond rate of 3.62%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2018. Future contributions from plan members and employers will be made with the Board's current funding policy, which includes the requirement that each participating employer in the System contribute the actuarially determined contribution rate, which is determined using a closed funding period (26 years as of June 30, 2017) and actuarial assumptions adopted by the Board.

The following table presents the net OPEB liability of the District, calculated using the discount rate of 5.85%, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.85%) or 1-percentage-point higher (6.85%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
CERS	4.85%	5.85%	6.85%
District's proportionate share of net OPEB liability	$ 4,110,075	$ 3,164,420	$ 2,358,896

Sensitivity of the District's proportionate share of net OPEB 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 5.85%, 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 (4.85%) or 1-percentage-point higher (6.85%) than the current rate:

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of net OPEB liability	$ 2,355,942	$ 3,164,420	$ 4,117,383

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

NOTE J – COMMITMENTS

The District has commitments for construction projects of $8,642,410 as of June 30, 2019. The District has committed fund balance for the District Activity Fund for student activities, $56,683.

NOTE K - CONTINGENCIES

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

NOTE L - LITIGATION

The District has no pending or known threatened litigation.

NOTE M – 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, illegal acts, 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 include Workers' Compensation insurance.

NOTE N – RISK MANAGEMENT

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

The District purchases unemployment insurance through the Kentucky School Districts 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 coverage in any of the past three fiscal years.

NOTE O - COBRA

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

NOTE P – TRANSFER OF FUNDS

The following transfers were made during the year:

Type	From	To	Purpose	Amount
Operating	Building Fund	General Fund	Operating	$ 93,770
Debt Service	Building Fund	Debt Service	Debt Payments	958,810
Operating	General Fund	Debt Service	Debt Payments	17,773
Operating	General Fund	Special Revenue	KETS	1,565
Construction	Building Fund	Construction Fund	Capital Projects	276,171
Indirect Cost	Food Service	General Fund	Indirect Cost	93,654
Construction	General Fund	Construction Fund	Capital Projects	3,220
Construction	Capital Outlay	Construction Fund	Capital Projects	8,183
Operating	Special Revenue	General Fund	Operating	1,476
Construction	Capital Outlay	Construction Fund	Capital Projects	$ 471,779

NOTE Q – DEFICIT FUND AND OPERATING BALANCES

The following fund had a deficit change in fund balance/net position and/or deficit fund balance/net position:

Fund		Change in Net Position/ Net Change in Fund Balance	Fund Balance/ Net Position
General Fund	$	(32,309)	-
Capital Outlay		(205,058)	-
Other Proprietary Fund	$	(60,005)	(76,417)
School Activity Funds		(13,352)	
Business Type Activities		(25,509)	

NOTE R – ON-BEHALF PAYMENTS

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

Plan/Description		Amount
Kentucky Teachers Retirement System (GASB 68 & 75)	$	4,252,944
Health Insurance		3,871,348
Life Insurance		5,752
Administrative Fee		47,622
HRA/Dental/Vision		116,037
Federal Reimbursement		(270,682)
Technology		102,101
SFCC Debt Service Payments		1,274,965
Total	$	9,400,088

These amounts are included in the financial statements as state revenue and an expense allocated to the different functions in the same proportion as full-time employees.

NOTE S – RESTRICTED FUND BALANCES

The following funds had restricted fund balances:

Fund		Restricted Fund Balance/ Net Position	Purpose
General Fund	$	82,881	Sick Leave
Construction Fund		8,078,838	Future Construction
Debt Service		4,986	Debt Service Payments
FSPK		825,778	Capital Projects
Food Service		543,101	Food Service

NOTE T- PRIOR PERIOD ADJUSTMENT

Governmental activities and business-type activities/proprietary net position/fund balance as of July 1, 2018 have been restated as follows:

Description		Governmental Activities		Business-type Activities/ Proprietary Fund
Net position as previously reported	$	2,181,599	$	1,506,301
Pension and OPEB adjustments		(1,863,074)		472,414
Defeasance		206,912		
Discount		73,051		
KSBIT		(152,775)		
QZAB		(106,642)		
Debt AR P/Y Bond Proceeds		(657,465)		
Net position, as restated	$	(318,394)	$	1,978,715

These restatements were a result of pension and OPEB being recorded improperly in fiscal year 2018 from (16,366,205) to (18,229,279), defeasance and discounts on bond obligations being amortized, KSBIT liability and QZAB bond being recorded, and PY bond proceeds being recorded as accounts receivable in fund financial statements, but not recorded in government wide financial statements.

NOTE U – SUBSEQUENT EVENTS

The District has evaluated subsequent events through November 12, 2019, the date the financial statements were available to be issued.

WAYNE COUNTY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

CERS and KTRS

For the Year Ended June 30, 2019

	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)	Reporting Fiscal Year (Measurement Date) 2017 (2016)	Reporting Fiscal Year (Measurement Date) 2016 (2015)
COUNTY EMPLOYEE'S RETIREMENT SYSTEM (CERS):				
Districts' proportion of the net pension liability	0.17824%	0.17699%	0.199558%	0.18945%
District's proportionate share of the net pension liability	$ 10,855,054	$ 10,359,886	$ 9,825,462	$ 8,145,278
State's proportionate share of the net pension liability associated with the District	-	-	-	-
Total	$ 10,855,054	$ 10,359,886	$ 9,825,462	$ 8,145,278
District's covered-employee payroll	$ 5,832,643	$ 5,832,643	$ 4,309,421	$ 4,972,101
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	186.11%	177.62%	228.00%	163.82%
Plan fiduciary net position as a percentage of the total pension liability	53.54%	53.30%	59.00%	59.97%
KENTUCKY TEACHER'S RETIREMENT SYSTEM (KTRS):				
Districts' proportion of the net pension liability	0.413%	0.000%	0.000%	0.000%
District's proportionate share of the net pension liability	$ -	$ -	$ -	$ -
State's proportionate share of the net pension liability associated with the District	54,079,748	125,049,725	124,049,724	97,719,676
Total	$ 54,079,748	$ 125,049,725	$ 124,049,724	$ 97,719,676
District's covered-employee payroll	$ 14,249,707	$ 14,249,707	$ 13,831,026	$ 13,664,966
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.000%	0.000%	0.000%	0.000%
Plan fiduciary net position as a percentage of the total pension liability	59.30%	39.80%	35.22%	42.29%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available. Amounts presented for each fiscal is determined as of June 30.

See the accompanying notes to the required supplementary information.

REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF CONTRIBUTIONS

CERS and KTRS

For the Year Ended June 30, 2019

	2019	2018	2017	2016
COUNTY EMPLOYEE'S RETIREMENT SYSTEM (CERS):				
Contractually required contribution	$ 902,287	$ 846,915	$ 804,979	$ 765,760
Contributions in relation to the contractually required contributions	902,287	846,915	804,979	765,760
Contribution deficiency (excess)	-	-	-	-
District's covered-employee payroll	$ 4,410,535	$ 5,832,643	$ 4,309,421	$ 4,972,101
District's contributions as a percentage of it's covered-employee payroll	20.46%	14.52%	18.68%	15.40%
KENTUCKY TEACHER'S RETIREMENT SYSTEM (KTRS):				
Contractually required contribution	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contributions	-		-	-
Contribution deficiency (excess)	-	-	-	-
District's covered-employee payroll	$ 13,988,981	$ 14,249,707	$ 13,831,026	$ 13,664,966
District's contributions as a percentage of it's covered-employee payroll	0.00%	0.00%	0.00%	0.00%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available. Amounts presented for each fiscal is determined as of June 30.

See the accompanying notes to the required supplementary information.

(1) CHANGES OF ASSUMPTIONS

KTRS

The following represents assumptions and changes of assumptions from the prior valuation to the valuation performed as of June 30, 2018:

- Municipal Bond Index Rate increased to 3.89%.
- Single Equivalent Interest Rate increased to 7.50%.

CERS

The following represents assumptions and changes of assumptions from the prior valuation to the valuation performed as of June 30, 2018:

- The assumed investment rate of return increased to 7.50%.
- The assumed rate of inflation increased to 3.25%.
- The Salary Increase increased to 4.00%.
- The Asset Valuation Method changed to 20% of the difference between the market value of assets and the expected actuarial value of assets.

(2) METHOD AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS

KTRS

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

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of pay, closed
Remaining Amortization Period	27.4 years
Asset Valuation Method	5-year smoothed market
Single Equivalent Interest Rate	7.50%
Municipal Bond Index Rate	3.89%
Projected Salary Increase	3.50 – 7.30%, includes wage inflation of 3.50%
Investment Rate of Return	7.5%, includes price inflation of 3.00%

CERS

The Board of Trustees uses this actuarial valuation to certify the employer contribution rates for CERS for the fiscal year beginning July 1, 2018 and ending June 30, 2019. The amortization period of the unfunded liability has been reset as of July 1, 2013 to a closed 30-year period. The following actuarial methods and assumptions were used to determine contribution rates reported in the most recent year of that schedule:

Valuation Date	June 30, 2016
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	27 years
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	3.25%
Salary Increase	4% average
Investment Rate of Return	7.5%

(3) CHANGES OF BENEFITS

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

WAYNE COUNTY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY

MEDICAL AND LIFE INSURANCE PLANS - TEACHERS' RETIREMENT SYSTEM

Year Ended June 30, 2019

	Reporting Fiscal Year (Measurement Date) 2019 (2018)	**Reporting Fiscal Year** (Measurement Date) 2018 (2017)
MEDICAL INSURANCE PLAN		
District's proportion of the collective net OPEB liability (asset)	0.21537%	0.21977%
District's proportionate share of the collective net OPEB liability (asset)	$ 7,473,000	$ 7,837,000
State's proportionate share of the collective net OPEB liability (asset) associated with the District	6,440,000	6,401,000
Total	$ 13,913,000	$ 14,238,000
District's covered-employee payroll	$ 14,249,707	$ 13,831,026
District's proportionate share of the collective net OPEB liability (asset) as a percentage of its covered-employee payroll	52.44%	56.66%
Plan fiduciary net position as a percentage of the total OPEB liability	25.50%	21.20%
LIFE INSURANCE PLAN		
District's proportion of the collective net OPEB liability (asset)	0.00000%	0.00000%
District's proportionate share of the collective net OPEB liability (asset)	$ -	$ -
State's proportionate share of the collective net OPEB liability (asset) associated with the District	110,000	86,000
Total	$ 110,000	$ 86,000
District's covered-employee payroll	$ 14,249,707	$ 13,831,026
District's proportionate share of the collective net OPEB liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	75.00%	80.00%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available. Amounts presented for each fiscal is determined as of June 30.

See the accompanying notes to the required supplementary information.

WAYNE COUNTY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF CONTRIBUTIONS

MEDICAL AND LIFE INSURANCE PLANS

TEACHERS' RETIREMENT SYSTEM

Year Ended June 30, 2019

	2019	2018
MEDICAL INSURANCE PLAN		
Contractually required contribution	$ 370,228	$ 382,920
Contributions in relation to the contractually required contribution	370,228	382,920
Contribution deficiency (excess)	-	-
District's covered-employee payroll	$ 13,988,981	$ 14,249,707
District's contributions as a percentage of it's covered-employee payroll	2.65%	2.69%
LIFE INSURANCE PLAN		
Contractually required contribution	$ -	$ -
Contributions in relation to the contractually required contribution	-	-
Contribution deficiency (excess)	-	-
District's covered-employee payroll	$ 13,988,981	$ 14,249,707
District's proportionate share of the net pension liability as a percentage of it's covered-employee payroll	0.00%	0.00%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available. Amounts presented for each fiscal is determined as of June 30.

See the accompanying notes to the required supplementary information.

WAYNE COUNTY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY -HEALTH INSURANCE PLAN

COUNTY EMPLOYEE RETIREMENT SYSTEM

Year Ended June 30, 2019

	Reporting Fiscal Year (Measurement Date) 2019 (2018)	**Reporting Fiscal Year** (Measurement Date) 2018 (2017)
HEALTH INSURANCE PLAN		
District's proportion of the collective net OPEB liability (asset)	0.17823%	0.17699%
District's proportionate share of the collective net OPEB liability (asset)	$ 3,164,420	$ 3,558,145
State's proportionate share of the collective net OPEB liability (asset) associated with the District	-	-
Total	$ 3,164,420	$ 3,558,145
District's covered-employee payroll	$ 5,832,643	$ 4,309,421
District's proportionate share of the collective net OPEB liability (asset) as a percentage of its covered-employee payroll	54.25%	82.57%
Plan fiduciary net position as a percentage of the total OPEB liability	57.62%	13.00%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available. Amounts presented for each fiscal is determined as of June 30.

See the accompanying notes to the required supplementary information.

WAYNE COUNTY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF CONTRIBUTIONS - HEALTH INSURANCE PLAN

COUNTY EMPLOYEE RETIREMENT SYSTEM

Year Ended June 30, 2019

	2019	2018
HEALTH INSURANCE PLAN		
Contractually required contribution	$ 96,144	$ 83,292
Contributions in relation to the contractually	96,144	83,292
Contribution deficiency (excess)	-	-
District's covered-employee payroll	$ 4,410,535	$ 5,832,643
District's contributions as a percentage of it's covered-employee payroll	2.18%	1.43%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available. Amounts presented for each fiscal is determined as of June 30.

See the accompanying notes to the required supplementary information.

TRS

(1) CHANGES OF BENEFIT TERMS

There were no changes of benefit terms for the medical insurance fund or the life insurance fund.

(2) CHANGES OF ASSUMPTIONS

Medical Insurance Fund

- The amortization period decreased to 23 years and the Municipal Bond Index Rate increased to 3.89%.

Life Insurance Fund

- Amortization period switched to closed.
- Projected salary increases increased to 4%.
- Inflation rate increased to 3.5%.
- Wage inflation increased to 4%.
- Municipal Bond Index Rate increased to 3.89%.

(3) METHOD AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS

Medical Insurance Fund

The actuarially determined contribution rates, as a percentage of payroll used to determine the actuarially determined contribution amounts in the Schedule of Employer Contributions are calculated as of the indicated valuation date. The following actuarial methods and assumptions (from the indicated actuarial valuations) were used to determine contribution rates reported in that schedule for the year ending June 30, 2019:

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal
Amortization Method	23 years, closed
Asset Valuation Method	5-year smoothed value
Single Equivalent Interest Rate	8.00%
Municipal Bond Index Rate	3.89%
Investment Rate of Return	8.0%, includes price inflation
Inflation	3.0%
Real Wage Growth	.50%
Wage Inflation	3.50%
Salary Increase	3.50 to 7.20%, including wage inflation
Discount Rate	8.0%

Life Insurance Fund

The actuarially determined contribution rates, as a percentage of payroll used to determine the actuarially determined contribution amounts in the Schedule of Employer Contributions are calculated as of the indicated valuation date. The following actuarial methods and assumptions (from the indicated actuarial valuations) were used to determine contribution rates reported in that schedule for the year ending June 30, 2019:

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal
Amortization Method	30 years, closed
Asset Valuation Method	5-year smoothed value
Single Equivalent Interest Rate	7.5%
Municipal Bond Index Rate	3.89%
Investment Rate of Return	7.5%, includes price inflation
Inflation	3.5%
Real Wage Growth	.50%
Wage Inflation	4.00%
Salary Increase	4.00-8.10%, including wage inflation
Discount Rate	8.0%

CERS

Other Pension Benefit Programs-Employees' Health Plan

(1) CHANGES OF BENEFIT TERMS

None.

(2) METHOD AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS

Recipients of CERS retirement benefits may elect to participate in a voluntary hospital/medical group insurance plan for themselves and their dependents. The cost of participation for their dependents is borne by the retiree. The retirement system will pay a portion of the cost of participation for the retiree based on years of service as follows: Less than 4 years – 0%, 4-9 years – 25%, 10-14 years – 50%, 15-19 years – 75% and 20 or more years – 100%.

Contributions requirements for medical benefits are a portion of the actuarially determined rates of covered payroll, as disclosed above.

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of pay
Amortization Period	27 years, Closed
Asset Valuation Method	20% of difference in market and expected market value
Price Inflation	3.25%
Salary Increase	4.00%, average
Investment Return	7.50%
Payroll Growth	4.0%
Mortality	RP-2000 Combined Mortality Table, projected to 2013 With Scale BB (set back 1 year females)
Healthcare Trend Rates (Pre-65)	Initial trend starting at 7.50% and gradually decreasing To an ultimate trend rate of 5.00% over period of 5 years.
Healthcare Trend Rates (Post 65)	Initial trend starting at 5.50% and gradually decreasing To an ultimate trend rate of 5.00% over period of 2 years.

Wayne County School District
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2019

	Other Governmental Funds			
	Capital Outlay	FSPK Fund	District Activity	Total
Assets				
Cash and Cash Equivalents	$ -	$ 825,778	$ 56,683	$ 882,461
Total Assets	-	825,778	56,683	882,461
Fund Balance				
Restricted		825,778		825,778
Committed			56,683	56,683
Fund Balances	-	825,778	56,683	882,461
TOTAL LIABILITIES AND FUND BALANCE	$ -	$ 825,778	$ 56,683	$ 882,461

See the accompanying notes to the financial statements.

Wayne County School District

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds

Year ended June 30, 2019

	Other Governmental Funds			
	Capital Outlay	**FSPK Fund**	**District Activity**	**Total**
Revenues				
From Local Sources				
Property Taxes	$ -	$ 948,944	$ -	$ 948,944
Student Activities			62,955	62,955
Other local revenue			9,354	9,354
Intergovernmental - State	274,904	839,849		1,114,753
Total Revenues	274,904	1,788,793	72,309	2,136,006
Expenditures				
Instruction			47,913	47,913
Support Services				
Instructional Staff			1,555	1,555
Total Expenditures	-	-	49,468	49,468
Excess (Deficit) of Revenues Over Expenditures	274,904	1,788,793	22,841	2,086,538
Other Financing Sources (Uses)				
Transfers In/(Out)	(479,962)	(1,328,750)		(1,808,712)
Total Other Financing Sources (Uses)	(479,962)	(1,328,750)	-	(1,808,712)
Excess (Deficit) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(205,058)	460,043	22,841	277,826
Fund Balance Beginning	205,058	365,735	33,842	604,635
Fund Balance Ending	$ -	$ 825,778	$ 56,683	$ 882,461

See the accompanying notes to the financial statements.

WAYNE COUNTY SCHOOL DISTRICT

COMBINING BALANCE SHEET OF FIDUCIARY FUND

SCHOOL ACTIVITY FUNDS

JUNE 30, 2019

	WAYNE CO HIGH SCHOOL	WAYNE CO MIDDLE SCHOOL	BELL ELEMENTARY	MONTICELLO ELEMENTARY	WALKER EARLY LEARNING CENTER	SCHOOL ACTIVITY FUND TOTALS
ASSETS						
Cash and cash equivalents	$ 132,385	$ 76,746	$ 54,007	$ 25,599	$ 10,518	$ 299,255
Total Assets	132,385	76,746	54,007	25,599	10,518	299,255
LIABILITIES						
Accounts Payable	-	-	51	-	-	51
FUND BALANCE						
School activities	132,385	76,746	53,956	25,599	10,518	299,204
TOTAL LIABILITIES AND FUND BALANCE	$ 132,385	$ 76,746	$ 54,007	$ 25,599	$ 10,518	$ 299,255

See the accompanying notes to the financial statements.

WAYNE COUNTY SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE - SCHOOL ACTIVITY FUNDS

YEAR ENDED JUNE 30, 2019

	WAYNE CO HIGH SCHOOL	WAY CO MIDDLE SCHOOL	BELL ELEMENTARY	MONTICELLO ELEMENTARY	WALKER EARLY LEARNING CENTER	AGENCY FUNDS TOTALS
Revenues						
Student revenues	$ 376,474	$ 76,808	$ 45,178	$ 73,878	$ 11,778	$ 584,116
Expenses						
Student activities	392,917	75,006	49,411	72,731	7,403	597,468
Excess (Deficit) of Revenues Over Expenses	(16,443)	1,802	(4,233)	1,147	4,375	(13,352)
Fund Balance-Beginning	148,828	74,944	58,189	24,452	6,143	312,556
Fund Balance-Ending	$ 132,385	$ 76,746	$ 53,956	$ 25,599	$ 10,518	$ 299,204

See the accompanying notes to the financial statements.

Wayne County School District
Statement of Revenues, Expenses and Changes in Fund Balance - Wayne County High School
Year ended June 30, 2019

	FUND BALANCE BEGINNING	REVENUES	EXPENSES	TRANSFERS	FUND BALANCE ENDING
FACULTY COKE FUND	$ 16	$ 539	$ 33	$ -	$ 522
GUIDANCE COUNSELOR	3,376	2,089	2,855	(204)	2,406
PICTURE COMMISSION	2,203	9,870	7,408	2,548	7,213
OFFICE	2,402	5,718	3,973	572	4,719
YOUTH SERVICE CENTER	1,630	2,925	2,959	-	1,596
CHROMEBOOKS	-	10,896	10,013	(883)	-
CLASS OF 2017	200	-	-	(200)	-
COMMUNITY BASED	560	700	289	-	971
COKE FUND	2,436	1,739	2,401	(120)	1,654
DRIVER PERMITS	3,189	1,495	4,684	-	-
CLASS OF 2018	587	-	397	(190)	-
CLASS OF 2019	2,867	6,136	8,821	(182)	-
CLASS 2020	-	8,250	5,926	-	2,324
BETA CLUB	1,347	1,189	1,052	-	1,484
DECA	42	977	986	-	33
FCA	3,154	2,368	2,703	-	2,819
FCCLA	686	4,588	4,645	(24)	605
FCA-ROTC	4,369	440	2,417	-	2,392
FFA	2,135	11,703	12,503	3,074	4,409
FFA GRANT	2,377	-	-	(2,377)	-
GIFTED AND TALENTED	8,650	8,526	17,384	309	101
RELAY FOR LIFE	119	2,452	1,785	(309)	477
SADD/UNITE	1,388	-	-	(1,388)	-
TRI-M	92	410	502	-	-
TSA	460	1,587	1,021	(692)	334
TEENAGE REPUBLICAN	4,839	4,596	3,605	-	5,830
STUDENT GOVERNMENT	1,132	2,422	2,809	120	865
YOUNG DEMOCRATS	291	183	-	-	474
TECH DESIGN CLASS	-	1,619	2,561	942	-
COMPUTER REPAIR	185	20	-	-	205
FRESHMEN ACADEMY	16	1,432	1,442	-	6
HOME EC	315	-	93	-	222
ACADEMIC TEAM	1,569	1,639	2,363	-	845
ARCHERY	3,916	23,501	21,653	-	5,764
BAND	885	23,472	24,354	393	396
BASEBALL	5,355	8,088	9,109	-	4,334
BOYS BASKETBALL	7,247	20,973	23,034	-	5,186
BOYS GOLF	-	3,853	3,587	-	266
BOWLING	158	5,165	5,619	295	(1)
BOYS SOCCER	775	4,877	5,349	-	303
CHEERLEADER	-	4,633	4,633	-	-
CROSS COUNTRY	4,955	19,018	18,423	(295)	5,255
DANCE TEAM	3,847	2,720	4,944	-	1,623
FISHING TEAM	3,293	1,246	185	-	4,354
FOOTBALL	7,736	43,634	45,210	-	6,160
GIRLS BASKETBALL	3,093	10,647	13,608	-	132
JROTC	1,956	13,291	14,553	178	872
SCIENCE OLYMPIAD	1,160	-	-	(1,160)	-
GIRLS SOCCER	3,955	5,409	8,347	-	1,017
TENNIS BOYS	816	1,518	1,535	(259)	540
TENNIS GIRLS	2,888	10,893	9,939	259	4,101
TRACK	3,070	1,575	2,285	-	2,360
VOLLEYBALL	38	23,610	21,734	-	1,914
WRESTLING	2,026	9,626	9,436	-	2,216
GIRLS SOFTBALL	3,390	7,892	8,234	-	3,048
E-SPORTS	-	257	257	-	-
ANNUAL	4,878	17,623	12,019	-	10,482
LIBRARY	53	308	47	(8)	306
GREENHOUSE	3,501	-	1,699	-	1,802
MAJORIE GOFF SCH	2,015	-	1,000	-	1,015
BASKETBALL PROGRAM	1,889	4,765	2,674	-	3,980
BAND SPRING TRIP	393	-	-	(393)	-
VIDEO PRODUCTIONS	1,559	237	10	(167)	1,619
MARK HODGES SCH	2,349	100	1,250	-	1,199
JD ROGERS SCHOLARHIP	19,000	-	1,000	-	18,000
V-BALL COACHES ASSOC	-	511	-	-	511
ART FUND	-	495	443	161	213
STEM CLUB	-	475	184	-	291
PLTW	-	7,554	6,933	-	621
AMERICAN WOODMARK	-	2,000	2,000	-	-
	$ 148,828	$ 376,474	$ 392,917	$ -	$ 132,385

See the accompanying notes to the financial statements.

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Program or Award Amount	Expenditures
US Department of Agriculture					
Passed Through State Department of Education					
* **School Breakfast Program**	10.553				
Fiscal Year 18		7760005 18	$ -	$ N/A	$ 151,553
Fiscal Year 19		7760005 19	-	N/A	643,188
* **National School Lunch Program**	10.555				
Fiscal Year 18		7750002 18	-	N/A	288,065
Fiscal Year 19		7750002 19	-	N/A	1,171,431
* **Summer Food Service Program For Children**	10.559				
Fiscal Year 18		7690024 18	-	N/A	2,744
Fiscal Year 19		7690024 19	-	N/A	420
* **Summer Food Service Program For Children**	10.559				
Fiscal Year 18		7740023 18	-	N/A	26,382
Fiscal Year 19		7740023 19	-	N/A	4,073
Child Nutrition Cluster Subtotal					2,287,856
Supper Program	10.558				
Fiscal Year 18		7790021 18	-	N/A	7,477
Fiscal Year 19		7790021 19	-	N/A	36,427
Fiscal Year 18		7800016 18	-	N/A	531
Fiscal Year 19		7800016 19	-	N/A	2,586
					47,021
Fruit & Vegetable Program	10.582				
Fiscal Year 18		7720012 17	-	N/A	4,691
Fiscal Year 19		7720012 18	-	N/A	17,824
					22,515
Passed Through State Department of Agriculture					
Food Donation-Commodities	10.565				
Fiscal Year 19		510.4950	-	N/A	146,088
Total US Department of Agriculture					2,503,480
US Department of Education					
Passed Through State Department of Education					
Title I Grants to Local Educational Agencies	84.010A				
Fiscal Year 17		3100002 17	-	1,337,793	8,748
Fiscal Year 18		3100002 18	-	1,431,322	471,560
Fiscal Year 19		3100002 19	-	1,458,503	1,110,082
Fiscal Year 18D		3100002 18	-	75,944	21,001
Fiscal Year 19A		3100002 19	-	104,135	104,135
Fiscal Year 19D		3100002 19	-	77,129	51,885
					1,767,411
* **Special Education Grants to States**	84.027A				
Fiscal Year 18		3810002 18	-	736,385	576,191
Fiscal Year 19		3810002 19	-	741,288	88,853
* **Special Education - Preschool Grants**	84.173A				
Fiscal Year 18		3800002 18	-	53,411	3,181
Fiscal Year 19		3800002 19	-	54,583	53,835
Special Education Cluster Subtotal					722,060
Title I-Neglected & Delinquent	84.013				
Fiscal Year 18		313D	-	31,640	71
Fiscal Year 19		313E	-	27,000	26,948
					27,019
Title III-Limited English Proficiency	84.365				
Fiscal Year 18		345D	-	17,359	8,732
Fiscal Year 19		345E	-	16,560	8,739
					17,471
Vocation Education - Basic Grants to States	84.048				
Fiscal Year 18		3710002 18	-	1,040	1,040
Fiscal Year 19		3710002 19	-	27,215	27,215
					28,255
Adult Education	84.002				
Fiscal Year 18		365D	-	19,157	187
Fiscal Year 18		373D	-	46,321	524
					711
Rural Education	84.358B				
Fiscal Year 18		3140002 18	-	53,965	5,451
Fiscal Year 19		3140002 19	-	56,391	19,639
					25,090
Supporting Effective Education	84.367A				
Fiscal Year 18		3230002 18	-	194,618	75,785
Fiscal Year 19		3230002 19	-	191,225	113,869
					189,654
Striving Readers Comprehensive Literacy Grant	84.371C				
Fiscal Year 19		466E	-	290,000	273,871
21st Century	84.287				
Fiscal Year 17		S287C1750017	-	107,500	13,418
Fiscal Year 18		S287C1750017	-	252,000	243,342
					256,760
Title IV Part A	84.424				
Fiscal Year 18		3420002 18	-	33,997	29,874
Fiscal Year 19		3420002 19	-	103,990	33,545
					63,419
Passed Through Eastern Kentucky University					
Migrant	84.011				
Fiscal Year 18		453712-18-230	-	41,310	3,654
Fiscal Year 19		453712-19-230	-	48,000	25,429
					29,083
Passed Through Berea College					
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334A				

See the accompanying notes to the schedule of expenditures of federal awards.

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Program or Award Amount	Expenditures
Fiscal Year 18G		379D	-	156,500	35,069
Fiscal Year 19G		379E	-	163,500	118,040
					153,109
Total US Department of Education					3,553,913
U.S. Department of Defense					
ROTC	12.000				
Fiscal Year 18		504D	-	N/A	2,467
Fiscal Year 19		504E	-	N/A	64,657
Total U.S. Department of Defense					67,124
Total Expenditure of Federal Awards					$ 6,124,517

* Major program

WAYNE COUNTY SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2019

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Wayne County School District under the 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 Wayne County School District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

NOTE B – SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represents 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.

NOTE C – FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair value of the commodities received and disbursed. For the year ended June 30, 2019, the District received food commodities totaling $146,088.

NOTE D – INDIRECT COST RATE

The Wayne County School District has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

White & Associates, PSC
Certified Public Accountants & Consultants

1407 Lexington Road
Richmond, KY 40475
(859) 624-3926

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

To the Board of Education of the Wayne County School District
Monticello, KY

and the State Committee for School District Audits

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* and the audit requirements prescribed by the Kentucky State Committee for School District Audits, in the *Auditor Responsibilities* and State *Compliance Requirements* sections contained in the Kentucky Public School Districts' Audit contract and Requirements issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Wayne County School District, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Wayne County School District's basic financial statements, and have issued our report thereon dated November 12, 2019.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of the Wayne County School District in a separate letter dated November 12, 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.

White & Associates, PSC

Richmond, KY

November 12, 2019

White & Associates, PSC
Certified Public Accountants & Consultants

1407 Lexington Road
Richmond, KY 40475
(859) 624-3926

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

To the Board of Education of the Wayne County School District
Monticello, KY
and the State Committee of School District Audits

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

Management of the Wayne 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 Wayne County School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Wayne County School District's internal control over compliance.

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

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

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

White & Associates, PSC

Richmond, KY

November 12, 2019

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

SUMMARY OF AUDITOR'S RESULTS

What type of report was issued for the financial statements?	Unmodified
Were there significant deficiencies in internal control disclosed?	None reported
If so, was any significant deficiencies material (GAGAS)?	N/A
Was any material noncompliance reported (GAGAS)?	No
Were there material weaknesses in internal control disclosed for major programs?	No
Were there any significant deficiencies in internal control disclosed that were not considered to be material weaknesses?	None reported
What type of report was issued on compliance for major programs?	Unmodified
Did the audit disclose findings as it relates to major programs that Is required to be reported as described in the Uniform Guidance?	No
Major Programs	Child Nutrition Cluster [CFDA 10.553, 10.555, 10.559] Special Education Cluster [CFDA 84.027A, 84.173A]
Dollar threshold of Type A and B programs	$750,000
Low risk auditee?	No

FINDINGS - FINANCIAL STATEMENT AUDIT

No findings at the financial statement level.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

No findings at the major federal award programs level.

WAYNE COUNTY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the year ended June 30, 2019

There were no prior year findings.

MANAGEMENT LETTER POINTS

Wayne County School District
Monticello, Kentucky 42633

In planning and performing our audit of the financial statements of the Wayne County School District for the year ended June 30, 2019, we considered the District's internal controls in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

However, during our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. We previously reported on the District's internal control in our report dated November 12, 2019. This letter does not affect our report dated November 12, 2019, on the financial statements of the Wayne County School District. The conditions observed are as follows:

WALKER EARLY LEARNING CENTER
1-19
Statement of Condition: Paid invoices are not marked "Paid" with the check number and date paid noted on the invoice/receipt or standard invoice.

Recommendation for Correction: After the school treasurer writes/prints the check, the invoice is to be clearly marked "Paid" along with the check number and date paid noted.

Management's Response to the Recommendation: Management will insure every paid invoice/receipt or standard invoice will be marked "paid" along with the check number and date paid.

MONTICELLO ELEMENTARY
No conditions.

BELL ELEMENTARY
2-19
Statement of Condition: Instances of checks written not having two signatures.

Recommendation for Correction: The principal (or appointed designee) and school treasurer should insure all checks written have two signatures; one of which shall be that of the principal (or appointed designee) and the other being the school treasurer

Management Response to the Recommendation: Management will insure checks are signed by the principal and school treasurer. Upon the absence of the principal or school treasurer, a second signature will be acquired from the superintendent or finance officer.

3-19

Statement of Condition: Paid invoices are not marked "Paid" with the check number and date paid noted on the invoice/receipt or standard invoice.

Recommendation for Correction: After the school treasurer writes/prints the check, the invoice is to be clearly marked "Paid" along with the check number and date paid noted.

Management's Response to the Recommendation: Management will insure every paid invoice/receipt or standard invoice will be marked "paid" along with the check number and date paid.

WAYNE COUNTY MIDDLE SCHOOL

4-19

Statement of Condition: Receipts are being written to the account or vendor instead of the person turning the money in.

Recommendation for Correction: Receipts should be written to the person who turns the money in and signs the Multiple Receipt Form (F-SA-6).

Management Response to the Recommendation: Management will insure receipts are written to the person turning money in and signs the Multiple Receipt Form (F-SA-6).

WAYNE COUNTY HIGH SCHOOL

5-19

Statement of Condition: Instances of receipts not being deposited timely.

Recommendation for Correction: All monies should be deposited on a daily basis. In the event that less than $100 is on hand to deposit, smaller amounts may be held in a secure location until $100 is collected. At a minimum, deposits shall be made on a weekly basis even if the deposit amount is less than $100. The total of the deposit slip shall match the total receipts written since the last deposit. Each deposit shall be verified by a second person daily.

Management Response to the Recommendation: Management will insure all deposits over $100 are made daily and at a minimum, deposits under $100 will be made weekly. The deposit slip total will match the total of receipts written since the last deposit. Every deposit will be verified by a second person.

6-19

Statement of Condition: The Multiple Receipt Form (F-SA-6) is not consistently being used when a teacher or sponsor is collecting money from students.

Recommendation for Correction: Each day that money is collected from students, the teacher/sponsor will insure that the Multiple Receipt Form (F-SA-6) is properly filled out and signed by the student when the transfer of cash occurs from the student to the teacher/sponsor. This document along with the money is to be turned in to the School treasurer daily.

Management Response to the Recommendation: Management will insure a Multiple Receipt Form (F-SA-6) is properly filled out and signed by students every time money is exchanged between a student and teacher/sponsor. Multiple Receipt Forms (F-SA-6) and money will be turned in to the school treasurer daily.

7-19

Statement of Condition: Receipts were being written but the original signed receipt is not consistently being given back to the individual turning the monies in.

Recommendation for Correction: Each individual/entity turning in monies shall be written a receipt on the computer (if automated) or manually (if not automated). The original receipt shall be signed by the school treasurer and given to the individual/entity that turned the monies in that day.

Management's Response to the Recommendation: Management will insure each individual turning in monies will receive a receipt signed by the school treasurer the same day.

8-19

Statement of Condition: Paid invoices are not marked "Paid" with the check number and date paid noted on the invoice/receipt or standard invoice.

Recommendation for Correction: After the school treasurer writes/prints the check, the invoice is to be clearly marked "Paid" along with the check number and date paid noted.

Management's Response to the Recommendation: Management will insure every paid invoice/receipt or standard invoice will be marked "paid" along with the check number and date paid.

9-19

Statement of Condition: The vendor invoice or Standard Invoice must have a confirmation signature of the person receiving the goods or services before the payment process can be continued.

Recommendation for Correction: After receiving the product or service, the person receiving the goods or service shall sign the original invoice or Standard Invoice before the school treasurer processes the invoice for payment.

Management Response to the Recommendation: Management will insure no invoices are processed for payment until the person receiving the goods or services signs the original invoice or standard invoice.

<u>10-19</u>
Statement of Condition: Purchase Orders are being utilized but not consistently.

Recommendation for Correction: The person requesting to make a purchase or expend activity funds will prepare a Purchase Request/Order (F-SA-7) and have it approved by the sponsor and principal. After proper approval, a Purchase Order number shall be issued or an (EPES) Purchase Order generated so the expenditure can be purchased or ordered.

Management Response to the Recommendation: Management will insure no expenditure will be purchased or ordered before an approved purchase order has been acquired. Every purchase order must be approved by the sponsor and principal.

All prior year conditions have been implemented and corrected. Mr. Wayne Roberts, Superintendent, is the person responsible for initiation of the corrective action plan for the above conditions which will be implemented immediately. The corrective action plan is the management response for each condition.

We would like to thank the Finance Officer and their department for their support and assistance during our audit.

This report is intended solely for the information and use of the Board of Education, management, and others within the district and is not intended to be and should not be used by anyone other than these specified parties.

White & Associates, PSC

White & Associates, PSC
Richmond, Kentucky
November 12, 2019

APPENDIX C

Wayne County School District Finance Corporation
School Building Refunding Revenue Bonds
Taxable Series of 2021

Continuing Disclosure Agreement

CONTINUING DISCLOSURE UNDERTAKING AGREEMENT

This Continuing Disclosure Undertaking Agreement ("Agreement") made and entered into as of the 3rd day of March, 2021, by and between the Board of Education of Wayne County, Kentucky School District ("Board"); the Wayne County School District Finance Corporation, an agency and instrumentality of the Board ("Corporation") and the Registered and Beneficial Owners of the Bonds hereinafter identified as third party beneficiaries to this Agreement. For the purposes of this Agreement "Beneficial Owner" means the person or entity treated as the owner of the Bonds for federal income tax purposes and "Registered Owner" means the person or entity named on the registration books of the bond registrar.

W I T N E S S E T H:

WHEREAS, the Corporation has acted as issuing agency for the Board pursuant to the provisions of Section 162.385 of the Kentucky Revised Statutes ("KRS") and the Corporation's Bond Resolution in connection with the authorization, sale and delivery of $1,806,000 of the Corporation's School Building Refunding Revenue Bonds, Taxable Series of 2021, dated as of March 3, 2021 ("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
WAYNE COUNTY, KENTUCKY
SCHOOL DISTRICT

____
Chairman

Attest:

____
Secretary

WAYNE COUNTY SCHOOL
DISTRICT FINANCE CORPORATION

____
President

Attest:

____
Secretary

APPENDIX D

Wayne County School District Finance Corporation
School Building Refunding Revenue Bonds
Taxable Series of 2021

Official Terms and Conditions of Bond Sale

OFFICIAL TERMS AND CONDITIONS OF BOND SALE

$1,806,000*
Wayne County School District Finance Corporation
School Building Refunding Revenue Bonds, Taxable Series of 2021
Dated as of March 3, 2021

SALE: February 4, 2021 AT 11:00 A.M., E.S.T.

As published on PARITY®, a nationally recognized electronic bidding system, the Wayne County School District Finance Corporation (the "Corporation") will until 11:00 A.M., E.S.T., on February 4, 2021 receive at the office of the Kentucky School Facilities Construction Commission, 700 Louisville Road, Carriage House, Frankfort, Kentucky, 40601, competitive bids for the purchase of $1,806,000 principal amount of Wayne County School District Finance Corporation School Building Refunding Revenue Bonds, Taxable Series of 2021 (the "Refunding Bonds"), dated and bearing interest from March 3, 2021, payable on May 1, 2021, and semi-annually thereafter on November 1 and May 1 of each year, in denominations in multiples of $1,000 within the same maturity, maturing on May 1, 2021 and November 1 thereafter in each of the years as follows:

YEAR	PRINCIPAL MATURITIES*	YEAR	PRINCIPAL MATURITIES*
May 1, 2021	$ 19,000	2026	$165,000
2021	158,000	2027	166,000
2022	163,000	2028	172,000
2023	163,000	2029	175,000
2024	163,000	2030	176,000
2025	164,000	2031	122,000

* Subject to Permitted Adjustment as described herein.

REDEMPTION PROVISIONS

The Bonds are NOT subject to redemption at the option of the Corporation prior to their stated maturities.

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). Franklin Bank & Trust Company, Bowling Green, 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.

WAYNE 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 Wayne 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 Wayne County School District Finance Corporation Building Revenue Bonds, Series of 2011, dated September 27, 2011 (the "2011A Bonds") maturing September 1, 2022 and thereafter (the "2011A Refunded Bonds") at or prior to their stated maturities on September 1, 2021 and the Monticello Independent School District Finance Corporation Building Revenue Bonds, Series of 2011, dated June 1, 2011 (the "2011B Bonds") maturing June 1, 2022 and thereafter (the "2011B Refunded Bonds") at or prior to their stated maturities on June 1, 2021. The 2011A Refunded Bonds and the 2011B Refunded Bonds are hereinafter collectively referred to as the "Refunded Bonds".

Pursuant to a Merger Agreement by and between the Wayne County Board of Education and the Monticello Independent Board of Education, the two school districts merged and the Wayne County Board of Education assumed all outstanding debt obligations of Monticello Independent Board of Education, effective as of July 1, 2013.

SCHOOL FACILITIES CONSTRUCTION COMMISSION

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

The Commission will enter into a Participation Agreement with the Board whereunder the Commission, will agree to continue to pay approximately 100% of the debt service of the Refunding Bonds through November 1, 2031; provided, however, that the contractual commitment of the Commission to pay the annual Agreed Participation is limited to the budget period of the Commonwealth, with the first such budget period terminating on June 30, 2022.

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

PROCEEDS TO RETIRE ALL BONDS OF PRIOR ISSUES

The Refunded Bonds were issued under the authority of Sections 162.120 through 162.300 and 162.385 of the Kentucky Revised Statutes for the purpose of providing funds to finance renovations at Monticello High School and an addition at Wayne County Middle School (collectively, the "Project"). Under the terms of the Resolution authorizing the Refunded Bonds, the Refunded Bonds are payable from the income and revenues of the Project financed from the proceeds thereof. The Refunded Bonds are secured by a lien upon and a pledge of revenues from the rental of the Project to the Board under a Contract, Lease and Option, dated September 27, 2011 and a Contract, Lease and Option, dated June 1, 2011 (collectively, the "Prior Lease").

The total principal amount of the 2011A Bonds currently outstanding is $1,443,000, scheduled to mature on September 1 in each of the years 2021 through 2031. The total principal amount of the 2011B Bonds currently outstanding is $280,000, scheduled to mature on November 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 September 1, 2021 and June 1, 2021, respectively, the Refunded Bonds.

The 2021 Bond Resolution adopted by the Corporation's Board of Directors authorizes the payment and retirement of the Refunded Bonds including principal and accruing interest prior to their stated maturities through the deposit of the required amount of proceeds of the Refunding Bonds in the Bond and Interest Redemption Fund established for the Refunded Bonds or in a special Escrow Fund for application to the retirement of the Refunded Bonds.

The 2021 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 March 3, 2021 (the "2021 Lease"); provided, however, that said lien and pledge are on parity with similar liens and pledges securing certain of the Corporation's outstanding School Building Revenue Bonds previously issued to finance or refinance the Project (the "Parity Bonds").

Under the 2021 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 March 3, 2021 through June 30, 2021, with the option in the Board to renew said 2021 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 2021 Lease, the principal and interest on all of the Refunding Bonds as same become due.

The 2021 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 2021 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 2021 Lease until November 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 2021 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 2021 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 2021 Lease and Participation Agreement to the Corporation and the Commission the right to notify and request the Kentucky Department of Education to withhold from the Board a sufficient portion of any undisbursed funds then held, set aside, or allocated to the Board and to request said Department or Commissioner of Education to transfer the required amount thereof to the Paying Agent for the payment of such rentals.

BIDDING CONDITIONS AND RESTRICTIONS

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

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

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

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

(3) The bid shall be not less than $1,787,940 (99% of par) plus accrued interest. Interest rates shall be in multiples of 1/8 or 1/20 of 1% or both. Only one interest rate shall be permitted per Bond, and all Bonds of the same maturity shall bear the same rate. Interest rates must be on an ascending scale, in that the interest rate stipulated in any year may not be less than that stipulated for any preceding maturity. There is no limit on the number of different interest rates.

(4) The determination of the best purchase bid for said Refunding Bonds shall be made on the basis of all bids submitted for exactly $1,806,000 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 $181,000, with such increase or decrease to be made in any maturity, and the total amount of Refunding Bonds awarded to such best bidder will be a minimum of $1,625,000 or a maximum of $1,987,000. 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 $1,000 of Refunding Bonds as the price per $1,000 for the $1,806,000 of Refunding Bonds bid.

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

(6) 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 Franklin Bank & Trust Company, Bowling Green, Kentucky, Attn: Ms. Lori Croslin (270-901-4460) 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.

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

(8) 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.

(9) 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 or Kentucky income taxation and on the basis of the interest on said Bonds being subject to Federal or 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-exempt status of the Bonds, or of the interest thereon, the purchaser shall have the privilege of avoiding the purchase contract by giving immediate written notice to the Corporation, whereupon the good faith check of the purchaser will be returned to the purchaser, and all respective obligations of the parties will be terminated.

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

STATE SUPPORT OF EDUCATION

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

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

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

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

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

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

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

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

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

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, Wayne County Board of Education, 1025 S. Main Street, Monticello, Kentucky 42633 (606) 348-8484.

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.

**WAYNE COUNTY SCHOOL DISTRICT
FINANCE CORPORATION**

By /s/ Wayne Roberts
Secretary

APPENDIX E

Wayne County School District Finance Corporation
School Building Refunding Revenue Bonds
Taxable Series of 2021

Official Bid Form

OFFICIAL BID FORM
(Bond Purchase Agreement)

The Wayne County School District Finance Corporation ("Corporation"), will until 11:00 A.M., E.S.T., on February 4, 2021, receive in the office of the Executive Director of the Kentucky School Facilities Construction Commission, 700 Louisville Road, Carriage House, Frankfort, Kentucky, 40601, (telephone 502-564-5582; Fax 888-979-6152) competitive bids for its $1,806,000 School Building Refunding Revenue Bonds, Taxable Series of 2021, dated as of March 3, 2021; maturing May 1, 2021 and November 1, 2021 through 2031 ("Bonds").

We hereby bid for said $1,806,000* principal amount of Bonds, the total sum of $_______________ (not less than $1,787,940) plus accrued interest from March 3, 2021 payable May 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 May 1, 2021 and November 1 thereafter in each of the years as follows:

Year	Amount*	Rate	Year	Amount*	Rate
May 1, 2021	$ 19,000	________%	2026	$165,000	________%
2021	158,000	________%	2027	166,000	________%
2022	163,000	________%	2028	172,000	________%
2023	163,000	________%	2029	175,000	________%
2024	163,000	________%	2030	176,000	________%
2025	164,000	________	2031	122,000	________%

* Subject to Permitted Adjustment up to $181,000

We understand this bid may be accepted for as much as $1,987,000 of Bonds or as little as $1,625,000 of Bonds, at the same price per $1,000 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.

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 Municipal Advisor within twenty-four (24) hours of the award of the Bonds that certain serial maturities as awarded may be combined with immediately succeeding serial maturities as one or more Term Bonds; provided, however, (a) bids must be submitted to permit only a single interest rate for each Term Bond specified, and (b) Term Bonds will be subject to mandatory redemption by lot on November 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 Franklin Bank & Trust Company, Bowling Green, Kentucky, Attn: Ms. Lori Croslin (270-901-4460).

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 March 3, 2021 and upon acceptance by the Issuer's Municipal Advisor this Official Bid Form shall become the Bond Purchase Agreement.

Respectfully submitted,

____
Bidder

By ______________________________
Authorized Officer

____
Address

Total interest cost from March 3, 2021 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 Wayne County School District Finance Corporation for $________________ amount of Bonds at a price of $______________ as follows:

Year	Amount	Rate	Year	Amount	Rate
May 1, 2021	_______,000	_______%	2027	_______,000	_______%
2021	_______,000	_______%	2028	_______,000	_______%
2022	_______,000	_______%	2029	_______,000	_______%
2023	_______,000	_______%	2030	_______,000	_______%
2024	_______,000	_______%	2031	_______,000	_______%
2025	_______,000	_______%			
2026	_______,000	_______%			

Dated: February 4, 2021

____

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