

DATED APRIL 22, 2021

NEW ISSUE
Electronic Bidding via Parity®
NOT Bank Interest Deduction Eligible
BOOK-ENTRY-ONLY SYSTEM

RATING
Moody's: " "

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

\$14,200,000*

SHELBY COUNTY SCHOOL DISTRICT FINANCE CORPORATION
SCHOOL BUILDING REVENUE BONDS,
SERIES OF 2021

Dated with Delivery: May 20, 2021**Due: as shown below**

Interest on the Bonds is payable each June 1 and December 1, beginning December 1, 2021. The Bonds will mature as to principal on June 1, 2022 and thereafter as shown below. The Bonds are being issued in Book-Entry-Only Form and will be available for purchase in principal amounts of \$5,000 and integral multiples thereof.

Maturing June 1	Amount	Interest Rate	Reoffering Yield	CUSIP	Maturing June 1	Amount	Interest Rate	Reoffering Yield	CUSIP
2022	\$370,000	%	%		2032	\$645,000	%	%	
2023	\$385,000	%	%		2033	\$775,000	%	%	
2024	\$390,000	%	%		2034	\$850,000	%	%	
2025	\$400,000	%	%		2035	\$870,000	%	%	
2026	\$405,000	%	%		2036	\$890,000	%	%	
2027	\$410,000	%	%		2037	\$920,000	%	%	
2028	\$415,000	%	%		2038	\$940,000	%	%	
2029	\$430,000	%	%		2039	\$350,000	%	%	
2030	\$445,000	%	%		2040	\$1,870,000	%	%	
2031	\$515,000	%	%		2041	\$1,925,000	%	%	

The Bonds are subject to redemption prior to their stated maturity.

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 Shelby 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 Shelby County Board of Education.

The Shelby County (Kentucky) School District Finance Corporation will until April 29, 2021, at 11:00 A.M., E.S.T., receive competitive bids for the Bonds at the office of the Executive Director of the Kentucky School Facilities Construction Commission, 229 West Main Street, Suite 102, 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 \$1,420,000.**

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

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

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



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

**SHELBY COUNTY
BOARD OF EDUCATION**

Joanna Freels, Chairperson
Sonya Blackburn, Member
Andrew Cline, Member
Brenda Jackson, Member
Allen Phillips, Member

Dr. Sally Sugg, Superintendent/Secretary

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

Joanna Freels, President
Sonya Blackburn, Member
Andrew Cline, Member
Brenda Jackson, Member
Allen Phillips, Member

Dr. Sally Sugg, Secretary
Susan Barkley, Treasurer

BOND COUNSEL

Steptoe & Johnson PLLC
Louisville, Kentucky

FINANCIAL ADVISOR

RSA Advisors, LLC
Lexington, Kentucky

PAYING AGENT AND REGISTRAR

U.S. Bank National Association
Louisville, Kentucky

BOOK-ENTRY-ONLY-SYSTEM

REGARDING USE OF THIS OFFICIAL STATEMENT

This Official Statement does not constitute an offering of any security other than the original offering of the Shelby County School District Finance Corporation School Building Revenue Bonds, 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.

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**OFFICIAL STATEMENT
Relating to the Issuance of**

\$14,200,000*

**SHELBY COUNTY SCHOOL DISTRICT FINANCE CORPORATION
SCHOOL BUILDING REVENUE BONDS,
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 Shelby County School District Finance Corporation (the "Corporation") School Building Revenue Bonds, Series of 2021 (the "Bonds").

The Bonds are being issued to finance construction of renovations at Shelby County High School (the "Project").

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

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

Copies of the Bond Resolution authorizing the issuance of the Bonds, the Participation Agreement and the Lease Agreement, dated May 20, 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

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

Pursuant to the provisions of the Act, the Regulations of the Kentucky Board of Education and the Commission, the Commission has determined that the Board is eligible for participation from the Commission in meeting the costs of construction of the Projects and has entered into a Participation Agreement with the Board whereunder the Commission agrees to pay an annual Agreed Participation equal to approximately \$44,215 to be applied to the annual debt service requirements for the Bonds herein identified each year until their retirement; provided, however, that the contractual commitment of the Commission to pay the annual Agreed Participation is limited to the biennial budget period of the Commonwealth, with the first such biennial period terminating on June 30, 2022; the right is reserved in the Commission to terminate its commitment to pay the Agreed Participation after the initial biennial period and every two years thereafter. The obligation of the Commission to make payments of the Agreed Participation shall be automatically renewed each two years for a period of two years unless the Commission shall give notice of its intention not to participate not less than sixty days prior to the end of the biennium; however, by the execution of the Participation Agreement, the Commission has expressed its present intention to continue to pay the Agreed Participation in each successive biennial budget period until the retirement of all of the Bonds, but such execution does not obligate the Commission to do so.

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

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

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

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

BIENNIAL BUDGET FOR PERIOD ENDING JUNE 30, 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, 2021 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
2011-REF	\$9,620,000	\$5,655,000	\$8,002,932	\$1,617,068	2.500% - 2.800%	2024
2012	\$5,010,000	\$3,755,000	\$5,010,000	\$0	1.800% - 2.550%	2032
2013	\$18,590,000	\$17,055,000	\$14,601,037	\$3,988,963	3.000% - 3.125%	2033
2014-REF	\$3,405,000	\$1,335,000	\$3,405,000	\$0	2.000% - 2.500%	2025
2016	\$8,020,000	\$7,740,000	\$6,432,706	\$1,587,294	2.000% - 3.000%	2036
2016-REF	\$31,555,000	\$27,115,000	\$29,438,938	\$2,116,062	3.000% - 4.000%	2029
2018	\$35,355,000	\$34,815,000	\$33,281,402	\$2,073,598	3.000% - 4.000%	2038
TOTAL:	\$111,555,000	\$97,470,000	\$100,172,015	\$11,382,985		

AUTHORITY

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

- i) the issuance of approximately \$14,200,000 of Bonds subject to a permitted adjustment of \$1,420,000;
- 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 May 20, 2021, will bear interest from that date as described herein, payable semi-annually on June 1 and December 1 of each year, commencing December 1, 2021, and will mature as to principal on June 1, 2022 and thereafter in the years and in the principal amounts as set forth on the cover page of this Official Statement.

Registration, Payment and Transfer

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

Redemption

The Bonds maturing on or after June 1, 2030 are subject to redemption at the option of the Corporation prior to their stated maturity on any date falling on or after June 1, 2029, in any order of maturities (less than all of a single maturity to be selected by lot), in whole or in part, upon notice of such prior redemption being given by the Paying Agent in accordance with DTC requirements not less than thirty (30) days prior to the date of redemption, upon terms of the face amount, plus accrued interest, but without redemption premium.

Redemption Date	Redemption Price
June 1, 2029 and thereafter	100%

Notwithstanding the foregoing, the Corporation reserves the right, upon thirty (30) days notice, to call the Bonds in whole or in part 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.

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.

The Lease; Pledge of Rental Revenues

The Board has leased the school Project securing the Bonds for an initial period from May 20, 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 June 1, 2041, the final maturity date of the Bonds. Under the lease, the Corporation has pledged the rental revenue to the payment of the Bonds.

STATE INTERCEPT

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

COMMISSION'S PARTICIPATION

The Commission has determined that the Board is eligible for an average annual participation equal to approximately \$44,215 from the Commission's appropriation by the Kentucky General Assembly which will be used to meet a portion of the debt service of the Bonds. The plan for financing the Project will require the Commission to pay approximately five percent (5%) of the debt service of the Bonds.

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

THE PROJECT

After payment of the Bond issuance costs, the Board plans to deposit the net Bond proceeds to finance the construction of renovations at Shelby County High School (the "Project").

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

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

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 95% of the debt service of the Bonds.

Fiscal Year Ending June 30	Current Local Bond Payments	---- Series 2021 Revenue Bonds ----					Total Local Bond Payments
		Principal Portion	Interest Portion	Total Payment	SFCC Portion	Local Portion	
2021	\$6,846,146						\$6,846,146
2022	\$6,846,040	\$370,000	\$361,815	\$731,815	\$44,214	\$687,600	\$7,533,641
2023	\$6,848,355	\$385,000	\$339,036	\$724,036	\$44,215	\$679,821	\$7,528,176
2024	\$6,844,474	\$390,000	\$333,261	\$723,261	\$44,215	\$679,046	\$7,523,519
2025	\$6,843,548	\$400,000	\$327,411	\$727,411	\$44,214	\$683,196	\$7,526,744
2026	\$6,838,798	\$405,000	\$321,211	\$726,211	\$44,214	\$681,996	\$7,520,794
2027	\$6,841,123	\$410,000	\$314,528	\$724,528	\$44,215	\$680,313	\$7,521,436
2028	\$6,841,079	\$415,000	\$307,353	\$722,353	\$44,214	\$678,139	\$7,519,218
2029	\$6,834,148	\$430,000	\$299,468	\$729,468	\$44,214	\$685,254	\$7,519,402
2030	\$6,830,697	\$445,000	\$290,868	\$735,868	\$44,215	\$691,653	\$7,522,351
2031	\$6,767,759	\$515,000	\$281,523	\$796,523	\$44,215	\$752,308	\$7,520,067
2032	\$6,650,888	\$645,000	\$269,936	\$914,936	\$44,215	\$870,721	\$7,521,609
2033	\$6,536,241	\$775,000	\$254,778	\$1,029,778	\$44,215	\$985,563	\$7,521,804
2034	\$6,479,421	\$850,000	\$235,946	\$1,085,946	\$44,214	\$1,041,731	\$7,521,152
2035	\$6,477,245	\$870,000	\$214,781	\$1,084,781	\$44,214	\$1,040,566	\$7,517,811
2036	\$6,479,945	\$890,000	\$192,596	\$1,082,596	\$44,215	\$1,038,381	\$7,518,326
2037	\$6,476,832	\$920,000	\$169,011	\$1,089,011	\$44,215	\$1,044,796	\$7,521,628
2038	\$6,480,598	\$940,000	\$144,171	\$1,084,171	\$44,214	\$1,039,956	\$7,520,555
2039	\$6,481,010	\$350,000	\$118,133	\$468,133	\$44,215	\$423,918	\$6,904,927
2040		\$1,870,000	\$108,158	\$1,978,158	\$44,214	\$1,933,943	\$1,933,943
2041		\$1,925,000	\$54,863	\$1,979,863	\$44,214	\$1,935,648	\$1,935,648
TOTALS:	\$127,244,346	\$14,200,000	\$4,938,840	\$19,138,840	\$884,290	\$18,254,551	\$145,498,897

Notes: Numbers are Rounded to the nearest \$1.00;

ESTIMATED USE OF BOND PROCEEDS

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

Sources:	
Par Amount of Bonds	<u>\$14,200,000.00</u>
Total Sources	\$14,200,000.00
Uses:	
Deposit to Construction Fund	\$13,814,350.00
Underwriter's Discount (2%)	284,000.00
Cost of Issuance	<u>101,650.00</u>
Total Uses	\$14,200,000.00

DISTRICT STUDENT POPULATION

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

<u>Year</u>	<u>Average Daily Attendance</u>	<u>Year</u>	<u>Average Daily Attendance</u>
2000-01	4,576.9	2010-11	6,015.5
2001-02	4,771.9	2011-12	6,009.7
2002-03	4,841.2	2012-13	6,165.3
2003-04	4,823.4	2013-14	6,250.7
2004-05	5,073.9	2014-15	6,266.5
2005-06	5,301.0	2015-16	6,211.2
2006-07	5,479.8	2016-17	6,250.2
2007-08	5,591.1	2017-18	6,361.5
2008-09	5,710.8	2018-19	6,302.6

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 Shelby County School District for certain preceding school years. Beginning 1990-91, the allotment is based on average daily attendance as required by law.

<u>Year</u>	<u>Capital Outlay Allotment</u>	<u>Year</u>	<u>Capital Outlay Allotment</u>
2000-01	457,690.0	2010-11	601,554.0
2001-02	477,190.0	2011-12	600,971.0
2002-03	484,120.0	2012-13	616,526.0
2003-04	482,340.0	2013-14	625,074.0
2004-05	507,390.0	2014-15	626,649.0
2005-06	530,100.0	2015-16	621,122.0
2006-07	547,980.0	2016-17	625,020.0
2007-08	559,110.0	2017-18	636,150.0
2008-09	571,079.0	2018-19	630,260.0
2009-10	586,208.0	2019-20	636,950.0

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

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

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

LOCAL SUPPORT

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

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

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

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

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

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

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

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

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

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

Local Tax Rates, Property Assessments and Revenue Collections

Tax Year	Combined Equivalent Rate	Total Property Assessment	Property Revenue Collections
2000-01	63	1,903,396,406	11,991,397
2001-02	59.5	1,997,056,662	11,882,487
2002-03	63	2,111,749,847	13,304,024
2003-04	63	2,253,255,993	14,195,513
2004-05	60.9	2,416,719,066	14,717,819
2005-06	69.5	2,593,877,461	18,027,448
2006-07	71.1	2,814,059,162	20,007,961
2007-08	69.5	2,984,760,867	20,744,088
2008-09	73.2	3,131,433,467	22,922,093
2009-10	73.2	3,171,114,014	23,212,555
2010-11	73.4	3,178,758,065	23,332,084
2011-12	76.5	3,204,669,598	24,515,722
2012-13	76.6	3,280,144,864	25,125,910
2013-14	79.9	3,336,436,213	26,658,125
2014-15	77.6	3,409,453,570	26,457,360
2015-16	76.6	3,569,278,286	27,340,672
2016-17	77.2	3,742,554,282	28,892,519
2017-18	78.3	4,006,229,811	31,368,779
2018-19	79.1	4,229,517,956	33,455,487
2019-20	77.5	4,501,612,020	34,887,493

Overlapping Bond Indebtedness

The following table shows any other overlapping bond indebtedness of the Shelby 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 Shelby			
General Obligation	\$7,805,000	\$3,754,526	\$4,050,474
Fire Protection Renewable	\$98,000	\$62,000	\$36,000
Other Revenue	\$100,000,000	\$0	\$100,000,000
Refinancing Refunding	\$19,804,000	\$2,682,886	\$17,121,114
Courthouse & City Hall Lease Rev.	\$12,285,000	\$5,425,000	\$6,860,000
City of Shelbyville			
General Obligation	\$16,020,000	\$2,310,704	\$13,709,296
City of Simpsonville			
General Obligation	\$4,440,000	\$710,148	\$3,729,852
Sewer Revenue	\$703,000	\$658,000	\$45,000
Special Districts			
Shelby County Extension District	\$1,200,000	\$690,000	\$510,000
Shelby County Public Health Department	\$1,425,000	\$1,120,000	\$305,000
Shelby County Suburban Fire District	\$1,717,539	\$835,000	\$882,539
Simpsonville Fire Protection District	\$1,790,933	\$985,000	\$805,933
US 60 Water District	\$3,014,700	\$1,399,000	\$1,615,700
Waddy Fire Protection District	\$431,691	\$167,337	\$264,354
West Shelby Water District	\$1,461,000	\$737,000	\$724,000
Shelbyville-Shelby County Parks & Recreation	\$2,200,000	\$1,985,000	\$215,000
Totals:	\$174,395,863	\$23,521,601	\$150,874,262

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:

<u>SEEK</u>	<u>Base Funding</u>	<u>Local Tax Effort</u>	<u>Total State & Local Funding</u>
2000-01	13,101,788	11,991,397	25,093,185
2001-02	13,798,936	11,882,487	25,681,423
2002-03	14,151,764	13,304,024	27,455,788
2003-04	14,571,627	14,195,513	28,767,140
2004-05	15,639,029	14,717,819	30,356,848
2005-06	17,555,309	18,027,448	35,582,757
2006-07	18,555,384	20,007,961	38,563,345
2007-08	21,215,375	20,744,088	41,959,463
2008-09	22,054,565	22,922,093	44,976,658
2009-10	20,819,517	23,212,555	44,032,072
2010-11	21,861,132	23,332,084	45,193,216
2011-12	23,967,307	24,515,722	48,483,029
2012-13	24,146,788	25,125,910	49,272,698
2013-14	24,408,473	26,658,125	51,066,598
2014-15	25,171,009	26,457,360	51,628,369
2015-16	24,564,853	27,340,672	51,905,525
2016-17	23,997,643	28,892,519	52,890,162
2017-18	23,452,682	31,368,779	54,821,461
2018-19	22,928,900	33,455,487	56,384,387
2019-20	21,993,709	34,887,493	56,881,202

- (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 \$0.630 for FY 2019-20. The equivalent tax rate" is defined as the rate which results when the income from all taxes levied by the district for school purposes is divided by the total assessed value of property plus the assessment for motor vehicles certified by the Commonwealth of Kentucky Revenue Cabinet.

State Budgeting Process

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

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

POTENTIAL LEGISLATION

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

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

CONTINUING DISCLOSURE

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

The Board has been timely in making all required disclosure filings in the past five (5) years.

Financial information regarding the Board may be obtained from Superintendent, Shelby County Board of Education, 420 Court Street, Jackson, Kentucky 41339, Telephone (606) 666-2491.

TAX EXEMPTION; NOT BANK QUALIFIED

Bond Counsel is of the opinion that:

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

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

(C) As a result of designations and certifications by the Board and the Corporation, indicating the issuance of more than \$10,000,000 of tax-exempt obligations during the calendar year ending December 31, 2021, the Bonds are not "qualified tax-exempt obligations" within the meaning of the Internal Revenue Code of 1986, as amended.

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

Original Issue Premium

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

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

Original Issue Discount

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

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

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

COVID-19

The recent outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, which was first detected in China and has since spread to other countries, including the United States and the Commonwealth of Kentucky, has been declared a Pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to affect economic

growth worldwide. On March 13, 2020, President Donald Trump declared a national emergency to unlock federal funds to help states and local governments fight the pandemic.

While the collection of property taxes, which are a significant source of building fund revenue for the payment of principal and interest due on the bonds (see "LOCAL SUPPORT" herein) may be impacted by the COVID-19 emergency, the District does not expect the impact to be significant unless the economic hardship is long term. In addition, the Commonwealth of Kentucky revenues are also likely to be impacted by a long-term economic hardship caused by declining collections of sales taxes, wage taxes, income taxes, property taxes and other revenue sources. The impact of those declining revenue collections on state education funds (see "STATE SUPPORT" herein) is unknown. Although the potential impact of the virus on the Commonwealth and the Board of Education's future ability to make payments under the Lease cannot be predicted at this time, the continued spread of the outbreak could have a material adverse effect on the Board of Education and ultimately, the Corporation.

On March 24, 2020 the Governor of Kentucky signed Senate Bill 177 which provides relief to Kentucky School Districts in light of the Coronavirus emergency. Among other things, it removes the limits on the number of days that a district can utilize an approved Non-Traditional Instruction program ("NTI"). Senate Bill 177 also authorizes Kentucky Superintendents to use their school year 2018-2019 attendance data on their Superintendent's Annual Attendance Report. The report determines a district's average daily attendance used in calculating Support Education Excellence in Kentucky ("SEEK") funds. On 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>.

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.

APPENDIX A

**Shelby County School District Finance Corporation
School Building Revenue Bonds
Series of 2021**

Demographic and Economic Data

SHELBY COUNTY, KENTUCKY

Shelbyville, the county seat of Shelby County, is located in the Outer Bluegrass Region of north central Kentucky. Shelbyville is located 31 miles east of Louisville, KY; 50 miles west of Lexington, Kentucky; and 95 miles southwest of Cincinnati, Ohio. In 2020, Shelbyville had an estimated population of 16,945.

Shelby County, with a rolling hilly terrain, covers a total land area of 384 square miles. Shelby County had an estimated 2020 population of 49,645.

The Economic Framework

Shelby County has a labor force of 25,755 people, with a current unemployment rate of 5.30%. The top 5 jobs by occupation are as follows: sales - 2,397 (14.15%); office and administrative support - 1,937 (11.44%); production workers - 1,549 (9.15%); executive, managers, and administrators - 1,481 (8.74%); and education, training/library - 1,001 (5.91%).

Transportation

Shelby County is served directly by U.S. Highway 64, U.S. Highways 60 and 460, and Kentucky Routes 53 and 55. Twenty-seven trucking companies provide interstate and/or intrastate service to the area. CSX Transportation and the Norfolk Southern Corporation provides main line rail service. The nearest intermodal facilities are available at Louisville, 31 miles west of Shelbyville. The Capital City Airport, 20 miles east of Shelbyville in Frankfort; and Bowman Field in Louisville, 26 miles west, provide facilities for small craft operation. The nearest scheduled commercial airline service is available at the Louisville International Airport, 35 miles west of Shelbyville.

Power and Fuel

Electric power is provided to Shelbyville and portions of Shelby County by LG&E Energy Corp. The major portions of Shelby County is served by the East Kentucky Power Cooperative. Natural gas service is provided by the LG&E Energy Corp. and Atmos Energy Corporation.

Education

The Shelby County School System provides primary and secondary level education to Shelbyville and Shelby County. Eleven colleges and universities are located within 50 miles of Shelbyville. Vocational training is available at the Shelby County Area Technology Center in Shelbyville. Kentucky Tech-Jefferson Campus in Louisville, 31 miles west of Shelbyville, is the nearest state vocational training center.

LOCAL GOVERNMENT

Structure

The City of Shelbyville is served by a mayor, six council members, and a full-time city administrator. The mayor serves a four-year term and the council members serve two-year terms. Shelby County is served by a county judge/executive and seven magistrates. Each official is elected to a four-year term.

Planning and Zoning

Joint agency- Triple S Planning Commission
Participating cities- Shelbyville, Simpsonville
Zoning enforced- All areas, both county and cities
Subdivision regulations enforced- All areas, both county and cities
Local codes enforced- Building
Mandatory state codes enforced - Kentucky Plumbing Code, National Electric Code, Kentucky Boiler Regulations and Standards, Kentucky Building Code (modeled after BOCA code)

Local Fees and Licenses

The city of Shelbyville levies an occupational license tax of one percent on gross wages, salaries, and commissions of individuals. A net profit business tax of \$50 for the first year is charged by the city. Thereafter, the net profits business tax is one percent with a maximum of \$3,000 per year.

Shelby County levies an occupational license tax of one percent on wages and net profits, in unincorporated areas, exempting the first \$10,000 of net profits.

Property Taxes

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

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

Property assessments in Kentucky are at 100% fair cash value. A 15% reduction is automatically granted for accounts receivable.

LABOR MARKET STATISTICS

The Shelby County Labor Market Area includes Shelby County and the adjoining Kentucky counties of Anderson, Franklin, Henry, Jefferson, Oldham, and Spencer.

POPULATION

<u>Area</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Shelbyville	16,158	16,253	16,945
Simpsonville	2,871	2,880	2,957
Shelby County	48,154	48,384	49,645

Source: Kentucky Cabinet for Economic Development

POPULATION PROJECTIONS

<u>Area</u>	<u>2025</u>	<u>2030</u>	<u>2035</u>
Shelby County	54,637	59,415	64,209

Source: University of Louisville, Urban Studies Center, State Data Center.

EDUCATION

Public Schools

	<u>Shelby County</u>
Total Enrollment (2019-2020)	6,930
Pupil-Teacher Ratio (2019-2020)	17.0 - 1

Vocational Training

Kentucky Tech schools are operated by the Cabinet for workforce Development and provide secondary (Sec) and postsecondary (P/S) vocational-technical training.

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 on the campus of the Kentucky Tech-Jefferson Campus.

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.

Adult Education Services

Adult education programs are available to adults who want to develop new skills, improve basic skills, or earn a high school equivalency diploma. In Shelby County, adult education is provided by the Shelby County Board of education and adult literacy programs are provided through the Appalachian Communities for Children.

<u>Vocational School</u>	<u>Location</u>	<u>Enrollment 2019-2020</u>
Shelby County ATC	Shelbyville	598
Four Rivers Career Academy	Frankfort	339
Nelson County ATC	Bardstown	604
Bullitt County ATC	Shepherdsville	498
Carroll County ATC	Carrollton	464
Marion County ATC	Lebanon	574
Harrison County ATC	Cynthiana	478
Meade County ATC	Brandenburg	581
Garrard County ATC	Lancaster	386
Lincoln County ATC	Stanford	363
Clark County ATC	Winchester	664

Area Colleges and Universities

<u>Name</u>	<u>Location</u>	<u>Enrollment (Fall 2020)</u>
Kentucky State University	Frankfort, KY	2,171
Bellarmino University	Louisville, KY	3,331
Galen College of Nursing	Louisville, KY	2,126
University of Louisville	Louisville, KY	21,670
Midway University	Midway, KY	1,702
Georgetown College	Georgetown, KY	1,484
Asbury University	Wilmore, KY	1,930
Transylvania University	Lexington, KY	949
University of Kentucky	Lexington, KY	29,402
Centre College	Danville, KY	1,411
Campbellsville University	Campbellsville, KY	13,744

FINANCIAL INSTITUTIONS

<u>Institution</u>	<u>Assets</u>	<u>Deposits</u>
Citizens Union Bank of Shelbyville	\$811,026,000	\$633,081,000

Source: Accuity American Financial Directory (January - June 2020).

EXISTING INDUSTRY

<u>Firm</u>	<u>Product</u>	<u>Employees</u>
<i><u>Shelbyville:</u></i>		
Amcors Flexibles Shelbyville	Flexible packaging for pharmaceutical industry	115
Bekaert Corp.	Preformed steel staple wire, fine wire, flat wire	134
Creative Packaging Co.	Corrugated paper & protective polystyrene foam packaging	140
Ficosa North America Corp.	Automotive trim parts	207
Katayama American Co. Inc.	Automotive door sashes and moldings	375
Martinrea	Automobile parts stamping	1100
Nifco America Corporation	Manufacture plastic injection molded fasteners for the automotive industry	250
Ohio Valley Aluminum Co. LLC	Aluminum billets	120
Omega Plastics of KY	Plastic & high-density polyethylene bags	240
Process Machinery Inc.	Manufacture and distribute products for the Aggregate Processing Industry	92
Roll Forming Corp.	Custom roll formed products and headquarters	300
Sonoco Protective Solutions	Custom made insulated shipping containers, polar pack Icepacks	111
Sonoco Protective Solutions	Manufacture foam filled products for the automotive Industry; manufacture temperature assurance packaging For pharmaceutical industry	68
Stanley Black & Decker Corp.	Circular saw blades	122
Superb IPC	Powder coating service for automotive, appliance, And general industry	63
<i><u>Simpsonville:</u></i>		
Faurecia Seating	Manufacturer of automobile seating	450
Neff Packaging Solutions	Headquarters; manufacture folding cartons	98
Purnell Old Folks Sausage Inc.	Headquarters; pork, turkey & chicken sausage products Sausage and biscuit sandwiches	270
Stelised Inc.	Plastics injection molding, plastic parts for POP Industry, tool making for tools of plastic parts.	16

Source: Kentucky Cabinet for Economic Development (001/08/2020).

APPENDIX B

**Shelby County School District Finance Corporation
School Building Revenue Bonds
Series of 2021**

Audited Financial Statement ending June 30, 2020

SHELBY COUNTY BOARD OF EDUCATION

FINANCIAL STATEMENTS
SUPPLEMENTARY INFORMATION
AND
INDEPENDENT AUDITOR'S REPORTS

YEAR ENDED JUNE 30, 2020

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

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Shelby County Board of Education as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board as of June 30, 2020 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note R to the financial statements, the District adopted GASB Statement No. 84, Fiduciary Activities, effective for July 1, 2019. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 16 and budgetary comparison information on pages 60 and 61 and the Schedules of Proportionate Share of the Net Pension Liability and Schedule of Contributions on pages 63 and 64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The fiduciary funds, and the schedule of expenditures of federal awards is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in

accordance with auditing standards generally accepted in the United States of America. In our opinion, the fiduciary funds, the statement of receipts, disbursements, and due to student groups, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 5, 2021, on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.

Denise M. Keene

Denise M. Keene, CPA
Georgetown, Kentucky
January 5, 2021

SHELBY COUNTY PUBLIC SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

For the Year Ended June 30, 2020

As management of the Shelby County Public School District (District), we offer readers of the financial statements this narrative overview and analysis to highlight and further explain the financial events that have taken place over the past year. We encourage readers to consider the information presented herein along with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The General Fund had \$70.1 million in revenues, which primarily consisted of funding from the State's Support Education Excellence in Kentucky (SEEK) program and revenues from taxes, which include property taxes, motor vehicle taxes, and utilities taxes. This compares to \$68.7 million in General Fund revenues for the prior year, which is a 2% increase.
- Net General Fund SEEK revenue for the year was \$21.3 million compared to \$22.3 million for the prior year. This represents a 4.5% decrease from the previous year's funding, primarily due to increased property assessments.
- The District was negatively impacted by the Covid-19 crisis. Buildings were closed to in-person learning in March 2020 and remained closed for the remainder of the 2019-20 school year. Instruction was delivered to students remotely during this time. Meals were provided to students via a combination of delivery points and drive thru pick-up services.

All contracted staff were paid their full contracted salaries during the 2019-2020 year.

Even though meals continued to be served to students despite the conditions, the number of meals served was 65% less than the number expected to be served. Expenses, other than contracted salaries, were reduced as much as possible but the food service fund experienced a loss as a result. The Board approved a one-time transfer to resolve the loss.

- Construction was completed on a new school, the Marnel C. Moorman School, to serve students in grades kindergarten through eighth. The building was placed into service during the 2019-20 school year.
- The District's bonding potential at June 30, 2020 is approximately \$39.3 million.

OVERVIEW OF FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) entity-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.

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

The *statement of net position* presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflow of resources. Net position is reported as assets plus deferred outflows of resources minus liabilities minus deferred inflows of resources. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing or 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 (e.g., uncollected taxes and earned but unused vacation leave).

The entity-wide financial statements can be found on pages 18-19 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. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the entity-wide financial statements. However, unlike the entity-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the entity-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the entity-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the special revenue fund, the capital outlay fund, the Facilities Support Program of Kentucky (FSPK) fund, the school construction fund, and the debt service fund, all of which are considered major funds.

Proprietary funds. Proprietary funds are used to account for food services and day care programs which are operated by the District like a business. The proprietary funds statements offer short- and long-term financial information about the activities of these funds.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the entity-wide financial statements because the District cannot use these funds to finance its operations.

The District uses an agency fund to account for resources held for student activities and groups.

The fund financial statements can be found on pages 20-28 of this report.

Notes to the basic financial statements - The notes provide additional information that is essential for a full understanding of the data provided in the entity-wide and fund financial statements.

The notes to the financial statements can be found on pages 29-58 of this report.

ENTITY-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$51,863,097 at the close of the most recent fiscal year. Unrestricted net position is (\$23,533,478) due to the recognition of the district's proportionate share of the pension and other post-employment benefits (OPEB) liabilities. Without the effect of the pension and OPEB liabilities, unrestricted net position would be approximately \$18.1 million. Net position is summarized in Table 1.

- The largest portion of the District's net position, or 118.2%, reflects its investment in capital assets (e.g. land, buildings, furniture and equipment, vehicles), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in 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.
- An additional portion of the District's net position, or 27.2%, represents resources that are subject to external restrictions on how they may be used. The majority of the restricted balance is for capital projects.
- Unrestricted net position of (\$23,533,478), or (45.4%), represent the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. GASB Statements 68 and 75 impacted the district's net position in governmental funds negatively by approximately \$21 million in net pension liability and \$1.3 million in pension expense and by approximately \$21 million in net other post-employment benefits liability and (\$434) thousand in other post-employment benefits expense. The proprietary funds' net assets were negatively impacted by approximately \$1.8 million in net pension liability and (\$2) thousand in pension expense and by approximately \$439 thousand in net other post-employment benefits liability and (\$40) thousand in other post-employment benefits expense.

Table 1
SHELBY COUNTY PUBLIC SCHOOL DISTRICT
NET POSITION
June 30, 2020

	Governmental Activities	Business-Type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current and other assets	\$ 36,358,760	\$ 667,500	\$ 37,026,260
Capital assets	163,447,939	579,746	164,027,685
Deferred outflows of resources	9,167,785	613,730	9,781,515
Total assets and deferred outflows of resources	<u>208,974,484</u>	<u>1,860,976</u>	<u>210,835,460</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION			
Liabilities and deferred inflows of resources:			
Current and other liabilities	\$ 8,307,740	\$ 343,034	\$ 8,650,774
Long-term liabilities outstanding	140,215,978	2,276,514	142,492,492
Deferred inflows of resources	8,587,669	368,145	8,955,814
Total liabilities and deferred inflows of resources	<u>157,111,387</u>	<u>2,987,693</u>	<u>160,099,080</u>
Net position:			
Net Investment in Capital Assets	61,284,350	579,746	61,864,096
Restricted	14,112,225	(2,030,929)	12,081,296
Unrestricted	(23,533,478)	324,466	(23,209,012)
Total net position	<u>51,863,097</u>	<u>(1,126,717)</u>	<u>50,736,380</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 208,974,484</u>	<u>\$ 1,860,976</u>	<u>\$ 210,835,460</u>

Table 2 presents a summary of the District's revenues for the year:

Table 2
SHELBY COUNTY PUBLIC SCHOOL DISTRICT
REVENUES
For the Year Ended June 30, 2020

	<u>Governmental</u> <u>Funds</u>	<u>Proprietary</u> <u>Funds</u>	<u>Total</u>	<u>Percent</u>
Property taxes	\$ 29,349,249	\$ -	\$ 29,349,249	31.4%
Motor vehicle taxes	1,836,377	-	1,836,377	2.0%
Utilities taxes	3,296,655	-	3,296,655	3.5%
Earnings on investment	1,250,292	-	1,250,292	1.3%
Other local revenues	2,454,078	65,041	2,519,119	2.7%
Capital contributions	-	368,520	368,520	0.4%
State revenue	46,081,484	298,724	46,380,208	49.6%
Federal revenue	4,039,809	3,561,375	7,601,184	8.1%
Lunchroom sales	-	413,389	413,389	0.4%
Child care fees	-	461,910	461,910	0.5%
Total	88,307,944	5,168,959	93,476,903	100.0%

2019-2020 Revenues

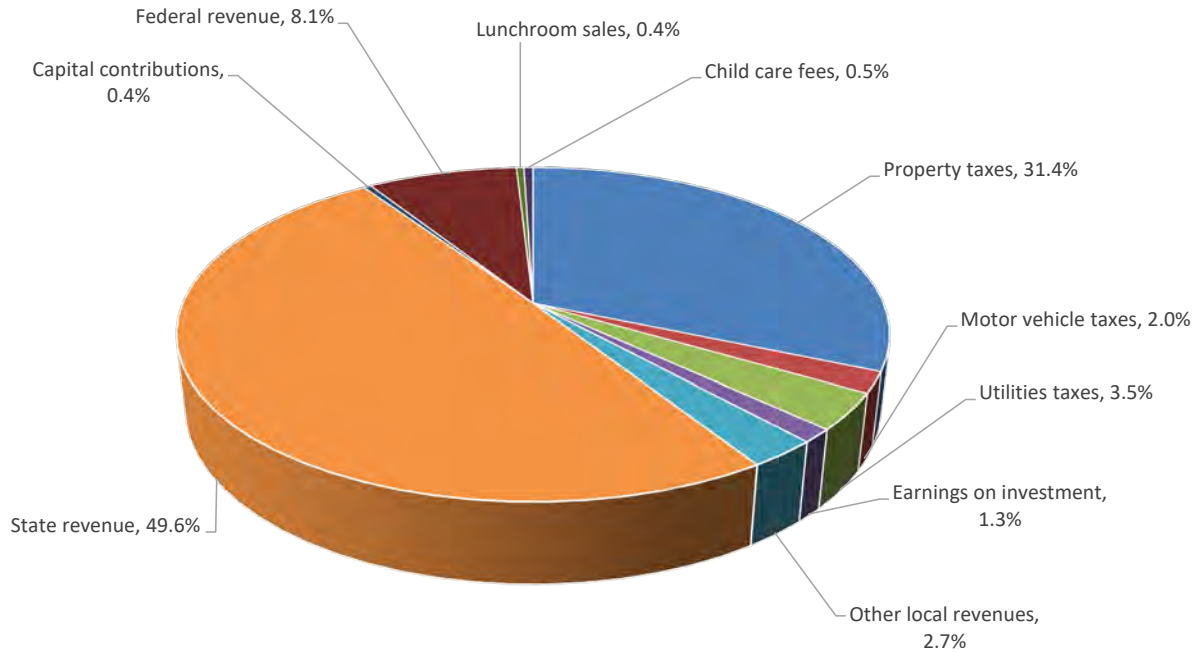


Table 3 presents a summary of the District's expenditures for the year.

Table 3
SHELBY COUNTY PUBLIC SCHOOL DISTRICT
EXPENDITURES
For the Year Ended June 30, 2020

	<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Total</u>	<u>Percent</u>
Instruction	\$ 48,941,363	\$ -	\$ 48,941,363	46.2%
Student support	3,482,872	-	3,482,872	3.3%
Instructional staff support	6,279,253	-	6,279,253	5.9%
District administration	1,540,100	-	1,540,100	1.5%
School administration	4,656,356	-	4,656,356	4.4%
Business support	1,748,364	-	1,748,364	1.7%
Operation and maintenance of facilities	6,560,627	-	6,560,627	6.2%
Student transportation	4,065,831	-	4,065,831	3.8%
Community services	622,141	-	622,141	0.6%
Food service operations	167,012	4,028,090	4,195,102	4.0%
Day care operations	-	520,984	520,984	0.5%
Capital outlay	15,475,186	-	15,475,186	14.6%
Debt service	7,732,921	-	7,732,921	7.3%
Total	<u>101,272,026</u>	<u>4,549,074</u>	<u>105,821,100</u>	<u>100.0%</u>

2019-2020 Expenditures

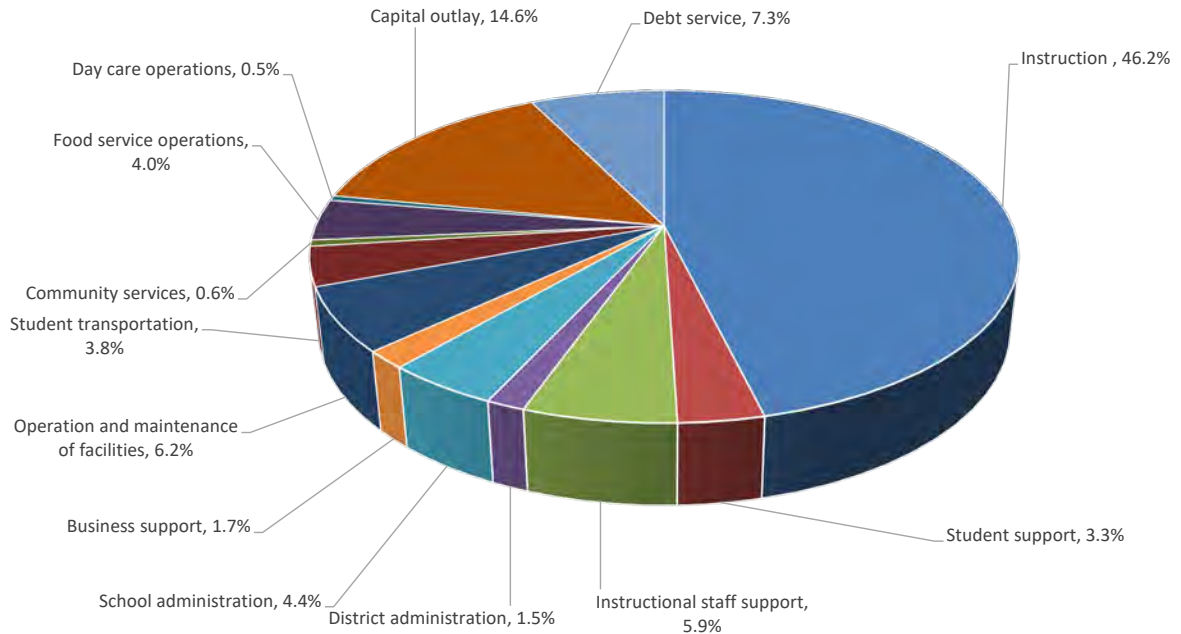


Table 4
SHELBY COUNTY PUBLIC SCHOOL DISTRICT
NET POSITION
For the Years Ended June 30, 2020 and June 30, 2019

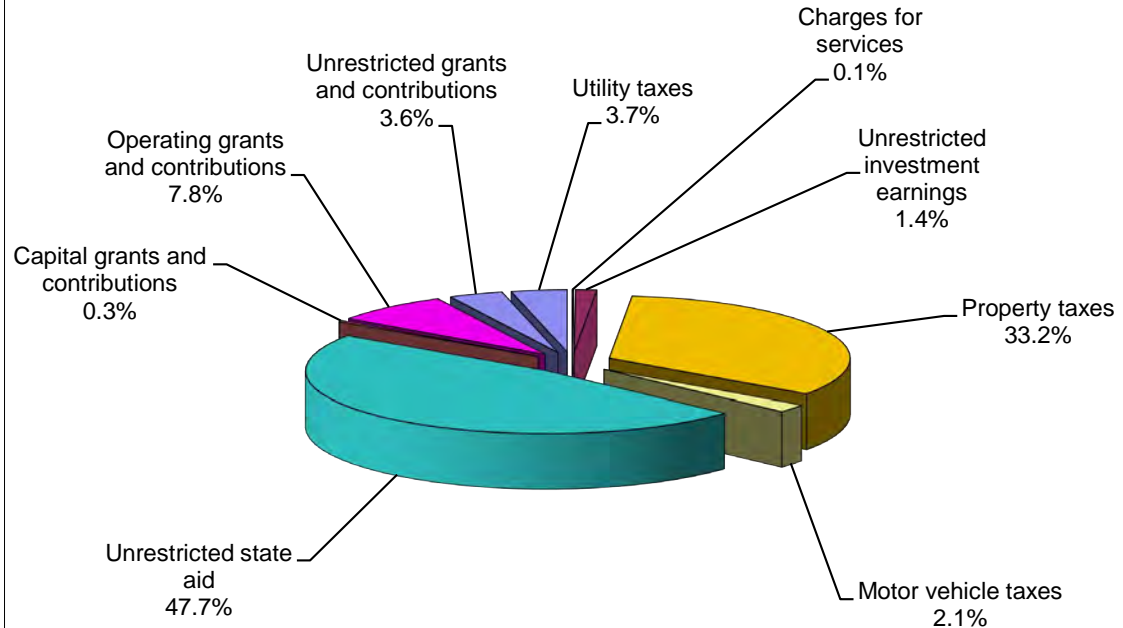
	2020 Governmental Activities	2019 Governmental Activities	Variance
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current and other assets	\$ 36,358,760	\$ 51,685,785	\$ (15,327,025)
Capital assets	163,447,939	152,331,300	11,116,639
Deferred outflows of resources	9,167,785	7,804,154	1,363,631
Total assets and deferred outflows of resources	<u>208,974,484</u>	<u>211,821,239</u>	<u>(2,846,755)</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION			
Liabilities and deferred inflows of resources:			
Current and other liabilities	\$ 8,307,740	\$ 11,445,667	\$ (3,137,927)
Long-term liabilities outstanding	140,215,978	145,447,013	(5,231,035)
Deferred inflows of resources	8,587,669	4,774,540	3,813,129
Total liabilities and deferred inflows of resources	<u>157,111,387</u>	<u>161,667,220</u>	<u>(4,555,833)</u>
Net position:			
Net Investment in Capital Assets	61,284,350	46,186,300	15,098,050
Restricted	14,112,225	24,848,745	(10,736,520)
Unrestricted	(23,533,478)	(20,881,026)	(2,652,452)
Total net position	<u>51,863,097</u>	<u>50,154,019</u>	<u>1,709,078</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 208,974,484</u>	<u>\$ 211,821,239</u>	<u>\$ (2,846,755)</u>

	2020 Business-Type Activities	2019 Business-Type Activities	Variance
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current and other assets	\$ 667,500	\$ 623,599	\$ 43,901
Capital assets	579,746	283,163	296,583
Deferred outflows of resources	613,730	612,386	1,344
Total assets and deferred outflows of resources	<u>1,860,976</u>	<u>1,519,148</u>	<u>341,828</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION			
Liabilities and deferred inflows of resources:			
Current and other liabilities	\$ 343,034	\$ 383,652	\$ (40,618)
Long-term liabilities outstanding	2,276,514	2,392,824	(116,310)
Deferred inflows of resources	368,145	292,630	75,515
Total liabilities and deferred inflows of resources	<u>2,987,693</u>	<u>3,069,106</u>	<u>(81,413)</u>
Net position:			
Net Investment in Capital Assets	579,746	283,163	296,583
Restricted	(2,030,929)	(2,073,068)	42,139
Unrestricted	324,466	239,947	84,519
Total net position	<u>(1,126,717)</u>	<u>(1,549,958)</u>	<u>423,241</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 1,860,976</u>	<u>\$ 1,519,148</u>	<u>\$ 341,828</u>

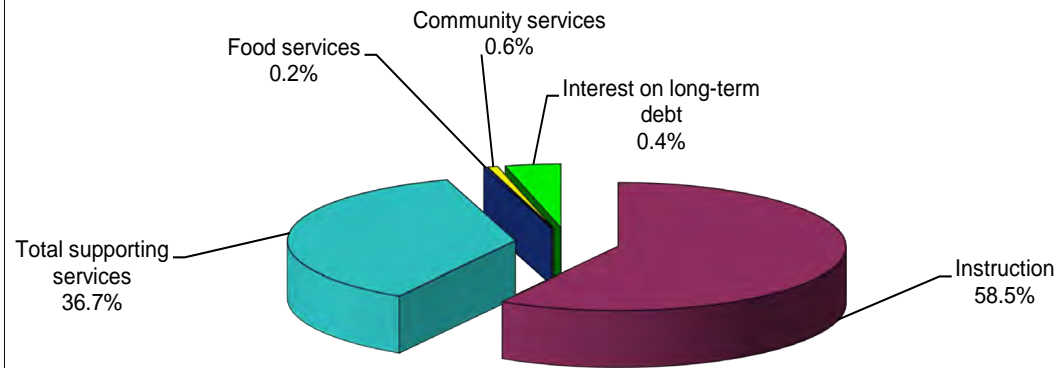
Table 5
SHELBY COUNTY PUBLIC SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Years Ended June 30, 2020 and June 30, 2019

	2020	2019	
	Governmental	Governmental	
	Activities	Activities	Variance
Revenues:			
Program revenues:			
Charges for services	\$ 84,866	\$ 144,846	\$ (59,980)
Operating grants and contributions	6,930,316	6,899,498	30,818
Capital grants and contributions	263,140	248,584	14,556
General revenues:			
Property taxes	29,349,249	27,814,813	1,534,436
Motor vehicle taxes	1,836,377	1,797,090	39,287
Utilities taxes	3,296,655	3,298,845	(2,190)
Earnings on investment	1,250,292	1,636,321	(386,029)
State grants	42,130,234	42,438,949	(308,715)
Federal grants	797,604	752,619	44,985
Other local amounts	2,404,993	1,021,634	1,383,359
Total revenues	88,343,726	86,053,199	2,290,527
Expenses:			
Instruction	51,131,471	47,531,892	3,599,579
Supporting services:			
Students	3,497,470	3,397,487	99,983
Instructional staff	6,308,652	5,384,319	924,333
District admin.	1,882,612	1,311,670	570,942
School admin.	4,657,085	4,704,200	(47,115)
Business services	1,748,364	1,692,546	55,818
Operation and Maint.	9,466,935	9,456,447	10,488
Transportation	4,505,797	5,568,073	(1,062,276)
Total supporting services	32,066,915	31,514,742	552,173
Food services	167,012	150,084	16,928
Community services	622,141	618,940	3,201
Interest on long-term debt	3,446,751	3,326,994	119,757
Total expenses	87,434,290	83,142,652	4,291,638
Change in net position before transfers	909,436	2,910,547	(2,001,111)
Transfers	195,645	341,332	(145,687)
Change in net position with transfers and other items	1,105,081	3,251,879	(2,146,798)
Net position - beginning	50,154,019	46,902,140	3,251,879
Prior period adjustments - (See Note R)	603,997	-	603,997
Net position - beginning, as restated	50,758,016	46,902,140	3,855,876
Net position - Ending	\$ 51,863,097	\$ 50,154,019	\$ 1,709,078

Revenues by Source



Expenditures by Function



BUDGET COMPARISONS

Revenues – General fund revenues exceeded the amount budgeted by approximately \$6.2 million. The difference is primarily due to receiving \$6.0 million more in on-behalf revenue from the state than the estimated amount included in the budget. Property tax revenues were budgeted with 98% accuracy.

Expenditures – Actual general fund expenditures were less than budgeted by approximately \$4.7 million. This is primarily due to net effect of 1) contingency of \$7 million included in budget but not actual; 2) additional \$6.0 million for on-behalf expenditures beyond the amount budgeted; 3) nonrecurring projects which were incomplete at June 30, 2020; and 4) carryforward purchase orders.

By law the District must have at least a 2% contingency for budgetary purposes but management has concluded a higher reserve is needed due to significant fluctuations and instability in state and federal funding. The District ended the year with \$7 million remaining in budgeted contingency or 9.44% of actual expenditures in the general and food service funds combined.

Budget Approach – The District prepares its budget in a conservative manner. A sizable fund balance at the beginning of the fiscal year is important since the majority of the District's tax revenue is not received until approximately five months into the fiscal year. The District's fund balance is used to offset the delay in tax receipts.

In addition, the District receives nearly half its funding from state sources. As a result, it is important that the District continue to budget conservatively due to periodic changes in state and federal funding, such as cuts in state and federal grants and downward adjustments to state SEEK allocations.

FACTORS AFFECTING THE DISTRICT'S FINANCIAL OUTLOOK

The following factors may affect the District's financial position in the upcoming fiscal year:

- Tax rates for FY 20 were set at 73.1, the same rate as the previous year.
- Property assessments are expected to continue to rise.
- Enrollment is projected to steadily grow over the next five years.
- The large scale renovation project at Shelby County High School is progressing. The District plans to sell bonds during the 2020-2021 school year to provide the majority of the funding needed for the project.
- Covid-19 continues to negatively impact the District. Additional nurses, additional custodians and significant purchases of cleaning supplies and personal protective equipment are a few of the increased costs due to the crisis.

CONTACTING THE DISTRICT'S FINANCIAL MANAGER

This financial report is designed to provide a general overview of the District's finances and to demonstrate the District's accountability of the public funds it receives. If you have questions about this report or need additional information, contact Susan Barkley, Chief Financial Officer, Shelby County Public Schools, 1155 Main Street, Shelbyville, Kentucky 40065. She can also be reached by electronic mail at susan.barkley@shelby.kyschools.us or by telephone at 502-633-2375.

SHELBY COUNTY PUBLIC SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2020

	Governmental Activities	Business-Type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Assets:			
Cash and cash equivalents	\$ 33,990,591	\$ 328,561	\$ 34,319,152
Investments	24,725	-	24,725
Accounts Receivable			
Taxes	1,225,005	-	1,225,005
Intergovernmental	1,003,144	-	1,003,144
Other	85,697	272,057	357,754
Prepaid workers' compensation premiums	29,598	-	29,598
Inventory	-	66,882	66,882
Total capital assets, net of depreciation	163,447,939	579,746	164,027,685
Total assets	199,806,699	1,247,246	201,053,945
Deferred outflows of resources:			
Deferred outflows - pension contributions	1,970,886	174,179	2,145,065
Deferred outflows - OPEB contributions	1,445,726	36,577	1,482,303
Deferred outflows - pension changes in assumptions, expectations	3,056,229	270,098	3,326,327
Deferred outflows - OPEB changes in assumptions, expectations	2,593,534	132,876	2,726,410
Deferred outflows from advanced bond refundings	101,410	-	101,410
Total deferred outflows of resources	9,167,785	613,730	9,781,515
Total assets and deferred outflows of resources	\$ 208,974,484	\$ 1,860,976	\$ 210,835,460
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION			
Liabilities:			
Bank overdraft	\$ -	\$ 303,312	\$ 303,312
Accounts payable	\$ 2,033,529	\$ 7,943	\$ 2,041,472
Unearned revenue	495,826	31,779	527,605
Current maturities of bond obligations	4,280,000	-	4,280,000
Current portion of lease liability	97,662	-	97,662
Current portion of accumulated sick leave	185,064	-	185,064
Interest payable	1,215,659	-	1,215,659
Current portion of accrued insurance claims liability	-	-	-
Noncurrent maturities of bond obligations	97,585,000	-	97,585,000
Noncurrent portion of lease liability	200,927	-	200,927
Net pension liability	20,789,034	1,837,255	22,626,289
Net OPEB liability	20,823,330	439,259	21,262,589
Noncurrent portion of accumulated sick leave	817,687	-	817,687
Noncurrent portion of accrued insurance claims liability	-	-	-
Total liabilities	148,523,718	2,619,548	151,143,266
Deferred inflows of resources:			
Deferred inflows of resources - pension	1,900,018	167,916	2,067,934
Deferred inflows of resources - OPEB	6,687,651	200,229	6,887,880
Total deferred inflows of resources	8,587,669	368,145	8,955,814
Total liabilities and deferred inflows of resources	\$ 157,111,387	\$ 2,987,693	\$ 160,099,080
Net Position:			
Net Investment in Capital Assets	\$ 61,284,350	\$ 579,746	61,864,096
Restricted for:			
Special projects	1,124,765	(2,030,929)	(906,164)
Capital projects/debt service	12,987,460	-	12,987,460
Unrestricted	(23,533,478)	324,466	(23,209,012)
Total net position	\$ 51,863,097	\$ (1,126,717)	\$ 50,736,380

See Notes to Financial Statements

SHELBY COUNTY PUBLIC SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2020

	Program Revenues			Net (Expense), Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
FUNCTIONS/PROGRAMS							
Governmental activities:							
Instruction	51,131,471	49,958	4,250,651	-	(46,830,862)	-	(46,830,862)
Supporting services:							
Students	3,497,470	249	290,751	-	(3,206,470)	-	(3,206,470)
Instructional staff	6,308,652	-	524,450	-	(5,784,202)	-	(5,784,202)
District administration	1,882,612	-	156,505	-	(1,726,107)	-	(1,726,107)
School administration	4,657,085	-	387,152	-	(4,269,933)	-	(4,269,933)
Business support services	1,748,364	-	145,345	-	(1,603,019)	-	(1,603,019)
Operation and maintenance of facilities	9,466,935	34,659	787,003	-	(8,645,273)	-	(8,645,273)
Student transportation	4,505,797	-	374,575	-	(4,131,222)	-	(4,131,222)
Food services	167,012	-	13,884	-	(153,128)	-	(153,128)
Community services	622,141	-	-	-	(622,141)	-	(622,141)
Interest on long-term debt	3,446,751	-	-	263,140	(3,183,611)	-	(3,183,611)
Total governmental activities	87,434,290	84,866	6,930,316	263,140	(80,155,968)	-	(80,155,968)
Business-type activities:							
Food services	4,028,090	413,389	3,674,549	368,520	-	428,368	428,368
Child care	520,984	461,910	185,550	-	-	126,476	126,476
Total business-type activities	4,549,074	875,299	3,860,099	368,520	-	554,844	554,844
Total Primary Government	91,983,364	960,165	10,790,415	631,660	(80,155,968)	554,844	(79,601,124)
General revenues:							
Property taxes					29,349,249	-	29,349,249
Motor vehicle taxes					1,836,377	-	1,836,377
Utilities taxes					3,296,655	-	3,296,655
Earnings on investment					1,250,292	-	1,250,292
State grants					42,130,234	-	42,130,234
Federal grants					797,604	-	797,604
Proceeds from disposal of assets					35,781	-	35,781
Other local revenues					2,369,212	65,041	2,434,253
Total general revenues					81,065,404	65,041	81,130,445
Transfers in (out)					195,645	(196,644)	(99)
Change in net position					1,105,081	423,241	1,528,322
Net position - beginning					50,154,019	(1,549,958)	48,604,061
Prior period adjustments - (See Note R)					603,997	-	603,997
Net position - beginning, as restated					50,758,016	(1,549,958)	49,208,058
Net position - ending					51,863,097	(1,126,717)	50,736,380

SHELBY COUNTY PUBLIC SCHOOL DISTRICT

**BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2020**

	1	2, 21, 25	310	320	360	400	Total
	General	Special	SEEK	Facility Support	School	Debt	Governmental
	Current Expense	Revenue	Capital Outlay	Program (FSPK)	Construction	Service	
	Fund	Funds	Fund	Fund	Fund	Fund	
ASSETS							
Assets:							
Cash and cash equivalents	\$ 19,917,182	676,121	\$ 3,149,493	\$ 7,561,294	\$ 2,686,501	\$ -	\$ 33,990,591
Investments	24,725	-	-	-	-	-	24,725
Accounts receivable							
Taxes	1,225,005	-	-	-	-	-	1,225,005
Intergovernmental	-	1,003,144	-	-	-	-	1,003,144
Other receivables	85,697	-	-	-	-	-	85,697
Prepaid workers' compensation premiums	29,598	-	-	-	-	-	29,598
Total assets	21,282,207	1,679,265	3,149,493	7,561,294	2,686,501	-	36,358,760
TOTAL ASSETS	\$ 21,282,207	\$ 1,679,265	\$ 3,149,493	\$ 7,561,294	\$ 2,686,501	\$ -	\$ 36,358,760
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	1,565,027	\$ 58,674	\$ -	\$ -	\$ 409,828	\$ -	2,033,529
Unearned revenue	-	495,826	-	-	-	-	495,826
Current portion of accrued insurance claims liability	-	-	-	-	-	-	-
Current portion of accumulated sick leave	30,971	-	-	-	-	-	30,971
Total liabilities	1,595,998	554,500	-	-	409,828	-	2,560,326
Fund Balances:							
Nonspendable	29,598	-	-	-	-	-	29,598
Restricted	-	647,144	3,149,493	7,561,294	2,276,673	-	13,634,604
Committed	8,000,000	-	-	-	-	-	8,000,000
Assigned	1,456,262	477,621	-	-	-	-	1,933,883
Unassigned	10,200,349	-	-	-	-	-	10,200,349
Total fund balances	19,686,209	1,124,765	3,149,493	7,561,294	2,276,673	-	33,798,434
TOTAL LIABILITIES AND FUND BALANCES	\$ 21,282,207	\$ 1,679,265	\$ 3,149,493	\$ 7,561,294	\$ 2,686,501	\$ -	\$ 36,358,760

See Notes to Financial Statements

**RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
June 30, 2020**

Total fund balances – governmental funds	\$33,798,434
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported as assets in governmental funds. The historical cost of the assets is \$233,019,319 and the accumulated depreciation is \$69,571,380.	163,447,939
Deferred outflows are not reported in the governmental funds because they are not current financial resources, but they are reported in the statement of net position.	9,167,785
Deferred inflows of resources are not reported in the fund financial statement because they are not due and payable, but they are reported in the statement of net position.	(8,587,669)
Bonds payable are not reported in the governmental funds balance sheet because they are not due and payable in the current period, but they are presented in the statement of net position.	(101,865,000)
The noncurrent portion of accumulated sick leave is not reported in the governmental funds balance sheet because it is not due and payable in the current period, but it is presented in the statement of net position.	(971,780)
Interest payable is not reported in the governmental funds balance sheet because it is not due and payable in the current period, but it is presented in the statement of net position.	(1,215,659)
Pension liability is not reported in the governmental funds balance sheet because it is not due and payable in the current period, but it is presented in the statement of net position.	(20,789,034)
Other post-employment benefit liability is not reported in the governmental funds balance sheet because it is not due and payable in the current period, but it is presented in the statement of net position.	(20,823,330)
Lease payable is not reported in the governmental funds balance sheet because it is not due and payable in the current period, but it is presented in the statement of net position.	(298,589)
Total net position – governmental activities	<u>\$51,863,097</u>

SHELBY COUNTY PUBLIC SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCES - GOVERNMENTAL FUNDS

For the Year Ended June 30, 2020

	1 General Current Expense Fund	2, 21, 25 Special Revenue Funds	310 SEEK Capital Outlay Fund	320 Facility Support Program (FSPK) Fund	360 School Construction Fund	400 Debt Service Fund	Total Governmental
Revenues:							
Local sources:							
Property taxes	\$ 22,596,831	\$ -	\$ -	\$ 6,752,418	\$ -	\$ -	\$ 29,349,249
Motor vehicle taxes	1,836,377	-	-	-	-	-	1,836,377
Utility taxes	3,296,655	-	-	-	-	-	3,296,655
Earnings on investments	954,091	25,122	-	-	271,079	-	1,250,292
Other local	585,818	1,868,260	-	-	-	-	2,454,078
State sources	40,057,915	3,688,110	636,948	810,536	-	887,975	46,081,484
Federal sources	797,604	3,242,205	-	-	-	-	4,039,809
Total revenues	70,125,291	8,823,697	636,948	7,562,954	271,079	887,975	88,307,944
Expenditures:							
Instruction	43,252,681	5,688,682	-	-	-	-	48,941,363
Supporting services:							
Students	3,456,150	26,722	-	-	-	-	3,482,872
Instructional staff	5,337,294	941,959	-	-	-	-	6,279,253
District administration	1,538,700	1,400	-	-	-	-	1,540,100
School administration	4,620,958	35,398	-	-	-	-	4,656,356
Business support services	1,747,153	1,211	-	-	-	-	1,748,364
Operation and maintenance of facilities	6,499,101	61,526	-	-	-	-	6,560,627
Student transportation	3,937,716	128,115	-	-	-	-	4,065,831
Food services	166,787	225	-	-	-	-	167,012
Community services	2,500	619,641	-	-	-	-	622,141
Capital outlay	1,875	-	-	-	15,473,311	-	15,475,186
Debt service	-	-	-	-	-	7,732,921	7,732,921
Total expenditures	70,560,915	7,504,879	-	-	15,473,311	7,732,921	101,272,026
Excess (deficiency) of revenues over expenditures	(435,624)	1,318,818	636,948	7,562,954	(15,202,232)	(6,844,946)	(12,964,082)
Other financing sources (uses):							
Proceeds from loss of assets	35,781	-	-	-	-	-	35,781
Transfers in	320,272	507,475	-	-	2,449,882	6,844,946	10,122,575
Transfers (out)	(1,312,568)	(1,748,616)	-	(6,865,746)	-	-	(9,926,930)
Total other financing sources (uses)	(956,515)	(1,241,141)	-	(6,865,746)	2,449,882	6,844,946	231,426
Net change in fund balances	(1,392,139)	77,677	636,948	697,208	(12,752,350)	-	(12,732,656)
Fund balances - beginning	21,078,348	443,091	2,512,545	6,864,086	15,029,023	-	45,927,093
Prior period adjustments - (See Note R)	-	603,997	-	-	-	-	603,997
Fund balances - beginning, as restated	21,078,348	1,047,088	2,512,545	6,864,086	15,029,023	-	46,531,090
Fund balances - ending	\$ 19,686,209	\$ 1,124,765	\$ 3,149,493	\$ 7,561,294	\$ 2,276,673	\$ -	\$ 33,798,434

See Notes to Financial Statements

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020**

Net change in fund balances – total governmental funds	\$12,732,656
Amounts reported for governmental activities in the statement of activities are different due to:	
Governmental funds report capital outlays as expenditures. However, in the statement of net position, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeds depreciation.	11,116,639
Deferred loss on bond refundings are not reported as expenditures in the governmental funds but are capitalized and amortized over the life of the related bonds on the statement of activities. This is the amount by which the deferred loss on bond refundings has increased/(decreased).	(54,509)
The repayment of the principal of long-term debt is shown as expenditures in the governmental funds financial statements at the time the payments are made. However, these payments are shown as a reduction of long-term debt in the statement of net position.	4,280,000
Lease liability is recognized in the statement of activities but not in the governmental funds. This is the amount by which lease liability has (increased)/decreased.	(298,589)
Deferred outflows from pensions. This is the amount by which deferred outflows from pensions has increased/(decreased).	163,807
Deferred outflows from other post-employment benefits. This is the amount by which deferred outflows from other post-employment benefits has increased/(decreased).	1,254,333
Deferred inflows from pensions. This is the amount by which deferred inflows from pensions has (increased)/decreased.	(59,860)
Deferred inflows from other post-employment benefits. This is the amount by which deferred inflows from other post-employment benefits has (increased)/decreased.	(3,753,269)
Accumulated sick leave is reported as a liability in the statement of net position, but is only reported in the governmental funds to the extent that the amounts will be paid with current financial resources. This is the amount by which accumulated sick leave has (increased)/decreased	(330,744)
Insurance claims expense related to the insurance claims liability is recognized in the statement of activities but not in the governmental funds. This is the amount by which insurance claims liability has (increased)/decreased.	24,098
Pension liability is recognized in the statement of activities but not in the governmental funds. This is the amount by which pension liability has (increased)/decreased.	(1,443,539)
Other post-employment benefits liability is recognized in the statement of activities but not in the governmental fund financial statements because it is not paid with existing financial resources. This is the amount by which other post-employment benefits liability has (increased)/decreased.	2,933,200
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due but in the statement of activities, interest expense is recognized as the interest accrues. This is the amount by which accrued interest has (increased)/decreased.	<u>6,170</u>
Change in net position of governmental activities	<u>\$1,105,081</u>

SHELBY COUNTY PUBLIC SCHOOL DISTRICT

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

June 30, 2020

	School Food Service Fund	Child Care Fund	Education Foundation Operating Fund	Total Proprietary Funds
ASSETS				
Current Assets				
Cash and cash equivalents	\$ -	\$ 327,701	\$ 860	\$ 328,561
Accounts receivable	265,638	6,419		272,057
Inventory	66,882	-		66,882
Noncurrent Assets				
Capital assets, net of depreciation	579,746	-		579,746
Total assets	912,266	334,120	860	1,247,246
Deferred outflows of resources:				
Deferred outflows - pension contributions	174,179	-		174,179
Deferred outflows - OPEB contributions	36,577	-		36,577
Deferred outflows - pension changes in assumptions, expectations	270,098	-		270,098
Deferred outflows - OPEB changes in assumptions, expectations	132,876	-		132,876
Total deferred outflows of resources	613,730	-	-	613,730
Total assets and deferred outflows of resources	<u>\$ 1,525,996</u>	<u>\$ 334,120</u>	<u>\$ 860</u>	<u>\$ 1,860,976</u>
LIABILITIES				
Current Liabilities				
Bank overdraft	303,312	-		303,312
Accounts payable	7,943	-		7,943
Unearned revenue	21,265	10,514		31,779
Net pension liability	1,837,255	-		1,837,255
Net OPEB liability	439,259	-		439,259
Total liabilities	2,609,034	10,514	-	2,619,548
Deferred inflows of resources:				
Deferred inflows of resources - pension	167,916	-		167,916
Deferred inflows of resources - OPEB	200,229	-		200,229
Total deferred inflows of resources	368,145	-	-	368,145
Total liabilities and deferred inflows of resources	<u>\$ 2,977,179</u>	<u>\$ 10,514</u>	<u>\$ -</u>	<u>\$ 2,987,693</u>
NET POSITION				
Net Investment in Capital Assets	579,746	-		579,746
Restricted for special projects	(2,030,929)	-		(2,030,929)
Unrestricted	-	323,606	860	324,466
Total net position	<u>\$ (1,451,183)</u>	<u>\$ 323,606</u>	<u>\$ 860</u>	<u>\$ (1,126,717)</u>

See Notes to Financial Statements

SHELBY COUNTY PUBLIC SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUNDS

For the Year Ended June 30, 2020

	School Food Service Fund	Child Care Fund	Education Foundation Operating Fund	Total Proprietary Funds
Operating Revenues				
Lunchroom sales	\$ 413,389	\$ -	\$ -	\$ 413,389
Child care fees	-	461,910	-	461,910
Total operating revenues	413,389	461,910	-	875,299
Operating Expenses				
Salaries and benefits	1,942,291	483,204	-	2,425,495
Contract services	31,176	4,062	-	35,238
Materials and supplies	1,979,545	30,197	-	2,009,742
Depreciation	71,937	-	-	71,937
Other	3,141	3,521	-	6,662
Total operating expenses	4,028,090	520,984	-	4,549,074
Operating income (loss)	(3,614,701)	(59,074)	-	(3,673,775)
Nonoperating Revenues				
Federal grants	3,165,717	185,550	-	3,351,267
Donated commodities	210,108	-	-	210,108
State grants	298,724	-	-	298,724
Capital contributions	368,520	-	-	368,520
Gain on disposal of assets	-	-	-	-
Local revenues	941	63,240	860	65,041
Total nonoperating revenues	4,044,010	248,790	860	4,293,660
Income (loss) before operating transfers	429,309	189,716	860	619,885
Operating transfer in	140,979	-	-	140,979
Operating transfer out	(231,566)	(106,057)	-	(337,623)
Change in net position	338,722	83,659	860	423,241
Net position as of July 1, 2019	(1,789,905)	239,947	-	(1,549,958)
Net position as of June 30, 2020	\$ (1,451,183)	\$ 323,606	\$ 860	\$ (1,126,717)

See Notes to Financial Statements

SHELBY COUNTY PUBLIC SCHOOL DISTRICT

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the Year Ended June 30, 2020

	School Food Service Fund	Child Care Fund	Education Foundation Operating Fund	Total Proprietary Funds
Cash flows from operating activities				
Cash received from:				
Lunchroom sales	\$ 413,097	\$ -	\$ -	\$ 413,097
Child care fees	-	469,358	-	469,358
Cash paid for:				
Employees and contract services	(1,750,298)	(487,266)	-	(2,237,564)
Materials and supplies	(1,796,106)	(30,197)	-	(1,826,303)
Other	(3,141)	(3,521)	-	(6,662)
Net cash provided by (used in) operating activities	(3,136,448)	(51,626)	-	(3,188,074)
Cash flows from noncapital financing activities				
Government grants	3,280,197	185,550	-	3,465,747
Bank overdraft	303,312	-	-	303,312
Other local revenues	941	63,240	860	64,181
Net cash provided by noncapital financing activities	3,584,450	248,790	860	3,833,240
Cash flows from capital and related financing activities				
Gain on disposal of assets	-	-	-	-
Net operating transfer to general fund	(90,587)	(106,057)	-	(196,644)
Net cash used in capital and related financing activities	(90,587)	(106,057)	-	(196,644)
Cash flows from investing activities				
Receipt of interest income	-	-	-	-
Net cash provided by investing activities	-	-	-	-
Net decrease in cash	357,415	91,107	860	448,522
Cash as of July 1, 2019	(357,415)	236,594	-	(120,821)
Cash as of June 30, 2020	\$ -	\$ 327,701	\$ 860	\$ 327,701
Reconciliation of operating income (loss) to net cash used in operating activities				
Operating income (loss)	\$ (3,614,701)	\$ (59,074)	\$ -	\$ (3,673,775)
Adjustments to reconcile operating loss to net cash used in operating activities:				
Depreciation	71,937	-	-	71,937
Donated commodities	210,108	-	-	210,108
On behalf payments	265,308	-	-	265,308
Changes in assets and liabilities:				
Accounts receivable	-	(1,005)	-	(1,005)
Inventory	(31,993)	-	-	(31,993)
Deferred outflows	(1,344)	-	-	(1,344)
Unearned revenues	(292)	8,453	-	8,161
Accounts payable	5,324	-	-	5,324
Deferred inflows	75,515	-	-	75,515
Interfund payable	-	-	-	-
Net pension liability	(15,469)	-	-	(15,469)
Net other post-employment benefits liability	(100,841)	-	-	(100,841)
Net cash provided by (used in) operating activities	\$ (3,136,448)	\$ (51,626)	\$ -	\$ (3,188,074)
Schedule of noncash transactions				
Donated commodities	\$ 210,108	\$ -	\$ -	210,108

See Notes to Financial Statements

SHELBY COUNTY PUBLIC SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS

June 30, 2020

	Private Purpose Trust Fund
<hr/>	
ASSETS	
Assets:	
Cash and cash equivalents	\$ -
Receivables	-
	<hr/>
Total assets	-
	<hr/>
Deferred outflows of resources:	
Total deferred outflows of resources	-
	<hr/>
Total assets and deferred outflows of resources	\$ -
	<hr/> <hr/>
 LIABILITIES	
Liabilities:	
Accounts payable	
Due to student groups	-
	<hr/>
Total liabilities	-
	<hr/>
Deferred inflows of resources:	
Total deferred inflows of resources	-
	<hr/>
Total liabilities and deferred inflows of resources	\$ -
	<hr/> <hr/>
 Total net position	 \$ -
	<hr/> <hr/>

See Notes to Financial Statements

SHELBY COUNTY PUBLIC SCHOOL DISTRICT

STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS

For the Year Ended June 30, 2020

	Private Purpose Trust Fund
<hr/>	
Additions	
Earnings on investment	\$ -
Contributions	9,000
	<hr/>
Total additions	9,000
Deductions	
Scholarships	10,000
	<hr/>
Total deductions	10,000
Income (loss) before operating transfer	(1,000)
Operating transfer in	1,000
	<hr/>
Change in net position	-
Net position as of July 1, 2019	-
	<hr/>
Net position as of June 30, 2020	\$ -
	<hr/> <hr/>

See Notes to Financial Statements

SHELBY COUNTY PUBLIC SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

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

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

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

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

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

Basis of Presentation

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

The entity-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. The District’s activities are generally financed through state funding, property and utility taxes, and federal, state, and local grants. Revenues are recorded when earned and expenses are recorded at the time the liability is incurred, regardless of when the related cash flows take place. Revenues from grants are recognized in the fiscal year in which eligibility requirements are met.

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

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

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Revenues applicable to the current fiscal year and collected within 60 days of year end are recognized as revenue.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized as expenditures when they come due for payment. General capital asset acquisitions are reported as expenditures in governmental funds, and proceeds of general long-term debt are reported as other financing sources.

Under the terms of the District's grant agreements, certain programs are funded by specific cost-reimbursement grants and general revenues. Generally, the District applies cost-reimbursement funds first to finance such programs with remaining costs paid by general revenues.

Proprietary funds utilize the economic resources measurement focus and the accrual basis of accounting. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues generally result from providing services in connection with the fund's principal operations. The funds' principal operating revenues are food service charges and childcare fees. Operating expenses include salaries and benefits, materials and supplies, administrative costs, and depreciation on capital assets.

Fiduciary funds utilize the economic resources measurement focus and the accrual basis of accounting.

Accounting principles generally accepted in the United States of America require the General Fund be reported as a major fund. All other governmental and proprietary funds whose assets, liabilities, revenues, or expenditures comprise at least 10% of the total for the relevant fund category and at least 5% of the corresponding total for all governmental and proprietary funds combined must also be reported as major funds, at a minimum. The District has determined all funds should be reported as major funds.

The District has the following funds:

I. Governmental Fund Types

- (A) The General Fund is the general operating fund of the District. It accounts for and reports all financial resources not accounted for and reported in another fund. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the

capital improvement costs that are not paid through other funds are paid from the General Fund.

- (B) The Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Student Activity Funds, which account for activities of student groups in accordance with *Accounting Procedures for Kentucky School Activity Funds* Redbook, is a special revenue fund. This is a major fund of the District.
- (C) Capital Project Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets, and to provide financial resources for debt service requirements. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that are held in trust.
 - 1. The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund receives those funds designated by the state as capital outlay funds and is generally restricted for use in financing projects identified in the district's facility plan (including payment of bonded lease obligations). This is a major fund of the District.
 - 2. The Facility Support Program of Kentucky (FSPK) Fund accounts for and reports funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable. Funds may be used for projects identified in the district's facility plan. This is a major fund of the District.
 - 3. The Construction Fund accounts for and reports proceeds from sales of bonds and other revenues to be used for authorized construction. This is a major fund of the District.

II. Debt Service Fund

The Debt Service Fund accounts for and reports expenditures for debt payments. This is a major fund of the District.

III. Proprietary Funds (Enterprise Fund)

- 1. The School Food Service Fund accounts for and reports school food service activities, including the National School Lunch Program and the National School Breakfast Program, which are conducted in cooperation with the U.S. Department of Agriculture (USDA). Amounts have been recorded for in-kind contribution of commodities from the USDA. This is a major fund for the District.
- 2. The Day Care Fund is used to account for and report the activities of the day care programs where a fee is charged for participating. This is a major fund of the District.

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

The Private Purpose Trust Fund accounts for and reports a scholarship fund under which principal and income are used to benefit individuals by providing scholarships.

Budgetary Process

The District's budgetary process accounts for transactions on the modified accrual basis of accounting which is consistent with the accounting principles generally accepted in the United States of America.

In accordance with state law, the District prepares a general school budget based upon the amount of revenue to be raised by local taxation, including the rate of levy, and from estimates of other local, state, and federal revenues. The budget contains estimated expenditures for current expenses, debt service, capital outlay, and other necessary expenses. The budget must be approved by the Board.

The District must formally and publicly examine estimated revenues and expenses for the subsequent fiscal year by January 31 of each year.

Additionally, the District must prepare an annual allocation to schools by March 1 of each year for the following fiscal year. This allocation must include the amount for certified and classified staff based on the District's staffing policy and the amount for instructional supplies, materials, travel, and equipment.

The Board must also adopt a tentative working budget for the subsequent fiscal year by May 30 of each year. This budget must contain a 2% reserve.

Finally, the District must adopt a final working budget and submit it to the Kentucky Department of Education by September 30 of the current fiscal year.

The Board has the ability to amend the working budget. The working budget was amended during the year.

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.

Investments

The District holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the District's mission, the District determines that the disclosures related to these investments only need to be disaggregated by major type. The District chooses a narrative format for the fair value disclosures.

Inventories

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

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

The food service fund uses the specific identification method.

Prepaid Assets

Payments made that will benefit periods beyond the end of the fiscal year are recorded as prepaid items using the consumption method. Prepaid assets are only recorded if material to the financial statements.

Bond Issuance Costs

Bond issuance costs are expensed as incurred.

Deferred Loss on Bond Refundings

Deferred loss on bond refundings represents losses equal to the principal amount borrowed to refund the principal amount outstanding on previous bond issues. These amounts are recognized as deferred outflows of resources on the accompanying statement of net position. The amounts are amortized over the life of the new bond or the life of the refunded bond (whichever is shorter), and included in interest expense on the accompanying statement of activities.

Interfund Balances

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

Capital Assets

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

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

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

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

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the entity-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 if they will be liquidated with current resources. In general, payments made within 60 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.

Unearned Revenue

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenue.

Accumulated Unpaid Sick Leave Benefits

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

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

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

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

Pensions

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

Postemployment Benefits Other than Pensions (OPEB)

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

Fund Balances

The District classifies its governmental fund balances as follows:

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

Restricted – This category includes resources that are either; (a) externally imposed by creditors, grantors, contributors, or laws or regulations or other governments; or (b) imposed by law through constitutional provisions or enabling legislation. The SEEK Capital Outlay Fund and the FSPK Fund are restricted to be used for future debt service

or future construction projects. The Construction Fund is restricted for future construction projects. The Debt Service Fund is restricted for debt service.

Committed – This category includes funds that have been designated for specific purposes by formal action of the Board of Education. Only the Board may commit funds and modify or rescind the commitment.

Assigned Fund Balance – This category represents funds that have been assigned for a specific purpose or, in the general fund only, for existing purchase obligations. Assignments can be made by authorized members of management.

Unassigned Fund Balance – This category represents the remainder of the governmental fund balances that do not belong in any other fund balance classifications.

When an expenditure is incurred for purposes for which committed, assigned, or unassigned funds are available, the funds will first be spent from committed, then assigned, and then finally unassigned.

The Board will use restricted funds before unrestricted (committed, assigned, or unassigned) funds when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available.

Net Position

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

Interfund Activity

Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. These transactions are eliminated in the governmental and business-type activities columns of the statement of activities.

Encumbrances

Encumbrances are not liabilities and therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end and outstanding encumbrances at year-end are reappropriated in the next fiscal year.

Estimates

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

Subsequent Events

The District has evaluated and considered the need to recognize or disclose subsequent events through January 5, 2021, which represents the date that these financial statements were available to be issued. Subsequent events past this date, as they pertain to the fiscal year ended June 30, 2020, have not been evaluated by the District.

NOTE B – CASH AND CASH EQUIVALENTS

At year-end, the carrying amount of the District's total cash and cash equivalents was \$5,004,096. Of the total cash balance \$250,000 was covered by Federal Depository insurance, with the remainder covered by collateral agreements and collateral held by the pledging banks' trust departments in the District's name. Cash equivalents are funds temporarily invested in securities with a maturity of 90 days or less.

The District participates in the Insured Cash Sweep program whereby an additional \$35,093,380 was covered by Federal Depository insurance at numerous financial institutions in increments of less than \$250,000.

Due to the nature of the accounts and limitations imposed by bond issue requirements, construction projects, and financial assistance programs, each cash amount within the following funds is considered to be restricted: Special Revenue Funds, Capital Outlay Fund, Facilities Support Program (FSPK) Fund, School Construction Fund, Student Activity Funds, and Private Purpose Trust Funds.

District funds are considered to be public funds and therefore their investment is limited by statute to certain obligations of the United States or similar government agencies, cash instruments, and certain pooled investment funds.

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

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

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

Custodial credit risk – deposits. For deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned. The District maintains deposits with financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). As allowed by law the depository bank should pledge securities along with FDIC insurance at least equal to the amount on deposit at all times. As of June 30, 2020, the District's deposits are entirely insured and/or collateralized with securities held by the financial institutions on the District's behalf and the FDIC insurance.

Cash and cash equivalents at June 30, 2020 consisted of the following:

	Book Balance
General Checking Account	
General Fund	\$19,917,182
Special Revenue Funds	28,977
Capital Outlay Fund	3,149,493
FSPK Fund	7,561,294
School Construction Fund	2,686,501
Food Service Account	(303,312)
Day Care Fund	327,701
Education Foundation Operating Fund	860
Total General Checking Account	33,368,696
 School Activity Accounts	 <u>647,144</u>
 Total of all Checking Accounts	 <u><u>\$34,015,840</u></u>
 Breakdown per financial statements:	
Governmental Funds	\$33,990,591
Proprietary Funds	<u>25,249</u>
Total	<u><u>\$34,015,840</u></u>

NOTE C – INVESTMENTS

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District has the following recurring fair value measurements as of June 30, 2020:

Securities of \$24,725 are valued using quoted market prices (Level 1 inputs)

NOTE D – PROPERTY TAXES

Property taxes are levied each September on the assessed value listed as of the prior January 1 for all real and personal property located in the district. 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 in which they were levied.

The property tax rates assessed for the year ended June 30, 2020, to finance operations were \$.731 per \$100 valuation for real property, \$.731 per \$100 valuation for business personal property and \$.465 per \$100 valuation for motor vehicles.

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

The due date and collection periods for all taxes exclusive of vehicle taxes are as follows:

Description	per KRS 134.015
Discount, 2%	by November 1
Face value amount payment date	November 2 thru December 31
Delinquent date, 5% penalty	January 1 -31
Delinquent date, 10% penalty	February 1

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

NOTE E – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2020 was as follows:

<u>Governmental Activities</u>	Beginning Balance				Ending Balance
	6/30/2019	Additions	Retirements	Transfers	6/30/2020
Land	2,916,550	443,724			3,360,274
Land Improvements	1,484,521				1,484,521
Buildings & Building Improvements	183,316,662		(1,126,220)	31,174,943	213,365,385
Technology Equipment	1,169,016	684,517	(27,833)		1,825,700
Vehicles	6,932,578	755,405	(438,195)		7,249,788
General Equipment	2,452,702	1,199,017	(13,331)		3,638,388
Construction Work in Progress	20,012,368	12,768,006		(31,174,943)	1,605,431
Infrastructure	489,832				489,832
Totals at Historical Cost	218,774,229	15,850,669	(1,605,579)	-	233,019,319
Less Accumulated Depreciation:					
Land	-				-
Land Improvements	1,115,517	37,549			1,153,066
Buildings & Building Improvements	58,504,263	3,985,971	(1,126,221)		61,364,013
Technology Equipment	1,056,502	40,079	(40,079)		1,056,502
Vehicles	4,195,667	446,458	(438,195)		4,203,930
General Equipment	1,179,114	199,482	(1,084)		1,377,512
Infrastructure	391,865	24,492			416,357
Total Accumulated Depreciation	66,442,928	4,734,031	(1,605,579)	-	69,571,380
Net Capital Assets - Governmental Activities	152,331,301	11,116,638	-	-	163,447,939
<u>Business-Type Activities</u>					
Food Service Equipment	1,403,522	368,520	(13,500)	-	1,758,542
Less Accumulated Depreciation:					
Food Service Equipment	1,120,359	71,937	(13,500)	-	1,178,796
Net Capital Assets - Business-Type Activities	283,163	296,583	-	-	579,746

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

Instruction	976,419
Student Support Services	14,598
Staff Support Services	29,399
District Administration	366,611
School Administration	729
Plant Operations and Maintenance	2,906,308
Student Transportation	439,966
Total depreciation expense, governmental activities	<u>4,734,030</u>

Reconciliation of financial statement to MUNIS accounting system:

Business-type activities depreciation per financial statements	\$71,937
Business-type activities depreciation per MUNIS	<u>66,297</u>
Difference	\$ 5,640

The difference was caused by an adjustment made to current year depreciation in MUNIS for an existing asset which had not been correctly depreciated each year by the MUNIS system. The adjustment was made through the MUNIS fixed asset discrepancy functionality.

NOTE F – BONDED DEBT AND LEASE OBLIGATIONS

The amount shown in the accompanying financial statements as bond obligations represents the District's future obligations to make bond principal and interest payments relating to the bonds issued by the Shelby County School District Finance Corporation. The original amount of each issue, the issue date, and interest rates are summarized below:

<u>Issue</u>	<u>Proceeds</u>	<u>Interest Rates</u>
2009	13,710,000	2.25 - 3.25%
2010	6,210,000	1.00 - 3.125%
2011	9,620,000	0.70 - 2.80%
2012	5,010,000	0.70 - 2.55%
2013	18,590,000	2.00 - 3.125%
2014	3,405,000	1.00 - 2.50%
2016	8,020,000	2.00 - 3.00%
2016	31,555,000	1.00 - 4.00%
2018	35,355,000	1.60 - 3.60%

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

The District entered into "participation agreements" with the School Facility Construction Commission. The Commission was created by the Kentucky General Assembly for the purpose of

assisting local school districts in meeting school construction needs. The participation agreements generally provide for the Commission to assist the District in meeting bond obligations and are renewable, at the Commission's option, biannually. Should the Kentucky General Assembly choose to not fund the Commission in the future, the District would be responsible for meeting the full requirements of the bond issues. The table below sets forth the amount to be paid by the District and the Commission for each year until maturity of all bond issues. The liability for the total bond amount remains with the District and, as such, the total principal outstanding has been recorded in the financial statements.

The bonds may be called prior to maturity and redemption premiums are specified in each issue. Assuming no bonds are called prior to scheduled maturity, the minimum obligations of the District, including amounts to be paid by the Commission, at June 30, 2020 for debt service (principal and interest) are as follows:

Fiscal Year Ending	DISTRICT		KENTUCKY SCHOOL FACILITY CONSTRUCTION COMMISSION		Total
	Principal	Interest	Principal	Interest	
2021	3,754,761	3,087,485	640,239	247,736	7,730,221
2022	3,858,805	2,979,296	656,195	231,780	7,726,077
2023	3,965,588	2,875,904	674,412	213,564	7,729,468
2024	4,076,651	2,766,241	693,349	194,625	7,730,866
2025	4,187,438	2,650,464	537,562	175,448	7,550,912
2026	4,312,006	2,526,795	552,994	159,416	7,551,211
2027	4,484,378	2,356,745	570,622	141,788	7,553,533
2028	4,661,164	2,179,918	588,836	123,574	7,553,492
2029	4,837,346	1,996,803	607,654	104,756	7,546,559
2030	5,037,367	1,793,331	422,633	85,207	7,338,538
2031	5,115,244	1,652,514	434,756	73,084	7,275,599
2032	5,142,714	1,508,175	447,286	60,554	7,158,729
2033	5,174,709	1,361,531	460,291	47,548	7,044,079
2034	5,335,130	1,144,291	209,870	33,589	6,722,880
2035	5,503,799	973,446	216,201	27,258	6,720,704
2036	5,686,998	792,947	223,002	20,456	6,723,403
2037	5,878,241	598,591	211,759	13,372	6,701,963
2038	6,104,354	376,244	135,646	7,156	6,623,400
2039	6,353,931	127,079	111,069	2,221	6,594,300
	<u>93,470,624</u>	<u>33,747,798</u>	<u>8,394,376</u>	<u>1,963,133</u>	<u>137,575,930</u>

The following is a summary of the changes in outstanding bonds during the fiscal year ended June 30, 2020:

Issue	Balance June 30, 2019	Additions	Deductions	Payments	Balance June 30, 2020
2009	-	-	-	-	-
2010	3,865,000	-	-	(1,905,000)	1,960,000
2011	6,775,000	-	-	(555,000)	6,220,000
2012	3,945,000	-	-	(90,000)	3,855,000
2013	17,440,000	-	-	(190,000)	17,250,000
2014	1,965,000	-	-	(310,000)	1,655,000
2016	30,535,000	-	-	(70,000)	30,465,000
2016	6,265,000	-	-	(890,000)	5,375,000
2018	35,355,000	-	-	(270,000)	35,085,000
	<u>106,145,000</u>	-	-	<u>(4,280,000)</u>	<u>101,865,000</u>

The District also has the following lines of credit:

Amazon	\$75,000
Kroger	2,000
Lowe's	20,700
Republic Bank	25,000
Wright Express	<u>7,200</u>
	<u>\$129,900</u>

NOTE G – ACCUMULATED UNPAID SICK LEAVE BENEFITS

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

The entire compensated absence liability is reported on the entity-wide financial statements. For governmental fund financial statements, the current portion of unpaid accumulated sick leave is the amount expected to be paid using expendable available financial resources. These amounts are recorded in the accumulated sick leave payable account in the General Fund. The noncurrent portion of the liability is not reported in the governmental fund financial statements.

A summary of the changes in the estimated accumulated unpaid sick leave benefits during the fiscal year ended June 30, 2020 is as follows:

Balance as of July 1, 2019	\$ 641,034
Plus additions to sick leave payable	361,717
Balance as of June 30, 2020	1,002,751
Less Current Portion	<u>(185,064)</u>
Noncurrent portion	<u>\$ 817,687</u>

NOTE H – CONTINGENCIES

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

NOTE I – INSURANCE, RISK MANAGEMENT AND RELATED ACTIVITIES

The District is exposed to various forms of loss of assets associated with the risks of fire, personal liability, theft, vehicular accidents, errors and omissions, fiduciary responsibility, etc. Each of these risk areas is covered through the purchase of commercial insurance.

The District has purchased certain policies which are retrospectively rated including Workers’ Compensation insurance.

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE J – INTERFUND RECEIVABLES AND PAYABLES

There were no Interfund balances at June 30, 2020.

NOTE K – DEFICIT OPERATING/FUND BALANCES

The Food Service Fund has a deficit net position at June 30, 2020 of (\$1,451,183) due to the recording of the net pension liability and the other post-employment benefits liability in accordance with GASB Statements 68 and 75. Without the effect of GASB Statements 68 and 75, the Food Service Fund’s net position at June 30, 2020 is \$0.

The following funds had operations that resulted in a current year operating loss, resulting in a corresponding reduction to fund balance (net position):

General Fund	(435,624)
Construction Fund	(15,202,232)

NOTE L – 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.

NOTE M – TRANSFER OF FUNDS

The following transfers were made during the fiscal year ended June 30, 2020:

<u>Type</u>	<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
Operating	General	Special Revenue	Matching funds	159,418
Operating	General	Food Services	Satisfy deficit	140,979
Operating	General	Trust	Funding	1,000
Operating	General	Construction	Future Construction	1,011,171
Financing	Capital Outlay	Construction	Funding	173,860
Financing	Capital Outlay	Debt Service	Debt Payments	6,691,886
Operating	Food Service	General	Indirect Costs	231,566
Operating	Special Revenue	Construction	Funding	1,264,850
Operating	Special Revenue	Special Revenue	Administrative	322,607
Financing	Special Revenue	Debt Service	Debt Payments	153,060
Operating	Special Revenue	General	Indirect Costs	8,099
Operating	Daycare	General	Indirect Costs	65,088
Operating	Daycare	General	Funding	40,970
				<u>\$10,264,554</u>
				<u>\$10,264,554</u>

NOTE N – ON-BEHALF PAYMENTS

The District receives on-behalf payments for fringe benefits from the Commonwealth of Kentucky. The following amounts are included as revenues and expenditures/expenses on the statement of activities, and the statement of revenues, expenditures, and changes in fund balance/net position in each of the functions.

Additionally, the Commonwealth of Kentucky paid \$180,535 in technology related expenses and the School Facilities Construction Commission paid \$887,975 in debt service on-behalf of the District. These amounts are included as revenues and expenditures/expenses on the statement of activities, and the statement of revenues, expenditures, and changes in fund balance.

Instruction	\$13,562,104
Support Services	
Student	846,082
Instructional Staff	1,349,741
District Administration	155,333
School Administration	1,476,911
Business	268,291
Plant Operation and Maintenance	331,343
Student Transportation	315,593
Food Service	<u>265,308</u>
Total	<u>\$18,570,706</u>

NOTE O – TAX ABATEMENTS

During the fiscal year ended June 30, 2020, the District's property tax revenues were reduced by \$304,424 pursuant to agreements entered into by the Fiscal Court of Shelby County on May 1, 2008 and March 1, 2010. Under the agreement(s), payments in lieu of taxes are remitted to the District. The District received \$304,424 for in lieu of tax payment collections during the fiscal year ended June 30, 2020.

NOTE P – PRIOR PERIOD ADJUSTMENT

During the fiscal year ended June 30, 2020, the District adopted GASB Statement 84, Fiduciary Activities. As a result, School Activity Funds are reflected as a special revenue fund in the accompanying statements.

Restatement of Net Position – District Wide

Balance of School Activity Funds at July 1, 2019	\$ 603,997
Net Position at July 1, 2019	<u>50,154,019</u>
Restatement of Net Position at July 1, 2019	<u>\$50,758,016</u>

NOTE Q – RETIREMENT PLANS

The following are payroll and retirement amounts for the years ended June 30, 2020, 2019, and 2018.

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total payroll	\$44,598,849	\$43,792,267	\$42,757,204
TRS total payroll	34,394,925	33,497,542	32,903,916
CERS total payroll	15,015,178	14,782,050	13,458,696
Contributions requirement for CERS	2,252,273	1,996,388	1,689,394
CERS contribution - District portion	2,252,273	1,996,388	1,689,394
CERS contribution - Employee portion	512,031	510,501	477,836
TRS contribution - Commonwealth of KY	11,298,077	9,671,770	10,742,001
TRS contribution - District federal employees	1,285,578	1,274,820	1,236,044

NOTE R – GENERAL INFORMATION ABOUT THE PENSION PLANS

Summary of Activity

	Government	Food Service	Total
Deferred Outflows			
CERS Pension Contributions	1,970,886	174,179	2,145,065
CERS Pension	3,056,229	270,098	3,326,327
CERS OPEB Contributions	413,878	36,577	450,455
CERS OPEB	1,503,534	132,876	1,636,410
TRS OPEB	1,090,000	-	1,090,000
TRS OPEB Contributions	1,031,848	-	1,031,848
	<u>9,066,375</u>	<u>613,730</u>	<u>9,680,105</u>
Deferred Inflows			
CERS Pension	1,900,018	167,916	2,067,934
CERS OPEB	2,265,651	200,229	2,465,880
TRS OPEB	4,422,000	-	4,422,000
	<u>8,587,669</u>	<u>368,145</u>	<u>8,955,814</u>
Pension Liability			
CERS	20,789,034	1,837,255	22,626,289
OPEB Liability			
CERS	4,970,330	439,259	5,409,589
TRS	15,853,000	-	15,853,000
	<u>20,823,330</u>	<u>439,259</u>	<u>21,262,589</u>
Pension Expense			
CERS	1,339,592	2,301	1,341,893
OPEB Expense			
CERS	545,151	48,178	593,329
TRS	570,000	-	570,000
	<u>1,115,151</u>	<u>48,178</u>	<u>1,163,329</u>

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

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

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

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

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

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

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

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

Medical Insurance Plan

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

To be eligible for medical benefits, the member must have retired either for service or disability. The TRS Medical Insurance Fund offers coverage to members under the age of 65 through the

Kentucky Employees Health Plan administered by the Kentucky Department of Employee Insurance. Once retired members and eligible spouses attain age 65 and are Medicare eligible, coverage is obtained through the TRS Medicare Eligible Health Plan.

Funding policy – In order to fund the post-retirement healthcare benefit, seven and one-half percent (7.50%) of the gross annual payroll of members is contributed. Three percent and three quarters (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 Pensions

At June 30, 2020, the Kentucky School District did not report a liability for its proportionate share of the net pension liability because the State of Kentucky provides the pension support directly to TRS on behalf of the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

State’s proportionate share of the net pension liability associated with the District	<u>\$ 146,508,276</u>
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The net pension liability was measured as of June 30, 2019, 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 1.0249 percent.

For the year ended June 30, 2020, the District recognized pension expense of \$11,298,077 and revenue of \$11,298,077 for support provided by the State.

Actuarial assumptions – The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2010 – June 30, 2015 adopted by the Board on November 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 Rate of Return
U.S. Equity	40.0%	4.20%
International Equity	22.0%	5.20%
Fixed Income	15.0%	1.20%
Additional Categories	8.0%	3.30%
Real Estate	6.0%	3.80%
Private Equity	7.0%	6.30%
Cash	2.0%	0.90%
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 was performed in accordance with GASB 67. We assume that Plan member contributions will be made at the current contribution rates and that Employer contributions will be made at the actuarially determined contribution rates, adjusted by 95%, for all fiscal years in the future. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefits payments to determine the total pension liability.

The following table presents the net pension liability of the System, calculated using the discount rate of 7.50%, as well as what the System'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 (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
System's net pension liability	\$187,068,130	\$146,508,276	\$112,373,254

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

June 30, 2018 is the actuarial valuation date upon which the TPL is based. The TPL from this valuation was determined using a discount rate of 7.50%, which was based on a municipal bond index rate as of that date equal to 3.89%. The TPL used last year was determined using a discount rate of 7.50%, which was based on a municipal bond index rate of 3.89%. These two amounts are rolled forward to June 30, 2019 using standard roll forward techniques. The roll forward calculation adds the annual normal cost (also called the service cost), subtracts the actual benefit payments and refunds for the plan year and then applies the assumed interest rate (SEIR) for the year. The difference between the two roll-forward amounts as of June 30, 2019 is the gain or loss due to changes in assumptions and other inputs.

In addition, we have determined an expected TPL as of June 30, 2019 based on the TPL roll-forward in the June 30, 2018 GASB 67 report. The difference between this amount and the roll-forward of the actual TPL based on the 4.49% interest rate is reflected as an experience gain or loss for the year.

The Total OPEB Liability (TOL) as of June 30, 2019 was determined based on an actuarial valuation prepared as of June 30, 2018, using the following actuarial assumptions and other inputs:

Inflation	3.00%
Real wage growth	0.50%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% - 7.20%
Long-term Investment Rate of Return, net of OPEB plan investment expense, including Inflation	
MIF	8.00%
LIF	7.50%
Municipal Bond Index Rate	3.50%
Year FNP is projected to be depleted	
MIF	n/a
LIF	n/a
Single Equivalent Interest Rate, net of OPEB Plan investment expense, including price Inflation	
MIF	8.00%
LIF	7.50%
MIF Health Care Cost Trends	
Under Age 65	7.50% for FYE 2019 decreasing to an Ultimate rate of 5.00% by FYE 2024
Ages 65 and Older	5.50% for FYE 2019 decreasing to an Ultimate rate of 5.00% by FYE 2021
Medicare Part B Premiums	2.63% for FYE 2019 with an ultimate Rate of 5.00% by 2031

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

The remaining actuarial assumptions (e.g. initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2018 valuation were based on a review of recent plan experience done concurrently with the June 30, 2015 valuation.

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

<u>Health Care Cost Trend Rate Sensitivity</u>			
	1% Decrease	Current	1% Increase
MIF Net OPEB Liability	\$19,477,652	\$15,852,795	\$12,904,968

Discount rate (SEIR): The discount rate used to measure the TOL at June 30, 2019 was 8.00% for the MIF and 7.50% for the LIF.

Projected cash flows:

MIF Discount rate (SEIR). The discount rate used to measure the TOL as of the Measurement Date was 8.00%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 74. The projection's basis was an actuarial valuation performed as of June 30, 2018.

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

LIF Discount rate (SEIR). The discount rate used to measure the TOL as of the Measurement Date was 7.50%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 74. The projection's basis was an actuarial valuation performed as of June 30, 2018.

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

Long-term rate of return. The long-term expected rate of return on OPEB plan investments will be determined based on the allocation of assets by asset class and by the mean and variance of real returns.

Municipal bond rate. The discount rate determination will use a municipal bond rate to the extent the trust is projected to run out of money before all benefits are paid. The rate used, if necessary, for this purpose is the monthly average of the Bond Buyers General Obligation 20-year Municipal Bond Index Rate (formerly published monthly by the Board of Governors of the Federal Reserve System).

Periods of projected benefit payments: Projected future benefit payments for all current plan members were projected through 2117.

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

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	58.0%	5.1%
Fixed Income	9.0%	1.2%
Real Estate	6.5%	3.8%
Private Equity	8.5%	6.3%
Other Additional Categories	17.0%	3.2%
Cash (LIBOR)	1.0%	0.9%
Total	100.0%	

Asset Class	Target Allocation *	30 Year Expected Geometric Real Rate of Return
U.S. Equity	40.0%	4.3%
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%	3.2%
Cash (LIBOR)	2.0%	0.9%
Total	100.0%	

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

The following exhibit presents the NOL of the Plan, calculated using the discount rate of 8.0% for the MIF and 7.50% for the LIF as well as the System's NOL calculated using a discount rate that is 1-percentage-point lower (7.0% for the MIF and 6.50% for the LIF) or 1-percentage-point higher (9.0% for the MIF and 8.50% for the LIF) than the current rate.

	Discount Rate Sensitivity		
	1% Decrease	Current Discount Rate	1% Increase
MIF Net OPEB Liability	18,779,406	15,852,795	13,401,326
LIF Net OPEB Liability	248,729	168,300	102,198

The Collective NOL amounts are shown in Schedule B of the GASB Statement No. 75 Report for the Teachers Retirement System of the State of Kentucky. The report can be found on their website. There is no special funding situation.

The District's proportion of the collective NOL for the year is 0.541645%. The prior year proportion was 0.522146%.

June 30, 2018 is the actuarial valuation date upon which the TOL is based. The result is rolled forward using standard actuarial techniques to the measurement date. The roll forward calculation adds the normal cost (also called the service cost) for the period July 1, 2018 through June 30, 2019, subtracts the actual benefit payments for the same period and then applies the expected investment rate of return for the period. If applicable, actuarial gains and losses arising from benefit changes, the differences between estimates and actual experience, and changes in assumptions or other inputs are reconciled to the TOL as of the Measurement Date. The procedure used to determine the TOL as of June 30, 2019 can be found in the GASB Statement No. 75 Report for the Teachers Retirement System of the State of Kentucky. The report can be found on their website.

The following change was made to the assumptions as noted:

Changes to benefit terms:

June 30, 2019 (Valuation Date: June 30, 2018)

MIF – None

LIF-None

Changes to assumptions or other inputs:

MIF – None

LIF - None

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

Please see Section V of the report on the website for the development of the collective OPEB expense. The District's proportionate share of the net OPEB expense is \$570,000, the state contributed (\$29,000) on behalf of the District for a total OPEB expense of \$541,000.

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

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

Deferred amounts to be recognized in fiscal years ending:

	Deferred Outflows /(Inflows) of Resources	
	MIF	LIF
2020	(114,755)	2,297
2021	(114,755)	2,296
2022	(108,436)	1,147
2023	(109,643)	86
2024	(101,358)	(75)
thereafter	(69,203)	(24)

There are no deferred outflows of resources or deferred inflows of resources for LIF.

There are non-employer contributions recognized for the support provided by non-employer contributing entities in TRS.

KENTUCKY RETIREMENT SYSTEM

County Employees Retirement System (CERS)

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

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

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

Contributions: Funding for CERS is provided by members who contribute 5% (6.00% for employees hired after September 1, 2008) of their salary through payroll deductions and by employers of members who contribute 21.49% of the member's salary. The contribution requirements of CERS are established and may be amended by the CERS Board of Trustees.

At June 30, 2020, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. 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, 2019 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, 2019. At June 30, 2019, the District's proportion was 0.321714%.

For the year ended June 30, 2020, the District recognized pension expense of \$3,291,092. At June 30, 2020, the District reported deferred outflows of resources for District contributions subsequent to the measurement date of \$2,145,065, deferred outflows of resources from change of assumptions and expectations of \$3,326,327 and deferred inflows of resources related to pensions from the net difference between projected and actual earnings on pension plan investments in the amount of \$2,067,934.

District contributions subsequent to the measurement date of \$2,145,065 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to CERS will be recognized in pension expense as follows:

<u>Year</u>	Deferred Outflows (Inflows)
2020	\$ 1,066,586
2021	100,136
2022	65,792
2023	25,878
2024	-
thereafter	-

Actuarial Methods and Assumptions: The total pension liability for CERS was determined by applying procedures to the actuarial valuation as of June 30, 2019. The financial reporting actuarial valuation as of June 30, 2019, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2017
Experience Study	July 1, 2008 – June 30, 2013
Remaining Amortization Period	26 years, closed
Inflation	2.30%
Salary Increase	3.30% to 11.55%, varies by service
Investment Rate of Return	6.25%

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

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	18.75%	4.30%
Non-U.S. Equity	18.75%	4.80%
Private Equity	10.0%	6.65%
Specialty Credit/High Yield	15.0%	2.60%
Core Bonds	13.5%	1.35%
Real Estate	5.0%	4.85%
Opportunistic	3.0%	2.97%
Real Return	15.0%	4.10%
Cash Equivalent	1.0%	0.20%
Total	<u>100.0%</u>	

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 local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 25 year (closed) amortization period of the unfunded actuarial accrued liability. The discount rate determination does not use a municipal bond rate. The target asset allocation and best estimates of arithmetic nominal rates of return for each major asset class are summarized in the CAFR of the plan.

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

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

	1% Decrease (5.25%)	Current discount rate (6.25%)	1% Increase (7.25%)
District's proportionate share of the net pension liability	28,299,070	22,626,290	17,898,082

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, 2020 the District had payables to CERS in the amount of \$0 for June's covered payroll with contributions required to be paid in July.

OPEB

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

The net OPEB liability is the total OPEB liability, less the amount of the plan's fiduciary net position. The total OPEB liability, net OPEB liability, and sensitivity information shown in this report are based on an actuarial valuation performed as of June 30, 2018. The total OPEB liability was rolled-forward from the valuation date to the plan's fiscal year end, June 30, 2019, using generally accepted actuarial principles. New actuarial assumptions have been adopted since June 30, 2018. These assumptions are documented in the report titled "Kentucky Retirement Systems 2018 Actuarial Experience Study for the Period Ending June 30, 2018" and is available on the KRS website. The total OPEB liability as of June 30, 2019 is determined using these updated assumptions.

The single discount rate of 5.68% was used to measure the total OPEB liability as of June 30, 2019. The single discount rate is based on the expected rate of return on OPEB plan investments of 6.25% and a municipal bond rate of 3.13%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 28, 2019. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the plan's fiduciary net position and future contributions were projected to be sufficient to finance the future benefit payments of the current plan members. Therefore, the long term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the retirement system. However, the cost associated with the implicit employer subsidy is not currently being included in the calculation of the system's actuarial determined contributions, and it is our understanding that any cost associated with the implicit subsidy will not be paid out of the system's trust. Therefore the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

The District's proportionate share of the Net OPEB Liability as of June 30, 2020 is \$5,409,589. The District's proportionate share is 0.321631%. The District's proportionate share of the OPEB expense is \$593,329. The total Deferred Outflows of Resources is \$1,636,410 and the total Deferred Inflows of Resources is \$2,465,880. Total employer contributions were \$426,849, implicit subsidy was \$94,077 for total contributions of \$520,926.

Investment return rate: Assumed annual rate of 6.25% net of investment expenses.

Discount Rate: 5.68%.

Price Inflation: Assumed annual rate of 2.30%.

Payroll Growth Assumption (used for amortization of unfunded accrued liabilities): Assumed annual rate of 2.00%.

Rates of Annual Salary Increase is 3.30% to 11.55%, varies by service.

Discount Rate Sensitivity

	1% Decrease (4.85%)	Current discount rate (5.85%)	1% Increase (6.85%)
Net OPEB liability	7,248,628	5,411,085	2,897,073

Healthcare Cost Trend Rate Sensitivity

	1% Decrease	Current discount rate	1% Increase
Net OPEB liability	4,024,250	5,411,085	7,092,784

The actuarially determined contribution rates effective for fiscal year ending 2019 are calculated as of June 30, 2016. Based on the June 30, 2016 actuarial valuation report the actuarial methods and assumptions used to calculate these contribution rates are below:

<u>Item</u>	<u>CERS Non-Hazardous</u>
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Amortization Method	Level Percent of Pay
Amortization Period	26 Years, Closed
Payroll Growth Rate	2.00%
Investment Return	6.25%
Inflation	2.30%
Salary Increases	3.30% to 11.55%, varies by service
Mortality	RP-2000 Combined Mortality Table, projected to 2013 with Scale BB (set back 1 year for females)

Healthcare Trend Rates (Pre-65) Initial trend starting at 7.25% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.

Healthcare Trend Rates (Post-65) Initial trend starting at 5.10% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 11 years.

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

Deferred Amounts to be recognized in Fiscal Years Ending:

	Deferred Outflows/ (Inflows) of Resources
2020	(\$150,742)
2021	(150,742)
2022	(74,349)
2023	(220,439)
2024	(193,517)
thereafter	(39,682)

SUPPLEMENTARY INFORMATION

SHELBY COUNTY PUBLIC SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance With
	Regulatory Basis			Final Budget
	Original	Final		Favorable (Unfavorable)
Revenues:				
Local sources:				
Property taxes	\$ 22,954,758	\$ 23,069,044	\$ 22,596,831	\$ (472,213)
Motor vehicle taxes	1,863,119	1,873,979	1,836,377	(37,602)
Utility taxes	3,300,000	3,300,000	3,296,655	(3,345)
Earnings on investments	453,000	483,000	954,091	471,091
Other local	452,312	493,305	585,818	92,513
State sources	33,551,899	33,943,826	40,057,915	6,114,089
Federal sources	720,000	720,000	797,604	77,604
Total revenues	63,295,088	63,883,154	70,125,291	6,242,137
Expenditures:				
Instruction	39,160,794	39,995,281	43,252,681	(3,257,400)
Supporting services:				
Students	3,062,899	3,156,269	3,456,150	(299,881)
Instructional staff	4,195,642	4,705,341	5,337,294	(631,953)
District administration	1,426,309	1,424,761	1,538,700	(113,939)
School administration	3,929,717	4,011,069	4,620,958	(609,889)
Business support services	1,644,981	1,699,771	1,747,153	(47,382)
Operation and maintenance of facilities	6,604,359	7,622,704	6,499,101	1,123,603
Student transportation	3,766,922	4,753,929	3,937,716	816,213
Food services	166,543	162,314	166,787	(4,473)
Community services	-	-	2,500	(2,500)
Capital outlay	-	725,000	1,875	723,125
Contingency	6,586,963	7,039,472	-	7,039,472
Total expenditures	70,545,129	75,295,911	70,560,915	4,734,996
Excess (deficiency) of revenues over expenditures	(7,250,041)	(11,412,757)	(435,624)	10,977,133
Other financing sources (uses):				
Proceeds from disposal of real or personal property	-	34,881	35,781	900
Proceeds from the sale of bonds	-	-	-	-
Transfers in	198,000	330,707	320,272	(10,435)
Transfers (out)	-	(1,091,618)	(1,312,568)	(220,950)
Total other financing sources (uses)	198,000	(726,030)	(956,515)	(230,485)
Change in fund balances	(7,052,041)	(12,138,787)	(1,392,139)	10,746,648
Fund balances - beginning	21,078,348	21,078,348	21,078,348	-
Fund balances - ending	\$ 14,026,307	\$ 8,939,561	\$ 19,686,209	\$ 10,746,648

SHELBY COUNTY PUBLIC SCHOOL DISTRICT

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - SPECIAL REVENUE FUNDS**

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance With
	Regulatory Basis			Final Budget
	Original	Final		Favorable (Unfavorable)
Revenues:				
Local sources:	\$ 263,305	\$ 637,539	\$ 1,893,382	\$ 1,255,843
State sources	3,858,963	2,524,030	3,688,110	1,164,080
Federal sources	3,554,665	4,583,670	3,242,205	(1,341,465)
Total revenues	7,676,933	7,745,239	8,823,697	1,078,458
Expenditures:				
Instruction	5,784,904	6,519,860	5,688,682	831,178
Supporting services:				
Students	49,097	32,671	26,722	5,949
Instructional staff	922,676	910,942	941,959	(31,017)
District administration	-	-	1,400	(1,400)
School administration	26,969	36,518	35,398	1,120
Business support services	-	-	1,211	(1,211)
Operation and maintenance of facilities	25,704	57,928	61,526	(3,598)
Student transportation	225,482	110,513	128,115	(17,602)
Food services	-	-	225	(225)
Community services	555,239	630,677	619,641	11,036
Capital outlay	-	-	-	-
Total expenditures	7,590,071	8,299,109	7,504,879	794,230
Excess (deficiency) of revenues over expenditures	86,862	(553,870)	1,318,818	1,872,688
Other financing sources (uses):				
Proceeds from disposal of real or personal property	-	-	-	-
Proceeds from the sale of bonds	-	-	-	-
Transfers in	559,859	214,901	507,475	292,574
Transfers (out)	(646,719)	(134,564)	(1,748,616)	(1,614,052)
Total other financing sources (uses)	(86,860)	80,337	(1,241,141)	(1,321,478)
Change in fund balances	2	(473,533)	77,677	551,210
Fund balances - beginning	-	443,091	443,091	-
Fund balances - ending	\$ 2	\$ (30,442)	\$ 520,768	\$ 551,210

**SHELBY COUNTY PUBLIC SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
For The Year Ended June 30, 2020**

	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability (asset)						
TRS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CERS	22,626,289	21,198,219	20,931,369	17,432,574	16,544,238	10,038,000
Total	<u>22,626,289</u>	<u>21,198,219</u>	<u>20,931,369</u>	<u>17,432,574</u>	<u>16,544,238</u>	<u>10,038,000</u>
District's proportionate share of the net pension liability (asset)						
TRS	-	-	-	-	-	-
CERS	0.321714%	0.348065%	0.357599%	0.35406%	0.384790%	0.309409%
State's proportionate share of the net pension liability (asset) associated with the District						
TRS	\$ 146,508,276	\$ 133,481,744	\$ 280,579,526	\$ 313,466,377	\$ 255,658,927	\$ 208,488,497
District's covered employee payroll						
TRS	\$ 34,394,925	\$ 33,497,542	\$ 32,903,916	\$ 33,057,511	\$ 33,358,791	\$ 32,251,771
CERS	15,015,178	14,782,050	13,458,696	12,999,381	12,270,458	11,471,190
Total	<u>49,410,103</u>	<u>48,279,592</u>	<u>46,362,612</u>	<u>46,056,892</u>	<u>45,629,249</u>	<u>43,722,961</u>
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll						
TRS	-	-	-	-	-	-
CERS	150.69%	143.41%	155.52%	134.10%	134.83%	87.51%

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

**SHELBY COUNTY PUBLIC SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS
For The Year Ended June 30, 2020**

	2020	2019	2018	2017	2016	2015
Contractually required contributions						
TRS	\$ 1,274,820	\$ 1,236,044	\$ 1,238,533	\$ 1,245,385	\$ 960,405	\$ 681,000
CRS	1,996,388	1,689,394	1,653,985	1,462,426	1,444,969	1,828,870
Total	<u>3,271,208</u>	<u>2,925,438</u>	<u>2,892,518</u>	<u>2,707,811</u>	<u>2,405,374</u>	<u>2,509,870</u>
Contributions in relation to the contractually required contribution						
TRS	\$ 1,274,820	\$ 1,236,044	\$ 1,238,533	\$ 1,245,385	\$ 960,405	\$ 681,000
CRS	1,996,388	1,689,394	1,653,985	1,462,426	1,444,969	1,828,870
Total	<u>3,271,208</u>	<u>2,925,438</u>	<u>2,892,518</u>	<u>2,707,811</u>	<u>2,405,374</u>	<u>2,509,870</u>
Contribution deficiency (excess)						
TRS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CRS	-	-	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered employee payroll						
TRS	\$ 34,394,925	\$ 33,497,542	\$ 32,903,916	\$ 33,057,511	\$ 33,358,791	\$ 32,251,771
CRS	15,015,178	14,782,050	13,458,696	12,999,381	12,270,458	11,471,190
Total	<u>49,410,103</u>	<u>48,279,592</u>	<u>46,362,612</u>	<u>46,056,892</u>	<u>45,629,249</u>	<u>43,722,961</u>
Contributions as a percentage of covered employee payroll						
TRS	3.71%	3.69%	3.76%	3.77%	2.88%	2.11%
CRS	13.30%	11.43%	12.29%	11.25%	11.78%	15.94%

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

**SHELBY COUNTY PUBLIC SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
For The Year Ended June 30, 2020**

	2020	2019	2018
District's proportion of the net OPEB liability (asset)			
CERS	\$ 5,409,589	\$ 6,179,630	\$ 7,188,963
TRS - Medical Insurance	15,853,000	18,117,000	19,462,000
TRS - Life Insurance	-	-	-
Total	<u>21,262,589</u>	<u>24,296,630</u>	<u>26,650,963</u>
District's proportionate share of the net OPEB liability (asset)			
CERS	0.321631%	0.348054%	0.357599%
TRS - Medical Insurance	0.541645%	0.522146%	0.545479%
TRS - Life Insurance	0.000000%	0.000000%	0.000000%
State's proportionate share of the net OPEB liability (asset) associated with the District			
TRS - Medical Insurance	\$ 12,802,000	\$ 15,613,000	\$ 15,897,000
TRS - Life Insurance	297,000	268,000	213,000
Total	<u>13,099,000</u>	<u>15,881,000</u>	<u>16,110,000</u>
District's covered employee payroll			
TRS	\$ 34,394,925	\$ 33,497,542	\$ 32,903,916
CERS	15,015,178	14,782,050	13,458,696
Total	<u>49,410,103</u>	<u>48,279,592</u>	<u>46,362,612</u>
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll			
CERS	36.03%	41.80%	53.42%
TRS - Medical Insurance	46.09%	54.08%	59.15%
TRS - Life Insurance	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability			
CERS	60.44%	57.62%	52.40%
TRS - Medical Insurance	32.58%	25.54%	21.18%
TRS - Life Insurance	73.40%	74.97%	79.99%

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

**SHELBY COUNTY PUBLIC SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
For The Year Ended June 30, 2020**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contributions			
CERS	\$ 520,926	\$ 479,212	\$ 456,933
TRS - Medical Insurance	943,151	930,107	935,084
TRS - Life Insurance	-	-	-
Total	<u>1,464,077</u>	<u>1,409,319</u>	<u>1,392,017</u>
Contributions in relation to the contractually required contribution			
CERS	\$ 520,926	\$ 479,212	\$ 456,933
TRS - Medical Insurance	943,151	930,107	935,084
TRS - Life Insurance	-	-	-
Total	<u>1,464,077</u>	<u>1,409,319</u>	<u>1,392,017</u>
Contribution deficiency (excess)			
CERS	\$ -	\$ -	\$ -
TRS - Medical Insurance	-	-	-
TRS - Life Insurance	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>
District's covered employee payroll			
TRS	\$ 34,394,925	\$ 33,497,542	\$ 32,903,916
CERS	15,015,178	14,782,050	13,458,696
Total	<u>49,410,103</u>	<u>48,279,592</u>	<u>46,362,612</u>
Contributions as a percentage of covered employee payroll			
TRS	3.47%	3.24%	3.40%
CERS	2.74%	2.78%	2.84%

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

**SHELBY COUNTY PUBLIC SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For The Year Ended June 30, 2020**

PENSIONS

Changes of benefit terms:

TRS - none
CERS -none

Changes of assumptions:

TRS
In the 2018 valuation:
None

CERS
In the 2018 valuation:
The assumed investment return was changed from 7.50% to 6.25%.
The price inflation assumption was changed from 3.25% to 2.30%
The payroll growth assumption (applicable for the amortization unfunded actuarial accrued liabilities)
was changed from 4.00% to 2.00%.

OPEB

Changes of benefit terms:

TRS
The following change was made to the assumptions as noted:
June 30, 2019 (Valuation Date: June 30, 2018)

MIF
None

LIF
None

CERS
None

Changes of assumptions:

TRS
MIF - Municipal Bond Index rate from 3.89% to 3.50%
LIF - none

CERS
The single discount rate changed from 5.85% to 5.68%.
Payroll growth rate changed from 4.00% to 2.00%
Investment rate of return changed from 7.50% to 6.25%
Inflation rate from 3.25% to 2.30%
Updated health care trend rates were implemented.

**SHELBY COUNTY PUBLIC SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND DUE TO STUDENT GROUPS
SCHOOL ACTIVITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

School	Cash Balance		Receipts	Disbursements	Cash Balance		Accounts Receivable		Accounts Payable		Due To Student Groups June 30, 2020
	July 1, 2019	June 30, 2019			June 30, 2020	June 30, 2020	June 30, 2020	June 30, 2020			
Clear Creek Elementary	\$ 7,058	\$ 8,991	\$ 27,805	\$ 25,872	\$ 8,991	\$ -	\$ -	\$ 8,991	\$ -	\$ -	\$ 8,991
Heritage Elementary	14,121	20,502	60,975	54,594	20,502	-	-	20,502	-	-	20,502
Painted Stone Elementary	13,808	22,514	104,293	95,587	22,514	-	-	22,514	-	-	22,514
Simpsonville Elementary	10,383	14,633	28,681	24,431	14,633	-	-	14,633	-	-	14,633
Southside Elementary	14,075	14,493	7,091	6,673	14,493	-	-	14,493	-	-	14,493
Wright Elementary	13,077	16,698	30,015	26,394	16,698	-	-	16,698	-	-	16,698
East Middle	60,383	57,364	167,073	170,092	57,364	-	-	57,364	-	-	57,364
West Middle	62,578	91,854	138,585	109,309	91,854	-	-	91,854	-	-	91,854
Mamel C. Moorman School	-	19,241	66,937	47,696	19,241	-	-	19,241	-	-	19,241
Martha Layne Collins High	158,604	150,856	482,636	490,384	150,856	-	-	150,856	-	-	150,856
Shelby County High	249,405	229,998	371,461	390,868	229,998	-	-	229,998	-	-	229,998
Shelby County Education Center	505	-	-	505	-	-	-	-	-	-	-
Totals	\$ 603,997	\$ 647,144	\$ 1,485,552	\$ 1,442,405	\$ 647,144	\$ -	\$ -	\$ 647,144	\$ -	\$ -	\$ 647,144

**SHELBY COUNTY PUBLIC SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND DUE TO STUDENT GROUPS
MARTHA LAYNE COLLINS HIGH SCHOOL ACTIVITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

Activity Account	Cash Balance July 1, 2019	Receipts	Disbursements	Transfers	Cash Balance June 30, 2020	Account Receivable June 30, 2020	Account Payables June 30, 2020	Due To Student Groups June 30, 2020
Academic Team	\$ 48				\$ 48	\$ -	\$ -	\$ 48
Ag Fee	-				-	-	-	-
AP Testing	3,500	1,268	(1,462)	(245)	3,061	-	-	3,061
Art Club	-				-	-	-	-
Art DAF	-	1,340	(1,340)		-	-	-	-
Art Fee	-				-	-	-	-
Athletic Insurance Fee	-				-	-	-	-
Back to School Bash	-				-	-	-	-
Band	6,651	23,131	(27,307)	(1,898)	577	-	-	577
Baseball	1,944	34,591	(28,889)	924	8,570	-	-	8,570
Bass Fishing	46	13,324	(4,457)	(387)	8,526	-	-	8,526
Beta Club	4,432	7,746	(6,568)	(892)	4,718	-	-	4,718
Bowling	-		(425)	885	460	-	-	460
Boys Basketball	15,964	14,168	(22,237)	(1,768)	6,127	-	-	6,127
Boys Golf	3,982	-	(1,301)	-	2,681	-	-	2,681
Boys Lacrosse	1,130	3,056	(3,341)	-	845	-	-	845
Boys Soccer	2,047	6,915	(4,046)	-	4,916	-	-	4,916
Boys Tennis	1,898	750	(392)	-	2,257	-	-	2,257
Boys Track	619	45,000	(45,308)	-	312	-	-	312
Cheerleading	3,165	6,640	(7,277)	-	2,529	-	-	2,529
Chess Club	206				206	-	-	206
Choir	2,263	9,291	(5,777)	(28)	5,748	-	-	5,748
Chrome Book Usage Fee	-				-	-	-	-
Class of 2020	3,697	3,927	(2,447)	(5,176)	-	-	-	-
Class of 2021	-	2,969	(2,856)	1,500	1,612	-	-	1,612
Classroom Accounts	-				-	-	-	-
Cross Country	4,759	35	(4,752)	-	42	-	-	42
Dance Team	2,961	5,855	(7,091)	-	1,725	-	-	1,725
Department Accounts	7,356	3,343	(1,255)	(652)	8,792	-	-	8,792
Drama Club	6,066	2,012	(7,358)	-	719	-	-	719
FAC/Culinary Fee	-				-	-	-	-
FCA	2,176	1,087	(720)	-	2,543	-	-	2,543
FFA	1,456	5,379	(4,740)	-	2,094	-	-	2,094
Football	3,208	22,045	(24,350)	4,165	5,068	-	-	5,068
General Athletic	8,329	111,198	(67,114)	(44,150)	8,261	-	-	8,261
General Fund	-	1,390	(1,390)	-	-	-	-	-
Girls Basketball	283	2,835	(4,688)	1,871	301	-	-	301
Girls Golf	4,943	2,974	(4,945)	-	2,972	-	-	2,972
Girls Lacrosse	2,321	6,297	(4,299)	-	4,320	-	-	4,320
Girls Soccer	2,704	4,163	(6,568)	116	415	-	-	415
Girls Tennis	1,061	750	(392)	-	1,419	-	-	1,419
Girls Track	-				-	-	-	-
In School Clubs	11,944	34,774	(32,510)	(7,829)	6,379	-	-	6,379
Instructional Field Trips	-	1,580	(1,074)	(506)	-	-	-	-
JROTC	-				-	-	-	-
Lock Fee	-				-	-	-	-
Media Center DAF	-	744	(744)		-	-	-	-
Music DAF	-				-	-	-	-
NHS	279	585	(385)	-	479	-	-	479
Non-Instructional Field Trip	2,196	41,239	(43,405)	(30)	-	-	-	-
Odyssey of the Mind	-	350	(235)		115	-	-	115
Orchestra	700	767	(486)	(240)	742	-	-	742
Parking Permit Students	-				-	-	-	-
PLTW Fee	-				-	-	-	-
ROTC	3,993	788	(424)	-	4,357	-	-	4,357
School DAF	-	29,808	(72,827)	43,019	-	-	-	-
School Store	-				-	-	-	-
Science Fee	-				-	-	-	-
Softball	300	5,605	(2,663)	55	3,297	-	-	3,297
Staff Account	1,088	2,540	(2,552)	-	1,076	-	-	1,076
Start Up Cash	-	3,000	(3,000)	-	-	-	-	-
STLP	-				-	-	-	-
Student Council	694				694	-	-	694
Student Recognition	15,479	6,111	(6,487)	5,191	20,292	-	-	20,292
Student Support	831	206	(250)	-	787	-	-	787
Swim Team	80	-	-	-	80	-	-	80
Talented and Gifted (TAG)	167	70	(23)	-	214	-	-	214
Vex Robotics	-	1,988	(7,293)	5,799	494	-	-	494
Volleyball	4,076	5,538	(5,984)	276	3,906	-	-	3,906
World Language Fee	-				-	-	-	-
Yearbook	17,562	3,468	(4,950)	-	16,080	-	-	16,080
Totals	\$ 158,604	\$ 482,636	\$ (490,384)	\$ -	\$ 150,856	\$ -	\$ -	\$ 150,856

**SHELBY COUNTY PUBLIC SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND DUE TO STUDENT GROUPS
SHELBY COUNTY HIGH SCHOOL ACTIVITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

Activity Account	Cash Balance July 1, 2019	Receipts	Disbursements	Transfers	Cash Balance June 30, 2020	Accounts Receivables June 30, 2020	Accounts Payables June 30, 2020	Due To Student Groups June 30, 2020
Academic Team	\$ 259	\$ 128	\$ (20)	\$ -	\$ 367	\$ -	\$ -	\$ 367
AP Testing	5,219	600	(685)	-	5,134	-	-	5,134
Archery	-	-	(1,727)	1,727	-	-	-	-
Art Club	2,507	-	-	-	2,507	-	-	2,507
Art DAF	-	-	-	-	-	-	-	-
Athletic Insurance Fee	-	-	-	-	-	-	-	-
Band	4,869	13,001	(16,978)	(22)	870	-	-	870
Baseball	7,127	13,412	(9,038)	2,091	13,592	-	-	13,592
Bass Fishing	3,486	-	(110)	-	3,376	-	-	3,376
Beta Club	1,705	6,892	(5,800)	-	2,797	-	-	2,797
Boys Basketball	7,426	4,980	(8,153)	490	4,743	-	-	4,743
Boys Golf	4,679	10,052	(15,217)	2,459	1,973	-	-	1,973
Boys Soccer	5,388	4,955	(7,029)	2,331	5,645	-	-	5,645
Boys Tennis	683	692	(1,972)	1,972	1,375	-	-	1,375
Boys/Girls Track	5,457	4,677	(6,484)	170	3,819	-	-	3,819
Cheerleading	828	5,456	(3,642)	(550)	2,091	-	-	2,091
Choir	12,326	34,208	(39,303)	(1,166)	6,065	-	-	6,065
Class of 2018	984	-	-	(984)	-	-	-	-
Class of 2019	2,104	-	-	-	2,104	-	-	2,104
Class of 2020	10,135	1,750	(1,862)	(10,023)	-	-	-	-
Class of 2021	355	65	(2,986)	10,023	7,457	-	-	7,457
Class of 2022	-	1,398	(195)	-	1,204	-	-	1,204
Class of 2023	-	49	(19)	609	639	-	-	639
Classroom Accounts	249	-	-	(249)	-	-	-	-
Cross Country	7,679	16,026	(10,432)	(633)	12,639	-	-	12,639
Dance Team	2,497	5,860	(6,415)	(1,200)	742	-	-	742
Department Accounts	47,224	30,926	(27,116)	(8,550)	42,485	-	-	42,485
Drama Club	9,502	1,776	(3,197)	-	8,081	-	-	8,081
E Sports	75	2,737	(1,886)	821	1,747	-	-	1,747
Football	1,008	17,992	(21,415)	2,846	431	-	-	431
Future Farmers of America	1,009	2,530	(9,231)	9,300	3,608	-	-	3,608
General	12,703	11,722	(9,685)	3,416	18,153	-	-	18,153
General Athletics	22,103	98,628	(71,880)	(35,000)	13,851	-	-	13,851
Girls Basketball	3,131	6,748	(9,329)	416	967	-	-	967
Girls Golf	5,211	6,183	(10,483)	1,512	2,423	-	-	2,423
Girls Soccer	5,576	1,981	(2,536)	1,212	6,233	-	-	6,233
Girls Tennis	255	-	(374)	374	255	-	-	255
In School Clubs	8,520	16,343	(12,480)	(2,893)	9,490	-	-	9,490
Instructional Field Trip	-	-	-	-	-	-	-	-
Media Center DAF	-	237	(187)	(50)	-	-	-	-
Music DAF	-	-	-	-	-	-	-	-
National Honor Society	174	910	(800)	(68)	216	-	-	216
Non-Instructional Field Trip	-	-	-	-	-	-	-	-
Odyssey of the Mind	-	-	-	-	-	-	-	-
Orchestra	36	76	(106)	-	6	-	-	6
ROTC (Reserve Officer)	10,165	9,163	(14,702)	(160)	4,466	-	-	4,466
School DAF	70	9,728	(23,144)	13,346	-	-	-	-
Softball	14,926	6,819	(7,677)	340	14,409	-	-	14,409
Staff Account	1,020	1,085	(1,263)	(129)	714	-	-	714
Start up Cash	-	3,000	(3,000)	-	-	-	-	-
Student Recognition	4,098	471	(2,663)	(88)	1,818	-	-	1,818
Student Support	3,380	418	(483)	(75)	3,240	-	-	3,240
Student Technology Leader	324	-	-	-	324	-	-	324
Student/Youth Council	-	-	-	-	-	-	-	-
Swim Team	4,609	8,340	(7,276)	(170)	5,503	-	-	5,503
Talented and Gifted (TAG)	14	350	(233)	-	132	-	-	132
Vex Robotics	-	2,265	(1,985)	2,524	2,804	-	-	2,804
Volleyball	1,679	5,707	(9,670)	4,031	1,747	-	-	1,747
Yearbook Club	6,631	1,125	-	-	7,756	-	-	7,756
Totals	\$ 249,405	\$ 371,461	\$ (390,868)	\$ -	\$ 229,998	\$ -	\$ -	\$ 229,998

SHELBY COUNTY PUBLIC SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
Cash expenditures			
<u>U.S. Department of Education</u>			
Kentucky Department of Education			
Title I Grants to Local Education Agencies	84.010	3100002	\$ 102
Title I Grants to Local Education Agencies	84.010	3100002	4,759
Title I Grants to Local Education Agencies	84.010	3100002	300,656
Title I Grants to Local Education Agencies	84.010	3100002	12,648
Title I Grants to Local Education Agencies	84.010	3100002	739,092
Title I Grants to Local Education Agencies	84.010	3100002	2,532
Title I, School Improvement	84.010	3100202	106,341
Title I, School Improvement	84.010	3100202	184
Title I, School Improvement	84.010	3100202	1,300
Title I, School Improvement	84.010	3100202	268,896
Title I, School Improvement	84.010	3100202	105,672
Subtotal			1,542,182
Title I Part D, Neglected and Delinquent Children and Youth	84.013	313E	973
Title I Part D, Neglected and Delinquent Children and Youth	84.013	313F	8,063
Subtotal			9,036
Title IV Part A, Student Support	84.424A	3420002	8,033
Title IV Part A, Student Support	84.424A	3420002	1,835
Title IV Part A, Student Support	84.424A	3420002	2,231
Title IV, Part A, Safe and Healthy Students	84.424A	3420002	68,316
Subtotal			80,415
Special Education Cluster (IDEA)			
Special Education - Grants to States (IDEA, Part B)	84.027	3810002	18,329
Special Education - Grants to States (IDEA, Part B)	84.027	3810002	(4,302)
Special Education - Grants to States (IDEA, Part B)	84.027	3810002	7,589
Special Education - Grants to States (IDEA, Part B)	84.027	3810002	804,395
Special Education - Grants to States (IDEA, Part B)	84.027	3810002	201,274
Special Education - Preschool Grants (IDEA, Preschool)	84.173	3800002	919
Special Education - Preschool Grants (IDEA, Preschool)	84.173	3800002	42,761
Subtotal			1,070,965
Vocational Education Basic	84.048	3710002	471
Vocational Education Basic	84.048	3710002	37,785
Subtotal			38,256

SHELBY COUNTY PUBLIC SCHOOL DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2020**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
Supporting Effective Instruction	84.367	3230002	8,736
Supporting Effective Instruction	84.367	3230002	214,296
Subtotal			223,032
English Language Acquisition	84.365	3300002	69,052
English Language Acquisition	84.365	3300002	22,725
Subtotal			91,777
* CARES - GEER	84.425C		153,752
* CARES - ESSER	84.425D		86,203
Subtotal			239,955
Total U.S.Department of Education			3,295,618
<u>U.S.Department of Health and Human Services</u>			
Head Start	93.600	655E	8,480
Total U.S. Department of Health and Human Services			8,480
<u>U.S.Department of Agriculture</u>			
Kentucky Department of Education			
Child Nutrition Cluster			
National School Breakfast Program	10.553	7760005	853,626
Natinal School Lunch Program	10.555	7750002	1,798,086
Summer Food Service Program for Children	10.559	7690024	660,093
Summer Food Service Program for Children	10.559	7740023	37,443
Subtotal			3,349,248
Commodities	10.555	not provided	210,108
Total U.S.Department of Agriculture			3,559,356
Total federal expenditures			6,863,454

* Funding for Covid-19
See Notes to Schedule of Expenditures of Federal Awards

SHELBY COUNTY PUBLIC SCHOOL DISTRICT

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2020**

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Shelby County School District (the "District") under programs of the federal government for the year ended June 30, 2020 and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

Note 2 – Food Donation

Nonmonetary assistance for food donation is reported in the Schedule at the fair market value of the commodities disbursed. These donations are received from the US Department of Agriculture via the Kentucky Department of Agriculture (KDA). The KDA has not provided a pass-through grant number.

Note 3 – Indirect Cost Rate

The District did not use the de minimis indirect cost rate of 10.0%.

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

State Committee For School District Audits
Members of the Board of Education
Shelby County School District
Shelbyville, Kentucky

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, Audits of States and Local Governments, and Non-profit Organizations, and the audit requirement prescribed by the Kentucky Committee for School District Audits, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Shelby County Board of Education as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated January 5, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

I noted certain matters that I reported to management of the District in a separate letter dated January 5, 2021.

Purpose of this Report

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

Denise M. Keene

Denise M. Keene, CPA
Georgetown, Kentucky
January 5, 2021

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

State Committee For School District Audits
Members of the Board of Education
Shelby County School District
Shelbyville, Kentucky

Report on Compliance for Each Major Federal Program

We have audited Shelby County School District's (the "District") compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2020. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

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

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

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

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

Denise M. Keene

Denise M. Keene, CPA
Georgetown, Kentucky
January 5, 2021

SHELBY COUNTY SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For The Year Ended June 30, 2020

Section I – Summary of Auditor’s Results

Financial Statements

An unmodified opinion was issued on the financial statements.

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

Federal Awards

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

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

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

Identification of major programs

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I
84.425	CARES, Education Relief Fund

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

Auditee qualified as low-risk auditee? yes no

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

SHELBY COUNTY SCHOOL DISTRICT
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For The Year Ended June 30, 2020

PRIOR YEAR – FINANCIAL STATEMENT FINDINGS

None were reported last year

PRIOR YEAR – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2019-001

The District corrected the finding as indicated in the corrective action plan.

MANAGEMENT LETTER

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

Shelby County Board of Education
Shelbyville, Kentucky

We have audited the financial statements of the Shelby County School District for the year ended June 30, 2020 and have issued our report thereon dated January 5, 2021. As part of our audit, we made a study and evaluation of the District's system of internal accounting control to the extent we considered necessary to evaluate the system as required by auditing standards generally accepted in the United States of America. The purpose of our study and evaluation was to determine the nature, timing and extent of the auditing procedures necessary for expressing an opinion on the District's financial statements. Our study and evaluation was more limited than would be necessary for expressing an opinion on the system of internal accounting control taken as a whole.

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

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

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

The following items from last year's management letter points were corrected during the current fiscal year as outlined in the District's response: 2019-001, 2019-002, 2019-003, 2019-004, 2019-005, 2019-006, 2019-007, 2019-008, 2019-009, 2019-010, 2019-012, 2019-013, 2019-014, 2019-016, 2019-019, 2019-2020, 2019-021, 2019-022, 2019-023, 2019-024, 2019-025, 2019-026.

The following items from last year's management letter points were not corrected: 2019-011, 2019-015, 2019-017, 2019-018.

Denise M. Keene, CPA
January 5, 2021

CURRENT YEAR MANAGEMENT POINTS

HERITAGE ELEMENTARY SCHOOL

2020-001

There was money collected prior to going on Christmas break that was not deposited until January. The amount was over \$100 and should have been deposited prior to leaving for break. I recommend the Principal remind the bookkeeper to deposit all money daily if \$100 or more and at least weekly if less.

Management's Response:

There will be a daily and weekly check in between finance secretary and principal that all deposits have been made in a timely manner.

2020-002

According to the Redbook, "The sponsor of the remitting (paying) activity account and the principal shall sign the Transfer Form." There were eleven (11) transfers during the year. None were signed by the Principal. Only two (2) were signed by a sponsor. I recommend the Principal remind the bookkeeper that Transfer Forms must be signed prior to implementing the transfer.

Management's Response:

Bank Statement Review Form will be updated to include check-off for any transfers made within the month to ensure proper documentation.

2020-003

According to the Redbook, "All school level checks should contain the signatures of an authorized school administrator and the school treasurer. There were two (2) checks during the year that had only the Principal's signature. I recommend that checks be reviewed prior to distribution for two signatures.

Management's Response:

All checks will be signed by finance secretary first and then routed to principal/assistant principal for required second signature.

PAINTED STONE ELEMENTARY

2020-004

Teachers are not completing the multiple receipt forms correctly. The Purpose/Fundraiser section is not always completed. The teacher/Coach/Sponsor section is not always completed. The Activity Fund section is not always completed. I recommend the Principal instruct staff to complete all sections of the multiple receipt form.

Management's Response:

The teachers will be instructed on how to completely fill out the form on Opening Day. The form will not be accepted unless it is filled out completely.

CLEAR CREEK ELEMENTARY SCHOOL – NO COMMENTS

SIMPSONVILLE ELEMENTARY SCHOOL – NO COMMENTS

SOUTHSIDE ELEMENTARY SCHOOL – NO COMMENTS

WRIGHT ELEMENTARY SCHOOL – NO COMMENTS

EAST MIDDLE SCHOOL

2020-005

Even though the bookkeeper has highlighted all the places that need to be signed on the Ticket Sale Form, workers are still not signing the form. During the year, Ticket Taker did not sign 2 times, and the Person in Charge did not sign 1 form at the bottom, there was one game when the same person did everything, and there was one game when the form was not completed and no one signed. I recommend the Principal address this with staff and volunteers that work the games. **This is a repeat from the past two years. (2019-011)**

Management's Response:

East Middle School now has an Athletic Director or Administrator available for every home game, who are able to make sure the Ticket Sale Form is properly handled. Also working with Athletic Directors to ensure Athletic Gate procedures is part of coaches training.

WEST MIDDLE SCHOOL

2020-006

Ticket Sales Forms are not being completed or used correctly. The Snowball dance used a multiple receipt form instead of completing the Ticket Sales Form. Could not find a form for the game on October 15, 2019. There was no ticket taker for some of the games. One volleyball game had the same person doing everything. One football game was not signed by anyone. I recommend the Principal review the proper procedures for ticket sales with those in charge.

Management's Response:

With respect to the Snowball Dance, we will make the adjustment to using the Ticket Sales Form. We were unclear that we needed to use that form and this will now be our practice moving forward. The October 15, 2019 game was rescheduled, thus no money was taken. We are struggling to find multiple people to tend gate at volleyball games, etc. Admin is making changes to man gate using WMS staff members. This will be done with the intent to have more control over who is receiving tickets and money.

Teachers received training on the purpose and process of using a multiple receipt form. That training occurred on August 12, 2020. The principal and bookkeeper will revisit this procedure once we get students back in the building post COVID.

2020-007

According to the Redbook, "The sponsor of the remitting (paying) activity account and the principal shall sign the Transfer Form." There was no transfer form for Transfer number 2 during the year. I recommend the Principal review the proper procedure with the bookkeeper for Transfers. No transfer should be made without the Transfer Form being properly signed.

Management's Response:

The principal will review the proper procedure with the bookkeeper for transfers.

2020-008

According to the Redbook, "All school level checks should contain the signatures of an authorized school administrator and the school treasurer. There were one (1) check during the year that had only the Principal's signature. I recommend that checks be reviewed prior to distribution for two signatures.

Management's Response:

The bookkeeper will do a better job of reviewing all documents for two signatures prior to distribution.

MARNEL C MOORMAN SCHOOL

2020-009

According to the Redbook, "All money collected by a teacher/sponsor shall be given to the school treasurer on the day collected." Testing disclosed some checks were not turned in for over a month. I recommend the Principal remind all staff to turn money in on the day it is collected.

Management's Response:

We will remind teachers to turn in the money as soon as received.

2020-010

Teachers are not completing multiple receipt forms. Some are not completing the Purpose/Fundraiser section. Some are not completing the Teacher/Coach/Sponsor section. There was also one Sales from Concessions form that the Preparer did not sign. The Principal needs to instruct staff to complete all sections of the form that is being completed.

Management's Response:

Staff will be reminded to complete all forms entirely.

2020-011

Two out of twelve (12) disbursements tested were not allowed. They were payments made for the benefit of parents and not students. The Principal should not approve expenditures that do not benefit students.

Management's Response:

Staff will be reminded that money can only be used for students.

2020-012

There was a payment made for items ordered by a parent without approval. The invoice was mailed to the school. The Principal should not have approved this purchase since it had not gone through the proper procedure.

Management's Response: Parents/staff will be reminded that any purchases made without prior approval will not be paid by school. Person making unapproved purchase without approval will be responsible for the expense.

2020-013

According to the Redbook, "All school level checks should contain the signatures of an authorized school administrator and the school treasurer. There were three (3) checks during the year that had only the Principal's signature. There was one check that did not have any signatures on it. I recommend that checks be reviewed prior to distribution for two signatures

Management's Response:

Bookkeeper will sign all checks as soon as printed, prior to routing to Principal for signature.

2020-014

According to the Redbook, The Principal shall prepare the Principal's Combining Budget. There was no budget prepared for the 2019-2020 year. I recommend the Principal prepare the budget as required each year.

Management's Response:

I wasn't aware of that, but we completed one for 2020-2021.

MARTHA LAYNE COLLINS HIGH SCHOOL

2020-015

Ticket Sale Forms are not being signed properly. There were eleven (11) forms not signed by the person picking up the tickets and change fund. I recommend that the person releasing the tickets and change fund get the signature prior to releasing the tickets and money. **This is a repeat for the past two years. (2019-015)**

Management's Response:

The Principal has spoken with the athletic director and planned a new procedure for checking that each form has the correct signature.

2020-016

According to the Redbook, "The purchase order shall be prepared and approved by the sponsor and principal before the payment is obligated." Two (2) or twenty-two (22) items tested had invoice dates prior to purchase order dates. I recommend the Principal remind staff that all purchase orders must be approved prior to obligating the payment.

Management's Response:

This will be addressed with all staff that are involved in purchasing by reinforcing the expectation that approvals by the sponsor and principal are done prior to any purchase.

SHELBY COUNTY HIGH SCHOOL

2020-0017

According to the Redbook Booster Clubs must submit a budget, officers, federal ID number, annual financial report and proof of liability insurance coverage to the principal. Boosters did not provide required documentation. The Principal should obtain all data required by the Redbook. **This is a repeat finding from the past three years (2019-017)**

Management's Response:

We have obtained and can now provide all missing documents and paperwork for 19-20. Moving forward, the principal will create a system of checks and balances that ensure all booster organizations submit a budget, annual financial report, officers, proof of insurance and their federal identification number to the principal. Administrators are assigned to specific booster club to monitor, support, and collect required documentation. We already have all annual paperwork, officers and monthly financial reports to date for 20-21. Calendar reminders for remainder financial reports have been sent to booster presidents and admin assigned to monitor the booster club.

2020-018

According to the Redbook, "The purchase order shall be prepared and approved by the sponsor and principal before the payment is obligated." Five (5) out of twenty-four (24) expenditures tested had purchase order dates after the invoice date. I recommend the Principal remind staff purchase orders must be approved before the purchase is made. **This is a repeat finding from last year (2019-018)**

Management's Response:

The principal trained teachers/sponsors/coaches in red book expectations regarding the PO process and how no orders can be placed without prior PO approval. No exceptions.

2020-019

There were ten (10) ticket sales forms with cash short over \$10.00 totaling \$394.85 for the year. Nine of the ten had the same person in charge. I recommend the Principal follow up on cash short to determine if additional procedures need to be in place.

Management's Response:

Some of the differences were due to Passes being refunded. The returned tickets were attached to the sheet and documented. Another instance was due to inclement weather cancelling the event and having to refund entry fees to fans. This was also documented on the event sheet. Even so, moving forward the principal will be notified by bookkeeper as soon as a cash shortage occurs. The principal will research and document the shortage, who worked the gate at the event, who was the administrator in charge of the event, and any special circumstances of the event. This will allow for more oversight to notice trends and handle any discovered issues.

APPENDIX C

**Shelby County School District Finance Corporation
School Building Revenue Bonds
Series of 2021**

Continuing Disclosure Undertaking Agreement

CONTINUING DISCLOSURE UNDERTAKING AGREEMENT

This Continuing Disclosure Undertaking Agreement ("Agreement") made and entered into as of the 13th day of May, 2021 by and between the Board of Education of Shelby County, Kentucky School District ("Board"); the Shelby County School District Finance Corporation, an agency and instrumentality of the Board ("Corporation") and the Registered and Beneficial Owners of the Bonds hereinafter identified as third party beneficiaries to this Agreement. For the purposes of this Agreement "Beneficial Owner" means the person or entity treated as the owner of the Bonds for federal income tax purposes and "Registered Owner" means the person or entity named on the registration books of the bond registrar.

WITNESSETH:

WHEREAS, the Corporation has acted as issuing agency for the Board pursuant to the provisions of Section 162.385 of the Kentucky Revised Statutes ("KRS") and the Corporation's Bond Resolution in connection with the authorization, sale and delivery of \$14,200,000 of the Corporation's School Building Revenue Bonds, Series of 2021, dated May 20, 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 ("Municipal 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 September 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 Municipal 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
SHELBY COUNTY, KENTUCKY**

Chairman

Attest:

Secretary

**SHELBY COUNTY SCHOOL
DISTRICT FINANCE CORPORATION**

President

Attest:

Secretary

APPENDIX D

**Shelby County School District Finance Corporation
School Building Revenue Bonds
Series of 2021**

Official Terms and Conditions of Bond Sale

OFFICIAL TERMS AND CONDITIONS OF BOND SALE

\$14,200,000*

**Shelby County School District Finance Corporation
School Building Revenue Bonds, Series of 2021
Dated as of May 20, 2021**

SALE: April 29, 2021 AT 11:00 A.M., E.S.T.

As published on PARITY®, a nationally recognized electronic bidding system, the Shelby County School District Finance Corporation ("Corporation") will until April 29, 2021, at the hour of 11:00 A.M., E.D.S.T., in the office of the Executive Director of the Kentucky School Facilities Construction Commission, 700 Louisville Rd, Carriage House, Frankfort, KY 40601, receive competitive bids for the revenue bonds herein described. To be considered, bids must be submitted on an Official Bid Form and must be delivered to the Corporation at the address indicated on the date of sale no later than the hour indicated. Bids may be submitted manually or by facsimile or electronically via PARITY. Bids will be considered by the Corporation and may be accepted without further action by the Corporation's Board of Directors.

Subject to a Permitted Adjustment* increasing or decreasing the issue by up to \$1,420,000.

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

STATUTORY AUTHORITY, PURPOSE OF ISSUE AND SECURITY

These Bonds are authorized pursuant to KRS 162.120 through 162.300, 162.385, and KRS 58.180 and are issued in accordance with a Resolution of the Corporation's Board of Directors. Said Bonds are revenue bonds and constitute a limited indebtedness of the Corporation payable from rental revenues derived by the Corporation from the Board under the Lease identified below. Said Bonds are being issued to finance renovations to Shelby County High School (the "Project") and are secured by a lien upon and a pledge of the revenues from the rental of the school building to the Board under the Lease on a year to year basis; the first rental period ending June 30, 2021.

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

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

Under the terms of the Lease and any renewal thereof, so long as the Bonds remain outstanding and in conformance with the intent and purpose of KRS 157.627(5) and KRS 160.160(5), in the event of a failure by the Board to pay the rentals due under the Lease, and unless sufficient funds have been transmitted to the Paying Agent, or will be so transmitted, for paying said rentals when due, the Board has granted under the terms of the

Lease and Participation Agreement to the Corporation 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.

Although the Board is obligated to pay the Corporation annual rentals in the full amount of the principal and interest requirements for the Bonds for each year in which the Lease is renewed, the Board has entered into the Lease in reliance upon a certain Participation Agreement by and between the Board and the Kentucky School Facilities Construction Commission (the "Commission"). Under the terms of the Participation Agreement, the Commission has agreed to pay annually directly to the Paying Agent for the Bonds a stated Agreed Participation equal to approximately \$44,215 to be applied to the annual debt service requirements for the Bonds herein identified until their retirement, subject to the constitutional restrictions limiting the commitment to the biennium; said annual amount is to be applied only to the principal and interest requirements of the Bonds so long as the Board renews the Lease. Under the Lease, the Board has pledged and assigned all of its rights under the Participation Agreement in and to the Agreed Participation to the Corporation in order to secure the Bonds and has agreed to pay that portion of the rentals in excess of said Agreed Participation for each year in which the Lease is renewed.

KENTUCKY SCHOOL FACILITIES CONSTRUCTION COMMISSION

The Commission is an independent corporate agency and instrumentality of the Commonwealth of Kentucky established pursuant to the provisions of 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.

Pursuant to the provisions of the Act, the Regulations of the Kentucky Board of Education and the Commission, the Commission has determined that the Board is eligible for participation from the Commission in meeting the costs of construction of the Projects and has entered into a Participation Agreement with the Board whereunder the Commission agrees to pay an annual Agreed Participation equal to approximately \$44,215 to be applied to the annual debt service requirements for the Bonds herein identified each year until their retirement; provided, however, that the contractual commitment of the Commission to pay the annual Agreed Participation is limited to the biennial budget period of the Commonwealth, with the first such biennial period terminating on June 30, 2022; the right is reserved in the Commission to terminate its commitment to pay the Agreed Participation after the initial biennial period and every two years thereafter. The obligation of the Commission to make payments of the Agreed Participation shall be automatically renewed each two years for a period of two years unless the Commission shall give notice of its intention not to participate not less than sixty days prior to the end of the biennium; however, by the execution of the Participation Agreement, the Commission has expressed its present intention to continue to pay the Agreed Participation in each successive biennial budget period until the retirement of all of the Bonds, but such execution does not obligate the Commission to do so.

The General Assembly of the Commonwealth adopted the State's Budget for the biennium ending June 30, 2022. Inter alia, the Budget provides \$129,504,400 in FY 2018-19 and \$128,672,400 in FY 2020-20 to pay debt service on existing and future bond issues; \$58,000,000 of the Commission's previous Offers of Assistance made during the last biennium; and authorizes \$58,000,000 in additional Offers of Assistance for the current biennium to be funded in the Budget for the biennium ending June 30, 2022.

ADDITIONAL PARITY BONDS

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

BOND MATURITIES, PRIOR REDEMPTION PROVISIONS AND PAYING AGENT

All such Bonds shall be in denominations in multiples of \$5,000 within the same maturity, bear interest from May 20, 2021, payable on December 1, 2021, and semi annually thereafter and shall mature as to principal on June 1 in each of the years as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2022	\$370,000	2032	\$ 645,000
2023	385,000	2033	775,000
2024	390,000	2034	850,000
2025	400,000	2035	870,000
2026	405,000	2036	890,000
2027	410,000	2037	920,000
2028	415,000	2038	940,000
2029	430,000	2039	350,000
2030	445,000	2040	1,870,000
2031	515,000	2041	1,925,000

*Subject to a Permitted Adjustment of the amount of Bonds awarded of up to \$1,420,000 which may be applied in any or all maturities.

The Bonds maturing on or after June 1, 2030 are subject to redemption at the option of the Corporation prior to their stated maturity on any date falling on or after June 1, 2029, in any order of maturities (less than all of a single maturity to be selected by lot), in whole or in part, upon notice of such prior redemption being given by the Paying Agent in accordance with DTC requirements not less than thirty (30) days prior to the date of redemption, upon terms of the face amount, plus accrued interest, but without redemption premium.

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

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

BIDDING CONDITIONS AND RESTRICTIONS

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

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

sole risk of the prospective bidders. For further information regarding PARITY®, potential bidders may contact PARITY®, telephone (212) 404-8102. Notwithstanding the foregoing, non-electronic bids may be submitted via facsimile or by hand delivery utilizing the Official Bid Form.

(C) The minimum bid shall be not less than \$13,916,000 (98% of par) plus accrued interest. Interest rates shall be in multiples of 1/8 or 1/20 of 1% or both. Only one interest rate shall be permitted per Bond, and all Bonds of the same maturity shall bear the same rate. Interest rates must be on an ascending scale, in that the interest rate stipulated in any year may not be less than that stipulated for any preceding maturity. There is no limit on the number of different interest rates.

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

(E) The determination of the best purchase bid for said Refunding Bonds shall be made on the basis of all bids submitted for exactly \$14,200,000 principal amount of Refunding Bonds offered for sale under the terms and conditions herein specified, but the Corporation may adjust the principal amount of Bonds upward or downward by \$1,420,000 (the "Permitted Adjustment") which may be awarded to such best bidder may be a minimum of \$12,780,000 or a maximum of \$15,620,000. In the event of such Permitted Adjustment, no rebidding or recalculation of a submitted bid will be required or permitted and the Underwriter's Discount on the Bonds as submitted by the successful bidder shall be held constant. The Underwriter's Discount shall be defined as the difference between the purchase price of the Bonds submitted by the bidder and the price at which the Bonds will be issued to the public, calculated from information provided by the bidder, divided by the par amount of the Bonds bid. The price of which such adjusted principal amount of Bonds will be sold will be the same price per \$5,000 of Bonds as the price per \$5,000 for the \$14,200,000 of Bonds bid.

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

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

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

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

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

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

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

(d)*Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is April 29, 2021.

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

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

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

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

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

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

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

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

STATE SUPPORT OF EDUCATION

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

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

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

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

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

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

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

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

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

KRS 160.460 provides that as of July 1, 1994 all real property located in the Commonwealth subject to local taxation shall be assessed at \$57,158 to be applied to 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, including amendments to the Code, if enacted into law, or changes in interpretation of the Code, will not cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent owners of the Bonds from realizing the full current benefit of the tax exemption of such interest. In addition, current and future legislative proposals, if enacted into law, may cause interest on state or local government bonds (whether issued before, on the date of, or after enactment of such legislation) to be subject, directly or indirectly, to federal income taxation by, for example, changing the current exclusion or deduction rules to limit the amount of interest on such bonds that may currently be treated as tax exempt by certain individuals. Proposals are currently pending in both Federal houses which, if passed, would eliminate the ability of the issuer to advance refund the Bonds. Prospective purchasers of the Bonds should consult their own tax advisers regarding any pending or proposed federal tax legislation.

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

CONTINUING DISCLOSURE

As a result of the 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 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, Shelby County Board of Education, 1155 W. Main Street, Shelbyville, Kentucky 40066 (502-633-2375).

TAX EXEMPTION; NOT BANK QUALIFIED

Bond Counsel is of the opinion that the Bonds are NOT "qualified tax-exempt obligations" within the meaning of the Internal Revenue Code of 1986, as amended, and therefore advises as follows:

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

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

(C) As a result of certifications by the Board and the Corporation, indicating the issuance of MORE than \$10,000,000 of tax-exempt obligations during the calendar year ending December 31, 2021, the Bonds may NOT be treated by financial institutions as "qualified tax-exempt obligations" under Section 265(b)(3) of the Code.

BOOK-ENTRY-ONLY-SYSTEM

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

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

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

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

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

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

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

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

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

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

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

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

**SHELBY COUNTY SCHOOL DISTRICT
FINANCE CORPORATION**

By /s/ Dr. Sally Sugg
Secretary

APPENDIX E

**Shelby County School District Finance Corporation
School Building Revenue Bonds
Series of 2021**

Official Bid Form

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

The Shelby County School District Finance Corporation ("Corporation" or "Issuer"), will until 11:00 A.M., E.D.S.T., on April 29, 2021, receive in the office of the Executive Director of the Kentucky School Facilities Construction Commission, 700 Louisville Rd, Carriage House, Frankfort, KY 40601, (telephone 502-564-5582; fax 888-979-6152) competitive bids for its \$14,200,000 School Building Revenue Bonds, Series of 2021, dated May 20, 2021; maturing June 1, 2022 through 2041 ("Bonds").

We hereby bid for said \$14,200,000* principal amount of Bonds, the total sum of \$ _____ (not less than \$13,916,000) plus accrued interest from May 20, 2021 payable December 1, 2021 and semiannually thereafter at the following annual rates, (rates on ascending scale in multiples of 1/8 or 1/20 of 1%; number of interest rates unlimited) and maturing as to principal on June 1 in the years as follows:

<u>Year</u>	<u>Amount*</u>	<u>Rate</u>	<u>Year</u>	<u>Amount*</u>	<u>Rate</u>
2022	\$370,000	_____%	2032	\$ 645,000	_____%
2023	385,000	_____%	2033	775,000	_____%
2024	390,000	_____%	2034	850,000	_____%
2025	400,000	_____%	2035	870,000	_____%
2026	405,000	_____%	2036	890,000	_____%
2027	410,000	_____%	2037	920,000	_____%
2028	415,000	_____%	2038	940,000	_____%
2029	430,000	_____%	2039	350,000	_____%
2030	445,000	_____%	2040	1,870,000	_____%
2031	515,000	_____%	2041	1,925,000	_____%

* Subject to Permitted Adjustment

We understand this bid may be accepted for as much as \$15,620,000 of Bonds or as little as \$12,780,000 of Bonds, at the same price per \$5,000 Bond, with the variation in such amount occurring in any maturity or all maturities, which will be determined at the time of acceptance of the best bid.

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

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

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

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

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

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

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

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

(d)*Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is April 29, 2021.

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

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

PARITY®. The use of PARITY® facilities are at the sole risk of the prospective bidders. For further information regarding PARITY®, potential bidders may contact PARITY®, telephone (212) 404-8102. Notwithstanding the foregoing, non-electronic bids may be submitted via facsimile or by hand delivery utilizing the Official Bid Form.

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

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

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

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

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

If we are the successful bidder, we agree to accept and make payment for the Bonds in Federal Funds on or about May 20, 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 May 20, 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 Shelby County School District Finance Corporation for \$ _____ amount of Bonds at a price of \$ _____ as follows:

<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Year</u>	<u>Amount</u>	<u>Rate</u>
2022	_____,000	_____%	2032	_____,000	_____%
2023	_____,000	_____%	2033	_____,000	_____%
2024	_____,000	_____%	2034	_____,000	_____%
2025	_____,000	_____%	2035	_____,000	_____%
2026	_____,000	_____%	2036	_____,000	_____%
2027	_____,000	_____%	2037	_____,000	_____%
2028	_____,000	_____%	2038	_____,000	_____%
2029	_____,000	_____%	2039	_____,000	_____%
2030	_____,000	_____%	2040	_____,000	_____%
2031	_____,000	_____%	2041	_____,000	_____%

Dated: April 29, 2020

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