

DATED JUNE 15, 2021

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

RATING
Moody's: " "

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

\$451,000*
BOYD COUNTY SCHOOL DISTRICT FINANCE CORPORATION
SCHOOL BUILDING REFUNDING REVENUE BONDS,
SERIES OF 2021

Dated with Delivery: July 14, 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 December 1, 2021 and each December 1 thereafter as shown below. The Bonds are being issued in Book-Entry-Only Form and will be available for purchase in principal amounts of \$1,000 and integral multiples thereof.

| Maturing 1-Dec | Amount | Interest Rate | Reoffering Yield | CUSIP | Maturing 1-Dec | Amount | Interest Rate | Reoffering Yield | CUSIP |
|----------------|----------|---------------|------------------|-------|----------------|----------|---------------|------------------|-------|
| 2021 | \$48,000 | % | % | | 2026 | \$51,000 | % | % | |
| 2022 | \$51,000 | % | % | | 2027 | \$55,000 | % | % | |
| 2023 | \$50,000 | % | % | | 2028 | \$53,000 | % | % | |
| 2024 | \$49,000 | % | % | | 2029 | \$42,000 | % | % | |
| 2025 | \$52,000 | % | % | | | | | | |

The Bonds are not subject to redemption prior to their stated maturity as described herein.

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

The Bonds constitute a limited indebtedness of the Boyd 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 Boyd County Board of Education.

The Boyd County (Kentucky) School District Finance Corporation will until June 23, 2021 at 11:30 A.M., E.D.S.T., receive competitive bids for the Bonds at the office of the Executive Director of the Kentucky School Facilities Construction Commission, 700 Louisville Road, Carriage House, Frankfort, Kentucky 40601.

***As set forth in the "Official Terms and Conditions of Bond Sale," the principal amount of Bonds sold to the successful bidder is subject to a Permitted Adjustment by increasing or decreasing the amount not to exceed \$45,000.**

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.



**BOYD COUNTY, KENTUCKY
BOARD OF EDUCATION**

Linda Day, Chairperson
Randall Stapleton, Jr., Member
Mindy Stanley, Member
Lisa Wallin, Member
Tammy Pruitt, Member

William Boblett, Jr., Superintendent/Secretary

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

Linda Day, President
Randall Stapleton, Jr., Member
Mindy Stanley, Member
Lisa Wallin, Member
Tammy Pruitt, Member

William Boblett, Jr., Secretary
Scott Burchett, Treasurer

BOND COUNSEL

Steptoe & Boyd 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 Boyd County School District Finance Corporation School Building Refunding 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**

\$451,000*

**BOYD COUNTY SCHOOL DISTRICT FINANCE CORPORATION
SCHOOL BUILDING REFUNDING 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 Boyd County School District Finance Corporation (the "Corporation") School Building Refunding Revenue Bonds, Series of 2021 (the "Bonds").

The Bonds are being issued to (i) pay the accrued interest and refund at or in advance of maturity on July 28, 2021 the outstanding Boyd County School District Finance Corporation School Building Revenue Bonds, Series of 2009, dated December 1, 2009 (the "2009 Bonds") maturing December 1, 2021 and thereafter (the "Refunded Bonds"); and (ii) pay the cost of the Bond issuance expenses (see "Plan of Refunding" herein). The Board has determined that the plan of refunding the Refunded Bonds will result in considerable interest cost savings to the Boyd County School District (the "District") and is in the best interest of the District.

The Bonds are revenue bonds and constitute a limited indebtedness of the Corporation. The Bonds will be secured by a lien and a pledge of the rental income derived by the Corporation from leasing the Projects (as hereinafter defined) to the Boyd 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 Boyd 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 July 14, 2021, may be obtained at the office of Steptoe & Boyd 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.

The Commission will enter into a Participation Agreement with the Board whereunder the Commission, will agree to continue to pay approximately 100% of the debt service of the Refunding Bonds through December 1, 2029; 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 budget period terminating on June 30, 2022.

The General Assembly of the Commonwealth adopted the State's Budget for the biennium ending June 30, 2020. Inter alia, the Budget provides \$129,504,400 in FY 2018-19 and \$128,672,400 in FY 2019-20 to pay debt service on existing and future bond issues; \$58,000,000 of the Commission's previous Offers of Assistance made during the last biennium; and authorizes \$58,000,000 in additional Offers of Assistance for the current biennium to be funded in the Budget for the biennium ending June 30, 2022.

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

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

BIENNIAL BUDGET FOR PERIOD ENDING JUNE 30, 2022

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

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

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

OUTSTANDING BONDS

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

| Bond Series | Original Principal | Current Principal Outstanding | Principal Assigned to Board | Principal Assigned to Commission | Approximate Interest Rate Range | Final Maturity |
|--------------------|---------------------------|--------------------------------------|------------------------------------|---|--|-----------------------|
| 2009 | \$810,000 | \$430,000 | | \$810,000 | 4.000% - 4.200% | 2029 |
| 2014-REF | \$30,710,000 | \$20,920,000 | \$26,916,945 | \$3,793,055 | 3.000% - 3.500% | 2031 |
| 2015 | \$24,685,000 | \$20,455,000 | \$4,265,358 | \$20,419,642 | 2.000% - 3.250% | 2036 |
| 2017 | \$1,865,000 | \$1,665,000 | \$709,307 | \$1,155,693 | 3.000% - 3.3750% | 2037 |
| 2019 | \$5,090,000 | \$5,080,000 | \$5,090,000 | | 2.000% - 2.800% | 2039 |
| TOTALS: | \$63,160,000 | \$48,550,000 | \$36,981,610 | \$26,178,390 | | |

AUTHORITY

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

- i) the issuance of approximately \$451,000 of Bonds subject to a permitted adjustment of \$45,000;
- 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 July 14, 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 December 1, 2021 and each December 1 thereafter in the years and in the principal amounts as set forth on the cover page of this Official Statement.

Registration, Payment and Transfer

The Bonds are to be issued in fully-registered form (both principal and interest). U.S. Bank, National Association, Louisville, Kentucky, the Bond Registrar and Paying Agent, shall remit interest on each semiannual due date to Cede & Co., as the nominee of The Depository Trust Company. Please see Book-Entry-Only-System. Interest on the Bonds will be paid at rates to be established upon the basis of competitive bidding as hereinafter set forth, such interest to be payable on 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 are not subject to optional redemption prior to their stated maturities.

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

SECURITY

General

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

The Lease; Pledge of Rental Revenues

The Board has leased the school Project securing the Bonds for an initial period from July 14, 2021 through June 30, 2022 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 December 1, 2029, the final maturity date of the Bonds. Under the lease, the Corporation has pledged the rental revenue to the payment of the Bonds.

STATE INTERCEPT

Under the terms of the 2021 Lease, and any renewal thereof, the Board has agreed so long as the Bonds remain outstanding, and in conformance with the intent and purpose of Section 157.627(5) of the Act and KRS 160.160(5), in the event of a failure by the Board to pay the rentals due under the 2021 Lease, and unless sufficient funds have been transmitted to the Paying Agent, or will be so transmitted, for paying said rentals when due, the Board has granted under the terms of the 2021 Lease 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 \$53,065 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 one hundred percent (100%) 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, 2022. The right is reserved in the Commission to terminate the commitment to pay the agreed participation every two years thereafter. The obligation of the Commission to make payments of the agreed participation shall be automatically renewed each two years thereafter unless the Commission gives notice to the Board of its intention not to participate not less than sixty days prior to the end of the biennium. However, the Commission has expressed its intention to continue to pay the agreed participation in successive biennial budget periods until the Bonds are retired, but the Commission is not required to do so.

THE PLAN OF REFUNDING

A sufficient amount of the proceeds of the Bonds at the time of delivery will be deposited into the Bond Fund for the Refunded Bonds. The Bond Fund deposit is intended to be sufficient to (i) pay the accrued interest and refund at or in advance of maturity on July 28, 2021 the outstanding Boyd County School District Finance

Corporation School Building Revenue Bonds, Series of 2009, dated December 1, 2009 (the "2009 Bonds") maturing December 1, 2021 and thereafter (the "Refunded Bonds"); and (ii) pay the cost of the Bond issuance expenses (see "Plan of Refunding" herein). The Board has determined that the plan of refunding the Refunded Bonds will result in considerable interest cost savings to the Boyd County School District (the "District") and is in the best interest of the District.

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

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

PURPOSE OF THE PRIOR BONDS

The Refunded Bonds were issued by the Corporation for the purpose of site acquisition for a new High School (the "Project").

ESTIMATED BOND DEBT SERVICE

The following table shows by fiscal year the current bond payments of the Board. The plan of financing provides for the Commission to meet 100% of the debt service of the Bonds.

| Fiscal Year Ending June 30 | Current Local Bond Payments | -----Series 2021 Refunding Revenue Bonds----- | | | | | Total Local Bond Payments |
|----------------------------|-----------------------------|---|------------------|------------------|------------------|---------------|---------------------------|
| | | Principal Portion | Interest Portion | Total Payment | SFCC Portion | Local Portion | |
| 2021 | \$2,578,599 | | | | | \$0 | \$2,578,599 |
| 2022 | \$2,580,546 | \$48,000 | \$5,037 | \$53,037 | \$53,037 | \$0 | \$2,580,546 |
| 2023 | \$2,580,088 | \$51,000 | \$5,096 | \$56,096 | \$56,096 | \$0 | \$2,580,088 |
| 2024 | \$2,577,485 | \$50,000 | \$4,415 | \$54,415 | \$54,415 | \$0 | \$2,577,485 |
| 2025 | \$2,580,236 | \$49,000 | \$3,746 | \$52,746 | \$52,746 | \$0 | \$2,580,236 |
| 2026 | \$2,577,826 | \$52,000 | \$3,065 | \$55,065 | \$55,065 | \$0 | \$2,577,826 |
| 2027 | \$2,577,279 | \$51,000 | \$2,369 | \$53,369 | \$53,369 | \$0 | \$2,577,279 |
| 2028 | \$2,578,133 | \$55,000 | \$1,654 | \$56,654 | \$56,654 | \$0 | \$2,578,133 |
| 2029 | \$2,580,687 | \$53,000 | \$925 | \$53,925 | \$53,925 | \$0 | \$2,580,687 |
| 2030 | \$2,581,153 | \$42,000 | \$284 | \$42,284 | \$42,284 | \$0 | \$2,581,153 |
| 2031 | \$2,580,405 | | | | | \$0 | \$2,580,405 |
| 2032 | \$1,546,509 | | | | | \$0 | \$1,546,509 |
| 2033 | \$1,549,736 | | | | | \$0 | \$1,549,736 |
| 2034 | \$1,544,304 | | | | | \$0 | \$1,544,304 |
| 2035 | \$1,524,082 | | | | | \$0 | \$1,524,082 |
| 2036 | \$1,531,490 | | | | | \$0 | \$1,531,490 |
| 2037 | \$749,733 | | | | | \$0 | \$749,733 |
| 2038 | \$633,864 | | | | | \$0 | \$633,864 |
| 2039 | \$629,900 | | | | | \$0 | \$629,900 |
| 2040 | \$630,075 | | | | | \$0 | \$630,075 |
| TOTALS: | \$38,712,128 | \$451,000 | \$26,590 | \$477,590 | \$477,590 | \$0 | \$38,712,128 |

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 | \$451,000.00 |
| Total Sources | \$451,000.00 |
| Uses: | |
| Deposit to Prior Bond Fund | \$429,140.00 |
| Underwriter's Discount (1%) | 4,510.00 |
| Cost of Issuance | 17,350.00 |
| Total Uses | \$451,000.00 |

DISTRICT STUDENT POPULATION

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

| Year | Average Daily Attendance | Year | Average Daily Attendance |
|---------|-----------------------------|---------|-----------------------------|
| 2000-01 | 3,170.0 | 2011-12 | 2,903.0 |
| 2001-02 | 3,090.5 | 2012-13 | 2,931.0 |
| 2002-03 | 3,079.0 | 2013-14 | 2,923.6 |
| 2003-04 | 3,117.8 | 2014-15 | 2,919.5 |
| 2004-05 | 3,053.2 | 2015-16 | 2,853.6 |
| 2005-06 | 3,012.3 | 2016-17 | 2,807.0 |
| 2006-07 | 3,030.5 | 2017-18 | 2,755.5 |
| 2007-08 | 2,978.1 | 2018-19 | 2,721.5 |
| 2008-09 | 2,923.7 | 2019-20 | 2,813.7 |
| 2009-10 | 2,843.5 | | |
| 2010-11 | 2,896.1 | | |

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 Boyd 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 | 317,000.0 | 2010-11 | 289,609.0 |
| 2001-02 | 309,050.0 | 2011-12 | 290,296.0 |
| 2002-03 | 307,900.0 | 2012-13 | 293,102.0 |
| 2003-04 | 311,780.0 | 2013-14 | 292,361.0 |
| 2004-05 | 305,320.0 | 2014-15 | 291,954.0 |
| 2005-06 | 301,230.0 | 2015-16 | 285,357.0 |
| 2006-07 | 303,050.0 | 2016-17 | 280,700.0 |
| 2007-08 | 297,810.0 | 2017-18 | 275,550.0 |
| 2008-09 | 292,373.0 | 2018-19 | 272,147.0 |
| 2009-10 | 284,349.0 | 2019-20 | 281,370.0 |

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 | 50.7 | 1,065,672,508 | 5,402,960 |
| 2001-02 | 55.1 | 1,049,350,053 | 5,781,919 |
| 2002-03 | 54.3 | 1,079,254,138 | 5,860,350 |
| 2003-04 | 54.3 | 1,093,315,324 | 5,936,702 |
| 2004-05 | 55.2 | 1,122,557,929 | 6,196,520 |
| 2005-06 | 57.3 | 1,156,598,879 | 6,627,312 |
| 2006-07 | 58.3 | 1,206,348,475 | 7,033,012 |
| 2007-08 | 57.3 | 1,274,915,197 | 7,305,264 |
| 2008-09 | 60.5 | 1,282,250,999 | 7,757,619 |
| 2009-10 | 60.5 | 1,357,386,139 | 8,212,186 |
| 2010-11 | 67.5 | 1,341,120,369 | 9,052,562 |
| 2011-12 | 70.6 | 1,370,600,630 | 9,676,440 |
| 2012-13 | 68.9 | 1,389,789,074 | 9,575,647 |
| 2013-14 | 73.7 | 1,450,320,566 | 10,688,863 |
| 2014-15 | 74.3 | 1,484,966,324 | 11,033,300 |
| 2015-16 | 76.1 | 1,493,879,128 | 11,368,420 |
| 2016-17 | 74.6 | 1,511,655,048 | 11,276,947 |
| 2017-18 | 80.5 | 1,502,392,202 | 12,094,257 |
| 2018-19 | 74.7 | 1,508,088,600 | 11,265,422 |
| 2019-20 | 85.2 | 1,624,972,907 | 13,844,769 |

OVERLAPPING BOND INDEBTEDNESS

The following table shows any other overlapping bond indebtedness of the Boyd 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 Boyd | | | |
| General Obligation | \$24,745,000 | \$11,751,111 | \$12,993,889 |
| Land Acquisition Renewable | \$500,000 | \$155,000 | \$345,000 |
| Refinancing Refunding | \$4,055,000 | \$1,070,000 | \$2,985,000 |
| New Jail Roof Revenue | \$289,900 | \$96,633 | \$193,267 |
| City of Ashland | | | |
| General Obligation | \$13,720,000 | \$2,660,836 | \$11,059,164 |
| Solid Waste Revenue | \$75,000,000 | \$0 | \$75,000,000 |
| YMCA Revenue | \$800,000 | \$783,434 | \$16,566 |
| Refinancing Revenue | \$4,890,000 | \$2,500,000 | \$2,390,000 |
| Multiple Purposes Revenue | \$1,710,000 | \$531,250 | \$1,178,750 |
| Water & Sewer Revenue | \$3,620,000 | \$745,000 | \$2,875,000 |

| | | | |
|------------------------------------|---------------|--------------|---------------|
| Special Districts | | | |
| Big Sandy Water District | \$7,241,000 | \$3,272,500 | \$3,968,500 |
| Boyd County Sanitation District #4 | \$2,274,000 | \$861,000 | \$1,413,000 |
| Cannonsburg Fire Department | \$505,268 | \$388,065 | \$117,203 |
| Cannonsburg Water District | \$2,699,000 | \$525,000 | \$2,174,000 |
| East Fork Fire Department | \$318,000 | \$210,339 | \$107,661 |
| Greenup Boyd Riverport Authority | \$3,075,000 | \$155,000 | \$2,920,000 |
| Summit-Ironville Fire Department | \$850,446 | \$744,256 | \$106,190 |
| Westwood Fire Department | \$287,000 | \$180,320 | \$106,680 |
| Boyd County Capital Projects, Inc. | \$11,040,000 | \$0 | \$11,040,000 |
| <hr/> | | | |
| Totals: | \$157,619,614 | \$26,629,744 | \$130,989,870 |

Source: 2020 Kentucky Local Debt Report.

SEEK ALLOTMENT

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

| SEEK | Base Funding | Local Tax Effort | Total State & Local Funding |
|---------|--------------|------------------|-----------------------------|
| 2000-01 | 11,028,648 | 5,402,960 | 16,431,608 |
| 2001-02 | 10,759,255 | 5,781,919 | 16,541,174 |
| 2002-03 | 10,865,421 | 5,860,350 | 16,725,771 |
| 2003-04 | 11,470,209 | 5,936,702 | 17,406,911 |
| 2004-05 | 11,444,037 | 6,196,520 | 17,640,557 |
| 2005-06 | 12,036,464 | 6,627,312 | 18,663,776 |
| 2006-07 | 12,206,046 | 7,033,012 | 19,239,058 |
| 2007-08 | 13,170,615 | 7,305,264 | 20,475,879 |
| 2008-09 | 13,273,815 | 7,757,619 | 21,031,434 |
| 2009-10 | 11,082,022 | 8,212,186 | 19,294,208 |
| 2010-11 | 11,429,024 | 9,052,562 | 20,481,586 |
| 2011-12 | 11,938,167 | 9,676,440 | 21,614,607 |
| 2012-13 | 11,805,833 | 9,575,647 | 21,381,480 |
| 2013-14 | 11,521,384 | 10,688,863 | 22,210,247 |
| 2014-15 | 11,854,958 | 11,033,300 | 22,888,258 |
| 2015-16 | 11,777,154 | 11,368,420 | 23,145,574 |
| 2016-17 | 11,779,292 | 11,276,947 | 23,056,239 |
| 2017-18 | 11,954,260 | 12,094,257 | 24,048,517 |
| 2018-19 | 12,202,163 | 11,265,422 | 23,467,585 |
| 2019-20 | 12,126,279 | 13,844,769 | 25,971,048 |

- (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 \$0.852 for FY 2019-20. The equivalent tax rate" is defined as the rate which results when the income from all taxes levied by the district for school purposes is divided by the total assessed value of property plus the assessment for motor vehicles certified by the Commonwealth of Kentucky Revenue Cabinet.

State Budgeting Process

- i) Each district board of education is required to prepare a general school budget on forms prescribed and furnished by the Kentucky Board of Education, showing the amount of money

needed for current expenses, debt service, capital outlay, and other necessary expenses of the school during the succeeding fiscal year and the estimated amount that will be received from all sources.

- ii) By September 15 of each year, after the district receives its tax assessment data from the Department of Revenue and the State Department of Education, 3 copies of the budget are forwarded to the State Department for approval or disapproval.
- iii) The State Department of Education has adopted a policy of disapproving a school budget if it is financially unsound or fails to provide for:
 - a) payment of maturing principal and interest on any outstanding voted school improvement bonds of the district or payment of rental in connection with any outstanding school building revenue bonds issued for the benefit of the school district; or
 - b) fails to comply with the law.

COVID-19

The recent outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, which was first detected in China and has since spread to other countries, including the United States and the Commonwealth of Kentucky, has been declared a Pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to affect economic growth worldwide. On March 13, 2020, President Donald Trump declared a national emergency to unlock federal funds to help states and local governments fight the pandemic.

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

On March 24, 2020 the Governor of Kentucky signed Senate Bill 177 which provides relief to Kentucky School Districts in light of the Coronavirus emergency. Among other things, it removes the limits on the number of days that a district can utilize an approved Non-Traditional Instruction program ("NTI"). Senate Bill 177 also authorizes Kentucky Superintendents to use their school year 2018-2019 attendance data on their Superintendent's Annual Attendance Report. The report determines a district's average daily attendance used in calculating Support Education Excellence in Kentucky ("SEEK") funds. On Friday, Dec. 18, 2020, Gov. Andy Beshear issued Executive Order No. 2020-1041 (EO 2020-1041), which outlines requirements and recommendations for the reopening of schools in January 2021. For more information on the Kentucky Department of Education's response to COVID 19, please see their website at <https://education.ky.gov/comm/Pages/COVID-19-Updates.aspx>.

POTENTIAL LEGISLATION

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

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

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

CONTINUING DISCLOSURE; EXEMPTION

As a result of the principal amount of Bonds being offered not exceeding \$1,000,000 Bond Counsel has advised the Corporation and the Board that they are exempt from application of the Rule 15c2-12c2-12(b)(5) of the Securities and Exchange Commission with respect to the Bonds.

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

Financial information regarding the Board may be obtained from Superintendent, Boyd County Board of Education, 253 North Mayo Trail, Paintsville, Kentucky 41240, Telephone: (606) 789-2530.

TAX EXEMPTION; BANK QUALIFIED

Bond Counsel is of the opinion that:

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

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

(C) As a result of designations and certifications by the Board and the Corporation, indicating the issuance of less than \$10,000,000 of tax-exempt obligations during the calendar year ending December 31, 2021, the Bonds are "qualified tax-exempt obligations" within the meaning of the Internal Revenue Code of 1986, as amended.

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

Original Issue Premium

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

original bondholder's basis in such bonds and compounding semiannually. This amount is amortized ratably over that semiannual period on a daily basis.

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

Original Issue Discount

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

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

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

ABSENCE OF MATERIAL LITIGATION

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

APPROVAL OF LEGALITY

Legal matters incident to the authorization and issuance of the Bonds are subject to the approving legal opinion of Steptoe & Boyd 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.

APPENDIX A

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

Demographic and Economic Data

BOYD COUNTY, KENTUCKY

Boyd County, situated on the Ohio River in the Appalachian foothills of the tri-state area of Kentucky, Ohio, and West Virginia, covers 160 square miles. Ashland, the largest city in Boyd County had an estimated 2020 population of 20,092. Ashland is located in Eastern Kentucky and is 137 miles southeast of Cincinnati, Ohio; 118 miles east of Lexington, Kentucky and 190 miles east of Louisville, Kentucky. Boyd County had an estimated population of 46,767 persons in 2020.

The Economic Framework

The total number of people employed in Boyd County in 2020 averaged 27,263. The top occupations in the county include office and administrative support - 3,429 (12.58%); sales - 2,958 (10.85%); production workers - 2,884 (10.58%); executive, managers and administrators - 2,187 (8.02%); and, food preparation, serving - 1,886 (6.92%).

Transportation

U.S. Highways 64 runs through Boyd County. This interstate is a major east-west route and provides access to Interstates 75, 65, 71, 77, and 79. The nearest commercial airline service is in Lexington, Kentucky at the Blue Grass Airport, which is located 118 miles west of Ashland.

Power and Fuel

Electric power is provided to Boyd County by AEP-Kentucky Power Company. Natural gas services are provided by Columbia Gas of Kentucky Inc and Natural Energy Utility Corporation.

Education

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

LABOR MARKET STATISTICS

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

Population

| <u>Description</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|--------------------|-------------|-------------|-------------|
| Boyd County | 47,746 | 47,498 | 46,767 |
| Ashland | 20,421 | 20,245 | 20,092 |

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

Population Projections

| <u>Description</u> | <u>2025</u> | <u>2030</u> | <u>2035</u> |
|--------------------|-------------|-------------|-------------|
| Boyd County | 47,353 | 46,626 | 45,763 |

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

LOCAL GOVERNMENT

Structure

Ashland's Government structure consists of a Mayor and four Commissioners. The Mayor serves a four-year term while the Commissioners serve two-year terms. Boyd County is served by a Judge/Executive and three Commissioners. The Judge/Executive and Commissioners are elected to serve a four-year term.

Planning and Zoning

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

Sales and Use Tax

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

State and Local Property Taxes

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

Education

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

| <u>Public Schools</u> | <u>Ashland Independent</u> | <u>Boyd County</u> |
|-----------------------|--------------------------------|------------------------|
| Total Enrollment | 3,118 | 3,022 |
| Pupil-Teacher Ratio | 13-1 | 13-1 |

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

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

Area Colleges and Universities

| <u>Institution</u> | <u>Location</u> | <u>Enrollment (Fall 2019)</u> |
|------------------------------------|-----------------|-----------------------------------|
| Ashland Community & Tech College | Ashland | 2,598 |
| Morehead State University | Morehead | 9,660 |
| Big Sandy Community & Tech College | Paintsville | 2,721 |

Area Technical Schools

| <u>Institution</u> | <u>Location</u> | <u>Enrollment (2019-2020)</u> |
|--------------------|-----------------|-----------------------------------|
| Greenup County ATC | Greenup | 477 |
| Russell County ATC | Russell | 462 |
| Martin County ATC | Inez | 373 |
| Morgan County ATC | West Liberty | 479 |

Existing Industry

| <u>Firm</u> | <u>Product</u> | <u>Total Employed</u> |
|--|---|-----------------------|
| Ashland | | |
| Air Products & Chemicals Inc. | Industrial oxygen, nitrogen & liquid argon gases | 8 |
| Area Advertising | Textile screen printing, hats & advertising specialties, embroidery & trophies | 15 |
| Ashland Fabricating & Welding | Steel fabricating, arc & gas welding grinding, drilling, boring, cutting, honing, lathe & mill work | 15 |
| Ashland Office Supply Inc | Offset, letterpress & screen printing, typesetting, saddle stitch, perfect & plastic binding | 43 |
| Ashland Prosthetics & Orthotics Services | Prosthetic & Orthotic devices | 5 |
| Boyd County Glass Inc. | Machine shop; general & precision machining | 4 |
| Contech Construction Products Inc | Corrugated steel culvert pipe | 7 |
| DTR Inc. | Tire recycling, mfg barrel stabilizer, playground rubber, cow bedding, rubber mulch, pour-n-place, tire transporter & used tire casings | 4 |
| Fairchild Machine Shop | Machine shop | 4 |
| Flowserve Corporation | Pumps, valves, seals, automation and services to the power, oil, gas, chemical and other industries | 25 |
| Gallaher's Inc | Commercial offset & letterpress printing | 20 |
| Performance Engineering & Machine | Machine shop | 1 |
| R&D Associates Inc. | Inland river shipyard, barge & boat repair, drydock service, new construction small barges & stern-wheel boats, arc welding | 10 |
| RPM Inc | Industrial pump repairing & replacement parts | 45 |
| Riggs Machine & Fabricating Inc | Machine shop; CNC, general machining | 35 |
| Steele Plastics Inc. | Metal gutter screen & custom fabrication plastics | 2 |
| SWVA Kentucky, LLC | Merchant bar rolling mill | 50 |
| The Daily Independent | Newspaper publishing | 63 |
| The Hyland Co Inc | Pet food | 21 |
| The Wells Group LLC | Reday-mixed concrete | 15 |
| Young Signs Inc | Wooden, plastic, neon, metal, vinyl lettered & electrical signs | 8 |

Source: Kentucky Directory of Manufacturers (2020).

APPENDIX B

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

Audited Financial Statement ending June 30, 2020

BOYD COUNTY SCHOOL DISTRICT

**FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020**

TOGETHER WITH INDEPENDENT AUDITOR'S REPORTS

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INDEPENDENT AUDITOR'S REPORT

Kentucky State Committee for
School District Audits
Members of the Board of Education
Boyd County School District
Ashland, 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 Boyd County School District (the "District") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis information on pages 6 through 10 and the Schedule of District's Proportionate Share of the Net Pension Liability, Schedule of Pension Contributions, Schedule of District's Proportionate Share of the Net OPEB Liability, Schedule of OPEB Contributions on pages 54 through 65 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 Boyd County School District's basic financial statements. The combining and individual non-major fund financial statements and other supplemental financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2020, on our consideration of Boyd County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Kelley Ballaway Smith Hooley, PSC

Ashland, Kentucky
November 6, 2020

**BOYD COUNTY SCHOOL DISTRICT - ASHLAND, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
FOR THE YEAR ENDED JUNE 30, 2020**

As management of the Boyd County School District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the financial statements.

FINANCIAL HIGHLIGHTS

- COVID-19 has definitely been at the forefront during the 2020 fiscal year. Due to multiple situations related to COVID-19, the District provided student instruction through NTI (Non-Traditional Instruction) for much of the second semester. During the second semester, the District made preparations for the next school year through deep cleaning and social distancing upgrades.
- The General Fund had \$32,162,519 in revenues, which primarily consisted of the State SEEK program, property taxes, utility taxes, and motor vehicle taxes. Excluding inter-fund transfers, there was \$32,865,828 in General Fund expenditures. On-behalf payments of \$8,486,189 are included in revenues and expenditures of the General Fund.
- The District began the next phase of construction as the high school with the BCHS Phase IV Multipurpose Athletic Field construction. The total projected cost of construction will be \$5,795,000 and will be completed during the next fiscal year.
- The District issued new bonds in the amount of \$5,090,000 during this fiscal year for the construction of the BCHS Phase IV Multipurpose Athletic Field. The District also entered into a new KISTA capital lease in the amount of \$666,434 to purchase new buses. Principal payments made on prior debt totaled \$2,931,989, resulting in a new total outstanding debt amount on June 30, 2020 of \$52,242,913.
- The District implemented GASB 68 in 2015. There are two sources of pension liabilities with which the District has to contend. The Kentucky Teachers Retirement System covers the District's professional staff members. It had analysis performed by Cavanaugh Macdonald Consulting, LLC to determine each Kentucky school district's share of pension liabilities for its professional staff. This debt is the responsibility of the Commonwealth of Kentucky. The District's allocated amount was \$61,213,310, as of June 30, 2019. The District's non-professional staff members are covered by the Kentucky County Employee Retirement System. Under this system the District's share of the pension liabilities was \$15,583,187, as of June 30, 2019. The District does not believe these disclosures will have a major impact on our day to day operations or the financial health of District. The District's bond rating is based on the State's rating so we have little control over our cost of borrowing.
- The District implemented GASB 75 in 2018. There are two sources of OPEB liabilities with which the District has to contend. The Kentucky Teachers Retirement System (KTRS) Medical Insurance Plan and Life Insurance Plan cover the District's professional staff members. The District's allocated OPEB liability as of June 30, 2019 for KTRS Medical Insurance Plan was \$12,738,000 with the District's responsibility being \$7,047,000 and the Commonwealth of Kentucky's responsibility being \$5,691,000. The liability for the KTRS Life Insurance Plan is the responsibility of the Commonwealth of Kentucky and the District's allocated amount as of June 30, 2019 was \$132,000. Non-professional staff members are covered by the County Employee Retirement System Insurance Fund. Under this fund the District's share of OPEB liability was \$3,725,749 as

of June 30, 2019. The District does not believe these disclosures will have a major impact on their day to day operations or the financial health of District. The District's bond rating is based on the State's rating, so the District has little control over the cost of borrowing.

- The Governor and the General Assembly have taken significant steps over the past two budget cycles to reduce the projected shortfalls of the State's retirement systems. The State legislature passed a one-year budget this past cycle and will be meeting in January 2021 for another budgetary legislative session. The Governor and the General Assembly have agreed in the past to increase the State's contribution to the Kentucky Teachers Retirement System and to the County Employee Retirement System, which covers our non-instructional employees
- State funding for K-12 education remains a concern. During 2020, COVID-19 caused the shutdown of the nation and the State's economy which directly affected the State's income. The burden continues to be placed on local taxpayers to provide the resources needed to offset the increased costs of utilities, classroom supplies, and maintaining the District's fleet of buses.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

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

The government-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, operation and maintenance of plant, student transportation and operation of non-instructional services. Taxes and intergovernmental revenues also support fixed assets and related debt. The government-wide financial statements can be found on pages 11 and 12 of this report.

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. This is a state mandated uniform system and chart of accounts for all Kentucky public school districts utilizing the MUNIS administrative software. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental, proprietary, and fiduciary funds. Fiduciary funds are trust funds established by benefactors to aid in student education, welfare and teacher support. The proprietary funds consist of our food service and day care operations. All other activities of the District are included in the governmental funds. The basic governmental fund financial statements can be found on pages 13 through 23 of this report.

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24 through 53 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government’s financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by roughly \$78,000 as of June 30, 2020.

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

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

| Government-wide Basis | June 30, 2020 | (as restated) June 30, 2019 |
|---|----------------------|--|
| Current Assets | \$ 9,299,617 | \$ 7,239,695 |
| Noncurrent Assets | <u>69,052,723</u> | <u>69,547,106</u> |
| Total Assets | <u>78,352,340</u> | <u>76,786,801</u> |
| Deferred Outflows | 5,514,474 | 4,392,807 |
| Current Liabilities | 4,956,535 | 4,596,142 |
| Noncurrent Liabilities | <u>75,315,357</u> | <u>71,757,603</u> |
| Total Liabilities | <u>80,271,892</u> | <u>76,353,745</u> |
| Deferred Inflows | 3,516,637 | 1,615,035 |
| Investment in capital assets (net of debt) | 20,014,164 | 21,409,930 |
| Restricted | (2,251,543) | (769,473) |
| Unrestricted | <u>(17,684,336)</u> | <u>(17,429,629)</u> |
| Total Net Position | <u>\$ 78,285</u> | <u>\$ 3,210,828</u> |

The following table presents a summary of revenue and expense on a government-wide basis for the fiscal years ended June 30, 2020 and 2019, respectively.

| | 2020 <u>Amount</u> | 2019 <u>Amount</u> |
|--------------------------------------|-----------------------|-----------------------|
| Revenues: | | |
| Local Revenue Sources | \$ 12,688,014 | \$ 12,923,568 |
| State Revenue Sources | 13,714,804 | 13,535,602 |
| Direct Federal Sources | 2,064,855 | 1,756,090 |
| Federal Subsidy | 137,545 | 100,543 |
| Indirect Federal Sources | 4,491,227 | 3,981,829 |
| Interest Income | 222,186 | 81,360 |
| Other Sources | <u>747,218</u> | <u>684,991</u> |
| Total revenues | <u>34,065,849</u> | <u>33,063,983</u> |
| Expenses: | | |
| Instruction | 17,101,000 | 17,598,502 |
| Student Support Services | 2,476,613 | 2,274,484 |
| Instructional Support | 1,777,828 | 1,504,879 |
| District Administration | 847,829 | 812,408 |
| School Administration | 1,877,029 | 1,769,635 |
| Business Support | 659,651 | 787,699 |
| Plant Operations | 5,024,314 | 5,046,538 |
| Student Transportation | 2,017,028 | 2,213,760 |
| Community Services | 241,739 | 249,239 |
| Food Service Operations | 2,888,188 | 1,903,696 |
| Day Care Operations | 806,771 | - |
| Debt Service - Interest | <u>1,480,402</u> | <u>1,579,327</u> |
| Total expenses | <u>37,198,392</u> | <u>35,740,167</u> |
| Revenue over (under) expenses | <u>\$ (3,132,543)</u> | <u>\$ (2,676,184)</u> |

FUND BASIS

- The District's total revenues for the governmental funds for the fiscal year ended June 30, 2020 and 2019, net of inter-fund transfers and bond proceeds, was approximately \$42.7 million and \$42.0 million, respectively.
- The total cost of all programs and services for the governmental funds was approximately \$38.8 million and \$36.9 million, net of debt service and facilities acquisition and construction, for the fiscal years ended June 30, 2020 and 2019, respectively.

Comments on Budget Comparisons

- General Fund budgeted revenues varied from line item to line item again this year. Total revenues were approximately \$3.2 million above budget projections with Intergovernmental - State receipts exceeding the budgeted amount by \$2.6 million.

CAPITAL ASSETS

At the end of June 30, 2020, the District's investment in capital assets for its governmental and business-type activities was \$69,052,723, representing an decrease of \$494,383, net of depreciation, from the prior year.

DEBT SERVICE

At year-end, the District had approximately \$51.6 million in outstanding debt, net of discounts, compared to \$48.8 million last year. The District continues to maintain favorable debt ratings from Moody's and Standard & Poor's.

FUTURE BUDGETARY IMPLICATIONS

In Kentucky the public school fiscal year is July 1-June 30; other programs, (i.e. some federal programs) operate on a different fiscal calendar, but are reflected in the District's overall budget. By state law the budget must have a minimum 2% contingency. The District adopted a budget for 2021 with \$2.8 million in contingency (9.32%). The Governmental Funds beginning unrestricted balance for the 2021 fiscal year is \$4.4 million.

Questions regarding this report should be directed to Superintendent William Boblett (606) 928-4141 or to Director of Finance Scott Burchett (606) 928-4141 or by mail at 1104 Bob McCullough Drive, Ashland, Kentucky 41102.

BOYD COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2020

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total</u> |
|---|------------------------------------|-------------------------------------|---------------------|
| Assets | | | |
| Cash and cash equivalents | \$ 7,714,524 | \$ 318,110 | \$ 8,032,634 |
| Receivables (net of allowances for uncollectibles): | | | |
| Taxes | 400,377 | - | 400,377 |
| Other | 32,570 | 11,474 | 44,044 |
| Intergovernmental - state | 471,395 | - | 471,395 |
| Intergovernmental - federal | 14,737 | 247,160 | 261,897 |
| Inventories | - | 89,270 | 89,270 |
| Capital assets, not being depreciated | 5,483,436 | - | 5,483,436 |
| Capital assets, being depreciated, net | <u>62,655,118</u> | <u>914,169</u> | <u>63,569,287</u> |
| Total assets | <u>76,772,157</u> | <u>1,580,183</u> | <u>78,352,340</u> |
| Deferred Outflows of Resources | | | |
| Deferred savings from refunding bonds | 6,936 | - | 6,936 |
| Deferred outflows - pension related | 2,573,361 | 541,644 | 3,115,005 |
| Deferred outflows - OPEB related | <u>2,152,362</u> | <u>240,171</u> | <u>2,392,533</u> |
| Total deferred outflows of resources | <u>4,732,659</u> | <u>781,815</u> | <u>5,514,474</u> |
| Liabilities | | | |
| Accounts payable | 742,526 | 76,189 | 818,715 |
| Accrued salaries and benefits payable | 298,445 | - | 298,445 |
| Accrued interest payable | 336,884 | - | 336,884 |
| Unearned revenue | 556,019 | - | 556,019 |
| Portion due or payable within one year: | | | |
| Debt obligations | 2,795,000 | - | 2,795,000 |
| Capital leases | 134,939 | - | 134,939 |
| KSBIT | 16,533 | - | 16,533 |
| Noncurrent liabilities: | | | |
| Portion due or payable after one year: | | | |
| Debt obligations, net of discounts of \$683,774 | 47,866,226 | - | 47,866,226 |
| Capital leases | 746,441 | - | 746,441 |
| Accrued sick leave | 346,754 | - | 346,754 |
| Net pension liability | 12,873,546 | 2,709,641 | 15,583,187 |
| Net OPEB liability | <u>10,124,907</u> | <u>647,842</u> | <u>10,772,749</u> |
| Total liabilities | <u>76,838,220</u> | <u>3,433,672</u> | <u>80,271,892</u> |
| Deferred Inflows of Resources | | | |
| Deferred inflows - pension related | 335,019 | 70,515 | 405,534 |
| Deferred inflows - OPEB related | <u>2,872,692</u> | <u>238,411</u> | <u>3,111,103</u> |
| Total deferred inflows of resources | <u>3,207,711</u> | <u>308,926</u> | <u>3,516,637</u> |
| Net Position | | | |
| Net investment in capital assets | 19,099,995 | 914,169 | 20,014,164 |
| Restricted | 43,226 | (2,294,769) | (2,251,543) |
| Unrestricted | <u>(17,684,336)</u> | <u>-</u> | <u>(17,684,336)</u> |
| Total net position | <u>\$ 1,458,885</u> | <u>\$ (1,380,600)</u> | <u>\$ 78,285</u> |

The accompanying notes to financial statements are an integral part of this statement.

**BOYD COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | |
|---|----------------------|-------------------------|--|--|--|-----------------------------|------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | Total |
| Primary government: | | | | | | | |
| Governmental activities: | | | | | | | |
| Instruction | \$ 17,101,000 | \$ - | \$ 4,367,073 | \$ - | \$ (12,733,927) | \$ - | \$ (12,733,927) |
| Support services: | | | | | | | |
| Students | 2,476,613 | - | 257,336 | - | (2,219,277) | - | (2,219,277) |
| Instructional staff | 1,777,828 | - | 391,082 | - | (1,386,746) | - | (1,386,746) |
| District administration | 847,829 | - | - | - | (847,829) | - | (847,829) |
| School administration | 1,877,029 | - | 231,695 | - | (1,645,334) | - | (1,645,334) |
| Business and other support services | 659,651 | - | 44,229 | - | (615,422) | - | (615,422) |
| Operation and maintenance of plant | 5,024,314 | - | 275,373 | - | (4,748,941) | - | (4,748,941) |
| Student transportation | 2,017,028 | - | 99,199 | - | (1,917,829) | - | (1,917,829) |
| Community services | 241,739 | - | 241,739 | - | - | - | - |
| Debt service - interest | 1,480,402 | - | - | 1,917,170 | 436,768 | - | 436,768 |
| Total governmental activities | <u>33,503,433</u> | <u>-</u> | <u>5,907,726</u> | <u>1,917,170</u> | <u>(25,678,537)</u> | <u>-</u> | <u>(25,678,537)</u> |
| Business-type activities: | | | | | | | |
| Food service | 2,888,188 | 59,250 | 2,255,520 | - | - | (573,418) | (573,418) |
| Day care operations | 806,771 | 224,038 | 56,429 | - | - | (526,304) | (526,304) |
| Total business-type activities | <u>3,694,959</u> | <u>283,288</u> | <u>2,311,949</u> | <u>-</u> | <u>-</u> | <u>(1,099,722)</u> | <u>(1,099,722)</u> |
| Total primary government | <u>\$ 37,198,392</u> | <u>\$ 283,288</u> | <u>\$ 8,219,675</u> | <u>\$ 1,917,170</u> | <u>\$ (25,678,537)</u> | <u>\$ (1,099,722)</u> | <u>\$ (26,778,259)</u> |
| General revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Property taxes, levied for general purposes | | | | | \$ 8,812,210 | \$ - | \$ 8,812,210 |
| Motor vehicle | | | | | 1,209,159 | - | 1,209,159 |
| Utilities | | | | | 2,371,250 | - | 2,371,250 |
| Intergovernmental revenues: | | | | | | | |
| State | | | | | 10,315,931 | - | 10,315,931 |
| Investment earnings | | | | | 215,763 | 6,423 | 222,186 |
| Gain on sale of assets | | | | | 934 | - | 934 |
| Other local revenues | | | | | 701,939 | 12,107 | 714,046 |
| Total general revenues and transfers | | | | | <u>23,627,186</u> | <u>18,530</u> | <u>23,645,716</u> |
| Change in net position | | | | | (2,051,351) | (1,081,192) | (3,132,543) |
| Net position, June 30, 2019, as restated | | | | | <u>3,510,236</u> | <u>(299,408)</u> | <u>3,210,828</u> |
| Net position, June 30, 2020 | | | | | <u>\$ 1,458,885</u> | <u>\$ (1,380,600)</u> | <u>\$ 78,285</u> |

The accompanying notes to financial statements are an integral part of this statement.

BOYD COUNTY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

| | General Fund | Special Revenue Fund | Construction Fund | Debt Service Funds | Other Governmental Funds | Total Governmental Funds |
|---|---------------------|----------------------------|----------------------|--------------------------|--------------------------------|--------------------------------|
| Assets | | | | | | |
| Cash and cash equivalents | \$ 4,384,889 | \$ 176,582 | \$ 2,992,816 | \$ 30,519 | \$ 129,718 | \$ 7,714,524 |
| Receivables (net of allowances for uncollectibles): | | | | | | |
| Property taxes | 400,377 | - | - | - | - | 400,377 |
| Other | 32,570 | - | - | - | - | 32,570 |
| Intergovernmental - state | 34,414 | 436,981 | - | - | - | 471,395 |
| Intergovernmental - federal | 14,737 | - | - | - | - | 14,737 |
| Total assets | <u>\$ 4,866,987</u> | <u>\$ 613,563</u> | <u>\$ 2,992,816</u> | <u>\$ 30,519</u> | <u>\$ 129,718</u> | <u>\$ 8,633,603</u> |
| Liabilities and Fund Balances | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | \$ 160,952 | \$ 57,544 | \$ 495,705 | \$ 27,413 | \$ 912 | \$ 742,526 |
| Accrued salaries and benefits payable | 298,445 | - | - | - | - | 298,445 |
| Unearned revenue | - | 556,019 | - | - | - | 556,019 |
| Total liabilities | <u>459,397</u> | <u>613,563</u> | <u>495,705</u> | <u>27,413</u> | <u>912</u> | <u>1,596,990</u> |
| Fund balances: | | | | | | |
| Restricted | - | - | 2,497,111 | 3,106 | 40,120 | 2,540,337 |
| Committed | 131,656 | - | - | - | 83,299 | 214,955 |
| Assigned | - | - | - | - | 5,387 | 5,387 |
| Unassigned | 4,275,934 | - | - | - | - | 4,275,934 |
| Total fund balances | <u>4,407,590</u> | <u>-</u> | <u>2,497,111</u> | <u>3,106</u> | <u>128,806</u> | <u>7,036,613</u> |
| Total liabilities and fund balances | <u>\$ 4,866,987</u> | <u>\$ 613,563</u> | <u>\$ 2,992,816</u> | <u>\$ 30,519</u> | <u>\$ 129,718</u> | <u>\$ 8,633,603</u> |

The accompanying notes to financial statements are an integral part of this statement.

**BOYD COUNTY SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2020**

| | | |
|--|--------------|--------------|
| Fund balances—total governmental funds | | \$ 7,036,613 |
| Amounts reported for governmental activities in the statement of net position are different because: | | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | | 68,138,554 |
| Savings from refunding bonds are not available to pay current period expenditures and therefore are not reported in the funds. | | 6,936 |
| Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds. | | 2,238,342 |
| Deferred outflows and inflows of resources related to OPEB are applicable to future periods and, therefore, are not reported in the funds. | | (720,330) |
| Some liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds. | | |
| Net pension liability | (12,873,546) | |
| Net OPEB liability | (10,124,907) | |
| Bonds payable | (50,661,226) | |
| Capital leases payable | (881,380) | |
| KSBIT payable | (16,533) | |
| Accrued sick leave | (346,754) | |
| Accrued interest payable | (336,884) | |
| | (75,241,230) | (75,241,230) |
| Net position of governmental activities | | \$ 1,458,885 |

The accompanying notes to financial statements are an integral part of this statement.

BOYD COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

| | General Fund | Special Revenue Fund | Construction Fund | Debt Service Fund | Other Governmental Funds | Total Governmental Funds |
|---|---------------------|----------------------------|----------------------|-------------------------|--------------------------------|--------------------------------|
| Revenues | | | | | | |
| From local sources: | | | | | | |
| Taxes - | | | | | | |
| Property | \$ 7,187,238 | \$ - | \$ - | \$ - | \$ 1,624,972 | \$ 8,812,210 |
| Motor vehicles | 1,209,159 | - | - | - | - | 1,209,159 |
| Utilities | 2,371,250 | - | - | - | - | 2,371,250 |
| Interest income | 151,534 | 1,264 | 58,146 | 2,835 | 1,984 | 215,763 |
| Other local revenues | 635,181 | 44,345 | - | - | 66,758 | 746,284 |
| Intergovernmental - State | 20,402,724 | 1,467,727 | - | 1,917,170 | 1,003,018 | 24,790,639 |
| Intergovernmental - Indirect federal | 145,610 | 2,390,622 | - | - | - | 2,536,232 |
| Intergovernmental - Direct federal | 59,823 | 2,005,032 | - | - | - | 2,064,855 |
| Total revenues | <u>32,162,519</u> | <u>5,908,990</u> | <u>58,146</u> | <u>1,920,005</u> | <u>2,696,732</u> | <u>42,746,392</u> |
| Expenditures | | | | | | |
| Current | | | | | | |
| Instruction | 20,031,200 | 4,431,402 | - | - | 44,538 | 24,507,140 |
| Support services: | | | | | | |
| Students | 2,148,956 | 257,336 | - | - | - | 2,406,292 |
| Instructional staff | 1,328,501 | 391,082 | - | - | 14,096 | 1,733,679 |
| District administration | 828,403 | - | - | - | - | 828,403 |
| School administration | 1,593,547 | 231,695 | - | - | - | 1,825,242 |
| Business and other support services | 608,344 | 44,229 | - | - | - | 652,573 |
| Operation and maintenance of plant | 3,905,387 | 275,373 | - | - | - | 4,180,760 |
| Student transportation | 2,349,140 | 99,199 | - | - | 399 | 2,448,738 |
| Community services | - | 241,739 | - | - | - | 241,739 |
| Facilities acquisition and construction | - | - | 3,256,894 | - | - | 3,256,894 |
| Debt service | 72,350 | - | - | 4,390,689 | - | 4,463,039 |
| Total expenditures | <u>32,865,828</u> | <u>5,972,055</u> | <u>3,256,894</u> | <u>4,390,689</u> | <u>59,033</u> | <u>46,544,499</u> |
| Excess (deficiency) of revenues over expenditures | <u>(703,309)</u> | <u>(63,065)</u> | <u>(3,198,748)</u> | <u>(2,470,684)</u> | <u>2,637,699</u> | <u>(3,798,107)</u> |
| Other financing sources (uses): | | | | | | |
| Gain on sale of equipment | 934 | - | - | - | - | 934 |
| Proceeds from issuance of bonds | - | - | 5,090,000 | - | - | 5,090,000 |
| Proceeds from capital lease | 666,434 | - | - | - | - | 666,434 |
| Transfers in | 155,000 | 63,065 | - | 2,469,835 | - | 2,687,900 |
| Transfers out | (63,065) | - | - | - | (2,624,835) | (2,687,900) |
| Total other financing sources and uses | <u>759,303</u> | <u>63,065</u> | <u>5,090,000</u> | <u>2,469,835</u> | <u>(2,624,835)</u> | <u>5,757,368</u> |
| Net change in fund balances | 55,994 | - | 1,891,252 | (849) | 12,864 | 1,959,261 |
| Fund balances, June 30, 2019 | 4,351,596 | - | 605,859 | 3,955 | 115,942 | 5,077,352 |
| Fund balances, June 30, 2020 | <u>\$ 4,407,590</u> | <u>\$ -</u> | <u>\$ 2,497,111</u> | <u>\$ 3,106</u> | <u>\$ 128,806</u> | <u>\$ 7,036,613</u> |

The accompanying notes to financial statements are an integral part of this statement.

**BOYD COUNTY SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

Net change in fund balances—total governmental funds \$ 1,959,261

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

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

| | | |
|----------------------|--------------------|-----------|
| Capital outlay | 4,326,108 | |
| Depreciation expense | <u>(4,707,765)</u> | (381,657) |

Bond and capital lease proceeds, including related premiums and discounts, are recognized as revenues in the fund financial statement, but are increases in liabilities in the statement of net position.

| | | |
|--|----------------|-------------|
| Capital lease proceeds | (666,434) | |
| Bonds and refunding bonds issued | (5,090,000) | |
| Premiums and discounts on bonds and refunding bonds issued | <u>101,453</u> | (5,654,981) |

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

| | | |
|---|--|----------|
| Long-term portion of accrued sick leave | | (48,772) |
| Amortization of deferred savings from refunding bonds | | (1,732) |
| Amortization of bond discounts and premiums | | (51,379) |
| Accrued interest payable | | 2,306 |

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

| | | |
|--|----------------|-----------|
| KTRS nonemployer support revenue - pension | (11,006,053) | |
| KTRS expense - pension | 11,006,053 | |
| KTRS nonemployer support revenue - OPEB | (289,191) | |
| KTRS expense - OPEB | 400,191 | |
| KTRS contributions - OPEB | 14,022 | |
| CERS contributions - OPEB | 53,550 | |
| CERS expense - OPEB | (4,270) | |
| CERS contributions - pension | (1,204,975) | |
| CERS expense - pension | <u>224,287</u> | (806,386) |

Bond and capital lease payments are recognized as expenditures of current financial resources in the fund financial statements, but are reductions of liabilities in the statement of net position.

2,931,989

Change in net position of governmental activities

\$ (2,051,351)

The accompanying notes to financial statements are an integral part of this statement.

BOYD COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2020

| | Food Service Fund | Day Care Fund | Total Proprietary Funds |
|--|-------------------------|---------------------|-------------------------------|
| Assets | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 276,582 | \$ 41,528 | \$ 318,110 |
| Receivables (net of allowances for uncollectibles) | | | |
| Other | - | 11,474 | 11,474 |
| Intergovernmental - federal | 247,160 | - | 247,160 |
| Inventories | 89,270 | - | 89,270 |
| Total current assets | 613,012 | 53,002 | 666,014 |
| Noncurrent assets: | | | |
| Capital assets, net of accumulated depreciation | 914,169 | - | 914,169 |
| Total noncurrent assets | 914,169 | - | 914,169 |
| Total assets | 1,527,181 | 53,002 | 1,580,183 |
| Deferred Outflows of Resources | | | |
| Deferred outflows - pension related | 382,006 | 159,638 | 541,644 |
| Deferred outflows - OPEB related | 169,386 | 70,785 | 240,171 |
| Total deferred outflows of resources | 551,392 | 230,423 | 781,815 |
| Total assets and deferred outflows | \$ 2,078,573 | \$ 283,425 | \$ 2,361,998 |
| Liabilities | | | |
| Current liabilities: | | | |
| Accounts payable | \$ 74,094 | \$ 2,095 | \$ 76,189 |
| Total current liabilities | 74,094 | 2,095 | 76,189 |
| Noncurrent liabilities: | | | |
| Net pension liability | 1,911,032 | 798,609 | 2,709,641 |
| Net OPEB liability | 456,904 | 190,938 | 647,842 |
| Total noncurrent liabilities | 2,367,936 | 989,547 | 3,357,483 |
| Total liabilities | 2,442,030 | 991,642 | 3,433,672 |
| Deferred Inflows of Resources | | | |
| Deferred inflows - pension related | 49,732 | 20,783 | 70,515 |
| Deferred inflows - OPEB related | 168,145 | 70,266 | 238,411 |
| Total deferred inflows of resources | 217,877 | 91,049 | 308,926 |
| Net Position | | | |
| Net investment in capital assets | 914,169 | - | 914,169 |
| Restricted | (1,495,503) | (799,266) | (2,294,769) |
| Total net position | (581,334) | (799,266) | (1,380,600) |
| Total liabilities and net position | \$ 2,078,573 | \$ 283,425 | \$ 2,361,998 |

The accompanying notes to financial statements are an integral part of this statement.

BOYD COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2020

| | Food Service Fund | Day Care Fund | Total Proprietary Fund |
|--|-------------------------|---------------------|------------------------------|
| Operating revenues: | | | |
| Lunchroom sales | \$ 59,250 | \$ - | \$ 59,250 |
| Day care revenue | - | 224,038 | 224,038 |
| Miscellaneous | 7,654 | 4,453 | 12,107 |
| Total operating revenues | <u>66,904</u> | <u>228,491</u> | <u>295,395</u> |
| Operating expenses: | | | |
| Salaries and wages | 735,877 | 285,793 | 1,021,670 |
| Employee benefits | 763,515 | 502,013 | 1,265,528 |
| Materials and supplies | 1,260,607 | 16,836 | 1,277,443 |
| Depreciation | 127,401 | - | 127,401 |
| Other operating expenses | 788 | 2,129 | 2,917 |
| Total operating expenses | <u>2,888,188</u> | <u>806,771</u> | <u>3,694,959</u> |
| Operating loss | <u>(2,821,284)</u> | <u>(578,280)</u> | <u>(3,399,564)</u> |
| Nonoperating revenues: | | | |
| Federal grants | 1,954,995 | - | 1,954,995 |
| Investment income | 6,423 | - | 6,423 |
| Donated commodities | 137,545 | - | 137,545 |
| State grants | 162,980 | 56,429 | 219,409 |
| Total nonoperating revenue | <u>2,261,943</u> | <u>56,429</u> | <u>2,318,372</u> |
| Change in net position | (559,341) | (521,851) | (1,081,192) |
| Net position, June 30, 2019, as restated | <u>(21,993)</u> | <u>(277,415)</u> | <u>(299,408)</u> |
| Net position, June 30, 2020 | <u>\$ (581,334)</u> | <u>\$ (799,266)</u> | <u>\$ (1,380,600)</u> |

The accompanying notes to financial statements are an integral part of this statement.

**BOYD COUNTY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2020**

| | Food Service Fund | Day Care Fund | Total Proprietary Fund |
|---|-------------------------|---------------------|------------------------------|
| Cash flows from operating activities: | | | |
| Cash received from: | | | |
| Lunchroom sales | \$ 59,250 | \$ - | \$ 59,250 |
| Day care revenue | - | 273,751 | 273,751 |
| Miscellaneous | 7,654 | 4,453 | 12,107 |
| Cash paid to/for: | | | |
| Payments to suppliers and providers of goods and services | (1,094,190) | (71,354) | (1,165,544) |
| Payments to employees | (967,446) | (508,778) | (1,476,224) |
| Other payments | (788) | (2,129) | (2,917) |
| Net cash used for operating activities | <u>(1,995,520)</u> | <u>(304,057)</u> | <u>(2,299,577)</u> |
| Cash flows from noncapital financing activities: | | | |
| Government grants | <u>1,947,278</u> | <u>56,429</u> | <u>2,003,707</u> |
| Net cash provided by noncapital and related financing activities | <u>1,947,278</u> | <u>56,429</u> | <u>2,003,707</u> |
| Cash flows from capital and related financing activities: | | | |
| Purchases of capital assets | <u>(14,675)</u> | <u>-</u> | <u>(14,675)</u> |
| Net cash used for capital and related financing activities | <u>(14,675)</u> | <u>-</u> | <u>(14,675)</u> |
| Cash flows from investing activities: | | | |
| Interest received on investments | <u>6,423</u> | <u>-</u> | <u>6,423</u> |
| Net cash provided by investing activities | <u>6,423</u> | <u>-</u> | <u>6,423</u> |
| Net decrease in cash and cash equivalents | (56,494) | (247,628) | (304,122) |
| Cash and cash equivalents, June 30, 2019, as restated | <u>333,076</u> | <u>289,156</u> | <u>622,232</u> |
| Cash and cash equivalents, June 30, 2020 | <u>\$ 276,582</u> | <u>\$ 41,528</u> | <u>\$ 318,110</u> |
| Reconciliation of operating loss to net cash used by operating activities: | | | |
| Operating loss | \$ (2,821,284) | \$ (578,280) | \$ (3,399,564) |
| Adjustments to reconcile operating loss to net cash used for operating activities: | | | |
| Depreciation | 127,401 | - | 127,401 |
| Donated commodities | 137,545 | - | 137,545 |
| On-behalf payments | 145,298 | - | 145,298 |
| Net pension adjustment | 350,759 | 269,812 | 620,571 |
| Net OPEB adjustment | 35,889 | 64,451 | 100,340 |
| Change in assets and liabilities: | | | |
| Accounts receivable | - | 49,713 | 49,713 |
| Inventory | (36,156) | - | (36,156) |
| Accounts payable | 65,028 | (54,518) | 10,510 |
| Interfund payable | - | (55,235) | (55,235) |
| Net cash used for operating activities | <u>\$ (1,995,520)</u> | <u>\$ (304,057)</u> | <u>\$ (2,299,577)</u> |
| Non-cash items: | | | |
| Donated commodities | \$ 137,545 | \$ - | \$ 137,545 |
| On-behalf payments | 145,298 | 56,429 | 201,727 |

The accompanying notes to financial statements are an integral part of this statement.

**BOYD COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020**

| | Trust Fund | Activity Funds |
|-----------------------------------|---------------|-------------------|
| Assets | | |
| Cash and cash equivalents | \$ 108,766 | \$ 340,594 |
| Accounts receivable | 1,000 | 389 |
| Total assets | 109,766 | 340,983 |
| Liabilities | | |
| Accounts payable | - | 50 |
| Interfund payable | - | - |
| Due to students | - | 340,933 |
| Total liabilities | - | 340,983 |
| Net position held in trust | \$ 109,766 | \$ - |

The accompanying notes to financial statements are an integral part of this statement.

**BOYD COUNTY SCHOOL DISTRICT
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

| | <u>Trust Fund</u> |
|--|--------------------------|
| Additions - | |
| Interest income | \$ 2,427 |
| Other local revenues | 2,000 |
| Intergovernmental - State (on-behalf) | - |
| | <u>4,427</u> |
| Deductions - | |
| Operating expenses | 2,000 |
| Benefits paid | - |
| | <u>2,000</u> |
| Change in net position | 2,427 |
| Net position, June 30, 2019, as restated | <u>107,339</u> |
| Net position, June 30, 2020 | <u><u>\$ 109,766</u></u> |

The accompanying notes to financial statements are an integral part of this statement

BOYD COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---|--------------------|--------------------|---------------------|-------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Taxes - | | | | |
| Property | \$ 6,800,000 | \$ 7,045,000 | \$ 7,187,238 | \$ 142,238 |
| Motor vehicles | 1,150,000 | 1,150,000 | 1,209,159 | 59,159 |
| Utilities | 2,300,000 | 2,200,000 | 2,371,250 | 171,250 |
| Interest income | 75,000 | 100,000 | 151,534 | 51,534 |
| Other local revenues | 500,000 | 500,000 | 635,181 | 135,181 |
| Intergovernmental - State | 17,789,077 | 17,814,409 | 20,402,724 | 2,588,315 |
| Intergovernmental - Indirect federal | 125,000 | 125,000 | 145,610 | 20,610 |
| Intergovernmental - Direct federal | 60,000 | 60,000 | 59,823 | (177) |
| Total revenues | <u>28,799,077</u> | <u>28,994,409</u> | <u>32,162,519</u> | <u>3,168,110</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction | 18,640,766 | 18,429,762 | 20,031,200 | (1,601,438) |
| Support services: | | | | |
| Students | 1,721,079 | 1,851,022 | 2,148,956 | (297,934) |
| Instructional staff | 1,123,548 | 1,197,800 | 1,328,501 | (130,701) |
| District administration | 732,117 | 767,165 | 828,403 | (61,238) |
| School administration | 1,583,878 | 1,588,549 | 1,593,547 | (4,998) |
| Business and other support services | 622,425 | 660,379 | 608,344 | 52,035 |
| Operation and maintenance of plant | 3,906,398 | 3,977,236 | 3,905,387 | 71,849 |
| Student transportation | 1,829,163 | 1,823,787 | 2,349,140 | (525,353) |
| Debt service | 72,351 | 72,351 | 72,350 | 1 |
| Contingency | 2,146,352 | 2,948,736 | - | 2,948,736 |
| Total expenditures | <u>32,378,077</u> | <u>33,316,787</u> | <u>32,865,828</u> | <u>450,959</u> |
| Excess (deficiency) of revenues over expenditures | <u>(3,579,000)</u> | <u>(4,322,378)</u> | <u>(703,309)</u> | <u>3,619,069</u> |
| Other financing sources (uses): | | | | |
| Gain on sale of equipment | 15,000 | 15,000 | 934 | (14,066) |
| Proceeds from capital lease | - | - | 666,434 | 666,434 |
| Transfers in | - | - | 155,000 | 155,000 |
| Transfers out | (75,000) | (75,000) | (63,065) | 11,935 |
| Total other financing sources and uses | <u>(60,000)</u> | <u>(60,000)</u> | <u>759,303</u> | <u>819,303</u> |
| Net change in fund balances | <u>(3,639,000)</u> | <u>(4,382,378)</u> | <u>55,994</u> | <u>4,438,372</u> |
| Fund balances, June 30, 2019 | <u>3,639,000</u> | <u>4,382,378</u> | <u>4,351,596</u> | <u>(30,782)</u> |
| Fund balances, June 30, 2020 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 4,407,590</u> | <u>\$ 4,407,590</u> |

The accompanying notes to financial statements are an integral part of this statement.

BOYD COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2020

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---|------------------|------------------|-------------------|-------------------------------|
| | Original | Final | | |
| Revenues: | | | | |
| Interest income | \$ - | \$ - | \$ 1,264 | \$ 1,264 |
| Other local revenues | 10,000 | 10,000 | 44,345 | 34,345 |
| Intergovernmental - State | 1,433,181 | 1,545,233 | 1,467,727 | (77,506) |
| Intergovernmental - Indirect federal | 1,890,995 | 1,994,474 | 2,390,622 | 396,148 |
| Intergovernmental - Direct federal | 1,830,771 | 1,862,785 | 2,005,032 | 142,247 |
| Total revenues | <u>5,164,947</u> | <u>5,412,492</u> | <u>5,908,990</u> | <u>496,498</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction | 3,816,532 | 4,013,587 | 4,431,402 | (417,815) |
| Support services: | | | | |
| Students | 269,512 | 231,204 | 257,336 | (26,132) |
| Instructional staff | 355,411 | 396,207 | 391,082 | 5,125 |
| School administration | 223,655 | 225,402 | 231,695 | (6,293) |
| Business and other support services | 42,463 | 44,230 | 44,229 | 1 |
| Operation and maintenance of plant | 193,673 | 160,455 | 275,373 | (114,918) |
| Student transportation | 95,285 | 176,526 | 99,199 | 77,327 |
| Community services | 243,416 | 239,881 | 241,739 | (1,858) |
| Total expenditures | <u>5,239,947</u> | <u>5,487,492</u> | <u>5,972,055</u> | <u>(484,563)</u> |
| Excess (deficiency) of revenues over expenditures | <u>(75,000)</u> | <u>(75,000)</u> | <u>(63,065)</u> | <u>11,935</u> |
| Other financing sources (uses): | | | | |
| Transfers in | 75,000 | 75,000 | 63,065 | (11,935) |
| Total other financing sources and uses | <u>75,000</u> | <u>75,000</u> | <u>63,065</u> | <u>(11,935)</u> |
| Net change in fund balances | - | - | - | - |
| Fund balances, June 30, 2019 | - | - | - | - |
| Fund balances, June 30, 2020 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

The accompanying notes to financial statements are an integral part of this statement.

BOYD COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

(1) REPORTING ENTITY

The Boyd 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 Boyd 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 reporting purposes, includes all of the funds and account groups relevant to the operation of the Boyd County School District. 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. Copies of component unit reports may be obtained from the District's Finance Office at 1104 Bob McCullough Drive, Ashland, Kentucky 41102.

Boyd County School District Finance Corporation

On August 28, 1989, Boyd County, Kentucky, Board of Education resolved to authorize the establishment of the Boyd 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 Boyd County Board of Education also comprise the Corporation's Board of Directors.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Boyd County School District substantially comply with the rules prescribed by the Kentucky Department of Education for local school districts.

Basis of Presentation

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

Government-wide statements provide information about the primary government (the District). The statements include a statement of net position and a statement of activities. These statements report the financial activities of the overall government, except for fiduciary activities. They also distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties.

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

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities and segment of its business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses to programs or functions, except where allowable for certain grant programs. 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, including internally dedicated resources and all taxes, are reported as general revenues, 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 provide information about the District's funds, including fiduciary funds. Separate statements are presented for the governmental, proprietary, and fiduciary fund categories. The emphasis of fund financial statements is on major funds, each displayed in a separate column. All remaining funds are aggregated and reported as nonmajor funds. Fiduciary funds are aggregated and reported by fund type.

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

The District has the following funds:

I. Governmental Fund Types

- (A) The General Fund is the primary operating fund of the District. It accounts for financial resources used for general types of operations. This is a budgeted fund and any unrestricted fund balances are considered as resources available for use. This is a major fund of the District.
- (B) The Special Revenue Funds account for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes.
 - 1. The Special Revenue Fund includes federal financial programs where unused balances are returned to the grantor at the close of specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report. This is a major fund of the District.
 - 2. The District Activity Fund is a special revenue fund used to account for funds collected at individual schools for operation costs of the school or school district that allows for more flexibility in the expenditure of those funds.
- (C) Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment (other than those financed by the Proprietary Fund).

1. The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund receives those funds designated by the state as Capital Outlay Funds and is restricted for use in financing projects identified in the District's facility plan.
 2. The Facility Support Program of Kentucky (FSPK) Fund accounts for funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable. Funds may be used for projects identified in the District's facility plan.
 3. The School Construction Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction expenditures. This is a major fund.
- (D) The Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest and related costs; and, for the payment of interest on general obligation notes payable, as required by Kentucky Law. This is a major fund.

II. Proprietary Fund (Enterprise Fund)

- (A) The School Food Service Fund is used to account for school food service activities, including the National School Lunch Program, which is conducted in cooperation with the U.S. Department of Agriculture (USDA). This is a major fund.
- (B) The Day Care Fund is used to account for day care activities. This is listed as a major fund due to the nature of the activity.

III. Fiduciary Fund Types (includes agency and trust funds)

The Activity Funds account for activities of student groups and other types of activities requiring clearing accounts. These funds are accounted for in accordance with *Uniform Program of Accounting for School Activity Funds*. The Hamilton Scholarship Fund is accounted for as an expendable trust fund on the modified accrual basis.

Basis of Accounting

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

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

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

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenue. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as needed.

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

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

Property Taxes

Property taxes collected are recorded as revenues in the fund for which they were levied. The District's ad valorem property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District. The assessed value of property upon which the levy for the 2020 fiscal year was based was \$1,425,970,609.

The tax rates assessed for the year ended June 30, 2020 to finance general fund operations were \$0.654 on real estate, \$0.672 on tangible property, and \$0.547 on motor vehicles per \$100 valuation on tangible property.

Taxes are due on October 1 and become delinquent by February 1 following the October 1 levy date. Current tax collections for the year ended June 30, 2020 were 92.12% of the tax levy.

In-Kind

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

Cash and Cash Equivalents

The Board considers demand deposits, money market funds, and other investments with an original maturity of 6 months or less, to be cash equivalents.

Inventories

Supplies and materials are charged to expenditures when purchased with the exception of the Proprietary Fund, which records inventory using the accrual basis of accounting. Inventories are stated at the lower of cost or market, on the first-in, first-out basis.

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary fund. 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 fund are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their acquisition values as of the date received. The District maintains a capitalization threshold of five thousand dollars with the exception of

computers, digital cameras and real property for which there is no threshold. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an assets life are not.

All reported capital assets, other than land, 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 Lives</u> |
|----------------------------|------------------------|
| Buildings and improvements | 25-50 years |
| Land improvements | 20 years |
| Infrastructure | 20 years |
| Technology equipment | 5 years |
| Vehicles | 5-10 years |
| Food service equipment | 5-12 years |
| Other general | 7-11 years |

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.

Budgetary Process

The District is required by state law to adopt annual budgets. Once the budget is approved, it can be amended. Amendments are presented to the Board at their regular meetings. Per Board policy, only amendments that aggregate greater than \$50,000 require Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end as dictated by law.

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

Accrued Liabilities and Long-Term Obligations

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

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

Fund Balance Reserves

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

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

- Restricted fund balance-amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance-amounts constrained to specific purposes by the District itself, using its decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the District takes the action to remove or change the constraint;
- Assigned fund balance-amounts the District intends to use for a specific purpose (such as encumbrances); intent can be expressed by the District or by an official or body to which the District delegates the authority;
- Unassigned fund balance-amounts that are available for any purpose; unassigned amounts are reported only in the General Fund.

Net Position

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

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the School District, those revenues are primarily charges for meals provided by the various schools. All other revenues are nonoperating. Operating expenses can be tied specifically to the production of the goods and services, such as materials and labor and direct overhead. Other expenses are nonoperating.

Interfund Activity

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

Estimates

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

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 in the fund financial statements but is reflected in the statement of net position.

Bond Issuance Costs

Debt issuance costs are expensed in the period they are incurred.

Deferred Inflows and Outflows of Resources

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Pension

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

Recent Accounting Pronouncements

In February 2017, the GASB issued Statement No. 84, *Fiduciary Activities* (“GASB 84”). GASB 84 establishes criteria for identifying fiduciary activities of all state and local governments. Generally, the focus of the criteria relates to (1) whether a government is controlling the assets of the fiduciary activity, and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and post-employment benefit arrangements that are fiduciary activities. Additionally, GASB 84 describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust, or an equivalent arrangement, that meets specific criteria. Finally, it provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. GASB 84 will be effective for the District beginning with its year ending June 30, 2021. Management is currently evaluating the impact of this Statement on its financial statements.

In June 2017, the GASB issued Statement No. 87, *Leases* (“GASB 87”), which establishes standards of accounting and financial reporting for leases by lessees and lessors. GASB 87 (1) increases the usefulness

of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract; and (2) establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Additionally, under GASB 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. GASB 87 will be effective for the District beginning with its year ending June 30, 2022 and will be applied retroactively by restating financial statements. Management is currently evaluating the impact of this Statement on its financial statements.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* ("GASB 89"), which seeks to (1) enhance the relevance and comparability of information concerning capital assets and the cost of borrowing for a reporting period, and (2) simplify accounting for interest cost incurred during the period of construction. In particular, GASB 89 establishes accounting requirements for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus, and, thus, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. GASB 89 will be effective for the District beginning with its year ending June 30, 2022. Management is currently evaluating the impact of this Statement on its financial statements.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020* ("GASB 92"). GASB 92 establishes accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. Provisions related to insurance-related activities of public entity risk pools and derivative instruments were effective upon issuance. All other provisions will be effective for the District beginning with its year ending June 30, 2022. Adoption of the provisions required upon issuance did not have a material effect on the District's financial statements. Management is currently evaluating the impact of the remaining provisions of this Statement on its financial statements.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* ("GASB 96"). GASB 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for governments. The Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. GASB 96 will be effective for the District beginning with its year ending June 30, 2023. Management is currently evaluating the impact of this Statement on its financial statements.

(3) CASH AND CASH EQUIVALENTS AND CERTIFICATES OF DEPOSIT

The funds of the District must be deposited and invested under the terms of a contract. The depository bank places approved pledged securities for safekeeping and trust with the District's agent bank in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

At June 30, 2020, the carrying amount of the Board's cash and cash equivalents was \$8,481,994 and the bank balances totaled \$9,163,158. Of the total bank balances, \$904,192 was insured by Federal Depository insurance, with the remainder covered by a collateral agreement and collateral held by the pledging banks' trust departments in the District's name.

The cash deposits held at financial institutions can be categorized according to three levels of risk.

These three levels of risks are as follows:

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

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

General Fund cash and cash equivalents at June 30, 2020 consisted of a money market checking account.

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

(4) CAPITAL ASSETS

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

| <u>Governmental Activities</u> | <u>June 30, 2019</u> | <u>Additions</u> | <u>Deductions</u> | <u>June 30, 2020</u> |
|--|----------------------|---------------------|-------------------|----------------------|
| Capital Assets, Not Depreciated: | | | | |
| Land | \$ 2,125,034 | \$ - | \$ - | \$ 2,125,034 |
| Construction in progress | - | 3,358,402 | - | 3,358,402 |
| Capital Assets, Depreciated: | | | | |
| Land improvements | 19,450 | - | - | 19,450 |
| Buildings and improvements | 120,870,090 | 95,814 | - | 120,965,904 |
| Technology equipment | 4,127,281 | 12,800 | - | 4,140,081 |
| Vehicles | 4,296,920 | 800,009 | - | 5,096,929 |
| General | 1,557,976 | 59,083 | - | 1,617,059 |
| Infrastructure | 98,716 | - | - | 98,716 |
| Totals at historical cost | <u>133,095,467</u> | <u>4,326,108</u> | <u>-</u> | <u>137,421,575</u> |
| Less: accumulated depreciation - | | | | |
| Land improvements | (12,913) | (973) | - | (13,886) |
| Buildings and improvements | (55,387,473) | (4,285,143) | - | (59,672,616) |
| Technology equipment | (3,707,911) | (109,977) | - | (3,817,888) |
| Vehicles | (3,881,842) | (234,511) | - | (4,116,353) |
| General | (1,510,786) | (72,226) | - | (1,583,012) |
| Infrastructure | (74,331) | (4,935) | - | (79,266) |
| Total accumulated depreciation | <u>(64,575,256)</u> | <u>(4,707,765)</u> | <u>-</u> | <u>(69,283,021)</u> |
| Governmental Activities | | | | |
| Capital Assets - Net | <u>\$ 68,520,211</u> | <u>\$ (381,657)</u> | <u>\$ -</u> | <u>\$ 68,138,554</u> |
| <u>Business - Type Activities</u> | | | | |
| Capital Assets, Depreciated: | | | | |
| Food service equipment | \$ 1,972,664 | \$ 14,675 | \$ - | \$ 1,987,339 |
| Buildings and improvements | 63,756 | - | - | 63,756 |
| Vehicles | 27,706 | - | - | 27,706 |
| Technology equipment | 49,472 | - | - | 49,472 |
| Totals at historical cost | <u>2,113,598</u> | <u>14,675</u> | <u>-</u> | <u>2,128,273</u> |

| | | | | |
|--------------------------------|--------------------|------------------|----------|--------------------|
| Less: accumulated depreciation | | | | |
| Food service and equipment | (998,435) | (119,309) | - | (1,117,744) |
| Buildings and improvements | (34,640) | (2,551) | - | (37,191) |
| Vehicles | (4,156) | (5,541) | - | (9,697) |
| Technology equipment | (49,472) | - | - | (49,472) |
| Total accumulated depreciation | <u>(1,086,703)</u> | <u>(127,401)</u> | <u>-</u> | <u>(1,214,104)</u> |

| | | | | |
|--------------------------|---------------------|---------------------|-------------|-------------------|
| Business-Type Activities | | | | |
| Capital Assets - Net | <u>\$ 1,026,895</u> | <u>\$ (112,726)</u> | <u>\$ -</u> | <u>\$ 914,169</u> |

Depreciation expense was allocated to governmental functions as follows:

| | |
|-------------------------------|---------------------|
| Instruction | \$ 3,662,313 |
| District administration | 10,484 |
| Plant operation & maintenance | 817,194 |
| Student transportation | 217,774 |
| | <u>\$ 4,707,765</u> |

(5) LONG-TERM OBLIGATIONS

A summary of activity in bond obligations and other long-term obligations is as follows:

| <u>Description</u> | <u>Balance at June 30, 2019</u> | <u>Additions</u> | <u>Payments</u> | <u>Balance at June 30, 2020</u> | <u>Due Within One Year</u> |
|---|-------------------------------------|---------------------|---------------------|-------------------------------------|--------------------------------|
| General obligation bonds - \$64,650,000 originally issued with interest rates ranging from 1.70% to 4.20% | \$ 49,105,000 | \$ 5,090,000 | \$ 2,850,000 | \$ 51,345,000 | \$ 2,795,000 |
| KISTA with interest rates ranging from 2.00% to 3.00% | 280,403 | 666,434 | 65,457 | 881,380 | 134,939 |
| KSBIT Payable | 33,065 | - | 16,532 | 16,533 | 16,533 |
| Accrued Interest Payable | 339,190 | - | 2,306 | 336,884 | 336,884 |
| Net Pension Liability | 13,672,978 | 1,910,209 | - | 15,583,187 | - |
| Net OPEB Liability | 11,933,864 | - | 1,161,115 | 10,772,749 | - |
| Accumulated unpaid sick leave benefits | 297,982 | 48,772 | - | 346,754 | - |
| Less: Discounts on bonds | (633,700) | (101,453) | (51,379) | (683,774) | - |
| | <u>\$ 75,028,782</u> | <u>\$ 7,613,962</u> | <u>\$ 4,044,031</u> | <u>\$ 78,598,713</u> | <u>\$ 3,283,356</u> |

Bonds

The amounts shown in the accompanying financial statements as debt obligations represents the Board's future obligations to make lease payments relating to the bonds issued by the Boyd County Fiscal Court and the Boyd County School District Finance Corporation ("BCSDFC"), in the original amount of \$64,650,000.

The General Fund, Facilities Support Program (FSPK) Fund and the SEEK Capital Outlay Fund are obligated to make lease payments. The lease agreements provide among other things, (1) for rentals sufficient to satisfy

debt service requirements on bonds issued by the Fiscal Court and the BCSDFC to construct school facilities and (2) the Board with the option to purchase the properties under leases at any time by retiring the bonds then outstanding. The proceeds from certain refunding issues have been placed in escrow accounts to be used to service the related debt.

The original amount of present outstanding issues, the issue dates, and interest rates are summarized below:

| <u>Issue</u> | <u>Original Amount</u> | <u>Interest Rates</u> |
|----------------|------------------------|-----------------------|
| Issue of 2009R | \$ 1,490,000 | 2.00-3.00% |
| Issue of 2009 | 810,000 | 1.75-4.20% |
| Issue of 2014R | 30,710,000 | 2.00-3.50% |
| Issue of 2015 | 24,685,000 | 2.00-3.25% |
| Issue of 2017 | 1,865,000 | 3.00-3.375% |
| Issue of 2019 | 5,090,000 | 2.00-2.80% |
| | <u>\$ 64,650,000</u> | |

Bondholders are protected against default by a mechanism whereby the Commonwealth of Kentucky would withhold state SEEK payments and remit required debt service payments directly to the debt service paying agent.

The bonds may be called prior to maturity at dates and redemption premiums specified in each issue.

The 2009, 2014R, 2015, 2017, and 2019 bond issues were sold at a discount of \$15,466, \$318,023, \$493,700, \$17,435, and \$101,453, respectively. These amounts are being amortized over the life of the respective debt.

In connection with the bond issues of 2009, 2014R, 2015, 2017 and 2019, the Board entered into a participation agreement with the Kentucky School Facilities Construction Commission, whereby the Commission has agreed to provide amounts on an annual basis (reflected in the following table) toward the payment of principal and interest requirements on the bonds. The agreement is in effect for a period of two years. The obligation of the Commission to make said payments shall automatically renew every two years, unless the Commission provides the Board notice of its intention not to participate within sixty days prior to the expiration of the two year period.

Assuming no issues are called prior to scheduled maturity and that the Kentucky School Facilities Construction Commission continues to renew its agreement, the minimum obligations at June 30, 2019 for debt service (principal and interest) are as follows:

| <u>Year</u> | <u>Kentucky School Facilities Construction Commission</u> | | <u>Boyd County School District</u> | | <u>Total</u> |
|-------------|---|---------------------|------------------------------------|---------------------|----------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> | |
| 2021 | \$ 1,166,667 | \$ 627,202 | \$ 1,628,333 | \$ 927,635 | \$ 4,349,837 |
| 2022 | 1,191,055 | 600,568 | 1,678,945 | 878,971 | 4,349,539 |
| 2023 | 1,221,305 | 573,275 | 1,728,695 | 828,762 | 4,352,037 |
| 2024 | 1,247,428 | 545,305 | 1,777,572 | 777,281 | 4,347,587 |
| 2025 | 1,281,661 | 514,409 | 1,833,339 | 724,265 | 4,353,674 |
| 2026-2030 | 7,010,971 | 1,958,367 | 10,049,029 | 2,733,515 | 21,751,882 |
| 2031-2035 | 6,659,634 | 874,934 | 7,495,366 | 1,154,219 | 16,184,153 |
| 2033-2040 | 1,475,828 | 50,720 | 3,899,172 | 240,984 | 5,666,704 |
| | <u>\$21,254,549</u> | <u>\$ 5,744,780</u> | <u>\$ 30,090,451</u> | <u>\$ 8,265,632</u> | <u>\$ 65,355,412</u> |

Future minimum debt service on notes payable to KISTA by the District, at June 30, 2020, is as follows:

| <u>June 30,</u> | <u>District's Portion</u> | | <u>Total</u> |
|-----------------|---------------------------|-----------------|--------------|
| | <u>Principal</u> | <u>Interest</u> | |
| 2021 | \$ 134,939 | \$ 18,497 | \$ 153,436 |
| 2022 | 137,808 | 16,029 | 153,837 |
| 2023 | 106,147 | 12,926 | 119,073 |

| | | | |
|-----------|-------------------|------------------|-------------------|
| 2024 | 108,912 | 10,486 | 119,398 |
| 2025 | 66,463 | 7,871 | 74,334 |
| 2026-2030 | 327,111 | 19,118 | 346,229 |
| | <u>\$ 881,380</u> | <u>\$ 84,927</u> | <u>\$ 966,307</u> |

KSBIT Payable

The Kentucky School Boards Insurance Trust (“KSBIT”) notified the District during fiscal year 2013 that their self-insurance pools for worker’s compensation and liability insurance were underfunded. As a result, an assessment will be required under a fair methodology to be approved by the Kentucky Department of Insurance, of current and past participating members to fund the deficit and the transfer of liability to a qualified insurer/reinsurer. On May 13, 2014, the court approved the plan of assessment tendered by KSBIT and approved the Loss Portfolio Transfer to Kentucky Employers Mutual Insurance (“KEMI”). As a result the District’s portion of the liability was reduced from \$306,413 to \$147,279. The District took the option of paying 25% down by August 31, 2014 and financing the remaining balance over 6 years to be paid in equal annual installments beginning August 31, 2015 with no interest.

| | |
|-----------------|------------------|
| <u>June 30,</u> | <u>Principal</u> |
| 2021 | <u>\$ 16,533</u> |
| | <u>\$ 16,533</u> |

Net Pension Liability

Net pension liability is \$12,873,546 and \$2,709,641 for governmental activities and business-type activities, respectively, at June 30, 2020. See Note (7) for more detailed information.

Net OPEB Liability

Net OPEB liability is \$10,124,907 and \$647,842 for governmental activities and business-type activities, respectively, at June 30, 2020. See Note (8) for more detailed information.

(6) ACCUMULATED UNPAID SICK LEAVE BENEFITS

Upon retirement from the school system, an employee will receive from the District an amount equal to 30% of the value of accumulated sick leave. At June 30, 2020, this amount totaled \$346,754. 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.

(7) RETIREMENT PLANS

Kentucky Teachers Retirement System

Plan description: Teaching-certified employees of the Kentucky School District are provided pensions through the Teachers’ Retirement System of the State of Kentucky (KTRS), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation established to provide retirement annuity plan coverage for local school districts and other public educational agencies in the state. KTRS 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). KTRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth’s financial statements. KTRS issues a publicly available financial report that can be obtained at http://www.ktrs.ky.gov/05_publications/index.htm.

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

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

2.) Complete 27 years of Kentucky service.

Participants that retire before age 60 with less than 27 years of service receive reduced retirement benefits. Non-university members with an account established prior to July 1, 2002 receive monthly payments equal to two (2) percent (service prior to July 1, 1983) and two and one-half (2.5) percent (service after July 1, 1983) of their final average salaries for each year of credited service. New members (including second retirement accounts) after July 1, 2002 will receive monthly benefits equal to 2% of their final average salary for each year of service if, upon retirement, their total service is less than ten years. New members after July 1, 2002 who retire with ten or more years of total service will receive monthly benefits equal to 2.5% of their final average salary for each year of service, including the first ten years. In addition, 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 3.0% to be used in their benefit calculation. Effective July 1, 2008, the KTRS 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. KTRS 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. University members are required to contribute 10.400% of their salaries. KRS 161.580 allows each university to reduce the contribution of its members by 2.215%; therefore, university members contribute 8.185% of their salary to KTRS.

The Commonwealth of Kentucky, as a non-employer contributing entity, pays matching contributions in the amount of 13.105% of salaries for local school district and regional cooperative employees hired before July 1, 2008 and 14.105% for those hired after July 1, 2008. University employers contribute 15.865% of salaries of members. 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.

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

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

| | |
|--|----------------------|
| District's proportionate share of the net Pension liability | \$ - |
| Commonwealth's proportionate share of the Net Pension liability associated with the District | <u>61,213,310</u> |
| | <u>\$ 61,213,310</u> |

The net pension liability was measured as of June 30, 2019, and 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 the actual liability of the employees and former employees relative to the total liability of the Commonwealth as determined by the actuary. At June 30, 2019, the District's proportion was 0.4486%.

For the year ended June 30, 2020, the District recognized pension expense of \$(11,006,053) and revenue of \$(11,006,053) for support provided by the State.

Actuarial Methods and Assumptions: The total pension liability was determined by applying procedures to the actuarial valuation as of June 30, 2018. The financial reporting actuarial valuation as of June 30, 2019, used the following actuarial methods and assumptions:

| | |
|-----------------------------------|---|
| Valuation Date | June 30, 2018 |
| Measurement Date | June 30, 2019 |
| Actuarial Cost Method | Entry Age Normal |
| Amortization Method | Level percentage of payroll, closed |
| Remaining Amortization Period | 30 years |
| Asset Valuation Method | 20% of the difference between the market value of assets and the expected actuarial value of assets is recognized |
| Single Equivalent Interest Rate | 7.50% |
| Municipal Bond Index Rate | 3.50% |
| Inflation | 3.0% |
| Salary Increase | 3.5-7.3%, including inflation |
| Investment Rate of Return | 7.5%, net of pension plan investment expense, including inflation |
| Post-retirement Benefit Increases | 1.50% annually |

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 KTRS's investment consultant, are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|------------------------------|--------------------------|---|
| US Equity | 40.0% | 4.2% |
| International Equity | 22.0% | 5.2% |
| Fixed Income | 15.0% | 1.2% |
| Other Additional Categories* | 8.0% | 3.3% |
| Real Estate | 6.0% | 3.8% |
| Private Equity | 7.0% | 6.3% |
| Cash (LIBOR) | 2.0% | 0.9% |
| Total | <u>100.0%</u> | |

*Includes Hedge Funds, High Yield and Non-US Developed Bonds.

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

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

| | 1% Decrease <u>(6.50%)</u> | Current discount rate <u>(7.50%)</u> | 1% Increase <u>(8.50%)</u> |
|--|----------------------------------|--|----------------------------------|
| Commonwealth's proportionate share of the Net Pension liability associated with the District | \$ 78,152,000 | \$ 61,213,310 | \$ 46,946,000 |

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

County Employees Retirement System

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

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

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

Contributions: Funding for CERS is provided by members, who contribute 5.00% (6.00% for employees hired after September 1, 2008) of their salary through payroll deductions, and by employers of members. For the year ending June 30, 2020, employers were required to contribute 24.06% (19.30% - pension, 4.76% insurance) of the member's salary. During the year ending June 30, 2020, the District contributed \$1,130,189 to the CERS pension plan. The contribution requirements of CERS are established and may be amended by the CERS Board of Trustees.

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

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 0.221571%.

For the year ended June 30, 2020, the District recognized pension expense of approximately \$2,728,000. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual experience | \$ 397,886 | \$ 65,843 |
| Changes of assumptions | 1,577,195 | - |
| Net difference between projected and actual earnings on investments | - | 251,208 |
| Changes in proportion and differences between District contributions and proportionate share of contributions | 9,735 | 88,483 |
| District contributions subsequent to the measurement date | <u>1,130,189</u> | <u>-</u> |
| | <u>\$ 3,115,005</u> | <u>\$ 405,534</u> |

The \$1,130,189 reported as deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

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

| <u>Year</u> | |
|-------------|---------------------|
| 2021 | \$ 1,061,899 |
| 2022 | 356,537 |
| 2023 | 143,025 |
| 2024 | <u>17,821</u> |
| | <u>\$ 1,579,282</u> |

Actuarial Methods and Assumptions: The total pension liability for CERS was determined by applying procedures to the actuarial valuation as of June 30, 2018. The financial reporting actuarial valuation as of June 30, 2019, used the following actuarial methods and assumptions:

| | |
|-------------------------------|--|
| Valuation Date | June 30, 2018 |
| Measurement Date | June 30, 2019 |
| Experience Study | July 1, 2013 - June 30, 2018 |
| Actuarial Cost Method | Entry Age Normal |
| Amortization Method | Level percentage of payroll |
| Remaining Amortization Period | 24 years, closed |
| Payroll growth | 2.00% |
| Asset Valuation Method | 20% of the difference between the market value of assets and the expected market value of assets is recognized |
| Inflation | 2.30% |
| Salary Increase | 3.30% to 10.30%, varies by service |
| Investment Rate of Return | 6.25%, net of pension plan investment expense, including inflation |

As a result of the 2018 experience study, the salary increase assumptions, retirement rate assumptions, mortality assumptions, withdrawal rates, and rates of disablement were updated for the 2019 actuarial valuation. These assumptions are fully documented in the report titled “Kentucky Retirement Systems 2018 Actuarial Experience Study for the Period Ending June 30, 2018.”

The mortality table used for active members is PUB-2010 General Mortality Table projected with ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. For healthy retired members and beneficiaries, a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019 is utilized. For disabled members, the mortality table used is the PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

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

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

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|-----------------------------|--------------------------|---|
| Growth | | |
| US Equity | 18.75% | 4.30% |
| Non US Equity | 18.75% | 4.80% |
| Private Equity | 10.00% | 6.65% |
| Specialty Credit/High Yield | 15.00% | 2.60% |
| Liquidity | | |
| Core Bonds | 13.50% | 1.35% |
| Cash | 1.00% | 0.20% |
| Diversifying Strategies | | |
| Real Estate | 5.00% | 4.85% |
| Opportunistic | 3.00% | 2.97% |
| Real Return | 15.00% | 4.10% |
| Total | <u>100.00%</u> | 3.89% |

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

Sensitivity of the District’s proportionate share of 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 <u>(5.25%)</u> | Current discount rate <u>(6.25%)</u> | 1% Increase <u>(7.25%)</u> |
|---|----------------------------------|--|----------------------------------|
| District's proportionate share of the net pension liability | \$ 19,490,147 | \$ 15,583,187 | \$ 12,326,774 |

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 publicly available at <https://kyret.ky.gov>.

Payables to the pension plan: At June 30, 2020, there was a total payable to CERS pension plan of \$213,465 which includes pension and OPEB contributions.

(8) OTHER POSTEMPLOYMENT BENEFIT (“OPEB”) PLANS

Kentucky Teachers Retirement System OPEB Plans

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

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

Medical Insurance Plan

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

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

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

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

At June 30, 2020, the District reported a liability of \$7,047,000 for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2019. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2018. An expected total OPEB liability as of June 30, 2019 was determined using standard roll-forward techniques. The total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the District’s long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the District’s proportion was 0.435249%.

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

| | |
|---|----------------------|
| District’s proportionate share of the net OPEB liability | \$ 7,047,000 |
| Commonwealth’s proportionate share of the Net OPEB liability associated with the District | <u>5,691,000</u> |
| | <u>\$ 12,738,000</u> |

For the year ended June 30, 2020, the District recognized OPEB expense of \$253,000 and revenue of \$289,000 for support provided by the State. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual experience | \$ - | \$ 1,706,000 |
| Changes of assumptions | 30,000 | - |
| Net difference between projected and actual earnings on investments | 187,000 | - |
| Changes in proportion and differences between District contributions and proportionate share of contributions | 361,000 | 34,000 |
| District contributions subsequent to the measurement date | <u>433,308</u> | <u>-</u> |
| | <u>\$ 1,011,308</u> | <u>\$ 1,740,000</u> |

Of the total amount reported as deferred outflows of resources related to OPEB, \$433,308 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District’s OPEB expense as follows:

| <u>Year</u> | |
|-------------|-----------------------|
| 2021 | \$ (221,000) |
| 2022 | (221,000) |
| 2023 | (206,000) |
| 2024 | (209,000) |
| 2025 | (183,000) |
| Thereafter | <u>(122,000)</u> |
| | <u>\$ (1,162,000)</u> |

Actuarial methods and assumptions – The total OPEB liability was determined by applying procedures to the actuarial valuation as of June 30, 2018. The financial reporting actuarial valuation as of June 30, 2019, used the following actuarial methods and assumptions:

| | |
|---------------------------------|--|
| Valuation Date | June 30, 2018 |
| Measurement Date | June 30, 2019 |
| Investment rate of return | 8.00%, net of OPEB plan investment expense, including inflation. |
| Projected salary increases | 3.50 - 7.20%, including inflation |
| Inflation rate | 3.00% |
| Real Wage Growth | 0.50% |
| Wage Inflation | 3.50% |
| Healthcare cost trend rates | |
| Under 65 | 7.50% for FY 2019 decreasing to an ultimate rate of 5.00% by FY 2024 |
| Ages 65 and Older | 5.50% for FY 2019 decreasing to an ultimate rate of 5.00% by FY 2021 |
| Medicare Part B Premiums | 2.63% for FY 2019 with an ultimate rate of 5.00% by 2031 |
| Municipal Bond Index Rate | 3.50% |
| Discount Rate | 8.00% |
| Single Equivalent Interest Rate | 8.00%, net of OPEB plan investment expense, including inflation. |

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

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

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

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>30 Year Expected Geometric Real Rate of Return</u> |
|-----------------------------|--------------------------|---|
| 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 | <u>100.0%</u> | |

Discount rate - The discount rate used to measure the total OPEB liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at statutorily required rates. Based

on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

| | 1% Decrease <u>(7.00%)</u> | Current discount rate <u>(8.00%)</u> | 1% Increase <u>(9.00%)</u> |
|--|----------------------------------|--|----------------------------------|
| District's proportionate share of the net OPEB liability | \$ 8,349,000 | \$ 7,047,000 | \$ 5,958,000 |

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

| | 1% Decrease <u></u> | Current trend rate <u></u> | 1% Increase <u></u> |
|--|---------------------------|----------------------------------|---------------------------|
| District's proportionate share of the net OPEB liability | \$ 5,737,000 | \$ 7,047,000 | \$ 8,639,000 |

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

Life Insurance Plan

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

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

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

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

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

| | |
|---|-------------------|
| District's proportionate share of the net OPEB liability | \$ - |
| Commonwealth's proportionate share of the Net OPEB liability associated with the District | 132,000 |
| | <u>\$ 132,000</u> |

The net OPEB liability was measured as of June 30, 2019, and the total pension liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. An expected total OPEB liability as of June 30, 2019 was determined using standard roll-forward techniques. The District's proportion of the net OPEB liability was based on the actual liability of the employees and former employees relative to the total liability of the Commonwealth as determined by the actuary. At June 30, 2019, the District's proportion was 0.425482%.

For the year ended June 30, 2020, the District recognized OPEB expense of \$-0- and revenue of \$5,590 for support provided by the State.

Actuarial methods and assumptions - The total OPEB liability was determined by applying procedures to the actuarial valuation as of June 30, 2018. The financial reporting actuarial valuation as of June 30, 2019, used the following actuarial methods and assumptions:

| | |
|---------------------------------|--|
| Valuation Date | June 30, 2018 |
| Measurement Date | June 30, 2019 |
| Investment rate of return | 7.50%, net of OPEB plan investment expense, including inflation. |
| Projected salary increases | 3.50 - 7.20%, including inflation |
| Inflation rate | 3.00% |
| Real Wage Growth | 0.50% |
| Wage Inflation | 3.50% |
| Municipal Bond Index Rate | 3.50% |
| Discount Rate | 7.50% |
| Single Equivalent Interest Rate | 7.50%, net of OPEB plan investment expense, including inflation. |

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

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

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

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

| | 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% | 3.3% |
| Cash (LIBOR) | 2.0% | 0.9% |
| Total | 100.0% | |

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

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

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

| | 1% Decrease (6.50%) | Current discount rate (7.50%) | 1% Increase (8.50%) |
|---|---------------------------|-------------------------------------|---------------------------|
| Commonwealth's proportionate share of the net OPEB liability associated with the District | \$ 195,000 | \$ 132,000 | \$ 80,000 |

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

County Employees Retirement System Insurance Fund

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

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

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

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

Contributions: CERS allocates a portion of the employer contributions to the health insurance benefit plans. For the year ending June 30, 2020, CERS allocated 4.76% of the 24.06% actuarially required contribution rate paid by employers for funding the healthcare benefit. In addition, 1.00% of the contributions by employees hired after September 1, 2008 are allocated to the health insurance plan. During the year ending June 30, 2020, the District contributed \$278,741 to the CERS Insurance Fund. The contribution requirements of CERS are established and may be amended by the CERS Board of Trustees.

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

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

At June 30, 2020, the District reported a liability for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019. The total OPEB liability used to calculate the net OPEB 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 OPEB liability was based on contributions to CERS during the fiscal year ended June 30, 2019. At June 30 2019, the District's proportion was 0.221513%.

For the year ended June 30, 2020, the District recognized OPEB expense of \$395,293, including an implicit subsidy of \$79,998. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ - | \$ 1,124,145 |
| Changes of assumptions | 1,102,484 | 7,372 |
| Net difference between projected and actual earnings on investments | - | 165,481 |
| Changes in proportion and differences between District contributions and proportionate share of contributions | - | 74,105 |
| District contributions subsequent to the measurement date | 278,741 | - |
| | <u>\$ 1,381,225</u> | <u>\$ 1,371,103</u> |

Of the total amount reported as deferred outflows of resources related to OPEB, \$278,741 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2021.

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

| <u>Year</u> | |
|-------------|---------------------|
| 2021 | \$ (42,992) |
| 2022 | (42,992) |
| 2023 | 9,622 |
| 2024 | (91,134) |
| 2025 | (85,288) |
| Thereafter | (15,835) |
| | <u>\$ (268,619)</u> |

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

| | |
|---------------------------------|---|
| Valuation Date | June 30, 2018 |
| Measurement Date | June 30, 2019 |
| Experience Study | July 1, 2013 - June 30, 2018 |
| Actuarial Cost Method | Entry Age Normal |
| Amortization Method | Level Percent of Pay |
| Remaining Amortization Period | 24 Years, Closed |
| Payroll Growth Rate | 2.00% |
| Asset Valuation Method | 20% of the difference between the market value of assets and the expected actuarial value of assets is recognized |
| Inflation | 2.30% |
| Salary Increase | 3.30% to 10.30%, varies by service |
| Investment Rate of Return | 6.25% |
| Healthcare Trend Rates | |
| Pre-65 | Initial trend starting at 7.00% at January 1, 2020 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years. |
| Post-65 | Initial trend starting at 5.00% at January 1, 2020 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 10 years. |
| Mortality | |
| Pre-retirement | PUB-2010 General Mortality table, for the Non-Hazardous Systems, and the PUB-2010 Public Safety Mortality table for the Hazardous Systems, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010 |
| Post-retirement (non- disabled) | System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019 |
| Post-retirement (disabled) | PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010 |

As a result of the 2018 experience study, the salary increase assumptions, retirement rate assumptions, mortality assumptions, withdrawal rates, and rates of disablement were updated for the 2019 actuarial valuation. These assumptions are fully documented in the report titled "Kentucky Retirement Systems 2018 Actuarial Experience Study for the Period Ending June 30, 2018."

The long-term expected rate of return was determined by using a building-block method in which best-estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by

weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized in the below tables.

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

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|-----------------------------|--------------------------|---|
| Growth | | |
| US Equity | 18.75% | 4.30% |
| Non US Equity | 18.75% | 4.80% |
| Private Equity | 10.00% | 6.65% |
| Specialty Credit/High Yield | 15.00% | 2.60% |
| Liquidity | | |
| Core Bonds | 13.50% | 1.35% |
| Cash | 1.00% | 0.20% |
| Diversifying Strategies | | |
| Real Estate | 5.00% | 4.85% |
| Opportunistic | 3.00% | 2.97% |
| Real Return | <u>15.00%</u> | 4.10% |
| Total | <u>100.00%</u> | 3.89% |

Discount rate - The discount rate used to measure the total OPEB liability was 5.68%. The discount rate determination used an expected rate of return 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. However, the cost associated with the implicit employer subsidy was not included in the calculation of the KRS’ actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the KRS’ trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

The following table presents the District’s proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 5.68%, as well as what the District’s proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.68%) or 1-percentage-point higher (6.68%) than the current rate:

| | <u>1% Decrease (4.68%)</u> | <u>Current discount rate (5.68%)</u> | <u>1% Increase (6.68%)</u> |
|--|----------------------------|--------------------------------------|----------------------------|
| District's proportionate share of the net OPEB liability | \$ 4,990,971 | \$ 3,725,749 | \$ 2,683,290 |

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

| | <u>1% Decrease</u> | <u>Current trend rate</u> | <u>1% Increase</u> |
|--|------------------------|-------------------------------|------------------------|
| District's proportionate share of the net OPEB liability | \$ 2,770,858 | \$ 3,725,749 | \$ 4,883,667 |

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

Payables to the OPEB plan: At June 30, 2020, there was a total payable to CERS OPEB plan of \$52,647, which includes pension and OPEB contributions.

(9) OPERATING LEASES

The District has operating lease agreements for use of equipment and various parcels of real estate cancelable annually with the option to renew. Future minimum rentals under operating leases for years ending December 31, are as follows:

| | |
|------|-------------------|
| 2021 | \$ 120,643 |
| 2022 | 106,441 |
| 2023 | 89,823 |
| 2024 | 10,737 |
| 2025 | <u>1,080</u> |
| | <u>\$ 328,724</u> |

The District recognizes the expenditures related to those obligations as lease payments are made. Total rent expenditures under operating type leases were approximately \$130,500.

(10) COMMITMENTS AND 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 on 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.

The District has outstanding construction commitments in the amount of \$2,543,567 at June 30, 2020 for the high school phase IV project.

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

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the District's financial condition. Management is actively monitoring the global situation on its financial condition. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the District is not able to estimate the effects of the COVID-19 outbreak on its future financial condition.

(11) RISK MANAGEMENT

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

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

(12) COBRA

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

(13) ON-BEHALF PAYMENTS

For the year ended June 30, 2020, total payments of \$10,605,085 were made by the Commonwealth of Kentucky on behalf of the District for life insurance, health insurance, and KTRS matching and administrative fees, and SFCC debt service. These payments were recognized as on-behalf payments and are recorded in the appropriate revenue and expense accounts on the Statement of Activities and the Government Funds Statement of Revenue, Expenditures and Changes in Fund Balance.

On-behalf payments as June 30, 2020 consisted of the following:

| <u>Plan/Description</u> | <u>Amount</u> |
|---|----------------------|
| Kentucky Teachers Retirement System – GASB 68 | \$ 4,606,642 |
| Kentucky Teachers Retirement System – GASB 75 | 344,191 |
| Health Insurance | 3,609,277 |
| Life Insurance | 6,878 |
| Administrative Fee | 56,908 |
| HRA/Dental/Vision | 360,592 |
| Federal Reimbursement | (383,881) |
| Technology | 87,308 |
| Debt Service | 1,917,170 |
| Total On-Behalf | <u>\$ 10,605,085</u> |

(14) TRANSFER OF FUNDS

The following transfers were made during the year:

| <u>Type</u> | <u>From Fund</u> | <u>To Fund</u> | <u>Purpose</u> | <u>Amount</u> |
|--------------|------------------|----------------------|--------------------------------------|---------------|
| Operating | General Fund | Special Revenue Fund | Technology Match | \$ 63,065 |
| Debt Service | Capital Outlay | Debt Service Fund | Debt Service | 123,215 |
| Debt Service | Building Fund | Debt Service Fund | Debt Service | 2,346,620 |
| Operating | Capital Outlay | General Fund | KISTA Payment and Property Insurance | 155,000 |

(15) FUND DEFICIT

As of June 30, 2020, the Food Service Fund and the Day Care Fund had a negative net position of \$581,334 and \$799,266, respectively. This deficit resulted from the fund's proportionate share of the net pension and OPEB liabilities recorded in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

(16) DAY CARE FUND RECLASSIFICATION

The District changed its method of classifying the Day Care Fund in the financial statements resulting in the amounts previously recorded as fiduciary funds to be combined and reclassified as a proprietary fund. As a result, the previously reported day care fiduciary fund with a net position of \$1,653 was reclassified to the proprietary fund and the previously reported Boyd County Child Care activity fund with a net deposit held in custody of students of \$236,842 was also reclassified to a proprietary fund.

In addition to these changes the District also transferred the Day Care Fund's proportionate share of deferred outflows, liabilities, and deferred inflows related to pensions and OPEB from the Governmental Activities (as previously recorded) to the Day Care Fund as Business-Type Activities. The impact of this activity on the Governmental Activities and Business-Type Activities are summarized below:

| | Governmental Activities | Business-Type Activities | Total |
|---|------------------------------------|-------------------------------------|----------------------------|
| Net Position as previously reported at June 30, 2019 | <u>\$ 2,994,326</u> | <u>\$ (21,993)</u> | <u>\$ 2,972,333</u> |
| Prior period adjustment implementation of reclassifying the Day Care Fund: | | | |
| Deferred Outflows - Pension | (94,119) | 94,119 | - |
| Deferred Outflows - OPEB | (37,150) | 37,150 | - |
| Net Pension Liability | 471,666 | (471,666) | - |
| Net OPEB Liability | 136,906 | (136,906) | - |
| Deferred Inflows - Pension | 12,395 | (12,395) | - |
| Deferred Inflows - OPEB | <u>26,212</u> | <u>(26,212)</u> | <u>-</u> |
| Net change from reclassifying items related to Pension and OPEB | 515,910 | (515,910) | - |
| Amounts reclassified from fiduciary funds | <u>-</u> | <u>238,495</u> | <u>238,495</u> |
| Total prior period adjustment | <u>515,910</u> | <u>(277,415)</u> | <u>238,495</u> |
| Net position as restated, June 30, 2019 | <u><u>\$ 3,510,236</u></u> | <u><u>\$ (299,408)</u></u> | <u><u>\$ 3,210,828</u></u> |

REQUIRED SUPPLEMENTARY INFORMATION

**BOYD COUNTY SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2020**

| | Reporting Fiscal Year (Measurement Date) 2020 (2019) | Reporting Fiscal Year (Measurement Date) 2019 (2018) | Reporting Fiscal Year (Measurement Date) 2018 (2017) | Reporting Fiscal Year (Measurement Date) 2017 (2016) | Reporting Fiscal Year (Measurement Date) 2016 (2015) | Reporting Fiscal Year (Measurement Date) 2015 (2014) |
|---|---|---|---|---|---|---|
| COUNTY EMPLOYEES RETIREMENT SYSTEM: | | | | | | |
| District's proportion of the net pension liability | 0.221571% | 0.224504% | 0.224343% | 0.223728% | 0.213138% | 0.215511% |
| District's proportionate share of the net pension liability | \$ 15,583,187 | \$ 13,672,978 | \$ 13,131,486 | \$ 11,015,521 | \$ 9,163,921 | \$ 6,992,000 |
| District's covered payroll | \$ 5,612,281 | \$ 5,570,247 | \$ 5,469,276 | \$ 5,346,755 | \$ 4,940,040 | \$ 4,944,172 |
| District's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 277.662% | 245.464% | 240.096% | 206.023% | 185.503% | 141.419% |
| Plan fiduciary net position as a percentage of the total pension liability | 50.450% | 53.540% | 53.300% | 55.500% | 59.970% | 66.800% |
| KENTUCKY TEACHER'S RETIREMENT SYSTEM: | | | | | | |
| District's proportion of the net pension liability | 0.4486% | 0.4412% | 0.4344% | 0.4456% | 0.4534% | 0.4663% |
| District's proportionate share of the net pension liability | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| State's proportionate share of the net pension liability associated with the District | 61,213,310 | 57,769,286 | 117,225,992 | 131,446,581 | 105,518,951 | 95,830,961 |
| Total | <u>\$ 61,213,310</u> | <u>\$ 57,769,286</u> | <u>\$ 117,225,992</u> | <u>\$ 131,446,581</u> | <u>\$ 105,518,951</u> | <u>\$ 95,830,961</u> |
| District's covered payroll | \$ 15,595,198 | \$ 15,047,101 | \$ 14,653,347 | \$ 14,779,021 | \$ 14,952,459 | \$ 14,614,792 |
| District's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| Plan fiduciary net position as a percentage of the total pension liability | 58.800% | 59.300% | 39.830% | 35.220% | 42.490% | 45.590% |

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

**BOYD COUNTY SCHOOL DISTRICT
SCHEDULE OF PENSION CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2020**

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| COUNTY EMPLOYEES RETIREMENT SYSTEM: | | | | | | | |
| Contractually required contribution | \$ 1,130,189 | \$ 910,312 | \$ 806,572 | \$ 762,965 | \$ 664,067 | \$ 629,888 | \$ 679,358 |
| Contributions in relation to the contractually required contribution | <u>1,130,189</u> | <u>910,312</u> | <u>806,572</u> | <u>762,965</u> | <u>664,067</u> | <u>629,888</u> | <u>679,358</u> |
| Contribution deficiency (excess) | - | - | - | - | - | - | - |
| District's covered payroll | \$ 5,855,901 | \$ 5,612,281 | \$ 5,570,247 | \$ 5,469,276 | \$ 5,346,755 | \$ 4,940,040 | \$ 4,944,172 |
| District's contributions as a percentage of its covered-employee payroll | 19.30% | 16.22% | 14.48% | 13.95% | 12.42% | 12.75% | 13.74% |
| KENTUCKY TEACHER'S RETIREMENT SYSTEM: | | | | | | | |
| Contractually required contribution | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Contributions in relation to the contractually required contribution | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Contribution deficiency (excess) | - | - | - | - | - | - | - |
| District's covered payroll | \$ 16,222,824 | \$ 15,595,198 | \$ 15,047,101 | \$ 14,653,347 | \$ 14,779,021 | \$ 14,952,459 | \$ 14,614,792 |
| District's contributions as a percentage of its covered-employee payroll | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |

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

**BOYD COUNTY SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE
SHARE OF THE NET OPEB LIABILITY
FOR THE YEAR ENDED JUNE 30, 2020**

| | Reporting Fiscal Year (Measurement Date) 2020 (2019) | Reporting Fiscal Year (Measurement Date) 2019 (2018) | Reporting Fiscal Year (Measurement Date) 2018 (2017) |
|---|---|---|---|
| COUNTY EMPLOYEES RETIREMENT SYSTEM INSURANCE FUND: | | | |
| District's proportion of the net OPEB liability | 0.221513% | 0.224495% | 0.224343% |
| District's proportionate share of the net OPEB liability | \$ 3,725,749 | \$ 3,985,864 | \$ 4,510,062 |
| District's covered payroll | \$ 5,612,281 | \$ 5,570,247 | \$ 5,469,276 |
| District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll | 66.386% | 71.556% | 82.462% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 60.44% | 57.62% | 52.40% |
| KENTUCKY TEACHER'S RETIREMENT SYSTEM - MEDICAL INSURANCE PLAN: | | | |
| District's proportion of the net OPEB liability | 0.435249% | 0.426461% | 0.418753% |
| District's proportionate share of the net OPEB liability | \$ 7,047,000 | \$ 7,948,000 | \$ 8,218,000 |
| State's proportionate share of the net OPEB liability associated with the District | 5,691,000 | 6,849,000 | 6,713,000 |
| Total | <u>\$ 12,738,000</u> | <u>\$ 14,797,000</u> | <u>\$ 14,931,000</u> |
| District's covered payroll | \$ 13,976,063 | \$ 13,600,872 | \$ 13,162,677 |
| District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll | 50.422% | 58.437% | 62.434% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 32.58% | 25.50% | 21.18% |

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

**BOYD COUNTY SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE
SHARE OF THE NET OPEB LIABILITY (CONCLUDED)
FOR THE YEAR ENDED JUNE 30, 2020**

| | Reporting Fiscal Year (Measurement Date) 2020 (2019) | Reporting Fiscal Year (Measurement Date) 2019 (2018) | Reporting Fiscal Year (Measurement Date) 2018 (2017) |
|---|---|---|---|
| KENTUCKY TEACHER'S RETIREMENT SYSTEM - LIFE INSURANCE PLAN: | | | |
| District's proportion of the net OPEB liability | 0.425482% | 0.416714% | 0.409258% |
| District's proportionate share of the net OPEB liability | \$ - | \$ - | \$ - |
| State's proportionate share of the net OPEB liability associated with the District | 132,000 | 118,000 | 90,000 |
| Total | <u>\$ 132,000</u> | <u>\$ 118,000</u> | <u>\$ 90,000</u> |
| District's covered payroll | \$ 13,976,063 | \$ 13,600,872 | \$ 13,162,677 |
| District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll | 0.000% | 0.000% | 0.000% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 73.400% | 75.000% | 79.990% |

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

**BOYD COUNTY SCHOOL DISTRICT
SCHEDULE OF OPEB CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2020**

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|---|----------------|----------------|----------------|----------------|
| COUNTY EMPLOYEES RETIREMENT SYSTEM INSURANCE FUND: | | | | |
| Contractually required contribution | \$ 278,741 | \$ 295,206 | \$ 261,802 | \$ 258,701 |
| Contributions in relation to the contractually required contribution | <u>278,741</u> | <u>295,206</u> | <u>261,802</u> | <u>258,701</u> |
| Contribution deficiency (excess) | - | - | - | - |
| District's covered payroll | \$ 5,855,901 | \$ 5,612,281 | \$ 5,570,247 | \$ 5,469,276 |
| District's contributions as a percentage of its covered-employee payroll | 4.76% | 5.26% | 4.70% | 4.73% |
| KENTUCKY TEACHER'S RETIREMENT SYSTEM - MEDICAL INSURANCE PLAN: | | | | |
| Contractually required contribution | \$ 433,308 | \$ 419,286 | \$ 408,027 | \$ 394,880 |
| Contributions in relation to the contractually required contribution | <u>433,308</u> | <u>419,286</u> | <u>408,027</u> | <u>394,880</u> |
| Contribution deficiency (excess) | - | - | - | - |
| District's covered payroll | \$ 14,443,539 | \$ 13,976,063 | \$ 13,600,872 | \$ 13,162,677 |
| District's contributions as a percentage of its covered-employee payroll | 3.00% | 3.00% | 3.00% | 3.00% |

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

**BOYD COUNTY SCHOOL DISTRICT
SCHEDULE OF OPEB CONTRIBUTIONS (CONCLUDED)
FOR THE YEAR ENDED JUNE 30, 2020**

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|---|---------------|---------------|---------------|---------------|
| KENTUCKY TEACHER'S RETIREMENT SYSTEM - LIFE INSURANCE PLAN: | | | | |
| Contractually required contribution | \$ - | \$ - | \$ - | \$ - |
| Contributions in relation to the contractually required contribution | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Contribution deficiency (excess) | - | - | - | - |
| District's covered payroll | \$ 14,443,539 | \$ 13,976,063 | \$ 13,600,872 | \$ 13,162,677 |
| District's contributions as a percentage of its covered-employee payroll | 0.00% | 0.00% | 0.00% | 0.00% |

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

**BOYD COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION PLANS
FOR THE YEAR ENDED JUNE 30, 2020**

(1) CHANGES OF ASSUMPTIONS

KTRS

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

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

The following change of assumptions were adopted by the Board of Trustees and reflected in the liability measurement as of June 30, 2018:

- Increased the Single Equivalent Interest rate (SEIR) from 4.49% to 7.50%

CERS

The following changes were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2015:

- The assumed investment rate of return was decreased from 7.75% to 7.50%.
- The assumed rate of inflation was reduced from 3.50% to 3.25%.
- The assumed rate of wage inflation was reduced from 1.00% to 0.75%.
- Payroll growth assumption was reduced from 4.50% to 4.00%.
- 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 assumed rates of Retirement, Withdrawal and Disability were updated to more accurately reflect experience.

The following changes were made by the Board of Trustees and reflected in the valuation performed as of June 30, 2017:

- Decreased the price inflation assumption to 2.30%.
- Decreased the assumed rate of return to 6.25%.
- Decreased the payroll growth assumption to 2.00%.

The following changes were made by the Board of Trustees and reflected in the valuation performed as of June 30, 2019:

- The assumed salary increase was changed from 4.00% (average) to 3.30%-10.30% (varies by service.)

- The mortality table used for pre-retirement is PUB-2010 General Mortality table, for the Non-Hazardous Systems, and PUB-2010 Public Safety Mortality table for the Hazardous Systems, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.
- The mortality table used for post-retirement (non-disabled) is a system specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.
- The mortality table used for post-retirement (disabled) is PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2010.

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

KTRS

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

| | |
|-------------------------------|---|
| Actuarial Cost Method | Entry Age Normal |
| Amortization Method | Level percentage of payroll, closed |
| Remaining Amortization Period | 28.1 years |
| Asset Valuation Method | 5-year smoothed market |
| Inflation | 3.5% |
| Salary Increase | 3.5% to 7.3%, including inflation |
| Investment Rate of Return | 7.5%, net of pension plan investment expense, including inflation |

CERS

The actuarially determined contribution rates are determined on a biennial basis beginning with the fiscal year ended 2019, determined as of July 1, 2017. The amortization period of the unfunded liability has been reset as of July 1, 2013 to a closed 30-year period. The following actuarial methods and assumptions were used to determine contribution rates for the year ending June 30, 2019:

| | |
|-------------------------------|---|
| Experience Study | July 1, 2008 – June 30, 2013 |
| Actuarial Cost Method | Entry Age Normal |
| Amortization Method | Level percentage of payroll |
| Remaining Amortization Period | 26 years, closed |
| Payroll growth | 2.00% |
| Asset Valuation Method | 20% of the difference between the market value of assets and the expected actuarial value of assets is recognized |
| Inflation | 2.30% |
| Salary Increase | 3.30% to 11.55%, varies by service |
| Investment Rate of Return | 6.25%, net of pension plan investment expense, including inflation |
| Mortality | RP-2000 Combined Mortality Table, projected to 2013 with Scale BB (set back 1 year for females) |
| Phase-In Provision | Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018. |

(3) CHANGES OF BENEFITS

KTRS

There were no changes of benefit terms for KTRS.

CERS

During the 2018 legislative session, House Bill 185 was enacted, which updated the benefit provisions for active members who die in the line of duty. Benefits paid to the spouses of deceased members have been increased from 25% of the member's final rate of pay to 75% of the member's average pay. If the member does not have a surviving spouse, benefits paid to surviving dependent children have been increased from 10% of the member's final pay rate to 50% of average pay for one child, 65% of average pay for two children, or 75% of average pay for three children. The Total Pension Liability as of June 30, 2019 is determined using these updated benefit provisions.

**BOYD COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – OPEB PLANS
FOR THE YEAR ENDED JUNE 30, 2020**

(1) CHANGES OF ASSUMPTIONS

KTRS

Medical Insurance Plan - There were no changes of assumptions.

Life Insurance Plan - There were no changes of assumptions.

CERS Insurance Fund

The following changes were made by the Board of Trustees and reflected in the valuation performed as of June 30, 2017:

- Decreased the price inflation assumption to 2.30%.
- Decreased the assumed rate of return to 6.25%.
- Decreased the payroll growth assumption to 2.00%.

The following changes were made by the Board of Trustees and reflected in the valuation performed as of June 30, 2019:

- The assumed salary increase was changed from 4.00% (average) to 3.30%-10.30 % (varies by service.)
- The mortality table used for pre-retirement is PUB-2010 General Mortality table, for the Non-Hazardous Systems, and PUB-2010 Public Safety Mortality table for the Hazardous Systems, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.
- The mortality table used for post-retirement (non-disabled) is a system specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.
- The mortality table used for post-retirement (disabled) is PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2010.

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

KTRS

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

| | |
|------------------------|--------------------------|
| Actuarial cost method | Entry Age Normal |
| Amortization method | Level Percent of Payroll |
| Amortization period | 22 years, Closed |
| Asset valuation method | Five-year smoothed value |
| Inflation | 3.00% |
| Real wage growth | 0.50% |
| Wage inflation | 3.50% |

| | |
|--|---|
| Salary increases, including wage inflation | 3.50% - 7.20% |
| Discount rate | 8.00% |
| Health care cost trends | |
| Under 65 | 7.50% for FY 2018 decreasing to an ultimate rate of 5.00% by FY 2024 |
| Ages 65 and older | 5.50% for FY 2018 decreasing to an ultimate rate of 5.00% by FY 2021 |
| Medicare Part B premiums | 0.00% for FY 2018 with an ultimate rate of 5.00% by 2030 |
| Under age 65 claims | The current premium charged by KEHP is used as the base cost and is projected forward using only the health care trend assumption (no implicit rate subsidy is recognized). |

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

| | |
|--|--------------------------|
| Actuarial cost method | Entry Age Normal |
| Amortization method | Level Percent of Payroll |
| Amortization period | 30 years, Open |
| Asset valuation method | Five-year smoothed value |
| Inflation | 3.50% |
| Real wage growth | 0.50% |
| Wage inflation | 3.50% |
| Salary increases, including wage inflation | 3.50% - 7.45% |
| Discount rate | 7.50% |

CERS Insurance Fund

The following actuarial methods and assumptions, for actuarially determined contributions effective for fiscal year ending June 30, 2019:

| | |
|-------------------------------|--|
| Experience Study | July 1, 2008 – June 30, 2013 |
| Actuarial Cost Method | Entry Age Normal |
| Amortization Method | Level Percent of Pay |
| Remaining Amortization Period | 26 Years, Closed |
| Payroll Growth Rate | 2.00% |
| Asset Valuation Method | 20% of the difference between the market value of assets and the expected actuarial value of assets is recognized |
| Inflation | 2.30% |
| Salary Increase | 3.30% to 11.55%, varies by service |
| Investment Rate of Return | 6.25% |
| 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. |
| 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. |
| Mortality | RP-2000 Combined Mortality Table, projected to 2013 with Scale BB (set back 1 year for females) |

(3) CHANGES OF BENEFITS

KTRS

Medical Insurance Plan – There were no changes of benefit terms.

Life Insurance Plan - There were no changes of benefit terms.

CERS

During the 2018 legislative session, House Bill 185 was enacted, which updated the benefit provisions for active members who die in the line of duty. The system shall now pay 100% of the insurance premium for spouses and children of all active members who die in the line of duty. The total OPEB liability as of June 30, 2019, is determined using these updated benefit provisions.

SUPPLEMENTAL INFORMATION

**BOYD COUNTY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020**

| | Capital Project Funds | District Activity Fund | Total Non-Major Governmental Funds |
|--------------------------------------|-----------------------------|------------------------------|---|
| ASSETS: | | | |
| Cash and cash equivalents | \$ 45,507 | \$ 84,211 | \$ 129,718 |
| Accounts receivable | - | - | - |
| Total assets | <u>\$ 45,507</u> | <u>\$ 84,211</u> | <u>\$ 129,718</u> |
| LIABILITIES AND FUND BALANCE: | | | |
| Liabilities: | | | |
| Accounts payable | \$ - | \$ 912 | \$ 912 |
| Total liabilities | <u>-</u> | <u>912</u> | <u>912</u> |
| Fund Balances: | | | |
| Restricted | 40,120 | - | 40,120 |
| Committed | - | 83,299 | 83,299 |
| Assigned | 5,387 | - | 5,387 |
| Total fund balance | <u>45,507</u> | <u>83,299</u> | <u>128,806</u> |
| Total liabilities and fund balances | <u>\$ 45,507</u> | <u>\$ 84,211</u> | <u>\$ 129,718</u> |

**BOYD COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

| | Capital Project Funds | District Activity Fund | Total Non-Major Governmental Funds |
|--|-----------------------------|------------------------------|---|
| REVENUES: | | | |
| From local sources - | | | |
| Property taxes | \$ 1,624,972 | \$ - | \$ 1,624,972 |
| Earnings on investments | 54 | 1,930 | 1,984 |
| Miscellaneous | - | 66,758 | 66,758 |
| Intergovernmental - State | 1,003,018 | - | 1,003,018 |
| Total revenues | <u>2,628,044</u> | <u>68,688</u> | <u>2,696,732</u> |
| EXPENDITURES: | | | |
| Current - | | | |
| Debt service | - | - | - |
| Instruction | - | 44,538 | 44,538 |
| Support services: | | | |
| Instructional staff | - | 14,096 | 14,096 |
| Student transportation | - | 399 | 399 |
| Total expenditures | <u>-</u> | <u>59,033</u> | <u>59,033</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>2,628,044</u> | <u>9,655</u> | <u>2,637,699</u> |
| OTHER FINANCING SOURCES (USES): | | | |
| Operating transfers in | - | - | - |
| Operating transfers out | (2,624,835) | - | (2,624,835) |
| Total other financing sources (uses) | <u>(2,624,835)</u> | <u>-</u> | <u>(2,624,835)</u> |
| NET CHANGE IN FUND BALANCES | 3,209 | 9,655 | 12,864 |
| FUND BALANCE JUNE 30, 2019 | <u>42,298</u> | <u>73,644</u> | <u>115,942</u> |
| FUND BALANCE JUNE 30, 2020 | <u>\$ 45,507</u> | <u>\$ 83,299</u> | <u>\$ 128,806</u> |

**BOYD COUNTY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR CAPITAL PROJECT FUNDS
JUNE 30, 2020**

| | SEEK Funds | FSPK Fund | Boyd County School District Finance Corporation | Total Capital Project Funds |
|--------------------------------------|------------------|--------------|---|--------------------------------------|
| ASSETS: | | | | |
| Cash and cash equivalents | \$ 40,120 | \$ - | \$ 5,387 | \$ 45,507 |
| Accounts receivable | - | - | - | - |
| Total assets | <u>\$ 40,120</u> | <u>\$ -</u> | <u>\$ 5,387</u> | <u>\$ 45,507</u> |
| LIABILITIES AND FUND BALANCE: | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - |
| Total liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund Balances: | | | | |
| Restricted for KSFCC Escrow | 40,120 | - | - | 40,120 |
| Assigned | - | - | 5,387 | 5,387 |
| Total fund balance | <u>40,120</u> | <u>-</u> | <u>5,387</u> | <u>45,507</u> |
| Total liabilities and fund balances | <u>\$ 40,120</u> | <u>\$ -</u> | <u>\$ 5,387</u> | <u>\$ 45,507</u> |

**BOYD COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR CAPITAL PROJECT FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

| | SEEK Funds | FSPK Fund | Boyd County School District Finance Corporation | Total Capital Project Funds |
|--|------------------|--------------------|---|--------------------------------------|
| REVENUES: | | | | |
| From local sources - | | | | |
| Property taxes | \$ - | \$ 1,624,972 | \$ - | \$ 1,624,972 |
| Earnings on investments | - | - | 54 | 54 |
| Other local revenues | - | - | - | - |
| Intergovernmental - State | <u>281,370</u> | <u>721,648</u> | <u>-</u> | <u>1,003,018</u> |
| Total revenues | <u>281,370</u> | <u>2,346,620</u> | <u>54</u> | <u>2,628,044</u> |
| EXPENDITURES: | | | | |
| Current - | | | | |
| Debt service | - | - | - | - |
| Building improvements | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>281,370</u> | <u>2,346,620</u> | <u>54</u> | <u>2,628,044</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Operating transfers in | - | - | - | - |
| Operating transfers out | <u>(278,215)</u> | <u>(2,346,620)</u> | <u>-</u> | <u>(2,624,835)</u> |
| Total other financing sources (uses) | <u>(278,215)</u> | <u>(2,346,620)</u> | <u>-</u> | <u>(2,624,835)</u> |
| NET CHANGE IN FUND BALANCES | 3,155 | - | 54 | 3,209 |
| FUND BALANCE JUNE 30, 2019 | <u>36,965</u> | <u>-</u> | <u>5,333</u> | <u>42,298</u> |
| FUND BALANCE JUNE 30, 2020 | <u>\$ 40,120</u> | <u>\$ -</u> | <u>\$ 5,387</u> | <u>\$ 45,507</u> |

**BOYD COUNTY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR DEBT SERVICE FUNDS
JUNE 30, 2020**

| | 1972 & 1978 Bond Fund | 2009R Bond Fund | 2009 Bond Fund | 2014R Bond Fund | 2015 Bond Fund | 2017 Bond Fund | 2019 Bond Fund | Totals Debt Service Fund |
|--------------------------------------|-----------------------------|-----------------------|----------------------|-----------------------|----------------------|----------------------|----------------------|--------------------------------|
| ASSETS: | | | | | | | | |
| Cash and cash equivalents | \$ 27,413 | \$ - | \$ - | \$ 2,593 | \$ 371 | \$ 104 | \$ 38 | \$ 30,519 |
| Accounts receivable | - | - | - | - | - | - | - | - |
| Total assets | <u>\$ 27,413</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,593</u> | <u>\$ 371</u> | <u>\$ 104</u> | <u>\$ 38</u> | <u>\$ 30,519</u> |
| LIABILITIES AND FUND BALANCE: | | | | | | | | |
| Liabilities: | | | | | | | | |
| Accounts payable | \$ 27,413 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 27,413 |
| Total liabilities | <u>27,413</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>27,413</u> |
| Fund Balances: | | | | | | | | |
| Restricted | - | - | - | 2,593 | 371 | 104 | 38 | 3,106 |
| Total fund balance | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,593</u> | <u>371</u> | <u>104</u> | <u>38</u> | <u>3,106</u> |
| Total liabilities and fund balances | <u>\$ 27,413</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,593</u> | <u>\$ 371</u> | <u>\$ 104</u> | <u>\$ 38</u> | <u>\$ 30,519</u> |

**BOYD COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

| | 1972 & 1978 Bond Fund | 2009R Bond Fund | 2009 Bond Fund | 2014R Bond Fund | 2015 Bond Fund | 2017 Bond Fund | 2019 Bond Fund | Totals Debt Service Fund |
|---|-----------------------------|-----------------------|----------------------|-----------------------|----------------------|----------------------|----------------------|--------------------------------|
| REVENUES: | | | | | | | | |
| Intergovernmental - State | \$ - | \$ 111,650 | \$ 59,970 | \$ 297,657 | \$ 1,369,238 | \$ 78,655 | \$ - | \$ 1,917,170 |
| Interest income | - | - | - | 2,593 | 185 | 19 | 38 | 2,835 |
| Total revenues | <u>-</u> | <u>111,650</u> | <u>59,970</u> | <u>300,250</u> | <u>1,369,423</u> | <u>78,674</u> | <u>38</u> | <u>1,920,005</u> |
| EXPENDITURES: | | | | | | | | |
| Debt service | - | 111,650 | 59,970 | 2,529,569 | 1,523,236 | 106,138 | 60,126 | 4,390,689 |
| Total expenditures | <u>-</u> | <u>111,650</u> | <u>59,970</u> | <u>2,529,569</u> | <u>1,523,236</u> | <u>106,138</u> | <u>60,126</u> | <u>4,390,689</u> |
| EXCESS (DEFICIENCY) OF REVENUES UNDER EXPENDITURES | <u>-</u> | <u>-</u> | <u>-</u> | <u>(2,229,319)</u> | <u>(153,813)</u> | <u>(27,464)</u> | <u>(60,088)</u> | <u>(2,470,684)</u> |
| OTHER FINANCING SOURCES (USES): | | | | | | | | |
| Bond proceeds | - | - | - | - | - | - | - | - |
| Payment to refunded bond escrow agent | - | - | - | - | - | - | - | - |
| Operating transfers in | - | - | - | 2,228,228 | 153,998 | 27,483 | 60,126 | 2,469,835 |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,228,228</u> | <u>153,998</u> | <u>27,483</u> | <u>60,126</u> | <u>2,469,835</u> |
| NET CHANGE IN FUND BALANCES | - | - | - | (1,091) | 185 | 19 | 38 | (849) |
| FUND BALANCE JUNE 30, 2019 | <u>-</u> | <u>-</u> | <u>-</u> | <u>3,684</u> | <u>186</u> | <u>85</u> | <u>-</u> | <u>3,955</u> |
| FUND BALANCE JUNE 30, 2020 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,593</u> | <u>\$ 371</u> | <u>\$ 104</u> | <u>\$ 38</u> | <u>\$ 3,106</u> |

**BOYD COUNTY SCHOOL DISTRICT
STATEMENT OF GRANT, RECEIPTS,
DISBURSEMENTS AND FUND BALANCE
HEAD START GRANTS
FOR THE YEAR ENDED JUNE 30, 2020**

| | Headstart Grant No. 04-CH-4710-05-03 | | | | Headstart Grant No. 04-CH-011039-01-01 | |
|---|--------------------------------------|-------------------------|---------------------------|------------------|---|------------------|
| | Budget | Actual Prior Year | Actual Current Year | Total | Budget | Actual |
| AMOUNT OF GRANT | | | | \$ 1,927,349 | | \$ 2,003,394 |
| RECEIPTS - | | | | | | |
| OCD Funds - | | | | | | |
| Grant funds | \$ 1,927,349 | \$ 1,490,282 | \$ 437,067 | \$ 1,927,349 | \$ 1,862,785 | \$ 1,425,937 |
| Grantee's contributions | 481,839 | 481,839 | - | 481,839 | 465,696 | 465,696 |
| | <u>2,409,188</u> | <u>1,972,121</u> | <u>437,067</u> | <u>2,409,188</u> | <u>2,328,481</u> | <u>1,891,633</u> |
| DISBURSEMENTS - | | | | | | |
| OCD's Share - | | | | | | |
| Head Start Full-Year/Part-Day (PA 20 & 22) | | | | | | |
| Direct costs - | | | | | | |
| Personnel | 1,030,856 | 914,222 | 82,527 | 996,749 | 1,083,221 | 958,845 |
| Fringe benefits | 512,035 | 389,829 | 22,648 | 412,477 | 520,425 | 470,861 |
| Supplies | 15,606 | 29,754 | 314 | 30,068 | 13,107 | 4,842 |
| Contractual | 106,710 | 150,365 | 70,372 | 220,737 | 114,600 | 56,648 |
| Travel | 11,000 | 3,942 | 529 | 4,471 | 11,000 | 4,461 |
| Vehicles | 78,164 | - | 62,186 | 62,186 | - | - |
| Machinery and equipment | 76,400 | 15,121 | 82,791 | 97,912 | 113,732 | 76,128 |
| Other | 96,578 | 6,171 | 96,578 | 102,749 | 6,700 | 15,301 |
| | <u>1,927,349</u> | <u>1,509,404</u> | <u>417,945</u> | <u>1,927,349</u> | <u>1,862,785</u> | <u>1,587,086</u> |
| Grantee's Share - | | | | | | |
| Head Start Full-Year/Part-Day (PA 20 & 22) | 481,839 | 481,839 | - | 481,839 | 465,696 | 465,696 |
| Grantee's Total | 481,839 | 481,839 | - | 481,839 | 465,696 | 465,696 |
| Total disbursements | <u>2,409,188</u> | <u>1,991,243</u> | <u>417,945</u> | <u>2,409,188</u> | <u>2,328,481</u> | <u>2,052,782</u> |
| EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS | - | (19,122) | 19,122 | - | - | (161,149) |
| ACCOUNTS RECEIVABLE | - | 19,122 | (19,122) | - | - | 161,149 |
| DEFERRED REVENUE | - | - | - | - | - | - |
| FUND BALANCE, JUNE 30, 2020 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

**BOYD COUNTY SCHOOL DISTRICT
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
SCHOOL ACTIVITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

| | Cash Balance June 30, 2019 (as restated) | Receipts | Disbursements | Cash Balance June 30, 2020 | Accounts Receivable | Accounts Payable | Deposits Held in Custody for Students June 30, 2020 |
|---------------------------------|--|-------------------|-------------------|-------------------------------|------------------------|---------------------|---|
| Boyd County High School | \$ 95,378 | \$ 488,859 | \$ 442,833 | \$ 141,404 | \$ - | \$ - | \$ 141,404 |
| Boyd County Middle School | 59,452 | 105,275 | 106,577 | 58,150 | - | - | 58,150 |
| Cannonsburg Elementary | 4,559 | 22,382 | 15,499 | 11,442 | 389 | 50 | 11,781 |
| R.O.S.E. Society | 350 | - | 350 | - | - | - | - |
| Ponderosa Elementary | 6,431 | 37,376 | 21,638 | 22,169 | - | - | 22,169 |
| Summit Elementary | 26,734 | 69,644 | 63,509 | 32,869 | - | - | 32,869 |
| Catlettsburg Elementary | 14,143 | 20,504 | 19,274 | 15,373 | - | - | 15,373 |
| Early Childhood Learning Center | 1,467 | 3,293 | 1,584 | 3,176 | - | - | 3,176 |
| Cannonsburg Day Care | 33,711 | 15,790 | 17,683 | 31,818 | - | - | 31,818 |
| Youth Services Center | 14,601 | 19,124 | 15,106 | 18,619 | - | - | 18,619 |
| Vocational School | 5,127 | 11,343 | 10,896 | 5,574 | - | - | 5,574 |
| | <u>\$ 261,953</u> | <u>\$ 793,590</u> | <u>\$ 714,949</u> | <u>\$ 340,594</u> | <u>\$ 389</u> | <u>\$ 50</u> | <u>\$ 340,933</u> |

BOYD COUNTY SCHOOL DISTRICT
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
SCHOOL ACTIVITY FUNDS
BOYD COUNTY HIGH SCHOOL
FOR THE YEAR ENDED JUNE 30, 2020

| | Cash Balance June 30, 2019 | Receipts | Disburse- ments | Cash Balance June 30, 2020 | Accounts Receivable (Accounts Payable) | Deposits Held in Custody for Students June 30, 2020 |
|---------------------------|-------------------------------------|----------|--------------------|-------------------------------------|---|--|
| Academic Boosters | \$ 842 | \$ - | \$ - | \$ 842 | \$ - | \$ 842 |
| AP Exams | 5,996 | 7,819 | 6,625 | 7,190 | - | 7,190 |
| AP Lit | 79 | - | - | 79 | - | 79 |
| Archery | 5,928 | 9,157 | 7,462 | 7,623 | - | 7,623 |
| Art | 109 | - | 106 | 3 | - | 3 |
| Astro/Science Grant | 5 | - | - | 5 | - | 5 |
| Athletics | 4,302 | 85,377 | 78,764 | 10,915 | - | 10,915 |
| Athletic Concessions | 83 | 11,910 | 11,115 | 878 | - | 878 |
| Band | 164 | 1,910 | 833 | 1,241 | - | 1,241 |
| Baseball | 437 | 3,222 | 3,659 | - | - | - |
| Basketball Friendship | 1,675 | - | - | 1,675 | - | 1,675 |
| Bass Fishing Club | - | 2,217 | 11 | 2,206 | - | 2,206 |
| BCHS Lions Club | 27 | 20 | - | 47 | - | 47 |
| Beta Club | 1,488 | 2,990 | 2,103 | 2,375 | - | 2,375 |
| Boyd's Bistro | - | 14,426 | 14,426 | - | - | - |
| Boys BK Boosters | 6,892 | 39,914 | 33,102 | 13,704 | - | 13,704 |
| Boyd Co BBK Program | 639 | 26,045 | 18,957 | 7,727 | - | 7,727 |
| Boyd's Blooms | - | 636 | 636 | - | - | - |
| Boyd Sparkle | 684 | 1,089 | 746 | 1,027 | - | 1,027 |
| Boys Golf | - | 3,272 | 3,272 | - | - | - |
| Boys/Girls Track | 1,583 | - | 336 | 1,247 | - | 1,247 |
| Boys Soccer | - | 5,196 | 4,809 | 387 | - | 387 |
| Break-Out Grant | 460 | - | 460 | - | - | - |
| Bus Transportation | - | 635 | 635 | - | - | - |
| Choir | 2,338 | 371 | 1,232 | 1,477 | - | 1,477 |
| Choir Uniforms | 400 | 30 | 430 | - | - | - |
| Choir (Special Fund) | 1 | - | 1 | - | - | - |
| College Health | 15 | - | 15 | - | - | - |
| Cross Country/Track | 542 | 2,039 | 2,166 | 415 | - | 415 |
| District Funds | 10,874 | 34,169 | 17,821 | 27,222 | - | 27,222 |
| Drama Club | 1,212 | - | 108 | 1,104 | - | 1,104 |
| Drama/Stage | - | - | - | - | - | - |
| English Department | 295 | 7 | 19 | 283 | - | 283 |
| Family Consumer Science | - | 888 | 888 | - | - | - |
| FCA | 127 | - | - | 127 | - | 127 |
| FCCLA | - | 306 | 68 | 238 | - | 238 |
| FFA | - | 6,717 | 6,717 | - | - | - |
| FFA - Katie Fundraiser | - | 910 | 877 | 33 | - | 33 |
| First Priority | 72 | - | - | 72 | - | 72 |
| FMD / Autism | 107 | - | 30 | 77 | - | 77 |
| Football | - | 2,150 | 870 | 1,280 | - | 1,280 |
| Friendship Fund | - | 11,129 | 11,013 | 116 | - | 116 |
| Girls Basketball Boosters | 2,762 | 25,687 | 22,773 | 5,676 | - | 5,676 |
| Girls Golf | 4,104 | 3,055 | 7,159 | - | - | - |
| Girls Soccer Boosters | 62 | 1,063 | 1,124 | 1 | - | 1 |
| Graphic Novel | 18 | - | 18 | - | - | - |
| GT Trip Costa Rica | 170 | - | - | 170 | - | 170 |
| Guitar | 575 | 225 | 341 | 459 | - | 459 |
| History Club | 17 | - | 17 | - | - | - |
| Horticulture | - | 5,228 | 5,180 | 48 | - | 48 |
| Junior Class | 975 | 600 | 975 | 600 | - | 600 |

**BOYD COUNTY SCHOOL DISTRICT
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
SCHOOL ACTIVITY FUNDS
BOYD COUNTY HIGH SCHOOL - CONCLUDED
FOR THE YEAR ENDED JUNE 30, 2020**

| | Cash Balance June 30, 2019 | Receipts | Disburse- ments | Cash Balance June 30, 2020 | Accounts Receivable (Accounts Payable) | Deposits Held in Custody for Students June 30, 2020 |
|-----------------------------------|-------------------------------------|-------------------|--------------------|-------------------------------------|---|--|
| Katie Childers Fundraiser | - | 500 | 500 | - | - | - |
| KEDC Refund | - | 260 | 260 | - | - | - |
| Key Club | 872 | 18,058 | 13,652 | 5,278 | - | 5,278 |
| Library | 221 | - | - | 221 | - | 221 |
| Math | 1,072 | 1,580 | 2,652 | - | - | - |
| Memorial Garden | 150 | - | 150 | - | - | - |
| Mock Trial | 392 | - | 392 | - | - | - |
| Mu Alpha Theta | 551 | 80 | 172 | 459 | - | 459 |
| National Honor Society | 186 | 6,110 | 5,875 | 421 | - | 421 |
| Newspaper | 17 | - | 17 | - | - | - |
| NJROTC - FR | 11,205 | 15,544 | 7,336 | 19,413 | - | 19,413 |
| Online Reading Grant | 495 | - | 495 | - | - | - |
| Pep Club | 512 | 1,217 | 159 | 1,570 | - | 1,570 |
| Poetry Fund | 568 | - | 568 | - | - | - |
| Pollution Solution Club | 50 | - | - | 50 | - | 50 |
| Registrar | 506 | 14 | 230 | 290 | - | 290 |
| Rho Kappa | 310 | - | 310 | - | - | - |
| Science | 1,922 | 969 | 2,270 | 621 | - | 621 |
| Science Camp Grant | 626 | - | 95 | 531 | - | 531 |
| Science Club | 194 | - | - | 194 | - | 194 |
| Senior Class | 446 | 13,486 | 12,649 | 1,283 | - | 1,283 |
| Senior Class Trip Fund | - | 53,683 | 53,683 | - | - | - |
| Softball Boosters | 440 | 4,967 | 5,407 | - | - | - |
| Sophomore Class | - | 572 | - | 572 | - | 572 |
| Special Needs Grade | 400 | - | - | 400 | - | 400 |
| Stand for the Silent | 53 | - | 53 | - | - | - |
| Student Council | 1,001 | 499 | 1,500 | - | - | - |
| Swimming | 2,090 | 4,427 | 3,456 | 3,061 | - | 3,061 |
| Tennis | 168 | 1,856 | 1,865 | 159 | - | 159 |
| Ultimate Speed Reader Grant | 31 | - | 31 | - | - | - |
| Varsity Cheerleaders | 261 | 3,122 | 3,380 | 3 | - | 3 |
| Volleyball Boosters | 5,192 | 12,199 | 16,460 | 931 | - | 931 |
| World Language Club | 1,149 | 8,935 | 10,048 | 36 | - | 36 |
| Wrestling | 680 | 3,958 | 4,638 | - | - | - |
| Writing Project | 66 | - | - | 66 | - | 66 |
| Y-Club | 115 | 9,304 | 9,419 | - | - | - |
| Yearbook | 1,669 | 17,039 | 17,212 | 1,496 | - | 1,496 |
| | <u>89,669</u> | <u>488,788</u> | <u>442,833</u> | <u>135,624</u> | <u>-</u> | <u>135,624</u> |
| Charitable Gaming | 5 | 25 | - | 30 | - | 30 |
| William P Edison Scholarship Fund | 305 | 46 | - | 351 | - | 351 |
| William P Edison Scholarship CD | 3,031 | - | - | 3,031 | - | 3,031 |
| William P Edison Scholarship CD 2 | 2,368 | - | - | 2,368 | - | 2,368 |
| | <u>5,709</u> | <u>71</u> | <u>-</u> | <u>5,780</u> | <u>-</u> | <u>5,780</u> |
| | <u>\$ 95,378</u> | <u>\$ 488,859</u> | <u>\$ 442,833</u> | <u>\$ 141,404</u> | <u>\$ -</u> | <u>\$ 141,404</u> |

**BOYD COUNTY 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 | Passed Through to Subrecipients | Program or Award Amount | Expenditures |
|---|---------------------------|-------------------------------------|---------------------------------------|-------------------------------|------------------|
| <u>U.S. Department of Education</u> | | | | | |
| Passed through Kentucky Department of Education: | | | | | |
| Twenty-First Century Community Learning Centers | 84.287 | 3400002-17 | \$ - | \$ 95,000 | \$ (25) |
| Twenty-First Century Community Learning Centers | 84.287 | 3400002-18 | - | 105,000 | <u>105,000</u> |
| | | | | | <u>104,975</u> |
| Title I Grants to Local Educational Agencies | 84.010 | 3100202-18 | - | 954,344 | 242,353 |
| Title I Grants to Local Educational Agencies | 84.010 | 3100202-19 | - | 972,077 | 838,253 |
| Title I Grants to Local Educational Agencies | 84.010 | 3100202-19 | - | 106,998 | <u>105,203</u> |
| | | | | | <u>1,185,809</u> |
| Title I Program for Neglected and Delinquent Children | 84.013 | 3100102-18 | - | 136,692 | 35,167 |
| Title I Program for Neglected and Delinquent Children | 84.013 | 3100102-19 | - | 160,764 | <u>94,828</u> |
| | | | | | <u>129,995</u> |
| Special Education Cluster (IDEA): | | | | | |
| Special Education Grants to States - IDEA, Part B | 84.027 | 3810002-18 | - | 743,692 | 312,997 * |
| Special Education Grants to States - IDEA, Part B | 84.027 | 3810002-19 | - | 568,578 | 497,944 * |
| Special Education Preschool Grants | 84.173 | 3800002-18 | - | 41,908 | 7,869 * |
| Special Education Preschool Grants | 84.173 | 3800002-19 | - | 42,863 | <u>40,482 *</u> |
| Total Special Education Cluster | | | | | <u>859,292</u> |
| Title IV (Part A) - Student Support and Academic Enrichment Program | 84.424A | 3420002-18 | - | 62,662 | 46,426 |
| Title IV (Part A) - Student Support and Academic Enrichment Program | 84.424A | 3420002-19 | - | 62,198 | <u>6,390</u> |
| | | | | | <u>52,816</u> |
| Elementary and Secondary School Emergency Relief Fund | 84.425D | 4000002-20 | - | 668,428 | <u>12,435</u> |
| | | | | | <u>12,435</u> |
| Career and Technical Education - Basic Grants to States | 84.048 | 4621032-18 | - | 46,310 | <u>45,300</u> |
| | | | | | <u>45,300</u> |
| Total U.S. Department of Education | | | | | <u>2,390,622</u> |

**BOYD COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONCLUDED)
FOR THE YEAR ENDED JUNE 30, 2020**

| Federal Grantor/Pass-Through Grantor/Program Title | Federal CFDA Number | Pass-Through Grantor's Number | Passed Through to Subrecipients | Program or Award Amount | Expenditures |
|--|---------------------------|-------------------------------------|---------------------------------------|-------------------------------|---------------------|
| <u>U.S. Department of Health and Human Services</u> | | | | | |
| Direct Program: | | | | | |
| Head Start | 93.600 | 655F | - | 2,003,394 | 1,587,086 * |
| Head Start | 93.600 | 655E | - | 1,927,349 | 417,945 * |
| Total U.S. Department of Health and Human Services | | | | | <u>2,005,031</u> |
| <u>U.S. Department of Defense</u> | | | | | |
| Direct Program: | | | | | |
| Basic, Applied, and Advanced Research in Science and Engineering | 12.630 | ROTC | - | - | 59,823 |
| Total U.S. Department of Defense | | (General Fund) | | | <u>59,823</u> |
| <u>U.S. Department of Agriculture</u> | | | | | |
| Pass-through - Kentucky Department of Education: | | | | | |
| Cash Assistance: | | | | | |
| State Administrative Expenses for Child Nutrition | 10.560 | 7700001-19 | - | - | 2,246 |
| Child and Adult Care Food Program | 10.558 | 7800016-19 | - | - | 1,652 |
| Child and Adult Care Food Program | 10.558 | 7800016-20 | - | - | 6,468 |
| Child and Adult Care Food Program | 10.558 | 7790021-19 | - | - | 27,879 |
| Child and Adult Care Food Program | 10.558 | 7790021-20 | - | - | 107,753 |
| | | | | | <u>145,998</u> |
| Child Nutrition Cluster: | | | | | |
| National School Lunch Program | 10.555 | 7750002-19 | - | - | 362,677 |
| National School Lunch Program | 10.555 | 7750002-20 | - | - | 632,946 |
| Summer Food Service Program for Children | 10.559 | 7690024-19 | - | - | 4,473 |
| Summer Food Service Program for Children | 10.559 | 7690024-20 | - | - | 23,016 |
| Summer Food Service Program for Children | 10.559 | 7740023-19 | - | - | 42,923 |
| Summer Food Service Program for Children | 10.559 | 7740023-20 | - | - | 224,270 |
| School Breakfast Program | 10.553 | 7760005-19 | - | - | 173,669 |
| School Breakfast Program | 10.553 | 7760005-20 | - | - | 305,157 |
| Cash Assistance Subtotal | | | | | <u>1,769,131</u> |
| Non-Cash Assistance (Food Distribution): | | | | | |
| National School Lunch Program | 10.555 | 013-0100 | - | - | 137,545 |
| Total Child Nutrition Cluster | | | | | <u>1,906,676</u> |
| Total U.S. Department of Agriculture | | | | | <u>2,052,674</u> |
| Total Expenditures of Federal awards | | | | | <u>\$ 6,508,150</u> |

* Denotes a major program.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Boyd County School District under the programs of the federal government for the year ended June 30, 2020. 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 B - SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State and Local Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein, certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C - FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2020, commodities on hand are included in the total inventory of \$89,270.

NOTE D - INDIRECT COST RATE

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




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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 FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Auditor Responsibilities and State Compliance Requirements* sections contained in the Kentucky Public School Districts' Audit Contract and Requirements, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Boyd County School District (the "District") as of and for the year ended June 30, 2020, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 6, 2020.

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 opinion 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

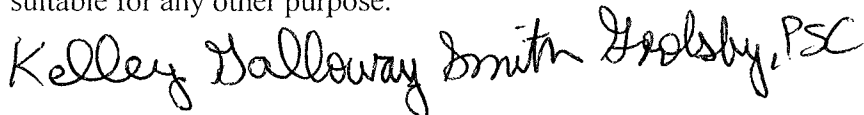
Compliance and Other Matters

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

We noted certain matters that we reported to management of the District in a separate letter dated November 6, 2020.

Purpose of this Report

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

A handwritten signature in black ink that reads "Kelley Dalloway Smith Goolsby, PSC". The signature is written in a cursive style and is positioned above the typed name and date.

Ashland, Kentucky
November 6, 2020




Kelley **G**alloway
Smith **G**oolsby, PSC

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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**

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

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Boyd County School 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 Boyd 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 federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Boyd County School District's internal control over compliance.

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

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

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

Kelley Salloway Smith Hooley, PSC

Ashland, Kentucky
November 6, 2020

**BOYD COUNTY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020**

(A) SUMMARY OF AUDIT RESULTS

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal Control over financial reporting:

Material weakness(es) identified? _____ yes x no

Significant deficiency(ies) identified? _____ yes x none reported

Noncompliance material to the financial statements noted? _____ yes x no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ yes x no

Significant deficiency (ies) identified? _____ yes x none reported

Type of audit auditor's report issued on Compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____ yes x no

The District had the following major programs with CFDA numbers in parentheses for the year ended June 30, 2020:

Special Education Cluster (IDEA) (84.027, & 84.173)
Head Start (93.600)

Dollar threshold to distinguish between Type A and Type B Programs:

\$ 750,000

The District qualified as a low risk auditee

_____ yes x no

(B) FINDINGS RELATED TO FINANCIAL STATEMENTS IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS

None noted in the current year.

(C) FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

There were no findings in the current year.

**BOYD COUNTY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2020**

There were no findings in the prior year.




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Members of the Board of Education
Boyd County School District
Ashland, Kentucky

In planning and performing our audit of the financial statements of Boyd County School District (the "District") as of and for the year ended June 30, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

However, during our audit, we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding these matters. This letter does not affect our report dated November 6, 2020, on the financial statements of the District.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various District personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Kelley Galloway Smith Goolsby, PSC

Ashland, Kentucky
November 6, 2020

BOYD COUNTY SCHOOL DISTRICT
MANAGEMENT LETTER POINTS
FOR THE YEAR ENDED JUNE 30, 2020

2020-001 Deposit Timeliness - Catlettsburg Elementary

Statement of Condition: During our review of cash deposits, we selected two months for testing. We noted that the following deposits were not made timely in accordance with Kentucky Redbook: September 23, 2019 - \$236.23, September 27, 2019 - \$956.00, November 1, 2019 - \$2,790.00, and November 13, 2019 - \$250.00.

Criteria for Condition: Per the Accounting Procedures for Kentucky School Activity Funds ("Redbook"), deposits greater than \$100 should be deposited the same day and deposits less than \$100 should be deposited no later than the last workday of the week.

Cause of Condition: Failure to properly follow Redbook criteria.

Effect of Condition: By not depositing the money in accordance with Redbook the controls over cash are reduced opening the opportunity for the money to be forgotten, lost, or stolen.

Recommendation of the Condition: We recommend that more care be taken to ensure that monies are deposited in accordance with Redbook.

Management Response: Management will discuss with the staff at Catlettsburg Elementary the importance of making timely and regular deposits. The district will also provide Redbook training to the staff involved with this finding.

2020-002 Deposit Timeliness - Career and Technical Education Center

Statement of Condition: During our review of cash deposits, we selected two months for testing. We noted that the following deposits were not made timely in accordance with Kentucky Redbook: September 19, 2019 - \$2,710.00 and September 25, 2019 - \$196.15.

Criteria for Condition: Per the Accounting Procedures for Kentucky School Activity Funds ("Redbook"), deposits greater than \$100 should be deposited the same day and deposits less than \$100 should be deposited no later than the last workday of the week.

Cause of Condition: Failure to properly follow Redbook criteria.

Effect of Condition: By not depositing the money in accordance with Redbook the controls over cash are reduced opening the opportunity for the money to be forgotten, lost, or stolen.

Recommendation of the Condition: We recommend that more care be taken to ensure that monies are deposited in accordance with Redbook.

Management Response: Management will discuss with the staff at Career and Technical Education Center the importance of making timely and regular deposits. The district will also provide Redbook training to the staff involved with this finding.

2020-003 Deposit Receipts - Family Resource Center West

Statement of Condition: During our review of cash deposits and inquiry, we noted that receipts are not maintained when payments are received.

Criteria for Condition: Per the Accounting Procedures for Kentucky School Activity Funds (“Redbook”), receipts should be kept for all money received.

Cause of Condition: Failure to properly follow Redbook criteria.

Effect of Condition: Failure to issue and maintain receipts when money is received decreases controls over deposits and makes it difficult to prove that deposits were completed timely.

Recommendation of the Condition: We recommend that receipts are utilized when payments are received.

Management Response: Management will discuss with the staff at Family Resource Center West the importance of providing pre-numbered receipts. The district will also provide Redbook training to the staff involved with this finding.

2020-004 Deposit Timeliness and Multiple Receipt Forms - Boyd County Middle School

Statement of Condition: During our review of cash deposits, we selected two months for testing. We noted that the following deposits were not made timely in accordance with Kentucky Redbook: October 30, 2019 - \$1,955.00, October 31, 2019 - \$4,713.25 and March 20, 2020 - \$6,287.15. We also noted that a Multiple Receipt Form (Form F-SA-6) contained no signature from the teacher that remitted the money: October 30, 2019 and March 20, 2020.

Criteria for Condition: Per the Accounting Procedures for Kentucky School Activity Funds (“Redbook”), deposits greater than \$100 should be deposited the same day and deposits less than \$100 should be deposited no later than the last workday of the week. Also, the individual remitting the money should sign Form F-SA-6.

Cause of Condition: Failure to properly follow Redbook criteria.

Effect of Condition: By not depositing the money in accordance with Redbook the controls over cash are reduced opening the opportunity for the money to be forgotten, lost, or stolen. Also, by not signing the Form-SA-6 it makes it difficult to know who originally collected the money.

Recommendation of the Condition: We recommend that more care be taken to ensure that monies are deposited and Form-SA6 is properly completed in accordance with Redbook.

Management Response: Management will discuss with the staff at Boyd County Middle School the importance of making timely and regular deposits, as well as, the importance of maintaining proper documentation for receipts. The district will also provide Redbook training to the staff involved with this finding.

2020-005 Deposit Timeliness and Multiple Receipt Forms – Summit Elementary

Statement of Condition: During our review of cash deposits, we selected two months for testing. We noted one deposit was not made timely in accordance with Kentucky Redbook: October 25, 2019 - \$2,687.25. We also noted multiple instance throughout October 2019 and February 2020 where the Sales From Concessions/Bookstore/Pencil Machine Forms (Form F-SA-17) had not date listed and multiple instances where the Multiple Receipt Form (Form F-SA-6) contained no signature from the teacher that remitted the money.

Criteria for Condition: Per the Accounting Procedures for Kentucky School Activity Funds (“Redbook”), deposits greater than \$100 should be deposited the same day and deposits less than \$100 should be deposited no later than the last workday of the week. Also, the individual remitting the money should properly date Form F-SA-17 and sign Form F-SA-6.

Cause of Condition: Failure to properly follow Redbook criteria.

Effect of Condition: By not depositing the money in accordance with Redbook the controls over cash are reduced opening the opportunity for the money to be forgotten, lost, or stolen. By not dating form F-SA-17 it is difficult to know if the deposit was made timely. Also, by not signing the Form-SA-6 it makes it difficult to know who originally collected the money.

Recommendation of the Condition: We recommend that more care be taken to ensure that monies are deposited, and Form F-SA-17 and Form F-SA-6 are properly completed in accordance with Redbook.

Management Response: Management will discuss with the staff at Summit Elementary the importance of making timely and regular deposits, as well as, the importance of maintaining proper documentation for receipts. The district will also provide Redbook training to the staff involved with this finding.

2020-006 Walmart Card Support - Career and Technical Education Center

Statement of Condition: During our review of the Walmart credit card, we selected two months for testing. We noted the October 20, 2019 disbursement in the amount of \$273.23 was not supported by a receipt or the monthly statement. Also, for the December 30, 2019 disbursement that that was made up of six separate purchases, we noted that there was no monthly statement.

Criteria for Condition: Monthly statements and purchase receipts should be reviewed and maintained to ensure that all purchases were property supported.

Cause of Condition: Failure to properly maintain paperwork.

Effect of Condition: Without the statements and receipts is it difficult to document what was purchased.

Recommendation of the Condition: We recommend that more care be taken to ensure that all supporting documentation is properly maintained for all purchases.

Management Response: Management will discuss with the staff at Career and Technical Education Center the importance of maintaining proper records and documentation for all purchases. The district will also provide Redbook training to the staff involved with this finding.

2020-007 Walmart Card Support - Summit Elementary

Statement of Condition: During our review of the Walmart credit card, we selected two months for testing. We noted the February 26, 2020 disbursement in the amount of \$129.88 was not supported by a receipt or the monthly statement.

Criteria for Condition: Monthly statements and purchase receipts should be reviewed and maintained to ensure that all purchases were property supported.

Cause of Condition: Failure to properly maintain paperwork.

Effect of Condition: Without the statement and receipt is it difficult to document what was purchased.

Recommendation of the Condition: We recommend that more care be taken to ensure that all supporting documentation is properly maintained for all purchases.

Management Response: Management will discuss with the staff at Summit Elementary the importance of maintaining proper records and documentation for all purchases. The district will also provide Redbook training to the staff involved with this finding.

Follow-up on Prior Year Recommendations

The prior year finding 2019-003 was repeated this year with finding 2020-003, all other prior year conditions have been implemented and corrected. Mr. William L. Boblett, Jr., Superintendent, and Mr. Scott Burchett, Finance Officer, are the persons responsible for initiation of the corrective action plan for the above conditions which will be implemented immediately. The corrective action plan is the management response for each condition.

APPENDIX C

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

Official Terms and Conditions of Bond Sale

OFFICIAL TERMS AND CONDITIONS OF BOND SALE

\$451,000*

**Boyd County School District Finance Corporation
School Building Refunding Revenue Bonds, Series of 2021
Dated as of July 14, 2021**

SALE: June 23, 2021 AT 11:30 A.M., E.D.S.T.

As published on PARITY®, a nationally recognized electronic bidding system, the Boyd County School District Finance Corporation (the "Corporation") will until 11:30 A.M., E.D.S.T., on June 23, 2021 receive at the office of the Kentucky School Facilities Construction Commission, 700 Louisville Road, Carriage House, Frankfort, Kentucky, 40601, competitive bids for the purchase of \$451,000 principal amount of Boyd County School District Finance Corporation School Building Refunding Revenue Bonds, Series of 2021 (the "Refunding Bonds"), dated and bearing interest from July 14, 2021, payable on December 1, 2021, and semi-annually thereafter on June 1 and December 1 of each year, in denominations in multiples of \$1,000 within the same maturity, maturing on December 1 in each of the years as follows:

| <u>MATURITY</u> | <u>PRINCIPAL AMOUNT*</u> |
|-----------------|--------------------------|
| 2021 | \$ 48,000 |
| 2022 | 51,000 |
| 2023 | 50,000 |
| 2024 | 49,000 |
| 2025 | 52,000 |
| 2026 | 51,000 |
| 2027 | 55,000 |
| 2028 | 53,000 |
| 2029 | 42,000 |

* Subject to Permitted Adjustment as described herein.

REDEMPTION PROVISIONS

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

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

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

BOYD 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 Boyd County, Kentucky School District (the "Board"). Under the provisions of existing Kentucky law, the Corporation is permitted to act as an agency and instrumentality of the Board for financing purposes and the legality of the financing plan to be implemented by the Bonds herein

referred to has been upheld by the Kentucky Court of Appeals (Supreme Court) in the case of White v. City of Middlesboro, Ky. 414 S.W.2d 569.

AUTHORITY AND PURPOSE

The Refunding Bonds are being issued under and in full compliance with the Constitution and Statutes of the Commonwealth of Kentucky, including Sections 162.120 through 162.300, 162.385, and Section 58.180 of the Kentucky Revised Statutes, within the meaning of the decision of the Court of Appeals of Kentucky (Supreme Court) in the case of Hemlepp v. Aronberg, 369 S.W.2d 121, for the purpose of providing funds to retire the outstanding Boyd County School District Finance Corporation School Building Revenue Bonds, Series of 2009, dated December 1, 2009 maturing December 1, 2021 and thereafter (the "Refunded Bonds") prior to their stated maturities on July 28, 2021.

SCHOOL FACILITIES CONSTRUCTION COMMISSION

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

The Commission will enter into a Participation Agreement with the Board whereunder the Commission, will agree to continue to pay approximately 100% of the debt service of the Refunding Bonds through December 1, 2029; 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 budget period terminating on June 30, 2022.

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

PROCEEDS TO RETIRE ALL BONDS OF PRIOR ISSUE

The Refunded Bonds were issued under the authority of Sections 162.120 through 162.300 and 162.385 of the Kentucky Revised Statutes for the purpose of providing funds to finance the acquisition and preparation of the site for a new Boyd County High School (the "Project"). Under the terms of the Resolution authorizing the Refunded Bonds, the Refunded Bonds are payable from the income and revenues of the school building Project financed from the proceeds thereof. The Refunded Bonds are secured by a lien upon and a pledge of revenues from the rental of the school building Project to the Board under a Lease Agreement, dated December 1, 2009 (the "Prior Lease").

The total principal amount of the Refunded Bonds currently outstanding is \$430,000, scheduled to mature on December 1 in each of the years 2021 through 2029. The proceeds of the Refunding Bonds will be used to pay accruing interest on and retire on July 28, 2021 all of the Refunded Bonds. The Refunded Bonds constitute the only outstanding bonded indebtedness payable from or secured by the school Project financed from the proceeds thereof.

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

The 2021 Bond Resolution expressly provides that upon delivery of the Refunding Bonds and the deposit of sufficient funds in accordance with the preceding paragraph neither the lien upon nor the pledge of the

revenues from the rental of the Project under the Prior Lease shall constitute the security and source of payment for any of the Refunded Bonds and the Registered Owners of such Refunded Bonds shall be paid from and secured by the monies deposited in the Bond and Interest Redemption Fund established for the Refunded Bonds or in Escrow Fund for the retirement thereof upon the delivery of the Refunding Bonds.

SECURITY FOR REFUNDING BONDS

The Refunding Bonds will constitute a limited indebtedness of the Corporation and will be payable as to both principal and interest solely from the income and revenues of the school building Project financed from the proceeds of the Refunded Bonds. The Refunding Bonds are secured by a lien upon and a pledge of the revenues derived from the rental of the school building Project to the Board under a Lease Agreement dated July 14, 2021 (the "2021 Lease"); provided, however, that said lien and pledge are on parity with similar liens and pledges securing certain of the Corporation's outstanding School Building Revenue Bonds previously issued to improve or refinance the school building Project (the "Parity Bonds").

Under the 2021 Lease the Board has leased the school property securing the Refunding Bonds in accordance with the provisions of KRS 162.140 for an initial period from July 14, 2021 through June 30, 2022, with the option in the Board to renew said 2021 Lease from year to year for one year at a time, at annual rentals, sufficient in each year to enable the Corporation to pay, solely from the rentals due under the 2021 Lease, the principal and interest on all of the Refunding Bonds as same become due.

The 2021 Lease provides that the Prior Lease will be canceled effective upon the deposit of sufficient funds to provide for the retirement of the Refunded Bonds. The 2021 Lease provides further that so long as the Board exercises its annual renewal options, its rentals will be payable according to the terms and provisions of the 2021 Lease until December 1, 2029, the final maturity date of the Refunding Bonds, and such annual rentals shall be deposited as received in the Bond Fund for the Refunding Bonds and used and applied for the payment of all maturing principal of and interest on the Refunding Bonds.

Under the terms of the 2021 Lease, and any renewal thereof, the Board has agreed so long as the Bonds remain outstanding, and in conformance with the intent and purpose of Section 157.627(5) of the Act and KRS 160.160(5), in the event of a failure by the Board to pay the rentals due under the 2021 Lease, and unless sufficient funds have been transmitted to the Paying Agent, or will be so transmitted, for paying said rentals when due, the Board has granted under the terms of the 2021 Lease and Participation Agreement to the Corporation and the Commission the right to notify and request the Kentucky Department of Education to withhold from the Board a sufficient portion of any undisbursed funds then held, set aside, or allocated to the Board and to request said Department or Commissioner of Education to transfer the required amount thereof to the Paying Agent for the payment of such rentals.

BIDDING CONDITIONS AND RESTRICTIONS

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

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

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

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

(3) The bid shall be not less than \$446,490 (99% of par) plus accrued interest. Interest rates shall be in multiples of 1/8 or 1/20 of 1% or both. Only one interest rate shall be permitted per Bond, and all Bonds of the same maturity shall bear the same rate. Interest rates must be on an ascending scale, in that the interest rate stipulated in any year may not be less than that stipulated for any preceding maturity. There is no limit on the number of different interest rates.

(4) The determination of the best purchase bid for said Refunding Bonds shall be made on the basis of all bids submitted for exactly \$451,000 principal amount of Refunding Bonds offered for sale under the terms and conditions herein specified; provided, however, the Corporation reserves the right to increase or decrease the total principal amount of Refunding Bonds sold to such best bidder, in the amount of not exceeding \$45,000, with such increase or decrease to be made in any maturity, and the total amount of Refunding Bonds awarded to such best bidder will be a minimum of \$406,000 or a maximum of \$496,000. In the event of any such adjustment, no rebidding or recalculation of a submitted bid will be required or permitted. The price at which such adjusted principal amount of Bonds will be sold will be at the same price per \$1,000 of Refunding Bonds as the price per \$1,000 for the \$451,000 of Refunding Bonds bid.

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

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

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

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

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

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

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

(d) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is June 23, 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).

(6) 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 December 1 in accordance with the maturity schedule setting the actual size of the issue.

(7) The successful purchaser shall be required (without further advice from the Corporation) to wire transfer an amount equal to 2% of the principal amount of Refunding Bonds actually awarded to the Paying Agent U.S. Bank National Association, Louisville, Kentucky, Attn: Mr. Charles Lush (502-562-6436) by the close of business on the day following the award as a good faith deposit said amount will be applied (without interest) to the purchase price upon delivery and will be forfeited if the purchaser fails to take delivery.

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

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

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

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

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

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

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

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

STATE SUPPORT OF EDUCATION

The 1990 Regular Session of the General Assembly of the Commonwealth enacted a comprehensive legislative package known as the Kentucky Education Reform Act ("KERA") designed to comply with the

mandate of the Kentucky Supreme Court that the General Assembly provide for as efficient and equitable system of schools throughout the State.

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

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

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

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

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

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

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

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

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 was 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 Refunding Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent owners of the Refunding Bonds from realizing the full current benefit of the tax exemption of such interest. In addition, current and future legislative proposals, if enacted into law, may cause interest on state or local government bonds (whether issued before, on the date of, or after enactment of such legislation) to be subject, directly or indirectly, to federal income taxation by, for example, changing the current exclusion or deduction rules to limit the amount of interest on such bonds that may currently be treated as tax exempt by certain individuals. Prospective purchasers of the Refunding Bonds should consult their own tax advisers regarding any pending or proposed federal tax legislation.

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

CONTINUING DISCLOSURE

As a result of the principal amount of Bonds being offered not exceeding \$1,000,000 Bond Counsel has advised the Corporation and the Board that they are exempt from application of the Rule 15c2-12c2-12(b)(5) of the Securities and Exchange Commission with respect to the Bonds.

Financial information regarding the Board may be obtained from Superintendent, Boyd County Board of Education, 1104 Bob McCullough Drive, Ashland, Kentucky 41102 (606-928-4141).

TAX EXEMPTION; BANK QUALIFIED

Bond Counsel advises as follows:

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

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

(C) As a result of certifications by the Board and the Corporation, indicating the issuance of less than \$10,000,000 of tax-exempt obligations during the calendar year ending December 31, 2021, the Refunding Bonds may be treated by financial institutions as "qualified tax-exempt obligations" under Section 265(b)(3) of the Code.

BOOK-ENTRY-ONLY-SYSTEM

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

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

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

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners, will be governed

by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

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

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

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

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

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

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

**BOYD COUNTY SCHOOL DISTRICT
FINANCE CORPORATION**

By /s/ William Boblett, Jr.
Secretary

APPENDIX D

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

Official Bid Form

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

The Boyd County School District Finance Corporation ("Corporation"), will until 11:30 A.M., E.D.S.T., on June 23, 2021, receive in the office of the Executive Director of the Kentucky School Facilities Construction Commission, 700 Louisville Road, Carriage House, Frankfort, Kentucky, 40601, (telephone 502-564-5582; Fax 888-979-6152) competitive bids for its \$451,000 School Building Refunding Revenue Bonds, Series of 2021, dated as of July 14, 2021; maturing December 1, 2021 through 2029 ("Bonds").

We hereby bid for said \$451,000* principal amount of Bonds, the total sum of \$_____ (not less than \$446,490) plus accrued interest from July 14, 2021 payable December 1, 2021 and semiannually thereafter (rates on ascending scale in multiples of 1/8 or 1/20 of 1%; number of interest rates unlimited) and maturing as to principal on December 1 in each of the years as follows:

| <u>Year</u> | <u>Amount*</u> | <u>Rate</u> |
|-------------|----------------|-------------|
| 2021 | \$ 48,000 | _____ % |
| 2022 | 51,000 | _____ % |
| 2023 | 50,000 | _____ % |
| 2024 | 49,000 | _____ % |
| 2025 | 52,000 | _____ % |
| 2026 | 51,000 | _____ % |
| 2027 | 55,000 | _____ % |
| 2028 | 53,000 | _____ % |
| 2029 | 42,000 | _____ % |

* Subject to Permitted Adjustment up to \$45,000

We understand this bid may be accepted for as much as \$496,000 of Bonds or as little as \$406,000 of Bonds, at the same price per \$1,000 Bond, with the variation in such amount occurring in any maturity or all maturities, which will be determined by the Secretary of the Corporation at the time of acceptance of the best bid.

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

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

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

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

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

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

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

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

(d)*Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is June 23, 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.

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

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

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

No certified or bank cashier's check will be required to accompany a bid, but the successful bidder shall be required to wire transfer an amount equal to 2% of the principal amount of Refunding Bonds awarded by the close of business on the date following the award. Said good faith amount will be applied (without interest) to the purchase price on delivery. Wire transfer procedures should be arranged through 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 July 14, 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 July 14, 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 Boyd County School District Finance Corporation for \$ _____ amount of Bonds at a price of \$ _____ as follows:

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

Dated: June 23, 2021

RSA Advisors, LLC, Municipal Advisor and
Agent for Boyd County School District
Finance Corporation