

**DATED JUNE 28, 2021**

**NEW ISSUE**  
**Electronic Bidding via Parity®**  
**BOOK-ENTRY-ONLY SYSTEM**

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

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

**\$11,815,000\***  
**WASHINGTON COUNTY SCHOOL DISTRICT FINANCE CORPORATION**  
**SCHOOL BUILDING REFUNDING REVENUE BONDS,**  
**TAXABLE SERIES OF 2021**

**Dated with Delivery: August 3, 2021**

**Due: as shown below**

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

<b>Maturing August 1</b>	<b>Amount</b>	<b>Interest Rate</b>	<b>Reoffering Yield</b>	<b>CUSIP</b>	<b>Maturing August 1</b>	<b>Amount</b>	<b>Interest Rate</b>	<b>Reoffering Yield</b>	<b>CUSIP</b>
2/1/22	\$45,000	%	%		2027	\$1,140,000	%	%	
2022	\$640,000	%	%		2028	\$1,165,000	%	%	
2023	\$640,000	%	%		2029	\$1,180,000	%	%	
2024	\$1,110,000	%	%		2030	\$1,200,000	%	%	
2025	\$1,115,000	%	%		2031	\$1,225,000	%	%	
2026	\$1,125,000	%	%		2032	\$1,230,000	%	%	

The Bonds are subject to redemption prior to their stated maturity as described herein.

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

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

The Washington County (Kentucky) School District Finance Corporation will until July 6, 2021 at 11:00 A.M., E.D.S.T., receive competitive bids for the Bonds at the office of the Executive Director of the Kentucky School Facilities Construction Commission, 700 Louisville Road, Carriage House, Frankfort, Kentucky 40601.

**\*As set forth in the "Official Terms and Conditions of Bond Sale," the principal amount of Bonds sold to the successful bidder is subject to a Permitted Adjustment by increasing or decreasing the amount not to exceed \$1,180,000.**

**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.



**WASHINGTON COUNTY, KENTUCKY  
BOARD OF EDUCATION**

Curtis Hamilton, Chairman  
Patsy Lester, Member  
Jeremy Thompson, Member  
Carissa Harley, Member  
Sherri Cheser, Member

Dr. Robin Cochran, Superintendent/Secretary

**WASHINGTON COUNTY SCHOOL DISTRICT  
FINANCE CORPORATION**

Curtis Hamilton, President  
Patsy Lester, Member  
Jeremy Thompson, Member  
Carissa Harley, Member  
Sherri Cheser, Member

Dr. Robin Cochran, Secretary  
Judy Spalding, Treasurer

**BOND COUNSEL**

Steptoe & Johnson PLLC  
Louisville, Kentucky

**FINANCIAL ADVISOR**

RSA Advisors, LLC  
Lexington, Kentucky

**PAYING AGENT AND REGISTRAR**

U.S. Bank National Association  
Louisville, Kentucky

**BOOK-ENTRY-ONLY-SYSTEM**

## REGARDING USE OF THIS OFFICIAL STATEMENT

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

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

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

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

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**OFFICIAL STATEMENT  
Relating to the Issuance of**

**\$11,815,000\***

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

*\*Subject to Permitted Adjustment*

**INTRODUCTION**

The purpose of this Official Statement, which includes the cover page and Appendices hereto, is to set forth certain information pertaining to the Washington County School District Finance Corporation (the "Corporation") School Building Refunding Revenue Bonds, Taxable Series of 2021 (the "Bonds").

The Bonds are being issued to (i) pay the accrued interest and refund at or in advance of maturity on August 1, 2022, all of the outstanding Washington County School District Finance Corporation School Building Revenue Bonds, Series of 2012, dated June 1, 2012 (the "Refunded Bonds") maturing August 1, 2022 and thereafter; 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 Washington 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 Washington 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 Washington 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 August 3, 2021, may be obtained at the office of Steptoe & Johnson PLLC, Bond Counsel, 700 N. Hurstbourne Parkway, Suite 115, Louisville, Kentucky 40222.

**BOOK-ENTRY-ONLY-SYSTEM**

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

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

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

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code,

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

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

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

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

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

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

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

disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

## **THE CORPORATION**

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

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

## **KENTUCKY SCHOOL FACILITIES CONSTRUCTION COMMISSION**

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

The Commission will enter into an Adjusted Participation Agreement with the Board whereunder the Commission, will agree to continue to pay approximately \$145,817 to be applied to the debt service of the Refunding Bonds through August 1, 2032; provided, however, that the contractual commitment of the Commission to pay the annual Agreed Participation is limited to each biennial budget period of the Commonwealth, with the first such budget period terminating on June 30, 2022.

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

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

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

### **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](http://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:



<b>Bond Series</b>	<b>Original Principal</b>	<b>Current Principal Outstanding</b>	<b>Principal Assigned to Board</b>	<b>Principal Assigned to Commission</b>	<b>Approximate Interest Rate Range</b>	<b>Final Maturity</b>
2008A-REF	\$3,910,000	\$1,045,000	\$3,754,140	\$155,860	3.650% - 3.750%	2023
2012	\$15,185,000	\$11,720,000	\$13,172,258	\$2,012,742	3.000% - 3.375%	2032
2013-REF	\$1,390,000	\$380,000	\$896,605	\$493,395	1.300%	2023
2016	\$1,885,000	\$1,600,000	\$1,420,952	\$464,048	1.000% - 3.000%	2036
2021	\$1,845,000	\$1,845,000	\$1,845,000	\$0	1.375% - 2.375%	2041
<b>Totals:</b>	<b>\$24,215,000</b>	<b>\$16,590,000</b>	<b>\$21,088,955</b>	<b>\$3,126,045</b>		

## **AUTHORITY**

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

- i) the issuance of approximately \$11,815,000 of Bonds subject to a permitted adjustment of \$1,180,000;
- 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 August 3, 2021, will bear interest from that date as described herein, payable semi-annually on February 1 and August 1 of each year, commencing February 1, 2022, and will mature as to principal on February 1, 2022 and August 1, 2022 and each August 1 thereafter in the years and in the principal amounts as set forth on the cover page of this Official Statement.

### **Registration, Payment and Transfer**

The Bonds are to be issued in fully-registered form (both principal and interest). U.S. Bank National Association, Louisville, Kentucky, the Bond Registrar and Paying Agent, shall remit interest on each semiannual due date to Cede & Co., as the nominee of The Depository Trust Company. Please see Book-Entry-Only-System. Interest on the Bonds will be paid at rates to be established upon the basis of competitive bidding as hereinafter set forth, such interest to be payable on February 1 and August 1 of each year, beginning February 1, 2022 (Record Date is 15th day of month preceding interest due date).

### **Redemption**

The Bonds maturing on or after August 1, 2029 are subject to redemption at the option of the Corporation prior to their stated maturity on any date falling on or after August 1, 2028, in any order of maturities (less than all of a single maturity to be selected by lot), in whole or in part, upon notice of such prior redemption being given by the Paying Agent in accordance with DTC requirements not less than thirty (30) days prior to the date of redemption, upon terms of the face amount, plus accrued interest, but without redemption premium.

Redemption Date	Redemption Price
August 1, 2028 and thereafter	100%

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

## SECURITY

### General

The Bonds are revenue bonds and constitute a limited indebtedness of the Corporation. The Bonds are payable as to both principal and interest solely from the income and revenues derived from the leasing of the Project financed from the Bond proceeds from the Corporation to the Board. The Bonds are secured by a pledge of revenue on and from the Project; 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 August 3, 2021, through June 30, 2021 with the option in the Board to renew said Lease from year to year for one year at a time, at annual rentals, sufficient in each year to enable the Corporation to pay, solely from the rental due under the Lease, the principal and interest on all of the Bonds as same become due. The Lease provides further that so long as the Board exercises its annual renewal options, its rentals will be payable according to the terms and provisions of the Lease until August 1, 2031, the final maturity date of the Bonds. Under the lease, the Corporation has pledged the rental revenue to the payment of the Bonds.

## COMMISSION'S PARTICIPATION

The Commission has determined that the Board is eligible for an average annual participation equal to approximately \$145,817 from the Commission's appropriation by the Kentucky General Assembly which will be used to meet a portion of the debt service of the Bonds. The plan for financing the Project will require the Commission to pay approximately twelve percent (12%) 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.

## 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.

### **VERIFICATION OF MATHEMATICAL ACCURACY**

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

### **THE PLAN OF REFUNDING**

A sufficient amount of the proceeds of the Bonds at the time of delivery will be deposited into the Bond Fund for the Refunded Bonds. The Bond Fund deposit is intended to be sufficient to (i) pay the accrued interest and refund in advance of maturity all of the outstanding Washington County School District Finance Corporation School Building Revenue Bonds, Series of 2012, dated June 1, 2012 (the "Refunded Bonds") maturing August 1, 2022 and thereafter; 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 Washington County School District (the "District") and is in the best interest of the District.

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

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

### **PURPOSE OF THE PRIOR BONDS**

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

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### ESTIMATED BOND DEBT SERVICE

The following table shows by fiscal year the current bond payments of the Board. The plan of financing provides for the Board to meet approximately 88% of the debt service of the Bonds.

Fiscal Year Ending June 30	Current Local Bond Payments	-----2021 Refunding Revenue Bonds-----					Total Local Bond Payments
		Principal Portion	Interest Portion	Total Payment	SFCC Portion	Local Portion	
2021	\$1,252,684						\$1,252,684
2022	\$1,297,251	\$45,000	\$80,742	\$125,742	\$15,340	\$110,401	\$1,237,527
2023	\$1,297,867	\$640,000	\$162,203	\$802,203	\$97,869	\$704,334	\$1,244,431
2024	\$1,300,934	\$640,000	\$159,963	\$799,963	\$97,595	\$702,367	\$1,245,483
2025	\$1,307,915	\$1,110,000	\$155,353	\$1,265,353	\$154,373	\$1,110,979	\$1,255,579
2026	\$1,310,941	\$1,115,000	\$147,284	\$1,262,284	\$153,999	\$1,108,285	\$1,255,986
2027	\$1,312,392	\$1,125,000	\$136,076	\$1,261,076	\$153,851	\$1,107,225	\$1,258,109
2028	\$1,307,142	\$1,140,000	\$121,628	\$1,261,628	\$153,919	\$1,107,709	\$1,251,950
2029	\$1,309,932	\$1,165,000	\$104,328	\$1,269,328	\$154,858	\$1,114,470	\$1,257,994
2030	\$1,315,043	\$1,180,000	\$84,683	\$1,264,683	\$154,291	\$1,110,391	\$1,261,208
2031	\$1,312,719	\$1,200,000	\$62,958	\$1,262,958	\$154,081	\$1,108,877	\$1,256,883
2032	\$1,312,751	\$1,225,000	\$39,001	\$1,264,001	\$154,208	\$1,109,793	\$1,260,252
2033	\$1,313,309	\$1,230,000	\$13,223	\$1,243,223	\$151,673	\$1,091,549	\$1,259,219
2034	\$395,687						\$395,687
2035	\$396,313						\$396,313
2036	\$396,687						\$396,687
2037	\$397,637						\$397,637
2038	\$230,013						\$230,013
2039	\$230,288						\$230,288
2040	\$230,450						\$230,450
2041	\$225,225						\$225,225
<b>Totals:</b>	<b>\$19,453,179</b>	<b>\$11,815,000</b>	<b>\$1,267,438</b>	<b>\$13,082,438</b>	<b>\$1,596,057</b>	<b>\$11,486,380</b>	<b>\$18,799,603</b>

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

### ESTIMATED USE OF BOND PROCEEDS

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

<b>Sources:</b>	
Par Amount of Bonds	<u>\$11,815,000.00</u>
Total Sources	\$11,815,000.00
<b>Uses:</b>	
Deposit to Escrow Fund	\$11,603,740.00
Underwriter's Discount (1%)	118,150.00
Cost of Issuance	<u>93,110.00</u>
Total Uses	\$11,815,000.00

## DISTRICT STUDENT POPULATION

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

Year	Average Daily Attendance	Year	Average Daily Attendance
2000-01	1,701.6	2010-11	1,512.7
2001-02	1,659.3	2011-12	1,529.7
2002-03	1,684.0	2012-13	1,516.6
2003-04	1,720.3	2013-14	1,504.8
2004-05	1,681.1	2014-15	1,506.2
2005-06	1,700.2	2015-16	1,528.7
2006-07	1,675.8	2016-17	1,513.9
2007-08	1,627.9	2017-18	1,502.2
2008-09	1,586.9	2018-19	1,491.1
2009-10	1,553.3	2019-20	1,481.8

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

<b>Year</b>	<b>Capital Outlay Allotment</b>	<b>Year</b>	<b>Capital Outlay Allotment</b>
2000-01	170,160.0	2010-11	151,265.0
2001-02	165,930.0	2011-12	152,971.0
2002-03	168,400.0	2012-13	151,664.0
2003-04	172,030.0	2013-14	150,478.0
2004-05	168,110.0	2014-15	150,618.0
2005-06	170,020.0	2015-16	152,870.0
2006-07	167,580.0	2016-17	151,394.8
2007-08	162,790.0	2017-18	150,220.0
2008-09	158,689.0	2018-19	149,110.0
2009-10	155,327.0	2019-20	148,180.0

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 \$40,500 effective January 1, 2021.

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

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

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

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

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

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

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

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

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

<b>Tax Year</b>	<b>Combined Equivalent Rate</b>	<b>Total Property Assessment</b>	<b>Property Revenue Collections</b>
2000-01	49	393,916,044	1,930,189
2001-02	50.7	419,143,529	2,125,058
2002-03	50.5	440,177,892	2,222,898
2003-04	50.5	453,199,674	2,288,658
2004-05	51.4	476,945,662	2,451,501
2005-06	53.2	508,984,169	2,707,796
2006-07	53.9	525,064,660	2,830,099
2007-08	53.2	560,617,824	2,982,487
2008-09	61.2	584,674,054	3,578,205
2009-10	61.2	581,367,066	3,557,966
2010-11	63.2	587,450,333	3,712,686
2011-12	65.4	589,953,063	3,858,293
2012-13	65.6	598,805,386	3,928,163
2013-14	68.9	613,466,510	4,226,784
2014-15	71	625,368,028	4,440,113
2015-16	70	636,602,542	4,456,218
2016-17	71.1	646,666,841	4,597,801
2017-18	70.2	667,690,489	4,687,187
2018-19	70.9	686,502,447	4,867,302
2019-20	70.1	714,613,403	5,009,440

***Overlapping Bond Indebtedness***

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

<b>Issuer</b>	<b>Original Principal Amount</b>	<b>Amount of Bonds Redeemed</b>	<b>Current Principal Outstanding</b>
County of Washington			
General Obligation	\$130,000	\$69,274	\$60,726
Justice Center Revenue	\$18,865,000	\$7,735,000	\$11,130,000
Vehicles Revenue	\$146,422	\$0	\$146,422
City of Springfield			
General Obligation	\$3,116,500	\$745,000	\$2,371,500
Water & Sewer Revenue	\$8,121,000	\$1,143,500	\$6,977,500
Refinancing Revenue	\$2,542,000	\$518,000	\$2,024,000
Educational Development Revenue	\$9,500,000	\$2,940,000	\$6,560,000
<b>Totals:</b>	<b>\$42,420,922</b>	<b>\$13,150,774</b>	<b>\$29,270,148</b>

*Source: 2020 Kentucky Local Debt Report.*

**SEEK Allotment**

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

<b>SEEK</b>	<b>Base Funding</b>	<b>Local Tax Effort</b>	<b>Total State &amp; Local Funding</b>
2000-01	6,221,280	1,930,189	8,151,469
2001-02	6,305,248	2,125,058	8,430,306
2002-03	6,202,237	2,222,898	8,425,135
2003-04	6,956,317	2,288,658	9,244,975
2004-05	6,855,519	2,451,501	9,307,020
2005-06	7,493,874	2,707,796	10,201,670
2006-07	7,701,895	2,830,099	10,531,994
2007-08	8,130,554	2,982,487	11,113,041
2008-09	7,796,272	3,578,205	11,374,477
2009-10	6,894,758	3,557,966	10,452,724
2010-11	6,547,867	3,712,686	10,260,553
2011-12	7,108,475	3,858,293	10,966,768
2012-13	6,849,361	3,928,163	10,777,524
2013-14	6,754,164	4,226,784	10,980,948
2014-15	6,943,374	4,440,113	11,383,487
2015-16	7,178,597	4,456,218	11,634,815
2016-17	7,177,778	4,597,801	11,775,579
2017-18	7,096,907	4,687,187	11,784,094
2018-19	7,040,857	4,867,302	11,908,159
2019-20	6,744,347	5,009,440	11,753,787

- (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 \$0.701 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**

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

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

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

Financial information regarding the Board may be obtained from Superintendent, Washington County School District Board of Education, 120 Mackville Hill Road, Springfield, Kentucky 40069, Telephone 859-336-5470.

## **TAX STATUS**

Bond Counsel advises as follows:

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

(B) The interest income from the Refunding Bonds is includable in the gross income of the recipient thereof for Federal income tax purposes under existing law.

## **ABSENCE OF MATERIAL LITIGATION**

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

## **APPROVAL OF LEGALITY**

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

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

Bond Counsel has reviewed the information contained in the Official Statement describing the Bonds and the provisions of the Bond Resolution and related proceedings authorizing the Bonds, but Bond Counsel has not reviewed any of the financial data, computations, tabulations, balance sheets, financial projections, and general information concerning the Corporation or District, and expresses no opinion thereon, assumes no responsibility for same and has not undertaken independently to verify any information contained herein.

## **BOND RATING**

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

## **FINANCIAL ADVISOR**

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

## **APPROVAL OF OFFICIAL STATEMENT**

The Corporation has approved and caused this "Official Statement" to be executed and delivered by its President. In making this "Official Statement" the Corporation relied upon information furnished to it by the Board of Education of the Washington County School District and does not assume any responsibility as to the accuracy or completeness of any of the information in this Official Statement except as to copies of documents denominated "Official Terms and Conditions" and "Bid Form." The financial information supplied by the Board of Education is represented by the Board of Education to be correct. The Corporation deems this preliminary Official Statement to be final for purposes of Securities Exchange Commission Rule 15c2-12(b)(1) as qualified by the cover hereof.

No dealer, broker, salesman, or other person has been authorized by the Corporation, the Washington County Board of Education or the Financial Advisor to give any information or representations, other than those contained in this Official Statement, and if given or made, such information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. Except when otherwise indicated, the information set forth herein has been obtained from the Kentucky Department of Education and the Washington County School District and is believed to be reliable; however, such information is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the Financial Advisor or by Counsel. The delivery of this Official Statement at any time does not imply that information herein is correct as of any time subsequent to the date hereof.

This Official Statement does not, as of its date, contain any untrue statement of a material fact or omit to state a material fact which should be included herein for the purpose for which the Official Statement is to be used or which is necessary in order to make the statements contained herein, in the light of the circumstances under which they were made, not misleading in any material respect.

By  /s/ \_\_\_\_\_  
**President**

By  /s/ \_\_\_\_\_  
**Secretary**

**APPENDIX A**

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

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**Demographic and Economic Data**

## WASHINGTON COUNTY, KENTUCKY

Washington County is located in central Kentucky Blue Grass Region, 57 miles southeast of Louisville, Kentucky; 54 miles southwest of Lexington, Kentucky; and 183 miles northwest of Knoxville, Tennessee. In 2015, Washington County had an estimated population of 12,063 persons. Springfield, the county seat of Washington County, had a population of 2,651 persons in 2014.

### The Economic Framework

Washington County has a labor force of 6,156 people, with an unemployment rate of 5.1%. The top 5 jobs by occupation are as follows: production workers - 705 (22.329%); office and administrative support - 336 (10.64%); executive, managers and administrators - 283 (8.96%); sales - 247 (7.82%); and education, training/library - 182 (5.76).

### Power and Fuel

Electric power is provided to Springfield and Washington County by the East Kentucky Power Cooperative and Kentucky Utilities. Natural gas service is provided by Atmos Energy Corporation and the Louisville Gas and Electric Company.

### Education

Primary and secondary education is provided to Springfield and Washington County by the Washington County School System. Twelve colleges and universities are located within 50 miles of Springfield. Vocational training is available at the Marion County Area Technology Center, 8 miles from Springfield.

## LABOR MARKET STATISTICS

The Springfield Labor Market Area includes Washington County and the adjoining Kentucky counties of Anderson, Mercer, Boyle, Marion, Nelson, Spencer, Bullitt, Hardin, Larue and Taylor.

### Population

<u>Area</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Springfield	3,143	3,128	2,795
Washington County	12,182	12,176	12,145

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

### Population Projections

<u>Area</u>	<u>2025</u>	<u>2030</u>	<u>2035</u>
Washington County	12,565	12,904	13,079

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

## EDUCATION

### Public Schools

	<u>Washington County</u>
Total Enrollment (2019-2020)	1,682
Pupil To Teacher Ratio (2019-2020)	17 - 1

### Vocational Training

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

### 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 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.

<u>Vocational School</u>	<u>Location</u>	<u>Enrollment 2018-2019</u>
Marion County ATC	Lebanon, KY	617
Nelson County ATC	Bardstown, KY	484
Casey County ATC	Liberty, KY	433
Green County ATC	Greensburg, KY	539
Lincoln County ATC	Stanford, KY	322
Bullitt County ATC	Shepherdsville, KY	442
Garrard County ATC	Lancaster, KY	392
Shelby County ATC	Shelbyville, KY	577
Madison County ATC	Richmond, KY	770
Rockcastle County ATC	Mt. Vernon, KY	438
Pulaski County ATC	Somerset, KY	762
Meade County ATC	Brandenburg, KY	636
Grayson County AVEC	Leitchfield, KY	539
Clark County ATC	Winchester, KY	680

## Colleges and Universities

<u>Name</u>	<u>Location</u>	<u>Enrollment (Fall 2019)</u>
Bellarmine College	Louisville, KY	3,331
Spalding University	Louisville, KY	N/A
University of Louisville	Louisville, KY	15,860
Campbellsville University	Campbellsville, KY	12,629
Centre College	Danville, KY	1,434
Asbury College	Wilmore, KY	1,714
Kentucky State University	Frankfort, KY	2,029
Lindsey Wilson College	Columbia, KY	2,595
Midway College	Midway, KY	1,481
Transylvania University	Lexington, KY	949
University of Kentucky	Lexington, KY	29,402
Eastern Kentucky University	Richmond, KY	14,980
Georgetown College	Georgetown, KY	983
Berea College	Berea, KY	1,688

## FINANCIAL INSTITUTIONS

<u>Institution</u>	<u>Total Assets</u>	<u>Total Deposits</u>
The Springfield State Bank	\$317,203,000	\$317,203,000

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

## EXISTING INDUSTRY

<u>Firm</u>	<u>Product</u>	<u>Total Employed</u>
All Weather Insulation Company LLC	Manufacture and sales of cellulose insulation and hydro seeding mulch	10
Alltech Inc.	Spray drying operation natural animal feed additives	60
Barber Cabinet Co. Inc.	Wooden, laminated & custom made vanities and kitchen cabinets	61
Bluegrass Dairy and Food	Dairy & food products	82
Boone Sheet Metal Inc.	Sheet metal fabrication	1
Concept Packaging Group	Corrugated paperboard, corrugated plastic, wood packaging and other packaging materials	3
INOAC Group North America LLC	Automobile armrests & interior plastic parts	465
LB Manufacturing	Robotic and manual MIG welding of carbon and stainless steels	65
Toyotomi America Corp.	Automotive after-market products	477

*Source: Kentucky Directory of Manufacturers (2020)*



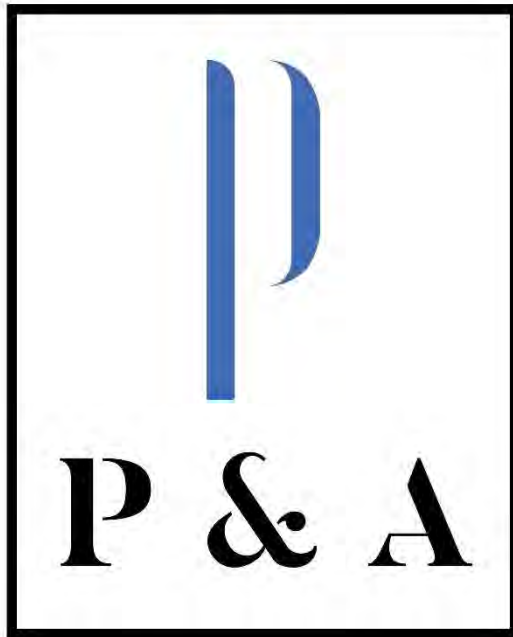
**APPENDIX B**

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

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

**WASHINGTON COUNTY BOARD OF EDUCATION**  
**AUDITED FINANCIAL STATEMENTS AND**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2020**

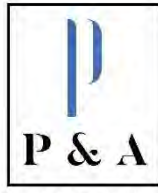


**PATRICK & ASSOCIATES, LLC**

124 Candlewood Drive  
Winchester, KY 40391

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PATRICK & ASSOCIATES, LLC

124 Candlewood Drive  
Winchester, KY 40391

## **Independent Auditor's Report**

Kentucky State Committee for School District Audits  
Board of Education of the Washington County School District  
Springfield, KY

### ***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 Washington County School District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Washington County School District's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Washington 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.

## ***Emphasis of Matter***

Change in Accounting Principle – As described in Note III to the financial statements, in 2020 the Washington County School District adopted new accounting guidance, GASB 84. Our opinion is not modified with respect to this matter.

## ***Other Matters***

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

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

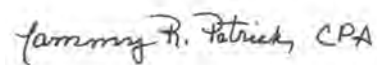
### ***Other Information***

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2020, on our consideration of the Washington 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 Washington County School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Washington County School District's internal control over financial reporting and compliance.



Tammy R. Patrick, CPA

Patrick & Associates, LLC

December 9, 2020

## Management Discussion and Analysis

As management of the Washington County Board of Education (WCBOE), 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.

### Financial Highlights

- In the government-wide statements, the liabilities and deferred inflows of the District exceeded its assets and deferred outflows on June 30, 2020 by \$9,909,691. Of this amount, \$15,334,838 represents the District's investment in capital assets net of related debt, \$565,883 is restricted, \$260,816 is related to the business-type activities and the remainder is an unrestricted net deficit of \$6,251,846.
- The District's ending net position decreased by \$169,240, primarily due to changes in the net pension liability.
- The District's governmental funds report combined ending fund balance of \$4,698,615, a decrease of \$295,584. Approximately 9 percent of this total amount, \$419,192, is restricted for facility needs, appropriately 10 percent is committed, \$447,900 to individual school's operation cost and board approved Section 6 carryover funds, 1 percent, \$45,773, is assigned for approved purchases not paid before year-end and to pay toward the liability owe to the Kentucky School Board Insurance Trust (KSBIT) and approximately 80 percent, \$3,785,750, is available for the District's operating needs.

### Overview of the Financial Statements

The discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains required and 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 like a private-sector business.

The Statement of Net Position presents information on all of the assets and deferred outflows of resources and liabilities and deferred inflows of resources of the District at year-end with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the net position of the District 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 for items that will only result in cash flows in future fiscal periods.

In both statements, the District's activities are shown in one category as governmental activities. The governmental activities of the District include services related to K-12 education. These activities are primarily supported through property taxes, Support Education Excellence in Kentucky (SEEK) funding, and other intergovernmental revenues.

The government-wide financial statements begin on page 8 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the District can be divided into three categories: governmental funds, proprietary fund, and fiduciary funds.

## **Management Discussion and Analysis (continued)**

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decision. The Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains eight individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the general Fund, special revenue fund, district activity fund, school activity fund, capital outlay fund, facilities Support Program of Kentucky (FSPK) fund, school construction fund and the debt service fund.

**Proprietary funds.** The District maintains one type of proprietary fund. The enterprise fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses the enterprise fund to account for its operations for food services and day care programs.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages 17-19 of this report.

**Fiduciary funds.** Fiduciary fund is used to account for resources held for the benefit of parties outside of the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the district's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The District uses the fiduciary fund to account for private purpose trust funds used for scholarships. The basic fiduciary fund financial statements can be found on pages 20-21 of this report.

### **Notes to the basic 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 basic financial statements start on page 22 this report.

### **Other information**

In addition to the basic financial statements and the accompanying notes, this report also presents certain required supplementary

The District adopts an annual appropriated budget for each of its governmental funds. A budgetary comparison statement has been provided for the general and special revenue fund.

**Management Discussion and Analysis (continued)**

**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the WCBOE, liabilities and deferred inflows exceeded assets and deferred outflows by \$9,585,480 for governmental activities and \$324,211 for business-type activities at the close of the most recent fiscal year.

**Washington County Board of Education Comparative Statement of Net Position**

	Governmental Activities		Business-type Activities	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
<b>Assets</b>				
Current and other assets	\$ 4,976,218	\$ 5,013,155	\$ 818,789	\$ 428,480
Net capital assets	31,006,443	31,965,840	63,395	75,368
Total assets	<u>\$ 35,982,661</u>	<u>\$ 36,978,995</u>	<u>\$ 882,184</u>	<u>\$ 503,848</u>
<b>Deferred Outflows of Resources</b>				
Deferred pension differences and made after measurement date	2,103,043	1,979,782	115,003	85,815
Deferred saving from refunding bonds	31,064	46,595	-	990,000
Total deferred outflows of resources	<u>\$ 2,134,107</u>	<u>\$ 2,026,377</u>	<u>\$ 115,003</u>	<u>\$ 1,075,815</u>
<b>Liabilities</b>				
Current liabilities	1,486,074	1,323,070	1,405	22
Non-current liabilities:				
Debt service due in more than one year	14,764,274	15,792,298	-	-
Net pension liability	5,546,834	5,116,967	303,323	213,207
Other post-employment benefits liability	4,814,425	5,758,944	263,272	239,956
Total liabilities	<u>\$ 26,611,607</u>	<u>\$ 27,991,279</u>	<u>\$ 568,000</u>	<u>\$ 453,185</u>
<b>Deferred Inflows of Resources</b>				
Deferred inflows of resources - pensions	377,253	399,045	20,630	16,626
Deferred inflows of resources - OPED	1,542,428	624,411	84,346	31,558
Total deferred inflows of resources	<u>\$ 1,919,681</u>	<u>\$ 1,023,456</u>	<u>\$ 104,976</u>	<u>\$ 48,184</u>
Total liabilities	<u>\$ 28,531,287</u>	<u>\$ 29,014,735</u>	<u>\$ 672,977</u>	<u>\$ 501,369</u>
<b>Net pension</b>				
Net Investment in Capital Assets	\$ 15,271,443	\$ 15,270,840	\$ 63,395	\$ 75,368
Restricted	565,883	443,453	-	-
Other	-	-	260,816	12,926
Unrestricted	(6,251,846)	(5,723,656)	-	-
Total net position	<u>\$ 9,585,480</u>	<u>\$ 9,990,637</u>	<u>\$ 324,211</u>	<u>\$ 88,294</u>

A significant portion of the WCBOE's net position reflects its net investment in capital assets (e.g., buildings, vehicles, and equipment.) The WCBOE used the capital assets to provide services to students; consequently, these assets are not available for future spending. Although the WCBOE'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.



**Management Discussion and Analysis (continued)**

There were increases in the deferred outflows of resources by \$136,918, an increase in the net pension liability by \$519,983, a decrease in the other post-employment benefit liability of \$921,203 and increase of \$953,017 reported in deferred inflows. These changes are from the calculation of the pension liability for the District’s proportionate share of the pension and other post-employment benefit liabilities.

**Changes in net position.** WCBOE’s net position decreased by \$169,240 from the prior fiscal year.

**Washington County Board of Education Comparative Statement of Activities**

The fluctuation in expenses is due to the District’s share of pension and other post-employment pension liability.

<b>Revenues</b>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	Increase (Decrease)
Program revenues			
Charges for services	\$ 214,068	\$ 287,335	\$ (73,267)
Operating grants and contributions	8,634,354	8,162,753	471,601
Capital grants and contributions	214,746	229,572	(14,826)
General revenues			
Property taxes	3,515,526	3,430,048	85,478
Motor vehicle taxes	459,420	481,720	(22,300)
Franchise taxes	177,198	196,370	(19,172)
Utility taxes	717,127	716,729	398
State and federal grants	7,378,996	7,632,391	(253,395)
Other local revenue	608,695	402,124	206,571
Unrestricted investment earnings	197,416	208,199	(10,783)
Total revenues	<u>\$ 22,117,546</u>	<u>\$ 21,747,241</u>	<u>\$ 370,305</u>
<b>Expenses</b>			
Instruction	11,280,330	10,986,850	293,480
Support services	4,829,198	5,066,525	(237,327)
Plant operations and maintenance	1,650,020	1,775,806	(125,786)
Student transportation	841,359	852,775	(11,416)
Community services	259,104	189,783	69,321
Building acquisitions & construction	9,560	-	9,560
Other non-instructional services	1,568	-	1,568
Architectural	17,017	2,584	14,433
Debt service	504,499	504,953	(454)
Depreciation	1,097,300	1,005,219	92,081
Food service operations	1,684,259	1,163,837	520,422
Daycare operations	222,913	229,667	(6,754)
Total	<u>\$ 22,397,127</u>	<u>\$ 21,777,999</u>	<u>\$ 619,128</u>
Change in net position	(279,581)	(30,758)	(248,823)
Net position - beginning (Restated)	<u>10,189,272</u>	<u>10,109,689</u>	<u>79,583</u>
Net position - ending	<u><u>\$ 9,909,691</u></u>	<u><u>\$ 10,078,931</u></u>	<u><u>\$ (169,240)</u></u>

## **Management Discussion and Analysis (continued)**

As noted earlier, the WCBOE used fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the WCBOE's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the WCBOE's financial requirements. In particular, unassigned fund balance may serve as a useful measure of the WCBOE's net resources available for spending at the end of the fiscal year.

### **Financial Highlights**

- The general fund received \$15,505,452 in revenues, which primarily consisted of funding from the State's Support Education Excellence in Kentucky (SEEK) program and revenues from taxes, which include property, motor vehicle and utilities taxes.
- General fund SEEK revenue for the year totaled \$6,596,171 compared to \$6,891,750. This represents a \$295,579 decrease from the previous years' funding.
- The District levied tax rates of 60.2 cents for real estate, 61.0 cents tangible, and 55 cents motor vehicle per \$100 in assessed value and 3% for utility tax.
- Due to the COVID pandemic property and motor vehicle tax collection periods were lengthened, and additional cleaning supplies and personal protective equipment were purchased. The effects of the pandemic cannot be determined at the time of this report.

### **Request for Information**

This financial report is designed to provide a general overview of the Washington County Board of Education's finances. Questions concerning any of the information provided in the report or requests for additional financial information should be addressed to [finance@washington.kyschools.us](mailto:finance@washington.kyschools.us) .

## Financial Statements

WASHINGTON COUNTY BOARD OF EDUCATION

Statement of Net Position

June 30, 2020

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 4,525,140	\$ 489,694	\$ 5,014,834
Receivables			
Taxes -current	55,051	-	55,051
Accounts	42,219	6,403	48,622
Intergovernmental - state	105,090	-	105,090
Intergovernmental - federal	248,718	299,813	548,531
Inventory	-	22,879	22,879
Total capital assets, net of depreciation	<u>31,006,443</u>	<u>63,395</u>	<u>31,069,838</u>
Total assets	<u>\$ 35,982,661</u>	<u>\$ 882,184</u>	<u>\$ 36,864,845</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows - pensions	1,262,342	69,030	1,331,372
Deferred outflows - OPEB contributions	840,701	45,973	886,674
Deferred saving from refunding bonds	31,064	-	31,064
Total deferred outflows of resources	<u>2,134,107</u>	<u>115,003</u>	<u>2,249,110</u>
Total assets and deferred outflows of resources	<u>38,116,768</u>	<u>997,187</u>	<u>39,113,955</u>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	61,404	1,405	62,809
Accrued interest payable	197,993	-	197,993
Unearned revenue	216,199	-	216,199
Long term liabilities:			
Due within one year			
Bond obligations	990,000	-	990,000
KSBIT payable	19,876	-	19,876
Sick leave	602	-	602
Due beyond one year			
Bond obligations	14,745,000	-	14,745,000
Sick leave	19,274	-	19,274
Net pension liability	5,546,834	303,323	5,850,157
Net OPEB liability	4,814,425	263,272	5,077,697
Total liabilities	<u>26,611,607</u>	<u>568,000</u>	<u>27,179,607</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources - pensions	377,253	20,630	397,883
Deferred inflows of resources - OPEB	1,542,428	84,346	1,626,774
Total deferred inflows of resources	<u>1,919,681</u>	<u>104,976</u>	<u>2,024,657</u>
<b>TOTAL LIABILITIES AND DEFERRED INFLOW OF RESOURCES</b>	<u>28,531,287</u>	<u>672,976</u>	<u>29,204,264</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets net of related debt	15,271,443	63,395	15,334,838
Restricted for:			
Capital projects	565,883	-	565,883
Other	-	260,816	260,816
Unrestricted	(6,251,846)	-	(6,251,846)
Total net position	<u>\$ 9,585,480</u>	<u>\$ 324,211</u>	<u>\$ 9,909,691</u>

The accompanying notes are an integral part of the financial statements.

WASHINGTON COUNTY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2020

Functions/Programs	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION						
	Expenses	PROGRAM REVENUES			PRIMARY GOVERNMENT		
		Charges for Services	Operating Grants and	Capital Grants and	Governmental Activities	Business-type	Total
<b>PRIMARY GOVERNMENT:</b>							
Governmental activities:							
Instructional	\$ 11,280,330	\$ 22,438	\$ 4,694,132	\$ -	\$ (6,563,760)	\$ -	\$ (6,563,760)
Support Services							
Student	1,063,526	-	405,863	-	(657,663)	-	(657,663)
Instructional Staff	1,282,578	-	638,696	-	(643,882)	-	(643,882)
District Administration	627,439	-	48,741	-	(578,698)	-	(578,698)
School Administration	1,264,308	-	330,752	-	(933,556)	-	(933,556)
Business	591,347	-	92,820	-	(498,527)	-	(498,527)
Plant operations and maintenance	1,650,020	-	134,605	-	(1,515,415)	-	(1,515,415)
Student Transportation	841,359	-	105,025	-	(736,334)	-	(736,334)
Community Services	259,104	-	247,790	-	(11,314)	-	(11,314)
Architectural/engineering	17,017	-	-	-	(17,017)	-	(17,017)
Building acquisitions/construction	9,560	-	-	214,746	205,186	-	205,186
Other non-instructional services	1,568	-	-	-	(1,568)	-	(1,568)
Debt Service	504,499	-	-	-	(504,499)	-	(504,499)
Depreciation*	1,097,300	-	-	-	(1,097,300)	-	(1,097,300)
Total governmental activities	<u>20,489,955</u>	<u>22,438</u>	<u>6,698,424</u>	<u>214,746</u>	<u>(13,554,347)</u>	<u>-</u>	<u>(13,554,347)</u>
Business-type activities:							
Food service operations	1,684,259	60,969	1,867,644	-	-	244,354	244,354
Daycare operations	222,913	130,661	68,286	-	-	(23,966)	(23,966)
Total business-type activities	<u>1,907,172</u>	<u>191,630</u>	<u>1,935,930</u>	<u>-</u>	<u>-</u>	<u>220,388</u>	<u>2,347,948</u>
Total primary government	<u>\$ 22,397,127</u>	<u>\$ 214,068</u>	<u>\$ 8,634,354</u>	<u>\$ 214,746</u>	<u>\$ (13,554,347)</u>	<u>\$ 220,388</u>	<u>\$ (11,206,399)</u>
General revenues							
Taxes:							
Property taxes					\$ 3,515,526	\$ -	\$ 3,515,526
Motor vehicle taxes					459,420	-	459,420
Franchise taxes					177,198	-	177,198
Utility taxes					717,127	-	717,127
State and federal grants					7,378,996	-	7,378,996
Other local revenue					606,950	1,745	608,695
Unrestricted investment earnings					183,631	13,785	197,416
Total general revenues and transfers					<u>13,038,848</u>	<u>15,530</u>	<u>13,054,378</u>
Change in net position					(515,499)	235,918	(279,581)
Net position - beginning (Restated)					10,100,979	88,293	10,189,272
Net position - ending					<u>\$ 9,585,480</u>	<u>\$ 324,211</u>	<u>\$ 9,909,691</u>

The accompanying notes are an integral part of the financial statements.

WASHINGTON COUNTY SCHOOL DISTRICT

Balance Sheet  
 Governmental Funds  
 June 30, 2020

	General Fund	Special Revenue Fund	Total Non-Major Funds	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,727,342	\$ -	\$ 797,798	\$ 4,525,140
Interfund receivables	98,712	-	-	98,712
Receivables				
Taxes-current	55,051	-	-	55,051
Accounts	42,188	-	31	42,219
Intergovernmental - state	-	105,090	-	105,090
Intergovernmental - federal	-	248,718	-	248,718
Total assets	<u>3,923,293</u>	<u>353,808</u>	<u>797,829</u>	<u>5,074,930</u>
<b>LIABILITIES</b>				
Accounts payable	13,165	38,897	9,342	61,404
Interfund payable	-	98,712	-	98,712
Unearned revenue	-	216,199	-	216,199
Total liabilities	<u>13,165</u>	<u>353,808</u>	<u>9,342</u>	<u>376,315</u>
<b>FUND BALANCE</b>				
Restricted	-	-	419,192	419,192
Committed	78,605	-	369,295	447,900
Assigned	45,773	-	-	45,773
Unassigned	3,785,750	-	-	3,785,750
Total fund balance	<u>3,910,128</u>	<u>-</u>	<u>788,487</u>	<u>4,698,615</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 3,923,293</u>	<u>\$ 353,808</u>	<u>\$ 797,829</u>	<u>\$ 5,074,930</u>

The accompanying notes are an integral part of the financial statements.

WASHINGTON COUNTY SCHOOL DISTRICT  
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
 June 30, 2020

<b>Total Fund Balances - Governmental Funds</b>	<b>\$ 4,698,615</b>
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>	
<p>Capital assets are not reported in the fund financial statement because they are not current financial resources, but they are reported in the statement of net position</p>	31,006,443
<p>Deferred outflows of resources are not recorded in the governmental fund financials because they do not affect current resources but are recorded in the statement of net position.</p>	
<p>Pension contributions subsequent to measurement date</p>	1,262,342
<p>OPEB contributions subsequent to measurement date</p>	840,701
<p>Certain assets (obligations) are not a use of financial resources and therefore, are not reported in the government funds, but are presented in the statement of net position</p>	
<p style="padding-left: 40px;">Net pension liability</p>	(5,546,834)
<p style="padding-left: 40px;">Net OPEB liability</p>	(4,814,425)
<p>Deferred inflows of resources are not recorded in the governmental fund financials because they do not affect current resources but are recorded in the statement of net position</p>	
<p style="padding-left: 40px;">Pension plan investment differences</p>	(377,253)
<p style="padding-left: 40px;">OPEB plan investment differences</p>	(1,542,428)
<p>Certain liability (such as bond payable, the long-term portion of accrued sick leave, and other accrued liabilities) are not reported in the fund financial statement because they are not due and payable, but are presented in the statement of net position as follows:</p>	
<p style="padding-left: 40px;">Bonds payable</p>	(15,735,000)
<p style="padding-left: 40px;">KSBIT</p>	(19,876)
<p style="padding-left: 40px;">Accrued interest</p>	(197,993)
<p style="padding-left: 40px;">Accrued sick leave</p>	(19,876)
<p style="padding-left: 40px;">Deferred loss on refunding</p>	31,064
<p><b>Net position of governmental activities</b></p>	<b><u>\$ 9,585,480</u></b>

The accompanying notes are an integral part of the financial statements.

WASHINGTON 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	Non-Major Funds	Total Governmental Funds
<b>Revenues</b>				
From Local Sources				
Taxes				
Property	\$ 2,800,912	\$ -	\$ 714,614	\$ 3,515,526
Motor vehicle	459,420	-	-	459,420
Franchise	177,198	-	-	177,198
Utilities	717,127	-	-	717,127
Transportation	19,059	-	-	19,059
Earnings on investments	171,826	66	11,739	183,631
Tuition	-	22,438	-	22,438
Student activities	-	-	382,132	382,132
Other local revenue	150,211	34,114	21,434	205,759
Intergovernmental - state	11,009,699	913,886	884,096	12,807,681
Intergovernmental - federal	-	1,484,485	-	1,484,485
Total revenues	<u>15,505,452</u>	<u>2,454,989</u>	<u>2,014,015</u>	<u>19,974,456</u>
<b>EXPENDITURES</b>				
Instruction	8,997,671	1,636,374	387,973	11,022,018
Support services			-	-
Student	930,574	132,952	-	1,063,526
Instructional staff	870,906	410,739	933	1,282,578
District Administration	664,861	-	-	664,861
School Administration	1,264,308	-	-	1,264,308
Business	591,347	-	-	591,347
Plant operation and maintenance	1,648,598	41,060	-	1,689,658
Student Transportation	926,780	12,844	-	939,624
Community Services Operations	1,966	257,138	-	259,104
Architectural/engineering	-	-	17,017	17,017
Building acquisitions/construction	-	-	9,560	9,560
Other Non-Instructional Services	-	-	1,568	1,568
Debt service				
Principal	-	-	960,000	960,000
Interest	-	-	504,871	504,871
Total expenditures	<u>15,897,011</u>	<u>2,491,107</u>	<u>1,881,922</u>	<u>20,270,040</u>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>	(391,559)	(36,118)	132,093	(295,584)
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	-	36,118	1,250,125	1,286,243
Operating transfers (out)	(36,118)	-	(1,250,125)	(1,286,243)
Total other financing sources and (uses)	<u>(36,118)</u>	<u>36,118</u>	<u>-</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(427,677)	-	132,093	(295,584)
<b>FUND BALANCE - BEGINNING (Restated)</b>	4,337,805	-	656,394	4,994,199
<b>FUND BALANCE - ENDING</b>	<u>\$ 3,910,128</u>	<u>\$ -</u>	<u>\$ 788,487</u>	<u>\$ 4,698,615</u>

The accompanying notes are an integral part of the financial statements.



WASHINGTON COUNTY SCHOOL DISTRICT  
 Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in  
 Fund Balances to the Statement of Activities  
 For the year ended June 30, 2020

<b>Net change in fund balances - total governmental funds</b>	<b>\$</b>	<b>(295,584)</b>
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Capital outlays are reported as expenditures in this fund financial statement because they use current financial resources, but they are presented as assets in</p>		
Capital outlays		138,111
Depreciation Expense		(1,097,300)
Loss on disposal of capital asset		(208)
<p>Generally expenditures recognized in the fund financial statements are limited to only those that use current financial resources, but expense are recognized in the</p>		
Accrued interest		15,903
Amortization of advance refunding difference		(15,531)
<p>Governmental funds report CERS contributions as expenditures when paid. However, in the Statement of Activities, pension expense is the cost of benefits</p>		
TRS on-behalf revenue		4,499,518
TRS on-behalf pension expense		(2,587,833)
TRS on-behalf OPEB expense		(1,911,685)
Pension Expense		(439,525)
OPEB Expense		178,883
<p>Long-term debt proceeds are reported as other financing resources in funds, thereby increasing fund balances. In the statement of net position, however, issuing long-</p>		
Debt principal repaid		960,000
KSBIT		19,876
Sick leave		19,876
		19,876
<b>Change in net position of governmental activities</b>	<b>\$</b>	<b><u>(515,499)</u></b>

The accompanying notes are an integral part of the financial statements.

WASHINGTON COUNTY BOARD OF EDUCATION  
 Budget and Actual General Fund (Non-GAAP Budgetary Basis)  
 For the year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		(Unfavorable)
<b>REVENUES</b>				
From Local Sources				
Taxes				
Property	\$ 2,734,565	\$ 2,789,685	\$ 2,800,912	\$ 11,227
Motor vehicle	470,000	460,094	459,420	(674)
Franchise	198,000	177,198	177,198	-
Utilities	716,000	717,127	717,127	-
Transportation	25,000	25,000	19,059	(5,941)
Earnings on investments	175,000	171,826	171,826	-
Other local revenue	43,000	129,088	150,211	21,123
Intergovernmental - state	11,051,849	11,042,568	11,009,699	(32,869)
Total Revenues	<u>15,413,414</u>	<u>15,512,586</u>	<u>15,505,452</u>	<u>(7,134)</u>
<b>EXPENDITURES</b>				
Instruction	10,459,325	10,653,769	8,997,671	1,656,098
Support Services				
Student	963,710	1,019,772	930,574	89,198
Instructional Staff	885,359	843,956	870,906	(26,950)
District Administration	890,136	896,016	664,861	231,155
School Administration	1,335,295	1,379,368	1,264,308	115,060
Business	639,360	653,770	591,347	62,423
Plant Operation and Maintenance	1,847,362	1,960,939	1,648,598	312,341
Student Transportation	1,086,189	1,124,860	926,780	198,080
Community Services	31,274	31,279	1,966	29,313
Architectural	5,000	5,000	-	5,000
Total expenditures	<u>18,143,010</u>	<u>18,568,729</u>	<u>15,897,011</u>	<u>2,671,718</u>
<b>EXCESS (DEFICIENCY) IN REVENUES OVER EXPENDITURES</b>	(2,729,596)	(3,056,143)	(391,559)	(2,678,852)
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers (out)	(1,252,656)	(1,281,662)	(36,118)	1,245,544
Total other financing sources and (uses)	<u>(1,252,656)</u>	<u>(1,281,662)</u>	<u>(36,118)</u>	<u>1,245,544</u>
<b>NET CHANGE IN FUND BALANCE</b>	(3,982,252)	(4,337,805)	(427,677)	3,910,128
<b>FUND BALANCE - BEGINNING</b>	<u>3,982,252</u>	<u>4,337,805</u>	<u>4,337,805</u>	<u>-</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,910,128</u>	<u>\$ 3,910,128</u>

The accompanying notes are an integral part of the financial statements.

WASHINGTON COUNTY BOARD OF EDUCATION  
 Budget and Actual Special Revenue Fund (Non-GAAP Budgetary Basis)  
 For the year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
From Local Sources				
Earnings on investments	\$ 100	\$ 67	\$ 66	\$ (1)
Tuition	18,000	21,430	22,438	1,008
Other local revenue	62,000	117,406	34,114	(83,292)
Intergovernmental - state	811,392	815,152	913,886	98,734
Intergovernmental - federal	1,352,400	1,898,521	1,484,485	(414,036)
Total Revenues	<u>2,243,892</u>	<u>2,852,576</u>	<u>2,454,989</u>	<u>(397,587)</u>
<b>EXPENDITURES</b>				
Instruction	1,513,014	1,953,528	1,636,374	317,154
Support Services				
Student	102,018	119,574	132,952	(13,378)
Instructional Staff	422,328	435,398	410,739	24,659
Plant Operation and Maintenance	20,000	49,500	41,060	8,440
Student Transportation	32,555	42,091	12,844	29,247
Community Services Operations	195,977	288,603	257,138	31,465
Total expenditures	<u>2,285,892</u>	<u>2,888,694</u>	<u>2,491,107</u>	<u>397,587</u>
<b>EXCESS (DEFICIENCY) IN REVENUES OVER EXPENDITURES</b>	(42,000)	(36,118)	(36,118)	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	42,000	36,118	36,118	-
Total other financing sources and (uses)	<u>42,000</u>	<u>36,118</u>	<u>36,118</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	-	-
<b>FUND BALANCE - BEGINNING</b>	-	-	-	-
<b>FUND BALANCE - ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.

WASHINGTON COUNTY BOARD OF EDUCATION  
Statement of Net Position - Proprietary Funds  
For the year ended June 30, 2020

	Enterprise Funds		
	School Food Services	Day Care Services	Total
<b>ASSETS</b>			
Current Assets			
Cash and cash equivalents	\$ 365,883	\$ 123,811	\$ 489,694
Receivables	300,509	5,707	306,216
Inventories for consumption	22,879		22,879
Total current assets	<u>689,271</u>	<u>129,518</u>	<u>818,789</u>
Noncurrent Assets			
General equipment	252,387	-	252,387
Accumulated depreciation	(188,992)	-	(188,992)
Total noncurrent assets	<u>63,395</u>	<u>-</u>	<u>63,395</u>
Total Assets	<u>752,666</u>	<u>129,518</u>	<u>882,184</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	53,287	15,743	69,030
Deferred outflows related to OPEB	35,488	10,485	45,973
Total deferred outflows of resources	<u>88,775</u>	<u>26,228</u>	<u>115,003</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable	1,163	242	1,405
Total current liabilities	<u>1,163</u>	<u>242</u>	<u>1,405</u>
Noncurrent liabilities			
Net pension liability	234,148	69,175	303,323
Net OPEB liability	203,231	60,041	263,272
Total noncurrent liabilities	<u>437,379</u>	<u>129,216</u>	<u>566,595</u>
Total liabilities	<u>438,542</u>	<u>129,458</u>	<u>568,000</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	15,925	4,705	20,630
Deferred inflows related to OPEB	65,110	19,236	84,346
Total deferred inflows of resources	<u>81,035</u>	<u>23,941</u>	<u>104,976</u>
<b>NET POSITION</b>			
Net Investment in capital assets	63,395	-	63,395
Restricted	258,470	2,346	260,816
Total net position	<u>\$ 321,865</u>	<u>\$ 2,346</u>	<u>\$ 324,211</u>

The accompanying notes are an integral part of the financial statements.

WASHINGTON COUNTY BOARD OF EDUCATION  
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds  
For the year ended June 30, 2020

	Enterprise Funds		
	School Food Services	Day Care Services	Total
<b>OPERATING REVENUES</b>			
Lunchroom sales	\$ 60,969	\$ -	\$ 60,969
Tuition		130,661	130,661
Total operating revenues	<u>60,969</u>	<u>130,661</u>	<u>191,630</u>
<b>OPERATING EXPENSES</b>			
Salaries & benefits	547,080	166,768	713,848
Purchased professional services	1,416	709	2,125
Repairs and maintenance	23,792	450	24,242
Other purchased services	3,364	191	3,555
Supplies	873,742	7,190	880,932
Dues, Fees, and miscellaneous	4,958	174	5,132
Depreciation	11,972	-	11,972
Total operating expenses	<u>1,466,324</u>	<u>175,482</u>	<u>1,641,806</u>
Operating income (loss)	<u>(1,405,355)</u>	<u>(44,821)</u>	<u>(1,450,176)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Federal grants	1,709,958	-	1,709,958
Federal donated commodities	45,714	-	45,714
State grants	12,027	43,901	55,928
State on-behalf payments	99,945	24,385	124,330
State on-behalf payments	(99,945)	(24,385)	(124,330)
Pension expense	(64,841)	(14,157)	(78,998)
OPEB expense	(53,149)	(8,889)	(62,038)
Other local revenues	1,745	-	1,745
Earnings from investments	9,266	4,519	13,785
Total nonoperating revenues (expenses)	<u>1,660,720</u>	<u>25,374</u>	<u>1,686,094</u>
<b>CHANGE IN NET POSITION</b>	255,365	(19,447)	235,918
<b>NET POSITION - BEGINNING</b>	<u>66,500</u>	<u>21,793</u>	<u>88,293</u>
<b>NET POSITION - ENDING</b>	<u>\$ 321,865</u>	<u>\$ 2,346</u>	<u>\$ 324,211</u>

The accompanying notes are an integral part of the financial statements.

WASHINGTON COUNTY BOARD OF EDUCATION  
Statement of Cash Flows - Proprietary Funds  
For the year ended June 30, 2020

	<u>Enterprise Funds</u>		
	<u>School Food Services</u>	<u>Daycare Services</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 60,969	\$ 130,661	\$ 191,630
Payments to suppliers	(1,204,937)	(9,558)	(1,214,495)
Payments to employees	(647,025)	(191,153)	(838,178)
Net cash provided (used) by operating activities	<u>(1,790,993)</u>	<u>(70,050)</u>	<u>(1,861,043)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCIAL ACTIVITIES</b>			
Operating grants and contributions	1,869,389	68,286	1,937,675
Net cash provided (used) by noncapital financing activities	<u>1,869,389</u>	<u>68,286</u>	<u>1,937,675</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>			
Purchase of capital assets	-	-	-
Net cash provided (used) by capital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest	9,266	4,519	13,785
Net cash provided (used) by investing activities	<u>9,266</u>	<u>4,519</u>	<u>13,785</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	87,662	2,755	90,417
<b>CASH AND CASH EQUIVALENTS - BEGINNING</b>	<u>278,221</u>	<u>121,056</u>	<u>399,277</u>
<b>CASH AND CASH EQUIVALENTS - ENDING</b>	<u>365,883</u>	<u>123,811</u>	<u>489,694</u>
Reconciliation of operating income (loss) to net cash provided (used)			
by operating activities:			
Operating income (loss)	(1,405,355)	(44,821)	(1,450,176)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	11,972	-	11,972
Changes in assets and liabilities:			
Receivables	(283,650)	(1,078)	(284,728)
Inventory	(15,164)	-	(15,164)
Account Payables	1,149	234	1,383
Deferrals	(221,865)	(45,085)	(266,950)
Net Pension Liability	74,243	15,873	90,116
Net OPEB liability	23,264	52	23,316
Deferred outflows	12,856	2,266	15,122
Deferred inflows	11,557	2,509	14,066
Net cash provided (used) by operating activities	<u>\$ (1,790,993)</u>	<u>\$ (70,050)</u>	<u>\$ (1,861,043)</u>

The accompanying notes are an integral part of the financial statements.

WASHINGTON COUNTY BOARD OF EDUCATION  
Statement of Fiduciary Net Position  
June 30, 2020

	<b>Private Purpose Trust</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 7,687
Investments	13,353
Accounts receivable	-
Total Assets	\$ 21,040
<b>LIABILITIES</b>	
Accounts payable	\$ -
Due to student groups	-
Total Liabilities	-
<b>NET POSITION</b>	
Restricted for Permanent Fund	21,040
Total Net Position	21,040
<b>TOTAL LIABILITIES &amp; NET POSITION</b>	<b>\$ 21,040</b>

The accompanying notes are an integral part of the financial statements.

WASHINGTON COUNTY BOARD OF EDUCATION  
Statement of Changes in Net Position - Fiduciary Funds  
Year Ended June 30, 2020

	Private Purpose Trust
<b>Additions</b>	
Earnings on investments	\$ 649
<b>Deductions</b>	
Benefits paid	5,600
<b>Change in net position</b>	(4,951)
<b>Net position, beginning</b>	25,991
<b>Net position, ending</b>	\$ 21,040

The accompanying note are an integral part of the financial statements.



**WASHINGTON COUNTY BOARD OF EDUCATION**

**Notes to the Financial Statements**

**Year Ended June 30, 2020**

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**Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements presented for the Washington County Board of Education are prepared in accordance with accounting principles generally accepted in the United States of America applicable to governmental units, as prescribed by the Governmental Accounting Standards Board (GASB). The District's significant accounting and reporting policies are described below.

**The Financial Reporting Entity**

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

As required by GAAP, these financial statements present the primary government and its component unit, an entity for which the government is considered to be financially accountable. This component unit is reported on a blended basis. A blended component unit, although a legally separate entity, is, in substance, part of the government's operations and so data from this unit is combined with data of the primary government. Separate financial statements are not issued for this component unit.

The District's reporting entity includes the following blended component unit:

The Washington County Board of Education Finance Corporation was formed in accordance with the provisions of KRS Sections 162.120 through 162.300 and Section 162.385, and KRS Chapter 273 and KRS 58.180, as a non-profit, non-stock corporation for the purpose of financing necessary school building facilities on behalf of the Board of Education of the Washington County School District. Under the provisions of existing Kentucky laws, the Corporation is permitted to act as an agency and instrumentality of the District for financing purposes. The Board serve as the Governing Board of the Corporation and all accounting and administrative functions are performed by the District, which records all activity of the Corporation as a blended component unit.

**Basis of presentation and accounting**

**Government-wide**

The Districts government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements report information about the reporting entity as a whole. Fiduciary activities of the District are not included in these statements. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through property taxes, intergovernmental revenue, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services rendered.

**WASHINGTON COUNTY BOARD OF EDUCATION**

**Notes to the Financial Statements**

**Year Ended June 30, 2020**

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**Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The Statement of Activities presents a comparison between direct expenses and program revenue for the business-type activities and for each function of the District’s governmental activities. Program revenues includes (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including property taxes and general state aid, are presented as general revenues.

These statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all the District’s assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period earned while expenses are recognized in the period the liability incurred.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regard to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total column. In the Statement of Activities, those transactions between governmental and business-type activities have not been eliminated.

**Fund Financial Statements**

The fund financial statements of the District are organized into funds, each of which is considered to be a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to specific district functions or activities. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures/expenses. Funds are organized into three categories: governmental, proprietary, and fiduciary. Major individual governmental funds and enterprise funds are reported as separate columns in the fund financial statements.

**Governmental Fund Financial Statements**

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the government-wide financial statements.

All governmental funds are accounted for on a spending or “current financial resources” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources are included in the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances present increase (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

**WASHINGTON COUNTY BOARD OF EDUCATION**

**Notes to the Financial Statements**

**Year Ended June 30, 2020**

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**Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally collected 60 days after year-end) are recognized when due. The primary revenue sources which have been treated as susceptible to accrual by the District are taxes and intergovernmental revenues. Expenditures are recorded in the accounting period in which the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured.

**Major Governmental Funds:**

General Fund – accounts for the general operating costs for the District and provides supports services to other funds. It accounts for financial resources used for general types of operations. This is a budgeted fund, and any fund balances are considered as resources available for use.

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

**Non-Major Governmental Funds**

District Activity Fund – The District Activity Fund is a special revenue fund type and is used to account for funds collected at individual schools for operation costs of the schools or school district that allows for more flexibility in the expenditures of those funds.

Student Activity Fund –The Student Activity Fund is a special revenue fund type and is used to account for funds student activity that are legally restricted to expenditures for specified purposes imposed by external parties, enabling legislation, or by board action.

Capital Outlay Fund – The Support Education Excellence in Kentucky (SEEK) Fund received those funds designated by the state as capital outlay funds and is generally restricted for use in financing projects identified in the district’s facility plan (including payment of bonded lease obligations).

Facility Support Program (FSKP) fund - Facility Support Program the Facility Support Program of Kentucky (FSPK) accounts for and reports funds generated by the building tax levy required to participate in the School Facilities Construction Commission’s construction funding and state matching funds, where applicable. Funds may be used for projects identified in the district’s facility plan.

Construction Fund -The Construction Fund accounts for and reports proceeds from sales of bonds and other revenues to be used for authorized construction.

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

**WASHINGTON COUNTY BOARD OF EDUCATION**

**Notes to the Financial Statements**

**Year Ended June 30, 2020**

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**Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Propriety Fund Financial Statements**

Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expense and Changes in Net Position, and a Statement of Cash Flows. The District does not have an internal service fund.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities and deferred inflows of resources (whether current or noncurrent) are included in the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period earned while expenses are recognized in the period the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

**Enterprise Funds**

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

Day Care Fund – is used to account for and report the activities of the day care programs where a fee is charged for participating.

**Fiduciary Fund Financial Statements**

Fiduciary fund financial statements include a Statement of Net Position and a Statement of Changes in Net Position. Fiduciary Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations or other governments. The Fiduciary Funds are accounted for on a spending or “economic resources” measurement focus and the accrual basis of accounting. Agency funds are purely custodial and do not involve measurement of results of operations.

**Private Purpose Trust Funds**

The private purpose trust fund is comprised of the Larry W. Graves Memorial Scholarship and the Howard and Louise Gerkin Memorial Scholarship.

Larry W. Graves Memorial Scholarship was created in memory of Larry W. Graves who was superintendent of Washington County Schools. The total amount of contributions was \$30,885 received from July 23, 2008 to October 22, 2008. The funds will be disbursed to graduating Washington County High School Students who as two months prior to their date of graduation meet the following criteria: attended Washington County High School (WCHS) for not less than two consecutive years; have a cumulative Grade Point Average of not less than 3.2 on a 4.0 scale and demonstrate exemplary leadership skills as well as community involvement both at WCHS and in the Washington County area; will timely graduate from WCHS and will attend a four-year college or university beginning in the calendar year of graduation.

**WASHINGTON COUNTY BOARD OF EDUCATION**

**Notes to the Financial Statements**

**Year Ended June 30, 2020**

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**Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Howard and Louise Gerkin Memorial Scholarship – On December 31, 2003 Howard and Louise Gerkin donated 174.155 shares of Investment Company of America CI B, with a value of \$5,005 via Edward L. Jones Company to an account in the name of Washington County Board of Education. Earning from this fund is designated to pay a \$300 scholarship each year to a high school senior declaring an elementary education major.

**Measurement focus and basis of accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicate the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

Government-wide and fiduciary fund financial statement are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are “measurable and available”). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period (60 days). Expenditures are recorded when the liability is incurred, except for unmatured interest on long-term debt which is recognized when due, other post-employment benefits, claims and judgments and compensated absences, which are recognized when expended. Revenues susceptible to accrual are interest, state and local shared revenue and federal and state grants. Expenditure-driven grants are recognized as revenue when qualifying expenditures have been incurred and all other grant requirements have been met.

**Budgetary information**

The District’s budgetary process accounts for transactions on a modified accrual basis of accounting which is consistent with the accounting principles generally accepted in the United States of America. State law requires the district to formally and publicly examine anticipated receipts and expenditures for the next fiscal year by January 31 (draft Budget), adopt a tentative working budget on or before May 30 for the next fiscal year and a final working budget must be submitted to the Kentucky Department of Education (KDE) by September 30 for the current year with a recommended reserve of at least two percent of total budgeted expenditures in the general and school food service funds. KDE does not require. The Special Revenue Fund and the Construction fund are multi-year funds. A fund is multi-year when budgeted amounts in the that fund may be received and expended over a period extending beyond one fiscal year. A budget projection is created one time for a project (grant or a construction project) which is in the year of its inception. After a budget completion is processed on a project, that budget remains with the project over the lifetime of the project.

Expenditure budgets are appropriated at the major function level for each fund. Appropriations may not legally be over-expended, except in the case of grant receipts which could not be reasonably estimated at the time the budget was adopted.

**WASHINGTON COUNTY BOARD OF EDUCATION**

**Notes to the Financial Statements**

**Year Ended June 30, 2020**

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**Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Estimates**

The preparation of financial statement in conformity with accounting principles generally accepted in the United States requires management to make estimate and assumptions that affect the reported amounts of assets, deferred outflows, liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reported period. Actual results could differ from these estimates.

**Assets, deferred outflows, liabilities, deferred inflows, and net position/fund balance**

**Cash and cash equivalents**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and all highly liquid investments with a maturity of three months or less from the date of the acquisition. For the purposes of the statement of cash flows, the District defines cash and cash equivalents as amounts in demand deposits as well as short-term, highly liquid investments with original maturities of three months or less.

**Deposits with Financial Institutions and Investments**

The District's policy on investments primarily follow state statutes and regulations which authorize the District to invest in obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance

**Prepaid items**

Prepaid items are charged to expenditure/expense at the time the items are used (consumption method).

**Inventory**

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

**Capital assets**

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

**WASHINGTON COUNTY BOARD OF EDUCATION**

**Notes to the Financial Statements**

**Year Ended June 30, 2020**

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**Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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 \$5,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an assets life are expensed.

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

Building and improvements	25-50 years
Land improvements	20 years
Technology equipment	5 years
Vehicles	5-10 years
Audio-visual equipment	15 years
Food service equipment	10-12 years
Furniture and fixtures	7 years
Rolling stock	15 years
Other	10 years

**Long-term obligations**

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of applicable bond premium or discount.

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

**Deferred outflows/inflows of resources**

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separated 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/expenditures) until then. The District reports three types of deferred outflows-contributions to the CERS pension system after the measurement period, contributions to the TRS medical insurance fund after the measurement period and the unrecognized portion of a deferred loss on the refinancing of long-term debt.

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

**WASHINGTON COUNTY BOARD OF EDUCATION**

**Notes to the Financial Statements**

**Year Ended June 30, 2020**

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**Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Pension obligations**

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

**Postemployment Benefits Other Than Pensions (OPEB)**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the CERS and TRS and additions to/deductions from fiduciary net position on the same basis as they are reported by these multiple-employer cost-sharing OPEB systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized by the pension systems when due and payable in accordance with the benefit terms. Investments are reported at fair value by the pension systems. Both systems publish separate financial statements as described in Note for Postemployment Benefits Other Than Pensions.

**Net position flow assumptions**

Net position is classified into the following categories:

Net investment in capital assets – consists of all capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – consists of net position with constraints placed on use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position – consists of all other net position that is not included in the other categories previously mentioned.

When both restricted and unrestricted resources are available for use in a specific program or for specific purpose, the District’s normal policy is to use restricted resources first to finance its activities.

**Fund balance flow assumptions**

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). When fund balance resources are available for a specific purpose in multiple classifications, the District uses the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.



**WASHINGTON COUNTY BOARD OF EDUCATION**

**Notes to the Financial Statements**

**Year Ended June 30, 2020**

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**Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Fund balance policies**

Governmental fund equity is classified as fund balance. GASB Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions provides more clearly defined fund balance categories to make the nature and extend of the constraints place on a government’s fund balance more transparent. The following classifications describe the relative strength of the spending constraints place on purpose for which resources can be used:

**Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Management has classified prepaid items as being non-spendable as they are not expected to be converted to cash.

**Restricted:** This classification includes amounts for which constraints have been placed on the use of resources which are either.

1. Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
2. Imposed by law through constitutional provisions or enabling legislation.

**Committed:** This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the District’s Board of Director, which is the District’s highest level of decision-making authority. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed.

**Assigned:** This classification includes spendable amounts for a specific purpose. The intent of an assigned fund balance is expressed by either the District’s Board, or a subordinate high-level body, such as a finance committee, or an official, such as the superintendent, that has the authority to assign amounts to be used for assigned purposes.

**Unassigned:** This classification is the residual fund balance for the General Fund. It represents fund balance that has not been assigned, committed, or restricted.

**Revenue and expenditures/expenses**

**Program revenues –** amounts reported as program revenues include 1) charges to customers who purchase or use goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not property included amount program revenues are reported instead as general revenues.

**Property taxes –** Property taxes are levied each August on the assessed value listed as of the prior January 1, for all real and personal property in the county. The billings are considered due upon receipt by the taxpayer; however, the actual date is based on a period ending 30 days after the tax bill mailing. Property taxes collected are recorded as revenues in the fiscal year for which they were levied. Liens are effective when the tax bills become delinquent. The collection period for these assessments was October 15, 2019 through April 15, 2020.

**WASHINGTON COUNTY BOARD OF EDUCATION**

**Notes to the Financial Statements**

**Year Ended June 30, 2020**

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**Note I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Grants – unreimbursed expenditures due from grantor agencies are reflected in the government-wide financial statements as receivables and revenues. Grant revenues are recorded at the time eligible expenditures are incurred. Cash received from grantor agencies in excess of related grant expenditures is recorded as unavailable revenue on the Balance Sheet and unearned revenue on the Statement of Net Position.

Compensated absences – 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 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. On June 30, 2020, this amount total \$19,876.

**Note II – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Violations of legal or contractual provisions**

This District had no violations of legal or contractual provision in the fiscal year.

**Cash deposits and cash equivalents**

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

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

**Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS**

At year-end, the District’s bank balances were collateralized by securities held by the pledging bank’s trust department in the District’s name and FDIC insurance. At year end, the carrying amount of the District’s cash and cash equivalents was \$5,014,834. The bank balance for the same time was \$6,611,023.

**Receivables**

Amounts are aggregated into a single account receivable line in the Statement of Net Position and Balance Sheet. Below is the detail of receivable for the governmental funds:

	General	Special	District	School	Day Care	Total
Receivables	Fund	Revenue	Activity	Food	Fund	
		Fund	Fund	Service		
Taxes	\$ 55,051	\$ -	\$ -	\$ -	\$ -	\$ 55,051
Accounts	42,188	-	31	696	5,707	48,622
Intergovernmental-state	-	105,090	-	-	-	105,090
Intergovernmental-federal	-	248,718	-	299,813	-	548,531
Total Receivables	<u>\$ 97,239</u>	<u>\$ 353,808</u>	<u>\$ 31</u>	<u>\$ 300,509</u>	<u>\$ 5,707</u>	<u>\$ 757,294</u>

WASHINGTON COUNTY BOARD OF EDUCATION  
Notes to the Financial Statements  
Year Ended June 30, 2020

Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)

**Capital assets**

The changes in capital assets for the year ended June 30, 2020 are as follows:

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
<b>Governmental activities:</b>				
Non-depreciable capital assets				
Land	\$ 1,280,702	\$ -	\$ -	\$ 1,280,702
Construction in progress	-	-	-	-
Totals - Non-depreciable capital assets	<u>1,280,702</u>	<u>-</u>	<u>-</u>	<u>1,280,702</u>
Depreciable capital assets				
Land improvements	442,824	-	-	442,824
Buildings and Building Improvments	39,512,668	-	-	39,512,668
Technology equipment	207,399	-	607	206,792
Vehicles	2,343,313	98,265	6,209	2,435,369
General equipment	647,298	39,846	8,499	678,645
Totals - Depreciable capital assets	<u>43,153,502</u>	<u>138,111</u>	<u>15,315</u>	<u>43,276,298</u>
Less: Accumulated depreciation				
Land improvements	437,957	2,880	-	440,837
Buildings and building Improvments	9,540,341	940,414	-	10,480,755
Technology equipment	164,831	-	824	164,007
Vehicles	1,824,970	113,689	6,209	1,932,450
General equipment	500,265	40,317	8,074	532,508
Totals - Accumulated depreciation	<u>12,468,364</u>	<u>1,097,300</u>	<u>15,107</u>	<u>13,550,557</u>
Governmental Activities Capital Assets - net	<u>\$ 31,965,840</u>	<u>\$ (959,189)</u>	<u>\$ 208</u>	<u>\$ 31,006,443</u>
<b>Business-Type Activities</b>				
General equipment	\$ 264,719	\$ -	\$ 12,332	\$ 252,387
Totals - Depreciable capital assets	<u>264,719</u>	<u>-</u>	<u>12,332</u>	<u>252,387</u>
Less: Accumulated depreciation				
General equipment	189,351	11,649	12,008	188,992
Totals - Accumulated depreciation	<u>189,351</u>	<u>11,649</u>	<u>12,008</u>	<u>188,992</u>
Business-Type Activities Capital Assets -net	<u>\$ 75,368</u>	<u>\$ (11,649)</u>	<u>\$ 324</u>	<u>\$ 63,395</u>

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

**WASHINGTON COUNTY BOARD OF EDUCATION**

**Notes to the Financial Statements**

**Year Ended June 30, 2020**

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**Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

**Pension obligations**

The District participates in both the Teachers' Retirement System of the State of Kentucky (TRS) and the Kentucky Retirement System - County Employees Retirement System (CERS) for non-hazardous duties.

**Teacher's Retirement System of the State of Kentucky (TRS)**

**Plan Description**

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 cost-sharing multiple-employer defined benefit plan with a special funding situation established to provide retirement annuity plan coverage for local school districts and other public educational agencies in the Commonwealth of Kentucky. KRS 161.250 provides that the general administration and management of TRS, and the responsibility for its proper operation, is vested in a board of trustees. TRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth's financial statements. TRS covers positions requiring teaching certification or otherwise requiring a college degree as well as any person providing part-time or substitute teaching services that are the same or similar to those teaching services provided by full-time, certified teachers. Copies of the TRS Comprehensive Annual Financial Report and Actuarial Valuations may be obtained at: <https://trs.ky.gov/administration/financial-reports-information/>.

**Pension Benefits**

For member 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), 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 than ten years. New members after July 1, 2002 who retire with ten or more years of total service will receive monthly benefits equal to 2.5% of their final average salary for each year of service including the first ten years. In addition, employees who retire July 1, 2004 or later with more than 30 years of service will have their multiplier increased for all years over 30 from 2.5 % to 3.0% to be used in their benefit calculation. Effective July 1, 2008 the system has been amended to change the benefit structure for members hired on or after that date.

Final average salary is defined as the member's five (5) highest annual salaries for those with less than 27 years of service. Employees at least age 55 with 27 or more years of service may use their three (3) highest annual salaries to compute the final average salary. TRS also provides disability benefits for bested employees at the rate of sixty (60) percent of the final average salary.

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.

**WASHINGTON COUNTY BOARD OF EDUCATION**

**Notes to the Financial Statements**

**Year Ended June 30, 2020**

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**Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

Contributions

Contributions rates are established by Kentucky Revised Statutes (KRS). Non-university employees are required to contribute 12.855% of their salaries to the System. The Commonwealth of Kentucky, as a non-employer contributing entity, pays matching contributions in the amount of 13.105% of salaries for local school district employees hired before July 1, 2008 and 14.105% for those hired after July 1, 2008. For local school district employees whose salaries are federally funded, the employer contributes 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.

Kentucky Retirement System (KRS) - County Employees Retirement System (CERS)

Plan Description

Under the provisions of KRS 61.645, the Board of Trustees of the Kentucky Retirement System (KRS) administers CERS and has the authority to establish and amend benefit provisions. CERS was created by the Kentucky General Assembly pursuant to the provision of KRS 78.520. CERS is a cost-sharing, multiple-employer defined benefit pension plan administered by the Kentucky General Assembly. KRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth's financial statements. CERS covers employees whose positions do not require a degree, substantially all full-time classified employees and these positions are considered non-hazardous. Copies of the TRS Comprehensive Annual Financial Report and Actuarial Valuations may be obtained at <https://kyret.ky.gov/Employers/GASB/Pages/default.aspx>.

Pension Benefits

CERS provides retirement, health insurance, death and disability benefits to CERS plan employees and beneficiaries. Employees are vested in the plan after five years' service. For retirement purposes employees are grouped into three tiers, based on hire date:

Tier 1	Participation date	Before September 1, 2008
	Unreduced retirement	27 years' service or 65 years old
	Reduced retirement	At least 5 years' service and 55 years of age or at least 25 years' service and any age
Tier 2	Participation date	September 1, 2008 – December 31, 2013
	Unreduced retirement	At least 5 years' service and 65 years old or age 57+ and sum of service years plus age equal 87
	Reduced retirement	At least 10 years' service and 60 years old
Tier 3	Participation date	After December 31, 2013
	Unreduced retirement	At least 5 years' service and 65 years old or age 57+ and sum of service years' equal 87
	Reduced retirement	Not available

**WASHINGTON COUNTY BOARD OF EDUCATION**

**Notes to the Financial Statements**

**Year Ended June 30, 2020**

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**Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

Contributions

CERS pension benefits are grouped into three tiers, based on the hire date:

Tier 1 plan members who began participating prior to September 1, 2008, are required to contribute 5% (non-hazardous) or 8% (hazardous) of their annual creditable compensation. These members are classified in the Tier 1 structure of benefits. Interest is paid each June 30 on members' accounts at a rate of 2.5%. If a member terminates employment and applies to take a refund, the member is entitled to a full refund of contributions and interest.

Tier 2 plan members, who began participating on, or after, September 1, 2008 and before January 1, 2014, are required to contribute 6% (non-hazardous) or 9% (hazardous) of their annual credit compensation, while 1% of these contributions are deposited to an account created for the payment of health insurance benefits under 26 USC Section 401Hh) in the Pension Fund (See Kentucky Administrative Regulation 105 KAR 1:420 Employer's administrative duties). These members are classified in the Tier 2 structure of benefits. Interest is paid each June 30<sup>th</sup> on members' accounts as a rate of 2.5%. If a member terminates employment and applies to take a refund, the member is entitled to a full refund of contributions and interest; however, the 1% contribution to the 401(h) account is non-refundable and is forfeited.

Tier 3 plan members, who began participating on, or after, January 1, 2014, are required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own account. Members contribute 5% (non-hazardous) or 8% (hazardous) of their annual creditable compensation, and an additional 1% to the health insurance fund (401(h) account) which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the KRS board based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received an employer pay credit is deposited to the member's account. A member's account is credited with a 4% (non-hazardous) or 7.5% (hazardous) employer pay credit. The employer pay credit represents a portion of the employer contribution. CERS contribution rates for non-hazardous employees for pension 19.30%, insurance 4.76% for a combined total of 24.06%.

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 18.68% of the member's salary. During the year ending June 30, 2020, the District contributed \$561,367 to the CERS pension plan. The contribution requirements of CERS are established and may be amended by the CERS Board of Trustees.

**WASHINGTON COUNTY BOARD OF EDUCATION**

**Notes to the Financial Statements**

**Year Ended June 30, 2020**

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**Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

Other Retirement Plans

The District also offers employees the option to participate in defined contribution plans under Sections 403(B) and 401(K) of the Internal Revenue Code. All regular full-time and part-time employees are eligible to participate and may contribute up to the maximum allowable by laws. These plans are administered by an independent third-party administrator. The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits them to defer a portion of their salary until future years. This deferred compensation is not available to employees until their termination, retirement, death or unforeseeable emergency. GASB Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, allows entities with little or no administrative involvement and who do not perform the investing function for these plans to omit plan assets and related liabilities from their financial statement statements. The District, therefore, does not report these assets and liabilities on its financial statements. Employee contributions made to the plan during the year total \$201,286. The District does not contribute to these plans.

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

On June 30, 2020, the District reported a liability for its proportionate share of the net pension liability for CERS. The District did not report a liability for the District's proportionate share of the net pension liability for TRS because the Commonwealth of Kentucky provides the pension support directly to TRS on behalf of the District.

The amount recognized by the District as its proportionate share of the net pension liability, the related Commonwealth 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 CERS pension liability	\$ 5,850,157
Commonwealth's proportionate share of the net TRS pension liability associated with the District	<u>31,999,436</u>
	<u>\$ 37,849,593</u>

The net pension liability for each plan was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year end, June 30, 2019, using generally accepted actuarial principles. The District's proportion of the net pension liability for CERS was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. On June 30, 2019 the District's proportion was .083181%. For the year ended June 30, 2020, the District recognized CERS pension expense of \$450,307 (\$346,308 in governmental funds and \$103,999 in proprietary funds) and \$317,346 related to TRS. The District also recognized revenue of \$2,587,833 for TRS support provided by the Commonwealth.

**WASHINGTON COUNTY BOARD OF EDUCATION**

**Notes to the Financial Statements**

**Year Ended June 30, 2020**

**Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

On June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 149,372	\$ 24,718
Changes of assumptions	592,102	-
Net difference between projected and actual earnings on pension plan	112,300	206,607
Changes in proportion and difference between District contributions proportionate share of contributions	27,291	166,558
District contributions subsequent to the measurement date	450,307	-
	<u>\$ 1,331,372</u>	<u>\$ 397,883</u>

The amount reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date is \$450,307 and will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows related to pensions will be recognized in pension expense as follows:

Year ending June 30:		
2019	\$	353,582
2020		89,993
2021		32,906
2022		6,691
2023		-
Thereafter		-

**Actuarial assumptions**

For TRS, the actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, three years prior to the end of the fiscal year in which contributions are reported (as of June 30, 2016 for the fiscal year 2019 contributions). The following actuarial methods and assumptions were used to determine contribution rates reported in the most recent year of that schedule:

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	28.1 years
Asset valuation method	5-year smoothed market
Inflation	3.00%
Salary Increase	3.50-7.30%, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation



**WASHINGTON COUNTY BOARD OF EDUCATION**

**Notes to the Financial Statements**

**Year Ended June 30, 2020**

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**Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

For CERS, the actuarially determined contribution rates effective for fiscal year ending 2019 were calculated as of June 30, 2018. The following actuarial methods and assumptions were used:

Actuarial cost method	Entry Age Normal
Asset valuation method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Amortization method	Level Percent of Pay
Amortization period	26 years, closed
Payroll Growth Rate	2%
Investment return	6.25%
Inflation	2.30%
Salary increases	3.30%-11.55%, varies by service

For TRS, the 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 of July 1, 2010 – June 30, 2015 adopted by the TRS 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 renewal rates of return by the target asset allocation percentage and by adding expected inflation.

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

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

**WASHINGTON COUNTY BOARD OF EDUCATION**

**Notes to the Financial Statements**

**Year Ended June 30, 2020**

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**Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

For CERS, the mortality table used for active member is RP-2000 Combined Mortality Table projected with Scale BB to 2013 with Scale BB (setback 1 year for females).

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 tables below.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Growth		
US Equity	18.8%	4.30%
Non-US Equity	18.8%	4.80%
Private Equity	10.0%	6.65%
Specialty Credit/High Yie	15.0%	2.60%
Liquidity		
Core Bonds	13.5%	1.35%
Cash	1.0%	0.20%
Diversifying Strategies		
Real Estate	5.0%	4.85%
Opportunistic	3.0%	2.97%
Real Return	15.0%	4.10%
Total	100%	3.89%

**Discount Rate**

For TRS, the discount rates used to measure the total pension liability was 7.50%. The project of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Employer contributions will be made at the Actuarially Determined Contribution rates 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 project benefit payments to determine the total pension liability.

For CERS, a single discount rate of 6.25% was used to measure both the non-hazardous and hazardous system to measure the total pension liability for the fiscal year ending June 30, 2019. The single discount rate was based on the expected rate of return on pension plan investments for each system. Based on the state stated assumptions and the projection of cash flows as of each fiscal year ending, the pension plan's fiduciary net position and future contributions were projected to be sufficient to finance all the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability for each system. The projection of cash flows used to determine the single discount rate assumes that the funds receive the required employer contributions each future year, as determined by the current funding policy established in Statue as last amended by House Bill 362 (passed in 2018).

**WASHINGTON COUNTY BOARD OF EDUCATION**

**Notes to the Financial Statements**

**Year Ended June 30, 2020**

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**Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

The following table present the net pension liability of the district calculated using the discount rates selected by each pension system, as well as what the District’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower and 1-percentage-point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
TRS	6.50%	7.50%	8.50%
District's proportionate share of net pension liability \$	-	-	-
CERS	5.25%	6.25%	7.25%
District's proportionate share of net pension liability \$	7,316,887	5,850,157	4,627,652

**Other postemployment benefit (OPEB) obligations**

The District’s employees are provided with two OPEB plans, based on each position’s college degree requirement. TRS covers positions requiring teaching certification or otherwise requiring a college degree. The CERS covers employees whose position does not require a college degree or teaching certification. Retired district employees receive some health care benefit depending on their length of service. In accordance with Kentucky Revised Statues, these benefits are provided and advance funded on an actuarially determined basis through the TRS and CERS plans. The TRS publicly available financial report may be obtained from <https://trs.ky.gov/administration/financial-reports-information/> . CERS issues a publicly available financial report that can be obtained at <https://kyret.ky.gov/Employers/GASB/Pages/default.aspx>.

**TRS – OPEB**

The Commonwealth of Kentucky (State) reports a liability, deferred outflows of resources and deferred inflows of resources, and expenses as a result of the statutory requirement to contribute to the TRS Medical Insurance (MIF) and Life Insurance Plans (LIF). The following information is about the TRS plans:

**TRS Medical Insurance Fund (MIF)**

**Plan description**

In addition to the retirement annuity plan described previously, KRS 161.675 requires TRS to provide access to post-employment healthcare benefits for eligible employees and dependents. The TRS medical plan (MIF) is a cost-sharing multiple-employer defined benefit plan. The MIF is funded by employer and member contributions. Changes to the medical plan may be made by the TRS Board of Trustees, the Kentucky Department of Employee Insurance (KDEI), and the General Assembly.

The TRS medical plan is funded by employee contributions to an account established pursuant to 26 U.S.C. sec. 401(h). Additional funding is derived from the Kentucky Teacher’s’ Retirement System insurance trust fund that went into effect on July 1, 2010. The insurance trust fund provides a trust separate from the account established pursuant to 26 U.S.C. sec. 401(h). The insurance trust fund includes employer and retired member contribution required under KRS 161.550 and KRS 161.675(4)(b)

**WASHINGTON COUNTY BOARD OF EDUCATION**

**Notes to the Financial Statements**

**Year Ended June 30, 2020**

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**Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

Benefits provided

To be eligible for medical benefits through TRS, the member must have retired either for service or disability. The TRS medical plan offers coverage to members under the age of 65 through the Kentucky Employees Health Plan (KEHP) 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. The Commonwealth of Kentucky bears risk for excess claims expenses that exceed the premium equivalents charged for the Kentucky Employees Health Plan. 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 TRS post-retirement healthcare benefit, seven and one-half percent (7.5%) of the gross annual payroll of members is contributed. Three 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.

**TRS Postemployment Life Insurance Benefits (LIF)**

Plan description

TRS administers the life insurance plan as provided by KRS 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. This benefit is financed by actuarially determined contributions from the 207 participating employers. Changes made to the life insurance plan may be made by the TRS Board of Trustees and the General Assembly.

Benefits provided

The benefit TRS provides is \$5,000 for members who are retired for service or disability, and \$2,000 for active contributing members.

Contributions

For TRS to fund the post-retirement life insurance benefit, three hundredths of one percent (.03%) of the gross annual payroll of members are contributed by the state.

**CERS – OPEB**

Plan description

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 covered based on the retired member's years of service and type of service. Non-hazardous members receive a contribution subsidy for both the member and dependent coverage.

**WASHINGTON COUNTY BOARD OF EDUCATION**

**Notes to the Financial Statements**

**Year Ended June 30, 2020**

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**Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

Benefit provided

Percentage of premium subsidies for CERS ranges from 0% for less than 4 years of service to 100% for 20 years or more service. For members who initiated participation in 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 RKS 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 retiree receives \$10 toward the monthly premium for each full year of service.

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

Contribution

CERS allocates a portion of the employer contributions to the health insurance benefit plan. For the 2019 measurement period, CERS allocated 6.21% of the 28.05% actuarially required contribution rate paid by employers for funding the healthcare benefit. In addition, 1% of the tier 2 and 3 employee contributions of 6% are allocated to the health insurance plan.

On June 30, 2020, the amount recognized by the District as its proportionate share of the net OPEB liability, the related Commonwealth support, and the total portion of the net OPEB liability with the District were as follows:

District's proportionate share of the net TRS OPEB MIF liability	\$ 3,679,000
District's proportionate share of the net CERS OPEB MIF liability	<u>1,398,697</u>
Total district proportionate share	5,077,697
Commonwealth's proportionate share of the net TRS OPEB - MIF liability associated with the District	<u>2,971,000</u>
Total	<u><u>\$ 6,650,000</u></u>

The net OPEB liability for each plan was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018.

**WASHINGTON COUNTY BOARD OF EDUCATION**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2020**

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**Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

On 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	\$ -	\$ 422,019
Changes of assumptions	511,887	2,768
Net difference between project and actual earnings on OPEB plan investments	25,213	962,337
Changes in proportion and difference between District contributions and proportionate share of contributions	10,235	239,650
District contributions subsequent to the measurement date	339,339	-
	<u>\$ 886,674</u>	<u>\$ 1,626,774</u>
Total		

Of the total amount reported as deferred outflows of resources related to OPEB, \$339,339 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Year ending June 30:	<u>TRS</u>	<u>CERS</u>
2020	\$ (178,000)	(21,911)
2021	(178,000)	(21,911)
2022	(170,000)	(2,159)
2023	(172,000)	(39,971)
2024	(150,000)	(40,093)
Thereafter	(97,000)	(8,394)

**WASHINGTON COUNTY BOARD OF EDUCATION**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2020**

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**Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

Actuarial assumptions for TRS are as follows:

Inflation	3.00%
Real wage growth	0.50%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50%-7.20%
Long-term Investment Rate of Return, net of OPEB plan investment expense, including inflation	
MIF	8.00%
LIF	7.50%
Single Equivalent Interest Rate, Net of OPEB plan investment Expense, including price Inflation	
MIF	8.00%
LIF	7.50%

MIF Health Cost Trends

Under Age 65	7.75% for FYE 2018 decreasing to an ultimate rate of 5.00% by FYE 2024
Ages 65 and Older	5.50% for FYE 2019 decreasing to an ultimate rate of 5.00% by FYE 2021
Medicare Part B Premiums	2.63% for FYE 2019 with an ultimate rate of 5.00% by 2031

Actuarial assumptions for CERS are as follows:

Inflation	2.3%
Payroll growth	2.0%
Salary increases, including	3.30% to 11.55%, varies by service
Investment Return	6.25%

Mortality Rates

For TRS, 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.

For CERS, mortality rates were based on the RP-2000 Combined Mortality Table projected to 2013 with projection scale BB and set back 1 year for females.

**WASHINGTON COUNTY BOARD OF EDUCATION**

**Notes to the Financial Statements**

**Year Ended June 30, 2020**

**Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

Rate of Return

For TRS, 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 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>MIF 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>	

<u>Asset Class</u>	<u>LIF* Target Allocation</u>	<u>30-Year Expected Geometric Real Rate of Return</u>
U.S. Equity	40.00%	4.30%
International Equity	23.00%	5.20%
Fixed Income	18.00%	1.20%
Real Estate	6.00%	3.80%
Private Equity	5.00%	6.30%
Other Additional Categories	6.00%	3.20%
Cash (LIBOR)	2.00%	0.90%
Total	<u>100.00%</u>	

For CERS, the long-term expected rate of return on OPEB investments was determined by using a building block method in which best estimate ranges of expected future real rates of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of estimates of arithmetic real rate of return for each major asset class is summarized in the table below. The current long-term inflation assumption is 2.30% per annum.



WASHINGTON COUNTY BOARD OF EDUCATION  
Notes to the Financial Statements  
Year Ended June 30, 2020

**Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

The target allocation and best estimates of arithmetic real rates of return for each major asset class, as provided by the TRS’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>
<b>Growth</b>	<b>62.50%</b>	
US Equity	18.75%	4.3%
Non-US Equity	18.75%	4.8%
Private Equity	10.00%	6.7%
Specialty Credit/High Yield	15.00%	2.6%
<b>Liquidity</b>	<b>14.50%</b>	
Core Bonds	13.50%	1.35%
Cash	1.00%	0.20%
<b>Diversifying Strategies</b>	<b>23.00%</b>	
Real Estate	5.00%	4.85%
Opportunistic	3.00%	2.97%
Real Return	15.00%	4.10%

Discount Rate

For TRS, the discount rate used to measure the TOL at June 30, 2019 was 8.00% for the MIF and 7.5% for the LIF.

MIF discount rate (SEIR). The discount rate used to measure the TOL as of the Measurement Date was 8.0%.

The projection of cash flows used to determine the discount rate was performed in accordance with GASB 74. The projection’s basis was an actuarial valuation performed as of June 30, 2018. In addition to the actuarial methods and assumptions of the June 30, 2018 actuarial valuation, the following actuarial methods and assumptions were used in to project of cash flows.

- Total payroll for the initial projection year consists of the payroll of the active membership present on the Valuation Date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 3.50%.
- The pre-65 retiree health care costs for members retired on or after July 1, 2010 were assumed to be paid by either the State or the retirees themselves.
- As administrative expenses, other than the administrative fee of \$7.44 PM paid to KEHP by TRS were assumed to be paid in all years by the employers as they come due, they were not considered.
- Cash flows occur mid-year.
- Future contributions to the MIF were based upon the contribution rates defined in statute and the projected payroll of active employees. Per KRS 161.540(1).3 and 161.550(5), when the MIF achieves a sufficient prefunded status, as determined by the retirement system’s actuary, the following MIF statutory contributions re to be decreased, suspended or eliminated:
  - Employee contributions
  - School District/University Contributions
  - State Contributions for KEHP Premium subsidies payable to retirees who retire after June 30, 2010

**WASHINGTON COUNTY BOARD OF EDUCATION**

**Notes to the Financial Statements**

**Year Ended June 30, 2020**

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**Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

To reflect these adjustments, open group projections were used and assumed an equal, pro rata reduction to the current statutory amounts in the years if/when the MIF is projected to achieve a Funded Ratio of 100% or more. Here, the current statutory amounts are adjusted to achieve total contributions equal to the Actuarially Determined Contribution (ADC), as determined by the prior year's valuation and in accordance with the MIF's funding policy (Schedule B). As the specific methodology to be used for the adjustments has yet to be determined, there may be differences between the projected results and future experience. This may also include any changes to retiree contributions for KEHP coverage pursuant to KRS 161.674(4)(b).

- In developing the adjustments to the statutory contributions in future year, the following was assumed:
  - Liabilities and cash flows are net of expected retiree contributions and an implicit subsidy attributable to coverage while participating in KEHP.
  - For the purpose of developing estimates for new entrants, active headcounts were assumed to remain flat for all future years.

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

**LIF Discount rate.**

The discount rate used to measure the TOL as of the Measurement Date was 7.50%. The projection of cash flows used to determine the discount rates was performed in accordance with GASB 74. The projection's basis was an actuarial valuation performed as of June 30, 2018. In addition to the Actuarial methods and assumptions of the June 30, 2018 actuarial valuation, the following actuarial methods and assumptions were used in the projection of the LIF's cash flows:

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

- The employer will contribute the Actuarially Determined Contribution (ADC) in accordance with the LIF's funding policy (Schedule B) determined by a valuation performed on a date two years prior to the beginning of the fiscal year in which the ADC applies.
- As administrative expenses were assumed to be paid in all year by the employer as they come due, they were not considered.
- Active employees do not explicitly contribute to the plan. Cash flows occurred mid-year.
- Based on the assumptions, the LIF's FNP was not projected to be depleted.

**Long-term rate of return**

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

**Municipal bond rate**

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

**WASHINGTON COUNTY BOARD OF EDUCATION**

**Notes to the Financial Statements**

**Year Ended June 30, 2020**

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**Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

Periods of projected benefit payments

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

CERS

Single discount rates of 5.68% for the non-hazardous system were used to measure the total OPEB liability as of June 30, 2019. The single discount rates are based on the expected rate of return on OPEB plan investments of 6.25% and a municipal bond rate of 3.13%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 28, 2019. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the plan's fiduciary net position and future contributions were projected to be sufficient to finance the future benefit payments of the current plan members. There, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the retirement system. However, the cost associated with the implicit employer subsidy is not currently being included in the calculation of the System's actuarially determined contributions, and it is our understanding that any cost associated with the implicit subsidy will not be paid out of the System's trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicitly subsidy. The project of cash flows used to determine the single discount rate assume that the funds receive the required employer contributions each future year, as determined by the current funding policy established in statue as last amended by House Bill 362 (passed in 2018).

The CERS discount rate used to determine the Measurement Date was 7.50%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 74. The projection's basis was an actuarial valuation performed as of June 30, 2018. In addition to the actuarial methods and assumptions of the June 30, 2018 actuarial valuation, the following actuarial methods and assumptions were used in the projection of the LIF's cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the Valuation Date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 3.50%.
- The employer will contribute the Actuarially Determined Contribution (ADC) in accordance with the LIF's funding policy (Schedule E) determined by a valuation performed on a date two years prior to the beginning of the fiscal year in which the ADC applies.
- As administrative expenses were assumed to be paid in all years by the employer as they come due, they were not considered.
- Active employees do not explicitly contribute to the plan.
- Cash flows occur mid-year.

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

**Risk management**

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

**WASHINGTON COUNTY BOARD OF EDUCATION**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2020**

**Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

**Lease Obligations**

Capital lease - The District has no capital lease obligations.

Operating lease - The District entered into an operating lease for office equipment beginning August 25, 2016 and ending August 24, 2020. The agreement is for a 48-month term and supplement to this agreement was approved October 15, 2018 to end at the same time as the original agreement. Annual payments for the remaining term total \$23,192.24. The agreements have an opt-out clause requiring written notification to cancel within 60 days.

**Long-Term Debt**

The Kentucky School Facility Construction Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting the school construction needs. Through a “participation agreement” with the District the Commission agreed to pay annual debt service requirements on behalf of the District.

The bonds may be called prior to maturity at dates and redemption premiums specified in each issue. Assuming no issues are called prior to maturity, the minimum obligation of the District, including amounts to be paid by the Commission, on June 30, 2020 for debt services are as follows:

	Interest Rates	Maturity Date	Original Issue	Beginning Balance	Increases	Decreases	Ending Balnce	Due within one year
Governmental Activities:								
Revenue Bonds:								
Series 2012	2.0 - 3.5%	08/01/32	\$ 15,185,000	\$ 12,635,000	\$ -	\$ 455,000	\$ 12,180,000	\$ 460,000
Series 2016	1-3%	08/01/36	1,885,000	1,745,000	-	70,000	1,675,000	75,000
Refunding Revenue Bonds:								
Series 2008A	2.5 - 3.25%	08/01/23	3,910,000	1,685,000	-	310,000	1,375,000	330,000
Series 2013	1.30%	12/01/23	1,390,000	630,000	-	125,000	505,000	125,000
Totals			<u>\$ 22,370,000</u>	<u>\$ 16,695,000</u>	<u>\$ -</u>	<u>\$ 960,000</u>	<u>\$ 15,735,000</u>	<u>\$ 990,000</u>

**WASHINGTON COUNTY BOARD OF EDUCATION**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2020**

**Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

The future principal and interest payments on long-term debt are as follows:

Fiscal Year Ending	District		Kentucky School Facility	
	Principal	Interest	Principal	Interest
2021	\$ 830,891	\$ 421,793	\$ 159,109	\$ 55,639
2022	852,265	396,818	162,735	52,011
2023	878,437	370,643	166,563	48,183
2024	909,103	343,181	160,897	44,213
2025	934,065	315,337	125,935	40,451
2026	965,452	287,251	129,548	36,838
2027	996,662	257,767	133,338	33,048
2028	1,022,673	226,781	137,327	29,060
2029	1,058,475	194,045	141,525	24,862
2030	1,093,934	159,097	146,066	17,548
2031	1,129,059	122,148	150,941	18,219
2032	1,168,891	82,847	156,109	10,277
2033	1,211,384	41,413	128,616	5,425
2034	162,807	17,868	27,193	2,832
2035	166,980	12,921	28,020	2,004
2036	171,125	7,849	28,875	1,151
2037	176,083	2,641	23,917	359
	<u>\$ 13,728,286</u>	<u>\$ 3,260,400</u>	<u>\$ 2,006,714</u>	<u>\$ 422,120</u>

**Kentucky School Board Insurance Trust (KSBIT)**

The District elected to take advantage of the 0% interest option repayment plan for the worker’s compensation and property and liability insurance deficit with the now defunct KSBIT. The repayment plan required the District to pay 25% of the work’s compensation deficit during fiscal year 2014 with the remaining balance to be repaid over the next six years, and to pay 40% of the property and liability deficit during fiscal year 2014 where the remaining was repaid over during 2016. During fiscal year 2020 \$19,876 was paid toward the worker’s compensation deficit leaving the last remaining payment due in fiscal 2021 of \$19,876.

**WASHINGTON COUNTY BOARD OF EDUCATION**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2020**

**Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

**Interfund transfers**

Interfund transfers are used to fund operations in the various accounts. The composition of interfund transfers as of June 30, 2020 is as follows:

	<u>Transfers In From Other Funds</u>	<u>Transfers Out To Other Funds</u>
General Fund	\$ -	\$ 36,118
Special Revenue Fund	36,118	-
Capital Outlay Fund	-	14,877
Building Fund	-	1,235,248
Debt Service Fund	1,250,125	-
	<u>\$ 1,286,243</u>	<u>\$ 1,286,243</u>

- The General Fund transferred \$36,118 to Special Revenue Fund to meet grant requirements.
- The Capital Outlay Fund transferred \$14,877 to cover debt service principal and interest payments.
- The Building Fund transferred \$1,250,125 to the Debt Service Fund to cover debt service principal and interest payments.

**On-Behalf payments**

The Commonwealth of Kentucky makes payments on-behalf of the District for the employer’s portion of health benefits, teacher’s retirement, technology, and debt service.

Kentucky Teachers Retirement System	\$ 2,587,833
Health, Life, Vision & Dental Insurance	1,836,549
Technology	81,079
Debt Service	<u>214,746</u>
Recognized at the Fund Level	4,720,207
Additional pension & OPEB expense recognized at the Governmental-wide Level	<u>260,642</u>
Total On-Behalf	<u>\$ 4,980,849</u>

**Investments**

The private purpose trust investments on June 30, 2020 are as follows:

<u>Private Purpose Trust Investments</u>	<u>Rating</u>
Money Market	N/R
Investment Co of America Fund A	A

**WASHINGTON COUNTY BOARD OF EDUCATION**

**Notes to the Financial Statements**

**Year Ended June 30, 2020**

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**Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

**Risk and Uncertainties**

The District invest in investment securities. Investment securities are exposed to various risks, such as interest rate, credit and market risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amount balances and the amounts reported in the financial statements.

**Interest Rate Risk**

The district does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk**

Under Kentucky Revised Statutes Section 66.480, the District is authorized to invest in obligations of the United States and its agencies and instrumentalities, obligations and contract for future delivery or purchase of obligations backed by the full faith and credit of the United States or of its agencies, obligations of any corporation or the United States government, certificates of deposit, commercial paper rated in one of the three highest categories by nationally recognized rating agencies and securities I mutual funds shall be eligible investments pursuant to this section. The District has no investment policy that would further limit its investment choices. The District's Edward Jones investment account was donated for the purpose to award scholarships, therefore, the mutual fund, Investment Co of America Fund A. is not in compliance with the Kentucky Revised Statute.

**Concentration of Credit Risk**

The District places no limit on the amount the District may invest in any one issuer.

**Custodial Credit Risk**

The District's investment in the mutual fund, Investment Co of America Fund A, is uninsured and uncollateralized.

**Fair Value Measurement** – The District's investments are measured and reported at fair value and classified according to the following hierarchy:

- Level 1 – Investment reflect prices quoted on active markets.
- Level 2 – Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include input in markets that are considered to be active.
- Level 3 – Investments reflect prices based on unobservable sources.
- 

Investments as noted in the above table are classified as Level 1 investments.

**WASHINGTON COUNTY BOARD OF EDUCATION**

**Notes to the Financial Statements**

**Year Ended June 30, 2020**

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**Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

**New Pronouncements**

The Governmental Accounting Standards Board (GASB) issued Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. The Statement is intended to provide relief to government and other stakeholders in light of COVID-19 pandemic.

The guidance postpones by one year the effective dates of certain provisions in the following pronouncements:

- Statement No. 83, Certain Asset Retirement Obligations
- Statement NO. 84 Fiduciary Activities
- Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements
- Statement No. 89 Accounting for Interest Cost Incurred before the End of a Construction Period
- Statement No. 90, Majority Equity Interest
- Statement NO. 91 Conduit Debt Obligations
- Statement No. 92 Omnibus 2020
- Statement NO. 93, Replacement of Interbank Offered Rates
- Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pension (and Certain Issues Related to OPEB Plan Reporting)
- Implementation Guide No. 2018-1, Implementation Guidance Update -2018
- Implementation Guide No. 2019-1 Implementation Guidance Update – 2019
- Implementation Guide No. 2019-2, Fiduciary Activities.

The Statement postpones the effective dates of the following pronouncements by 18 months:

- Statement No. 87, Leases
- Implementation Guide No. 2019-3, Leases.

GASB issued Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements effective for the District's fiscal year ending June 30, 2020.

The adoption of Statement No. 94 did not have an impact on the District's financial position or results of operations.

The district chose to continue with the adoption of GASB Statement No. 84. The object of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement 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 general should report fiduciary activities that are not held in trust or equivalent arrangement that meets specific criteria. As a result, the district added the Student Activity Fund which are custodial funds.



**WASHINGTON COUNTY BOARD OF EDUCATION**

**Notes to the Financial Statements**

**Year Ended June 30, 2020**

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**Note III – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

**Prior Period Adjustments**

The District Activity and the Student Activity fund beginning balances were adjusted in total by \$23,112 and \$87,059 respectively due to the implementation of GASB 84

**Subsequent events**

On June 22, 2020, the District entered into a new multi-functional printer/copier lease agreement in the amount of \$114,375 with Toshiba Financial Services.

**COVID19**

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States. On March 6, 2020 the Governor of Kentucky declared a health emergency and issued an order to close all nonessential businesses until further notice. The ultimate disruption which may be caused by the outbreak is uncertain; however, it may result in a material adverse impact on the Board of Education's financial operations. Possible effects may include, but are not limited to, disruption to the Board of Education's revenue in the form of tax collections including property, franchise and motor vehicle tax. While the Board of Education expects this matter to negatively impact its financial operations, the related impact cannot be reasonably estimated at this time.

Washington County School District  
REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the District's Proportionate Share of Net OPEB Liability – TRS and CERS  
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)
<b>Teacher's Retirement System of the State of Kentucky (TRS)</b>						
District's proportion of the net pension liability	0.235%	0.247%	0.249%	0.251%	0.392%	0.226%
District's proportionate share of the net pension liability	-	-	-	-	-	-
State's proportionate share of pension liability associated with the District	\$ 31,999,436	\$ 32,358,258	\$ 67,237,491	\$ 74,156,486	\$ 54,836,932	\$ 46,336,988
<b>Total</b>	<b>\$ 31,999,436</b>	<b>\$ 32,358,258</b>	<b>\$ 67,237,491</b>	<b>\$ 74,156,486</b>	<b>\$ 54,836,932</b>	<b>\$ 46,336,988</b>
District's covered-employee payroll	\$ 8,162,978	\$ 7,862,079	\$ 8,005,717	\$ 7,931,908	\$ 7,452,270	\$ 7,066,657
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	58.80%	59.30%	39.80%	35.22%	42.49%	45.59%
<b>County Employee Retirement System (CERS)</b>						
District's proportion of the net pension liability	0.083181%	0.087519%	0.08620%	0.08777%	0.086820%	0.09003%
District's proportionate share of the net pension liability	\$ 5,850,157	\$ 5,330,174	\$ 5,045,492	\$ 4,321,455	\$ 3,732,861	\$ 2,921,000
State's proportionate share of the net pension liability	-	-	-	-	-	-
<b>Total</b>	<b>\$ 5,850,157</b>	<b>\$ 5,330,174</b>	<b>\$ 5,045,492</b>	<b>\$ 4,321,455</b>	<b>\$ 3,732,861</b>	<b>\$ 2,921,000</b>
District's covered-employee payroll	\$ 2,165,776	\$ 2,079,327	\$ 2,130,125	\$ 2,094,093	\$ 2,027,016	\$ 2,023,616
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	270.12%	256.34%	236.86%	206.36%	184.16%	144.35%
Plan fiduciary net position as a percentage of the total pension liability	50.45%	53.54%	53.30%	59.00%	59.97%	66.80%

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

See the accompanying notes to the required supplementary information.

Washington County School District  
REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Contributions CERS and TRS - Pension  
For the Year Ended June 30, 2020

	2020	2019	2018	2017	2016	2015
<b>Teacher's Retirement System of the State of Kentucky (TRS)</b>						
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 8,162,978	\$ 7,862,079	\$ 8,094,258	\$ 8,005,717	\$ 7,931,908	\$ 7,452,270
District's contributions as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>County Employee Retirement System (CERS)</b>						
Contractually required contribution	\$ 417,990	\$ 337,267	\$ 308,467	\$ 292,126	\$ 251,756	\$ 256,931
Contributions in related to the contractually required contribution	417,990	337,267	308,467	292,126	251,756	256,931
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	2,165,776	2,079,327	2,130,125	2,094,093	2,027,016	2,023,616
District's contributions as a percentage of its covered-employee payroll	19.30%	16.22%	14.48%	13.95%	12.42%	12.70%

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

See the accompanying notes to the required supplementary information.

Washington County School District  
REQUIRED SUPPLEMENTARY INFORMATION

Notes to Required Supplementary Information – Pension  
For the Year Ended June 30, 2020

TRS

Changes of benefit terms

None

Changes of assumptions

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 years for males and one year for females rather than the RF-2000 Mortality Table projected to 2020 with projection scale AA, which was used prior to 2016.

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

CERS

There have been no plan provision changes since June 30, 2018. However, the Kentucky Retirement Systems Board of Trustees has adopted new actuarial assumptions since June 30, 2018. These assumptions are documented in the report titled “Kentucky Retirement Systems 2018 Actuarial Experience Study for the Period Ending June 30, 2018”. The Total Pension liability as of June 30, 2019 is determined using these updated assumptions.

Washington County School District  
REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the District's Proportionate Share of the Net OPEB Liability Medical & Life Insurance Plans - TRS – OPEB  
For the Year Ended June 30, 2020

	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)
<b>MEDICAL INSURANCE PLAN</b>		
District's proportion of the collective OPEB liability	0.125712%	0.128113%
District's proportionate share of the collective net OPEB liability	\$ 3,679,000	\$ 4,445,000
State's proportionate share of the collective net OPEB liability associated with the District	<u>2,971,000</u>	<u>3,831,000</u>
Total	<u>\$ 6,650,000</u>	<u>\$ 8,276,000</u>
District's covered-employee payroll	\$ 8,162,978	7,862,079
District's proportionate share of the collective net OPEB liability as percentage of its covered-employee payroll	45.07%	56.54%
Plan fiduciary net position as a percentage of the total OPEB	32.58%	25.50%
<b>LIFE INSURANCE PLAN</b>		
District's proportion of the collective OPEB liability	0.00000%	0.00000%
District's proportionate share of the collective net OPEB liability	\$ -	\$ -
State's proportionate share of the collective net OPEB liability associated with the District	<u>69,000</u>	<u>66,000</u>
Total	<u>\$ 69,000</u>	<u>\$ 66,000</u>
District's covered-employee payroll	\$ 8,162,978	7,862,079
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB	73.40%	75.00%

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

See the accompanying notes to the required supplementary information.

Washington County School District  
REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the Contributions - TRS – OPEB  
For the Year Ended June 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>MEDICAL INSURANCE PLAN</b>			
Contractually required contribution	\$ 244,889	\$ 235,862	\$ 240,172
Contributions in relation to the contractually required contribution	<u>244,889</u>	<u>235,862</u>	<u>240,172</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 8,162,978	\$ 7,862,079	\$ 8,005,717
District's contributions as a percentage of it's covered-employee payroll	3.00%	3.00%	3.00%
<b>LIFE INSURANCE PLAN</b>			
Contractually required contribution	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 7,862,079	\$ 7,862,079	\$ 8,094,258
District's contributions as a percentage of it's covered-employee payroll	0.00%	0.00%	0.00%

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

See the accompanying notes to the required supplementary information.

Washington County School District  
REQUIRED SUPPLEMENTARY INFORMATION

Schedule of District's Proportionate Share of the Net OPEB Liability – CERS  
For the Year Ended June 30, 2020

	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)
<b>HEALTH INSURANCE PLAN</b>		
District's proportion of the collective OPEB liability	0.83159%	0.08752%
District's proportionate share of the collective net OPEB liability	\$ 1,398,697	\$ 1,553,900
State's proportionate share of the collective net OPEB liability associated with the District	-	-
Total	\$ 1,398,697	\$ 1,553,900
District's covered-employee payroll	2,165,776	2,079,327
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	64.58%	74.73%
Plan fiduciary net position as a percentage of the total OPEB	60.44%	57.62%

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

See the accompanying notes to the required supplementary information.

Washington County School District  
REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Contributions OPEB Liability – CERS  
For the Year Ended June 30, 2020

<b>HEALTH INSURANCE PLAN</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Contractually required contribution	\$ 103,091	\$ 109,373	\$ 100,116
Contributions in relation to the contractually required contribution	<u>103,091</u>	<u>109,373</u>	<u>100,116</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 2,165,776	\$ 2,079,327	\$ 2,130,125
District's contributions as a percentage of it's covered-employee payroll	4.76%	5.26%	4.70%

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

See the accompanying notes to the required supplementary information.



Washington County School District  
REQUIRED SUPPLEMENTARY INFORMATION

Notes to Required Supplementary Information – OPEB  
For the Year Ended June 30, 2020

TRS

Note I - Changes of Benefit Terms

There were no changes in benefit terms.

MIF

- None

LIF

- None

Note II - Changes to assumptions or other inputs

None

CERS

There have been no plan provision changes since June 30, 2018. However, the Kentucky Retirement Systems Board of Trustees has adopted new actuarial assumptions since June 30, 2018. These assumptions are documented in the report titled "Kentucky Retirement Systems 2018 Actuarial Experience Study for the Period Ending June 30, 2018". The Total Pension liability as of June 30, 2019 is determined using these updated assumptions.

WASHINGTON COUNTY SCHOOL DISTRICT

Combining Balance Sheet – Non-Major Governmental Funds  
June 30, 2020

	District Activity Fund	Student Activity Fund	Capital Outlay Fund	Facility Support Program (FSKP) Fund	Construction Fund	Debt Service Fund	Total Non-Major Funds
<b>ASSETS</b>							
Cash and cash equivalents	\$ 123,181	\$ 108,734	\$ 386,961	\$ 2,409	\$ 176,513	\$ -	\$ 797,798
Interfund receivables	-	-	-	-	-	-	-
Receivables							
Taxes-current	-	-	-	-	-	-	-
Accounts	31	-	-	-	-	-	31
Intergovernmental - state	-	-	-	-	-	-	-
Intergovernmental - federal	-	-	-	-	-	-	-
Total assets	<u>123,212</u>	<u>108,734</u>	<u>386,961</u>	<u>2,409</u>	<u>176,513</u>	<u>-</u>	<u>797,829</u>
<b>LIABILITIES</b>							
Accounts payable	-	2,542	-	-	6,800	-	9,342
Interfund payable	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>2,542</u>	<u>-</u>	<u>-</u>	<u>6,800</u>	<u>-</u>	<u>9,342</u>
<b>FUND BALANCE</b>							
Restricted	-	-	247,070	2,409	169,713	-	419,192
Committed	123,212	106,192	139,891	-	-	-	369,295
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balance	<u>123,212</u>	<u>106,192</u>	<u>386,961</u>	<u>2,409</u>	<u>169,713</u>	<u>-</u>	<u>788,487</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 123,212</u>	<u>\$ 108,734</u>	<u>\$ 386,961</u>	<u>\$ 2,409</u>	<u>\$ 176,513</u>	<u>\$ -</u>	<u>\$ 797,829</u>

WASHINGTON COUNTY SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds  
For the Year Ended June 30, 2020

	District Activity Fund	Student Activity Fund	Capital Outlay Fund	Facility Support Program (FSKP) Fund	Construction Fund	Debt Service Fund	Total Non-Major Funds
<b>Revenues</b>							
From Local Sources							
Taxes							
Property	\$ -	\$ -	\$ -	\$ 714,614	\$ -	\$ -	\$ 714,614
Motor vehicle	-	-	-	-	-	-	-
Franchise	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-
Earnings on investments	3,371	-	6,592	1,776	-	-	11,739
Tuition	-	-	-	-	-	-	-
Student activities	120,084	262,048	-	-	-	-	382,132
Other local revenue	11,766	9,668	-	-	-	-	21,434
Intergovernmental - state	-	-	148,176	521,174	-	214,746	884,096
Intergovernmental - federal	-	-	-	-	-	-	-
Total revenues	<u>135,221</u>	<u>271,716</u>	<u>154,768</u>	<u>1,237,564</u>	<u>-</u>	<u>214,746</u>	<u>2,014,015</u>
<b>EXPENDITURES</b>							
Instruction	136,958	251,015	-	-	-	-	387,973
Support services							
Student	-	-	-	-	-	-	-
Instructional staff	933	-	-	-	-	-	933
District Administration	-	-	-	-	-	-	-
School Administration	-	-	-	-	-	-	-
Business	-	-	-	-	-	-	-
Plant operation and maintenance	-	-	-	-	-	-	-
Student Transportation	-	-	-	-	-	-	-
Community Services Operations	-	-	-	-	-	-	-
Architectural/engineering	-	-	-	-	17,017	-	17,017
Building acquisitions/construction	-	-	-	-	9,560	-	9,560
Other Non-Instructional Services	-	1,568	-	-	-	-	1,568
Debt service							
Principal	-	-	-	-	-	960,000	960,000
Interest	-	-	-	-	-	504,871	504,871
Total expenditures	<u>137,891</u>	<u>252,583</u>	<u>-</u>	<u>-</u>	<u>26,577</u>	<u>1,464,871</u>	<u>1,881,922</u>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>	(2,670)	19,133	154,768	1,237,564	(26,577)	(1,250,125)	132,093
<b>OTHER FINANCING SOURCES (USES)</b>							
Operating transfers in	-	-	-	-	-	1,250,125	1,250,125
Operating transfers (out)	-	-	(14,877)	(1,235,248)	-	-	(1,250,125)
Total other financing sources and (uses)	<u>-</u>	<u>-</u>	<u>(14,877)</u>	<u>(1,235,248)</u>	<u>-</u>	<u>1,250,125</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(2,670)	19,133	139,891	2,316	(26,577)	-	132,093
<b>FUND BALANCE - BEGINNING (Restated)</b>	<u>125,882</u>	<u>87,059</u>	<u>247,070</u>	<u>93</u>	<u>196,290</u>	<u>-</u>	<u>656,394</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 123,212</u>	<u>\$ 106,192</u>	<u>\$ 386,961</u>	<u>\$ 2,409</u>	<u>\$ 169,713</u>	<u>\$ -</u>	<u>\$ 788,487</u>

WASHINGTON COUNTY SCHOOL DISTRICT  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2020

<u>Federal Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Federal Expenditures</u>
<b>US Department of Education</b>			
<b>Passed through Kentucky Department of Education</b>			
<b>Special Education Cluster (IDEA)-Cluster</b>			
*Special Education Grants to States	84.027		
Special Education Grants to States		3810002-18	\$ 228,947
Special Education Grants to States		3810002-19	202,770
<b>Total Special Education Grants to States</b>			<u>431,717</u>
*Special Education Preschool Grants	84.173		
Special Education Preschool Grants		3800002-18	20,592
<b>Total Special Education Preschool Grants</b>			<u>20,592</u>
<b>Total Special Education Cluster (IDEA)-Cluster</b>			<u>452,309</u>
*Title I Grants to Local Educational Agencies	84.010		
Title I Grants to Local Educational Agencies		3100002-17	79
Title I Grants to Local Educational Agencies		3100002-18	106,423
Title I Grants to Local Educational Agencies		3100002-19	311,684
<b>Total Title I Grants to Local Educational Agencies</b>			<u>418,186</u>
<b>Career and Technical Education -- Basic Grants to States</b>	84.048		
Career and Technical Education -- Basic Grants to States		3710002-19	18,028
<b>Total Career and Technical Education -- Basic Grants to States</b>			<u>18,028</u>
<b>Student Support and Academic Enrichment Grant</b>	84.424A		
Student Support and Academic Enrichment Grant		3420002-18	6,748
Student Support and Academic Enrichment Grant		3420002-19	20,000
<b>Total Student Support and Academic Enrichment Grant</b>			<u>26,748</u>
<b>Rural Education</b>	84.358B		
Rural Education		3140002-18	34,914
Rural Education		3140002-19	77,475
<b>Total Rural Education</b>			<u>112,389</u>
<b>Limited Education Proficiency</b>	84.365A		
Limited Education Proficiency		3300002-18	1,054
Limited Education Proficiency		3300002-19	2,624
<b>Total Limited Education Proficiency</b>			<u>3,678</u>
<b>Striving Readers</b>	84.287C		
Striving Readers		3220002-18	41,053
Striving Readers		3220002-19	181,952
<b>Total Striving Readers</b>			<u>223,005</u>

WASHINGTON COUNTY SCHOOL DISTRICT  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended June 30, 2020  
 (Continued)

Federal Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
<b>21st Century Community Learning Center</b>	84.287		
21st Century Community Learning Center		3400002-18	69,310
<b>Total 21st Century Community Learning Center</b>			<u>69,310</u>
<b>Elementary and Secondary School Emergency Relief I</b>	84.425D		
Elementary and Secondary School Emergency Relief Fund		4000002-20	22,485
<b>Total Elementary and Secondary School Emergency Relief Fund</b>			<u>22,485</u>
<b>QIG-PDG Summit Washington County</b>	93.434		
QIG-PDG Summit Washington County		644F	60,000
<b>Total QIG-PDG Summit Washington County</b>			<u>60,000</u>
<b>Passed through National Writing Project</b>			
Investing in Innovation	84.411A		
Investing in Innovation		KY02-2018i3C3WP	5,172
<b>Total Investing in Innovation</b>			<u>5,172</u>
<b>Passed Through State Department of Education:</b>			
Community Work Transition Program	84.002		
Community Work Transition Program		371E	41,517
Community Work Transition Program		371F	1,173
<b>Total Community Work Transition Program</b>			<u>42,690</u>
<b>Total United States Department of Education</b>			<u>1,454,000</u>
<b>United States Department of Agriculture</b>			
<b>National School Lunch Program Cluster</b>			
<b>National School Lunch Program</b>	10.555		
National School Lunch Program		7760005-19	1,095,994
<b>Food Donation - Commodities</b>			
National School Lunch Program - Commodities	10.555	4000816	45,714
<b>National School Breakfast Program</b>			
School Breakfast Program	10.553	7760005-19	430,633
<b>Total National School Lunch Program</b>			<u>1,572,341</u>
<b>Total United States Department of Agriculture</b>			<u>1,572,341</u>
<b>Total Expenditure of Federal Awards</b>			<u>\$ 3,026,341</u>

\* Major programs

## WASHINGTON COUNTY SCHOOL DISTRICT

### Notes to the Schedule of Expenditures of Federal Awards Year Ended June 30, 2020

#### **Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes federal grant activity of the Washington County School District under the programs of the federal government for the year ended June 30, 2020. The information in the 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 Washington County School District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

#### **Note 2. Significant Accounting Policies**

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

#### **Note 3. Food Distribution**

Nonmonetary assistance is reported in the schedule at the fair value of the commodities received and disburse. For the year ended June 30, 2020, the District received food commodities totaling \$45,714.

#### **Note 4. Indirect Cost Rate**

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



PATRICK & ASSOCIATES, LLC

124 Candlewood Drive  
Winchester, KY 40391

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  
Board of Education of the Washington County School District  
Springfield, KY

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States 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 Washington County School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Washington County School District's basic financial statements, and have issued our report thereon dated December 9, 2020.

**Internal Control over Financial Reporting**

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

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

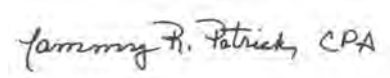
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 Washington County School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**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 "Tammy R. Patrick, CPA". The signature is written in a cursive style.

Tammy R. Patrick, CPA  
Patrick & Associates, LLC

December 9, 2020





PATRICK & ASSOCIATES, LLC

124 Candlewood Drive  
Winchester, KY 40391

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  
Board of Education of the Washington County School District  
Springfield, KY

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

We have audited the Washington 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 Washington County School District's major federal programs for the year ended June 30, 2020. Washington 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 Washington County School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the audit requirements prescribed by the Kentucky State Committee for School District Audits, in the Auditor Responsibilities and State Compliance Requirements sections contained in the Kentucky Public School District's 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 Washington County School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

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

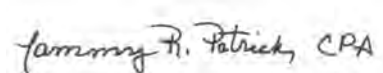
## Report on Internal Control over Compliance

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

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

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.



Tammy R. Patrick, CPA

Patrick & Associates, LLC

December 9, 2020

## Schedule of Findings and Questioned Costs

### **SUMMARY OF AUDITOR'S RESULTS**

What type of report was issued for the financial statements?	Unmodified
Were there significant deficiencies in internal control disclosed? If so, was any significant deficiencies material (GAGAS)?	None Reported
Was any material noncompliance reported (GAGAS)?	No
Were there material weaknesses in internal control disclosed for major programs?	No
Were there any significant deficiencies in internal control disclosed that were not considered to be material weaknesses?	None Reported
What type or report was issued on compliance for major programs?	Unmodified
Did the audit disclose findings as it relates to major programs that are required to be reported as described in Uniform Guidance?	No
Major Programs	Special Education Cluster (IDEA) - Cluster [CFDA 84.027 and 84.173] Title I Grants To Local Educational Agencies [CFDA 84.010]
Dollar threshold of Type A and B programs?	\$750,000

### **FINDINGS – FINANCIAL STATEMENT AUDIT**

No findings at the financial statement level.

### **FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARDS PROGRAMS AUDIT**

No major federal award findings

### **SUMMARY SCHEDULE – PRIOR YEAR AUDIT FINDINGS**

#### **FINDINGS – FINANCIAL STATEMENT AUDIT**

There were no prior year findings

#### **FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT**

There were no prior year findings.

**APPENDIX C**

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

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**Continuing Disclosure Agreement**

## CONTINUING DISCLOSURE UNDERTAKING AGREEMENT

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

### WITNESSETH:

WHEREAS, the Corporation has acted as issuing agency for the Board pursuant to the provisions of Section 162.385 of the Kentucky Revised Statutes ("KRS") and the Corporation's Bond Resolution in connection with the authorization, sale and delivery of \$11,815,000 of the Corporation's School Building Refunding Revenue Bonds, Taxable Series 2021, dated as of August 3, 2021 ("Bonds"), which Bonds were offered for sale under the terms and conditions of a Final Official Statement ("FOS") prepared by RSA Advisors, LLC, Lexington, Kentucky ("Financial Advisor") and approved by the authorized representatives of the Board and the Corporation, and

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

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

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

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

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

### 1. ANNUAL FINANCIAL INFORMATION

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

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

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

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

## **2. MATERIAL EVENTS NOTICES**

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

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

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

- (A) Debt obligation;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## 8. DEFAULT

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

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

**BOARD OF EDUCATION OF  
WASHINGTON COUNTY, KENTUCKY  
SCHOOL DISTRICT**

\_\_\_\_\_  
Chairman

Attest:

\_\_\_\_\_  
Secretary

**WASHINGTON COUNTY SCHOOL  
DISTRICT FINANCE CORPORATION**

\_\_\_\_\_  
President

Attest:

\_\_\_\_\_  
Secretary



**APPENDIX D**

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

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**Official Terms and Conditions of Bond Sale**

## OFFICIAL TERMS AND CONDITIONS OF BOND SALE

**\$11,815,000\***

**Washington County School District Finance Corporation  
School Building Refunding Revenue Bonds, Taxable Series of 2021  
Dated as of August 3, 2021**

**SALE: July 6, 2021 AT 11:00 A.M., E.S.T.**

As published on PARITY®, a nationally recognized electronic bidding system, the Washington County School District Finance Corporation (the "Corporation") will until 11:00 A.M, E.D.S.T., on July 6, 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 \$11,815,000 principal amount of Washington County School District Finance Corporation School Building Refunding Revenue Bonds, Taxable Series of 2021 (the "Refunding Bonds"), dated and bearing interest from August 3, 2021, payable on February 1, 2022, and semi-annually thereafter on August 1 and February 1 of each year, in denominations in multiples of \$5,000 within the same maturity, maturing on February 1, 2022 and August 1 in each of the years as follows:

<u>MATURITY</u>	<u>PRINCIPAL AMOUNT*</u>
Feb. 1, 2022	\$ 45,000
2022	640,000
2023	640,000
2024	1,110,000
2025	1,115,000
2026	1,125,000
2027	1,140,000
2028	1,165,000
2029	1,180,000
2030	1,200,000
2031	1,225,000
2032	1,230,000

\* Subject to Permitted Adjustment as described herein.

### REDEMPTION PROVISIONS

The Bonds maturing on or after August 1, 2029 are subject to redemption at the option of the Corporation prior to their stated maturity on any date falling on or after August 1, 2028, in any order of maturities (less than all of a single maturity to be selected by lot), in whole or in part, upon notice of such prior redemption being given by the Paying Agent in accordance with DTC requirements not less than thirty (30) days prior to the date of redemption, upon terms of the face amount, plus accrued interest, but without redemption premium.

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

The 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.

## **WASHINGTON 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 Washington 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 Washington County School District Finance Corporation School Building Revenue Bonds, Series of 2012, dated June 1, 2012 maturing August 1, 2022 and thereafter (the "Refunded Bonds") at or prior to their stated maturities on August 1, 2022.

### **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 an Adjusted Participation Agreement with the Board whereunder the Commission, will agree to continue to pay approximately \$145,817 to be applied to the debt service of the Refunding Bonds through August 1, 2032; provided, however, that the contractual commitment of the Commission to pay the annual Agreed Participation is limited to each biennial budget period of the Commonwealth, with the first such budget period terminating on June 30, 2022.

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

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

The Refunded Bonds were issued under the authority of Sections 162.120 through 162.300 and 162.385 of the Kentucky Revised Statutes for the purpose of providing funds to finance construction of new Washington County High School (the "Project"). Under the terms of the Resolution authorizing the Refunded Bonds, the Refunded Bonds are payable from the income and revenues of the Project financed from the proceeds thereof. The Refunded Bonds are secured by a lien upon and a pledge of revenues from the rental of the school building Project to the Board under a Lease Agreement, dated June 1, 2012 (the "Prior Lease").

The total principal amount of the Refunded Bonds currently outstanding is \$11,720,000, scheduled to mature on August 1 in each of the years 2021 through 2032. The proceeds of the Refunding Bonds will be used to pay accruing interest on and retire \$500,000 principal due on August 1, 2022 and on August 1, 2022 all of the remaining Refunded Bonds

The 2021 Bond Resolution adopted by the Corporation's Board of Directors authorizes the payment and retirement of the Refunded Bonds including principal and accruing interest at or prior to their stated maturities

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

The 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 school building 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 August 3, 2021 (the "2021 Lease").

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 August 3, 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 August 1, 2032, 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](http://www.rsamuni.com) submitted manually, by facsimile or electronically via PARITY®.

(2) Electronic bids for the Bonds must be submitted through PARITY® and no other provider of electronic bidding services will be accepted. Subscription to the PARITY® Competitive Bidding System is required in order to submit an electronic bid. The Corporation will neither confirm any subscription nor be responsible for the failure of any prospective bidders to subscribe. For the purposes of the bidding process, the time as maintained by PARITY® shall constitute the official time with respect to all bids whether in electronic or written form. To the extent any instructions or directions set forth in PARITY® conflict with the terms of the Official Terms and Conditions of Sale of Bonds, this Official Terms and Conditions of Sale of Bonds shall prevail.

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

(3) The bid shall be not less than \$11,696,850 (99% of par) plus accrued interest. Interest rates shall be in multiples of 1/8 or 1/20 of 1% or both. Only one interest rate shall be permitted per Bond, and all Bonds of the same maturity shall bear the same rate. Interest rates must be on an ascending scale, in that the interest rate stipulated in any year may not be less than that stipulated for any preceding maturity. There is no limit on the number of different interest rates.

(4) The determination of the best purchase bid for said Refunding Bonds shall be made on the basis of all bids submitted for exactly \$11,815,000 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 \$1,180,000, 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 \$10,635,000 or a maximum of \$12,995,000. In the event of any such adjustment, no rebidding or recalculation of a submitted bid will be required or permitted. The price at which such adjusted principal amount of Bonds will be sold will be at the same price per \$5,000 of Refunding Bonds as the price per \$5,000 for the \$11,815,000 of Refunding Bonds bid.

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

(6) The successful purchaser shall be required (without further advice from the Corporation) to wire transfer an amount equal to 2% of the principal amount of Refunding Bonds actually awarded to the Paying Agent 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.

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

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

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

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

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

(D) The Corporation will provide to the successful purchaser a Final Official Statement in accordance with SEC Rule 15c2-12. A Final Official Statement will be provided in Electronic Form to the successful bidder, in

sufficient time to meet the delivery requirements of the successful bidder under SEC and Municipal Securities Rulemaking Board Delivery Requirements. The successful bidder will be required to pay for the printing of Final Official Statements.

(E) If, prior to the delivery of the Bonds, any event should occur which alters the tax 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](http://www.osbd.ky.gov).

## **CONTINUING DISCLOSURE**

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

Financial information regarding the Board may be obtained from Superintendent, Washington County Board of Education, 120 Mackville Hill Road, Springfield, Kentucky 40069 (859) 336-5470.

## **TAX STATUS**

With respect to the tax status of the Refunding Bonds Bond Counsel advises as follows:

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

(B) The interest income from the Refunding Bonds is includable in the gross income of the recipient thereof for Federal income tax purposes under existing law.

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

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

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

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

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

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

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



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

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

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

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

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

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

**WASHINGTON COUNTY SCHOOL DISTRICT  
FINANCE CORPORATION**

By /s/ Dr. Robin Cochran  
Secretary

**APPENDIX E**

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

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**Official Bid Form**

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

The Washington County School District Finance Corporation ("Corporation"), will until 11:00 A.M., E.D.S.T., on July 6, 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 \$11,815,000 School Building Refunding Revenue Bonds, Taxable Series of 2021, dated as of August 3, 2021; maturing February 1, 2022 and August 1, 2022 through 2032 ("Bonds").

We hereby bid for said \$11,815,000\* principal amount of Bonds, the total sum of \$\_\_\_\_\_ (not less than \$11,696,850) plus accrued interest from August 3, 2021 payable February 1, 2022 and semiannually thereafter (rates on ascending scale in multiples of 1/8 or 1/20 of 1%; number of interest rates unlimited) and maturing as to principal on February 1, 2022 and August 1 in each of the years as follows:

<u>Year</u>	<u>Amount*</u>	<u>Rate</u>
Feb. 1, 2022	\$ 45,000	_____ %
2022	640,000	_____ %
2023	640,000	_____ %
2024	1,110,000	_____ %
2025	1,115,000	_____ %
2026	1,125,000	_____ %
2027	1,140,000	_____ %
2028	1,165,000	_____ %
2029	1,180,000	_____ %
2030	1,200,000	_____ %
2031	1,225,000	_____ %
2032	1,230,000	_____ %

\* Subject to Permitted Adjustment up to \$1,180,000

We understand this bid may be accepted for as much as \$12,995,000 of Bonds or as little as \$10,635,000 of Bonds, at the same price per \$5,000 Bond, with the variation in such amount occurring in any maturity or all maturities, which will be determined by the Secretary of the Corporation at the time of acceptance of the best bid.

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

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

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

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

No certified or bank cashier's check will be required to accompany a bid, but the successful bidder shall be required to wire transfer an amount equal to 2% of the principal amount of Refunding Bonds awarded by the close of business on the date following the award. Said good faith amount will be applied (without interest) to the purchase price on delivery. Wire transfer procedures should be arranged through 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 March 3, 2021 and upon acceptance by the Issuer's Municipal Advisor this Official Bid Form shall become the Bond Purchase Agreement.

Respectfully submitted,

\_\_\_\_\_ Bidder

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

\_\_\_\_\_ Address

Total interest cost from August 3, 2021 to final maturity \$ \_\_\_\_\_  
 Plus discount or less any premium \$ \_\_\_\_\_  
 Net interest cost (Total interest cost plus discount or less any premium) \$ \_\_\_\_\_  
 Average interest rate or cost (ie NIC) \_\_\_\_\_ %

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

Accepted by RSA Advisors, LLC, as Agent for the Washington 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>
February 1, 2022	_____,000	_____%	2027	_____,000	_____%
2022	_____,000	_____%	2028	_____,000	_____%
2023	_____,000	_____%	2029	_____,000	_____%
2024	_____,000	_____%	2030	_____,000	_____%
2025	_____,000	_____%	2031	_____,000	_____%
2026	_____,000	_____%			

Dated: July 6, 2021

\_\_\_\_\_  
 RSA Advisors, LLC, Financial Advisor and  
 Agent for Washington County School District  
 Finance Corporation