PRELIMINARY OFFICIAL STATEMENT

DATED AUGUST 10, 2021

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

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

$9,880,000*
CLARK COUNTY SCHOOL DISTRICT FINANCE CORPORATION SCHOOL BUILDING REFUNDING REVENUE BONDS, TAXABLE SERIES OF 2021

Dated with Delivery: September 8, 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.

Maturing 1-Aug	Amount	Interest Rate	Reoffering Yield	CUSIP	Maturing 1-Aug	Amount	Interest Rate	Reoffering Yield	CUSIP
2/1/2022	$45,000	%	%		2027	$1,055,000	%	%	
2022	$545,000	%	%		2028	$1,075,000	%	%	
2023	$540,000	%	%		2029	$1,080,000	%	%	
2024	$545,000	%	%		2030	$1,105,000	%	%	
2025	$545,000	%	%		2031	$1,140,000	%	%	
2026	$1,040,000	%	%		2032	$1,165,000	%	%	

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

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

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

The Clark County (Kentucky) School District Finance Corporation will until August 18, 2021 at 11:30 A.M., E.S.T., receive competitive bids for the Bonds at the office of the Executive Director of the Kentucky School Facilities Construction Commission, 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 $990,000.**

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.

R S A
advisors

CLARK COUNTY, KENTUCKY
BOARD OF EDUCATION

Ashley Ritchie, Chairman
William Taulbee, Member
Brenda Considine, Member
Megan Hendricks, Member
Sherry Richardson, Member

Paul Christy, Superintendent/Secretary

CLARK COUNTY SCHOOL DISTRICT
FINANCE CORPORATION

Ashley Ritchie, President
William Taulbee, Member
Brenda Considine, Member
Megan Hendricks, Member
Sherry Richardson, Member

Paul Christy, Secretary
Aleisha Ellis, 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 Clark 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

$9,880,000*

CLARK 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 Clark 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 Clark County School District Finance Corporation School Building Revenue Bonds, Series of 2012, dated August 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 Clark 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 Clark 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 Clark County Board of Education from its records, except for information expressly attributed to other sources. The presentation of financial and other information is not intended, unless specifically stated, to indicate future or continuing trends in the financial position or other affairs of the Board. No representation is made that past experience, as is shown by financial and other information, will necessarily continue or be repeated in the future.

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

Copies of the Bond Resolution authorizing the issuance of the Bonds and the Lease Agreement, dated September 8, 2021, may be obtained at the office of Steptoe & Johnson PLLC, Bond Counsel, 700 N. Hurstbourne Parkway, Suite 115, Louisville, Kentucky 40222.

BOOK-ENTRY-ONLY-SYSTEM

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

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

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

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

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

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

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

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

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

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

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

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

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

THE CORPORATION

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

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

KENTUCKY SCHOOL FACILITIES CONSTRUCTION COMMISSION

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

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

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

Biennium	Appropriation
1986-88	$18,223,200
1988-90	14,050,700
1990-92	13,542,800
1992-94	3,075,300
1994-96	2,800,000
1996-98	4,996,000
1998-00	12,141,500
2000-02	8,100,000
2002-04	9,500,000
2004-06	14,000,000
2006-08	9,000,000
2008-10	10,968,000
2010-12	12,656,200
2012-14	8,469,200
2014-16	8,764,000
2016-18	23,019,400
2018-20	7,608,000
2020-22	2,946,900
Total	$183,861,200

BIENNIAL BUDGET FOR PERIOD ENDING JUNE 30, 2022

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

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

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

OUTSTANDING BONDS

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

Bond Series	Original Principal	Current Principal Outstanding	Principal Assigned to Board	Principal Assigned to Commission	Approximate Interest Rate Range	Final Maturity
2010-QSCB	$41,535,000	$41,535,000	$41,535,000	$0	5.200%	2026
2011-QSCB	$15,450,000	$15,450,000	$0	$15,450,000	5.000%	2030
2011-QZAB	$2,845,000	$2,845,000	$2,438,832	$406,168	5.000%	2030
2012	$10,800,000	$9,425,000	$10,800,000	$0	3.000% - 3.200%	2032
2014-KISTA	$420,657	$272,377	$420,657	$0	3.000% - 3.500%	2031
2015	$8,380,000	$7,150,000	$5,297,715	$3,082,285	3.000% - 3.500%	2035
2017-Energy	$7,970,000	$7,205,000	$7,970,000	$0	3.000% - 3.500%	2037
2017B	$19,255,000	$18,630,000	$17,588,803	$1,666,197	3.000% - 3.125%	2037
2019	$3,000,000	$2,990,000	$3,000,000	$0	3.000% - 3.750%	2039
2020 REF	$2,265,000	$2,060,000	$0	$2,265,000	1.000%	2030
TOTALS:	$111,920,657	$107,562,377	$89,051,007	$22,869,650		

AUTHORITY

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

i) the issuance of approximately $9,880,000 of Bonds subject to a permitted adjustment of $990,000;

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 September 8, 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 are not subject to optional redemption prior to their state maturity.

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

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 September 8, 2021, through June 30, 2022 with the option in the Board to renew said Lease from year to year for one year at a time, at annual rentals, sufficient in each year to enable the Corporation to pay, solely from the rental due under the Lease, the principal and interest on all of the Bonds as same become due. The Lease provides further that so long as the Board exercises its annual renewal options, its rentals will be payable according to the terms and provisions of the Lease until August 1, 2032, the final maturity date of the Bonds. Under the lease, the Corporation has pledged the rental revenue to the payment of the Bonds.

STATE INTERCEPT

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

VERIFICATION OF MATHEMATICAL ACCURACY

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

THE PLAN OF REFUNDING

A sufficient amount of the proceeds of the Bonds at the time of delivery will be deposited into the Bond Fund for the Refunded Bonds. The Bond Fund deposit is intended to be sufficient to (i) pay the accrued interest and refund in advance of maturity all of the outstanding Clark County School District Finance Corporation School Building Revenue Bonds, Series of 2012, dated August 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 Clark 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 completing Phase II construction of a new Elementary School, Phase II renovations at Conkwright Middle School into an Elementary School and Phase II construction of a new High School (the "Project").

ESTIMATED BOND DEBT SERVICE

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

Fiscal Year Ending June 30	Current Local Bond Payments	----- Series 2021 Refunding Revenue Bonds -----			Total Local Bond Payments
		Principal Portion	Interest Portion	Total Payment	
2022	$3,974,044	$45,000	$52,273	$97,273	$3,928,017
2023	$3,973,247	$545,000	$130,804	$675,804	$3,929,051
2024	$3,974,950	$540,000	$129,043	$669,043	$3,927,343
2025	$3,975,058	$545,000	$126,328	$671,328	$3,928,461
2026	$3,968,641	$545,000	$122,376	$667,376	$3,922,192
2027	$4,061,487	$1,040,000	$114,600	$1,154,600	$4,014,162
2028	$4,058,619	$1,055,000	$102,546	$1,157,546	$4,014,241
2029	$4,060,226	$1,075,000	$88,159	$1,163,159	$4,017,435
2030	$4,063,109	$1,080,000	$71,455	$1,151,455	$4,015,489
2031	$4,061,385	$1,105,000	$52,600	$1,157,600	$4,017,685
2032	$3,586,052	$1,140,000	$32,395	$1,172,395	$3,541,922
2033	$3,584,298	$1,165,000	$11,068	$1,176,068	$3,541,166
2034	$2,958,357				$2,958,357
2035	$2,954,869				$2,954,869
2036	$2,392,075				$2,392,075
2037	$2,393,451				$2,393,451
2038	$2,072,978				$2,072,978
2039	$290,500				$290,500
TOTALS:	$60,403,347	$9,880,000	$1,033,646	$10,913,646	$59,859,393

Notes: Numbers are Rounded to the nearest $1.00.

ESTIMATED USE OF BOND PROCEEDS

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

Sources:	
Par Amount of Bonds	$9,880,000.00
Total Sources	$9,880,000.00
Uses:	
Deposit to Escrow Fund	$9,711,180.00
Underwriter's Discount (1%)	98,800.00
Cost of Issuance	70,020.00
Total Uses	$9,880,000.00

DISTRICT STUDENT POPULATION

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

Year	Average Daily Attendance	Year	Average Daily Attendance
2000-01	4,689.9	2010-11	4,905.6
2001-02	4,698.1	2011-12	4,945.9
2002-03	4,745.8	2012-13	4,964.8
2003-04	4,687.3	2013-14	4,934.5
2004-05	4,829.5	2014-15	4,983.9
2005-06	4,893.5	2015-16	4,926.4
2006-07	4,954.5	2016-17	4,836.8
2007-08	4,925.7	2017-18	4,796.6
2008-09	4,934.3	2018-19	4,727.4
2009-10	4,887.7	2019-20	4,727.9

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 Clark County School District for certain preceding school years.

Year	Capital Outlay Allotment	Year	Capital Outlay Allotment
2000-01	468,990.0	2010-11	490,559.0
2001-02	469,810.0	2011-12	494,591.0
2002-03	474,580.0	2012-13	496,481.0
2003-04	468,730.0	2013-14	493,448.0
2004-05	482,950.0	2014-15	498,386.0
2005-06	489,350.0	2015-16	492,638.0
2006-07	495,450.0	2016-17	483,680.0
2007-08	492,570.0	2017-18	479,660.0
2008-09	493,429.0	2018-19	472,738.6
2009-10	488,765.0	2019-20	472,790.0

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

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

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

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

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

LOCAL SUPPORT

Homestead Exemption. Section 170 of the Kentucky Constitution was amended at the General Election held November 2, 1971, to exempt from property taxes $6,500 of value of single unit residential property of taxpayers 65 years of age or older. The 1972 General Assembly amended KRS Chapter 132 to permit counties and school districts to adjust their local tax revenues lost through the application of this Homestead Exemption. The "Single Unit" qualification has been enlarged to subsequent sessions of the General Assembly to provide that such exemption shall apply to such property maintained as the permanent resident of the owner and the dollar amount has been construed to mean $6,500 in terms of the purchasing power of the dollar in 1972. Every two years thereafter, if the cost of living index of the U.S. Department of Labor has changed as much as 1%, the maximum exemption shall be adjusted accordingly. Under the cost of living formula, the maximum was increased to $39,300 effective January 1, 2019.

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

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

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

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

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

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

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

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

Local Tax Rates, Property Assessments and Revenue Collections

Tax Year	Combined Equivalent Rate	Total Property Assessment	Property Revenue Collections
2000-01	50.8	1,662,138,981	8,443,666
2001-02	51.8	1,733,724,137	8,980,691
2002-03	51.1	1,810,169,640	9,249,967
2003-04	51.1	1,980,958,781	10,122,699
2004-05	49.1	2,109,045,146	10,355,412
2005-06	48.4	2,248,608,181	10,883,264
2006-07	49.5	2,338,397,421	11,575,067
2007-08	48.4	2,490,055,504	12,051,869
2008-09	49.4	2,611,778,137	12,902,184
2009-10	49.4	2,640,597,675	13,044,553
2010-11	55.5	2,656,916,457	14,745,886
2011-12	59.7	2,699,013,546	16,113,111
2012-13	62	2,786,589,177	17,276,853
2013-14	65	2,811,941,667	18,277,621
2014-15	66.3	2,894,216,011	19,188,652
2015-16	67.4	2,888,847,354	19,470,831
2016-17	67	2,920,053,266	19,564,357
2017-18	67.8	2,989,355,600	20,267,831
2018-19	70.3	3,044,768,624	21,404,723
2019-20	70.2	3,137,167,899	22,022,919

OVERLAPPING BOND INDEBTEDNESS

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

Issuer	Original Principal Amount	Amount of Bonds Redeemed	Current Principal Outstanding
Clark County			
General Obligation	$2,733,498	$601,682	$2,131,816
Nursing Home Revenue	$3,750,000	$1,893,022	$1,856,978
Refinancing Revenue	$10,000,000	$2,867,296	$7,132,704
Building Renewable	$615,000	$118,589	$496,411
Educational Development Revenue	$10,000,000	$0	$10,000,000
City of Winchester			
General Obligation	$15,884,988	$1,291,363	$14,593,625
Multi-Family Housing Revenue	$4,000,000	$0	$4,000,000
Multiple Purposes Revenue	$9,915,000	$620,000	$9,295,000
Manufacturing Facility Revenue	$140,000,000	$0	$140,000,000
Special Districts			
Clark County Extension District	$1,400,000	$599,000	$801,000
Clark County Library District	$1,400,000	$790,000	$610,000
Clark County Public Health Taxing District	$1,000,000	$925,000	$75,000
East Clark Water District	$1,479,000	$607,000	$872,000
Totals:	$202,177,486	$10,312,952	$191,864,534

Source: 2020 Kentucky Local Debt Report.

SEEK Allotment

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

SEEK	Base Funding	Local Tax Effort	Total State & Local Funding
2000-01	14,122,396	8,443,666	22,566,062
2001-02	14,027,649	8,980,691	23,008,340
2002-03	14,527,916	9,249,967	23,777,883
2003-04	14,812,341	10,122,699	24,935,040
2004-05	15,289,805	10,355,412	25,645,217
2005-06	16,392,987	10,883,264	27,276,251
2006-07	16,943,803	11,575,067	28,518,870
2007-08	18,340,413	12,051,869	30,392,282
2008-09	18,226,638	12,902,184	31,128,822
2009-10	15,966,236	13,044,553	29,010,789
2010-11	16,310,021	14,745,886	31,055,907
2011-12	17,591,139	16,113,111	33,704,250
2012-13	17,582,098	17,276,853	34,858,951
2013-14	17,596,265	18,277,621	35,873,886
2014-15	18,632,563	19,188,652	37,821,215
2015-16	18,819,767	19,470,831	38,290,598
2016-17	18,300,444	19,564,357	37,864,801
2017-18	18,197,145	20,267,831	38,464,976
2018-19	18,137,211	21,404,723	39,541,934
2019-20	17,502,642	22,022,919	39,525,561

(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 $0.702 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, Clark County Board of Education, 1600 W. Lexington Avenue, Winchester, Kentucky 40391 (859) 744-4545.

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 Clark 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 Clark 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 Clark 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

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

Demographic and Economic Data

CLARK COUNTY, KENTUCKY

Winchester, the county seat of Clark County is located in the Bluegrass Region of central Kentucky. Winchester is located 23 miles east of Lexington, Kentucky; 92 miles east of Louisville, Kentucky; 97 miles south of Cincinnati, Ohio, and 167 miles north of Knoxville, Tennessee. The city's 2017 estimated population was 18,486.

Clark County covers a land area of 254 square miles and had an estimated 2017 population of 36,046 persons.

The Economic Framework

The total number of Clark County residents employed in 2017 averaged 16,098. Construction firms reported 549 jobs; manufacturing firms in the county reported 3,039 employees; trade, transportation and utilities provided 2,633 jobs; information services accounted for 66 jobs; 357 persons were employed in the financial industry; 5,253 people were employed in service occupations; and leisure and hospitality provided 1,184 jobs.

Transportation

Winchester is served by Interstate 64, the Mountain Parkway, U.S. 60 and Kentucky Highways 89, 627 and 1958. Each is a AAA-rated trucking highway. Interstate 75 is accessible 17 miles west of Winchester, via Interstate 64, and 14 miles southwest of Winchester, via Kentucky 627. Thirty trucking company provide interstate and/or intrastate service to Winchester. CSX Transportation provides main line rail service to Winchester. The nearest scheduled commercial airline service is located at Lexington's Bluegrass Airport, 27 miles west of Winchester. Local airport service is available 14 miles east of Winchester at Mt. Sterling.

Power and Fuel

Kentucky Utilities Company provides electric power to Winchester and parts of Clark County. The remainder of Clark County is served by Clark Rural Electric Cooperative Corporation, whose source of power is East Kentucky Power. Columbia Gas Company of Kentucky provides natural gas service.

Education

The Clark County School System provides primary and secondary education to Clark County residents. Several nonpublic schools have facilities in Winchester. Thirteen colleges and universities are located within 60 miles of Winchester. The nearest state technical college providing post-secondary education is the Central Kentucky Technical College Lexington Campus in Lexington. Clark County Area Technology Center provides secondary technical training.

LOCAL GOVERNMENT

Structure

Winchester is served by a mayor and four commissioners. The mayor serves a four-year term and the commissioners serve two-year terms. Clark County is served by a county judge/executive and seven magistrates. The county judge/executive and magistrates all serve four-year terms.

Planning and Zoning

Joint agency - Winchester-Clark County- Planning Commission
Participating cities - Winchester
Zoning enforced - All area
Subdivision regulations enforced - All areas
Local codes enforced - Building code enforced in all cities
Housing code enforced within city of Winchester
Mandatory state codes enforced - Kentucky Plumbing Code, National Electric Code, Kentucky Boiler regulations and Standards, Kentucky Building Code (modeled after BOCA code)

Local Fees and Licenses

Winchester levies a one and one-half percent occupational license tax on gross wages, salaries, and commissions. Winchester also levies an annual business license tax which varies according to the type of business. Manufacturers pay the business license tax ranging from $240 to $3,840 per year.

Clark County levies a 1.5 percent occupational license tax on wages, salaries, and commissions of individuals and on net profits of businesses. Businesses with less than five full-time employees are exempt. Persons or businesses subject to the City of Winchester occupational tax are exempt from the Clark County occupational license tax.

Property Taxes

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

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

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

LABOR MARKET STATISTICS

The Winchester Labor Market Area includes Clark County and the adjoining Kentucky counties of Bath, Bourbon, Estill, Fayette, Lee, Madison, Montgomery, and Powell.

POPULATION

Area	2015	2016	2017
Labor Market Area	768,617	777,319	785,465
Winchester	18,446	18,461	18,486
Clark County	35,757	35,819	36,046

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

POPULATION PROJECTIONS

Area	2020	2025	2030
Clark County	36,206	36,508	36,647

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

EDUCATION

Public Schools

	Clark County
Total Enrollment (2016-17)	5,253
Pupil-Teacher Ratio (2016-17)	15.5-1

Vocational Training

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

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

Bluegrass State Skills Corporation

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

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

Vocational School	Location	Cumulative Enrollment 2018-2019
Clark County ATC	Winchester	689
Montgomery County ATC	Mt. Sterling	657
Eastside Technical Center	Lexington	820
Southside Technical Center	Lexington	438
Madison County ATC	Richmond	808
Harrison County ATC	Cynthiana	1,098
Garrard County ATC	Lancaster	368
Lee County ATC	Beattyville	469
Franklin County Career & Tech Ctr.	Frankfort	892
Hughes Jones Harrodsburg ATC	Harrodsburg	255
Jackson County ATC	McKee	477
Lincoln County ATC	Stanford	407
Rockcastle County ATC	Mt. Vernon	436
Mason County ATC	Maysville	195
Morgan County ATC	West Liberty	635
Breathitt County ATC	Jackson	443
Carter County Career & Tech Ctr.	Olive Hill	183
Shelby County ATC	Shelbyville	565

Colleges and Universities

Name	Location	Enrollment (Fall 2019)
Bluegrass Community College	Lexington, KY	9,940
Transylvania University	Lexington, KY	963
University of Kentucky	Lexington, KY	29,781
Eastern Kentucky University	Richmond, KY	16,881
Georgetown College	Georgetown, KY	1,526
Asbury College	Wilmore, KY	1,854
Kentucky State University	Frankfort, KY	1,736
Centre College	Danville, KY	1,430
Morehead State University	Morehead, KY	10,746
Maysville Community College	Maysville, KY	3,521
Midway University	Midway, KY	1,194
Berea College	Berea, KY	1,665

FINANCIAL INSTITUTIONS

Institution	Assets	Deposits
Peoples Exchange Bank	$375,754,000	$307,284,000
WinFirst Bank	$139,660,000	$95,191,000

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

EXISTING INDUSTRY

Firm	Product	Total Employed
Winchester		
Advanced Green Components LLC	Forgings and machined rings	100
Ale 8 One Bottling Co.	Manufacture & distribution of soft drinks	99
AMZN Wacs Inc.	Back office technology center	500
Catalent Pharma Solutions	Pharmaceutical processing	494
CONTECH Engineered Solutions LLC	Galvanized structural steel & aluminum drainage & bridge products	70
East KY Power Cooperative Inc.	Headquarters	300
Gate Precast Company	Architectural precast concrete products	75
General Dynamics Information Tech. Inc.	Customer care center for Medicare/Medicaid	150
Infiltrator Systems Inc.	Plastic injection molding	266
Leggett & Platt Inc.	Inner springs and box springs	350
Pepsi-Cola Bottling Co.	Soft drinks	117
Rocky Mountain ATV	Distribution center of ATV parts	180
Sav-A-Lot Distribution Center	Food distribution center	210
Sekisui S-LEC America LLC	Interlayer film for the laminated glass in automotive & architectural applications	92
Sonoco	Plastic caulking tubes	70
The Freeman Corporation	Hardwood veneer	223
Univance Inc.	Machine ATV axles and prop shafts	185
Walle Corp.	Paper coating & laminating for packaging	125
Winchester Coatings Inc.	Electrostatic coating service	85
Winchester Farms Dairy	Fluid milk, orange juice, cottage cheese	182

Source: Kentucky Directory of Manufacturers (2020).

APPENDIX B

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

Audited Financial Statement ending June 30, 2020

Clark County School District

Audited Financial Statements
and Required Supplementary Information

June 30, 2020

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SUMMERS, MCCRARY & SPARKS, P.S.C.
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Kentucky State Committee of School District Audits
Members of the Board of Education
Clark County School District
Winchester, KY 40391

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 Clark 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 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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and the 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 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 Clark County School District as of June 30, 2020, and, the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Schedule of District's Proportionate Share of Net Pension Liability, Schedule of District Contributions – Pension, Schedule of District's Proportionate Share of Net OPEB Liability – Medical Insurance Plan, Schedule of District Contributions – Medical Insurance Plan, Schedule of District's Proportionate Share of Net OPEB Liability – Life Insurance Plan, and Schedule of District Contributions – Life Insurance Plan on pages 3-8 and 62-70 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 Clark 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 the Title 2 U.S. Code of Federal regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditure 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 schedule of expenditures of federal awards, combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 16, 2020, on our consideration of Clark 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 Clark 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 District's internal control over financial reporting and compliance.

Emphasis of Matter

As discussed in Note 18 to the financial statements, in 2020 the District adopted new accounting guidance, GASBS No. 84, *Fiduciary Activities.* Our opinion is not modified with respect to this matter

Summers, McCrary & Sparks, PSC

Lexington, KY
November 16, 2020

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

FINANCIAL HIGHLIGHTS

The total General Fund balance for FY 2020 is $6,914,192 as compared to $10,378,993 for FY 2019, which is greater than the 2% as required by state law. The General Fund had $50,274,871 in revenue, which primarily consisted of the state program (SEEK), property, utilities, and motor vehicle taxes. Expenditures for General Fund totaled $52,666,513.

This year of 2020 has been trying, to say the least, with the declaration of the COVID19 Pandemic. The ending of our 2019-2020 school year was not quite what the district desired. Our senior class did not get to enjoy the events of their hard-earned senior year as anticipated. Due to the closing of schools in March 2020 by the Governor, many events district-wide were canceled, and our students and staff were required to stay home and finish out the school year. Despite these hardships, the district saw great comradery develop among staff members, as new and inventive ways were developed to educate and meet the continued needs of our students and community.

The District completed the Energy Performance contract which improved the district-wide quality of environment for every school and has shown energy savings for the district. The GRC Athletic Complex opened the Football stadium in September 2019, and the Basketball stadium in February 2020, with abundant community anticipation and booming participation in the games and tournaments it has held since opening! The Fieldhouse, Softball, and Baseball fields, which will complete the athletic complex, are currently in the final stages of construction and are anticipated to open in the spring of 2021.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

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

The government-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, operation and maintenance of plant, student transportation and operation of non-instructional services. Fixed assets and related debt is also supported by taxes and intergovernmental revenues. The government-wide financial statements can be found on pages 9-10 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. This is a state mandated uniform system and chart of accounts for all Kentucky public school districts utilizing the MUNIS administrative software. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental, proprietary funds and fiduciary funds. Fiduciary funds are trust funds established by benefactors to aid in student education, welfare and teacher support. The only proprietary funds are our vending and food service operations. All other activities of the district are included in the governmental funds. The basic governmental fund financial statements can be found on pages 11-19 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20-61 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by $45,015,716 as of June 30, 2020 as compared to $46,620,754 in the prior year. The prior year net position was revised to recognize the effect of the implementation of GASBS No. 84 Fiduciary Activities. The prior year fund balance has been restated from $46,333,770 to $46,620,754 to reflect this correction. The largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment and construction in progress), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Net position for the years ending June 30, 2020 and 2019

	2020	2019	Change
Current Assets	$ 15,255,790	$ 31,162,584	$ (15,906,794)
Noncurrent Assets	147,929,021	136,780,483	11,148,538
Total Assets	163,184,811	167,943,067	(4,758,256)
Deferred Outflows of Resources	8,479,777	6,666,180	1,813,597
Current Liabilities	5,989,180	7,720,926	(1,731,746)
Noncurrent Liabilities	115,394,652	117,533,557	(2,138,905)
Total Liabilities	121,383,832	125,254,483	(3,870,651)
Deferred Inflows of Resources	5,265,040	3,020,994	2,244,046
Net Position			
Investment in capital assets (net)	63,517,306	48,644,384	14,872,922
Restricted	5,703,483	16,984,005	(11,280,522)
Unrestricted	(24,205,073)	(19,294,619)	(4,910,454)
Total Net Position	$ 45,015,716	$ 46,333,770	$ (1,318,054)

The following table presents a summary of revenues and expenses for the fiscal years ended June 30, 2020 and 2019.

Summary of Revenue and Expenditures

	Governmental		Business-type		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Local revenue sources	$24,351,217	$22,311,345	$241,903	$298,584	$24,593,120	$22,609,929
State revenue sources	25,525,355	40,090,929	591,006	269,928	26,116,361	40,360,857
Federal revenue sources	6,472,927	7,068,727	3,136,540	3,615,730	9,609,467	10,684,457
Investments	515,151	1,022,366	10,472	22,834	525,623	1,045,200
Total Revenue	56,864,650	70,493,367	3,979,921	4,207,076	60,844,571	74,700,443
Expenses:						
Instruction	31,890,092	43,442,214	0	0	31,890,092	43,442,214
Student support services	3,671,532	3,594,374	0	0	3,671,532	3,594,374
Instructional support	647,315	1,624,165	0	0	647,315	1,624,165
District administration	934,129	2,204,489	0	0	934,129	2,204,489
School administration	1,724,076	2,162,577	0	0	1,724,076	2,162,577
Business support	1,371,319	1,333,116	0	0	1,371,319	1,333,116
Plant operations	6,278,196	5,094,888	0	0	6,278,196	5,094,888
Student transportation	4,639,118	4,518,297	0	0	4,639,118	4,518,297
Community service	2,328,797	987,289	0	0	2,328,797	987,289
Interest on long-term debt	4,717,963	4,783,181	0	0	4,717,963	4,783,181
Food service	11,858	0	4,235,214	4,210,537	4,247,072	4,210,537
Total Expenses	58,214,395	69,744,590	4,235,214	4,210,537	62,449,609	73,955,127
Transfers	50,314	33,039	(50,314)	(33,039)	0	0
Change in net position	(1,299,431)	781,816	(305,607)	(36,500)	(1,605,038)	745,316
Beginning net position	47,326,330	46,544,514	(992,560)	(956,060)	46,333,770	45,588,454
Prior period adjustment	286,984	0	0	0	286,984	0
Beginning net position restated	47,613,314	46,544,514	(992,560)	(956,060)	46,620,754	45,588,454
Ending net position	$46,313,883	$47,326,330	($1,298,167)	($992,560)	$45,015,716	$46,333,770

Governmental Activities

The revenue derived from local taxes makes up 40% of the total revenue and state funding makes up 42% of total revenue. Instruction makes up 55% of total Governmental Fund Expenditures. Central support services expenditures are: Transportation 8%, Maintenance & Operations 11%, School Administration 3% and Other Support Functions 23%.

Business-Type Activities

Revenues for Food Service Fund totals $3,979,921 as of June 30, 2020, a decrease of $227,155 from 2019. These revenues include lunchroom sales, federal and state grants, federal commodities, and interest income. Total Operating Expenditures for Food Service Fund totals $4,235,214 as of June 30, 2020, an increase of $24,677 from 2019. The Change in Net position (Revenues less Expenditures) for the Food Service Fund is a decrease of $305,607.

FUND-WIDE FINANCIAL ANALYSIS

The following tables present a summary of revenue and expense, excluding transfers for selected funds for the years ended June 30, 2020 and 2019 (including on-behalf payments). These tables include capital outlay with the corresponding program that purchased the assets. Food service amounts are presented on the accrual basis while general fund and special revenue fund are on the modified accrual basis.

For the Year ending June 30, 2020

	GENERAL FUND	SPECIAL REVENUE FUND	FOOD SERVICE FUND
REVENUES:			
From local sources:			
Taxes:			
Property	$ 15,059,407	$ 0	$ 0
Motor vehicle	1,232,112	0	0
Utilities	2,476,757	0	0
Earnings on investments	163,625	0	10,472
Other local revenues	750,969	74,783	0
Intergovernmental - state	30,350,053	2,517,700	591,006
Intergovernmental - federal	241,948	3,349,498	3,136,540
Lunchroom sales	0	0	241,903
TOTAL REVENUES	$ 50,274,871	$ 5,941,981	$ 3,979,921
EXPENDITURES:			
Instruction:	$ 31,155,455	$ 4,978,934	$ 0
Support Services:			
Student	3,422,680	186,120	0
Instructional staff	926,047	263,470	0
District administration	953,179	183	0
School administration	1,887,736	515	0
Business	1,348,101	0	0
Plant operations and maintenance	5,892,405	120,429	0
Student transportation	4,044,817	3,346	0
Food service	0	11,858	4,235,214
Community service	1,387,356	473,301	0
Capital outlay	1,506,695	0	
Debt service	522,374	0	0
TOTAL EXPENDITURES	$ 53,046,845	$ 6,038,156	$ 4,235,214
Excess (Deficit) of Revenues over Expenditures	$ (2,771,974)	$ (96,175)	$ (255,293)

For the Year ending June 30, 2019

	GENERAL FUND	SPECIAL REVENUE FUND	FOOD SERVICE FUND
REVENUES:			
From local sources:			
Taxes:			
Property	$ 14,066,850	$ 0	$ 0
Motor vehicle	1,576,600	0	0
Utilities	2,398,397	0	0
Earnings on investments	275,261	0	22,834
Other local revenues	675,253	53,917	0
Intergovernmental - state	30,399,587	2,354,632	269,928
Intergovernmental - federal	271,209	3,923,858	3,615,730
Lunchroom sales	0	0	298,584
TOTAL REVENUES	$ 49,663,157	$ 6,332,407	$ 4,207,076
EXPENDITURES:			
Instruction:	$ 31,710,133	$ 5,099,030	$ 0
Support Services:			
Student	2,960,987	162,674	0
Instructional staff	1,001,330	432,029	0
District administration	2,072,995	0	0
School administration	1,888,203	0	0
Business	1,201,139	0	0
Plant operations and maintenance	4,601,461	110,314	0
Student transportation	3,739,925	8,175	0
Food Service	0	0	4,210,537
Community Service	905,309	519,739	0
Debt service	523,755	0	0
TOTAL EXPENDITURES	$ 50,605,237	$ 6,331,961	$ 4,210,537
Excess (Deficit) of Revenues over Expenditures	$ (942,080)	$ 446	$ (3,461)

Debt
At June 30, 2019, the School District had $83,339,507 in revenue bonds outstanding; of this amount $9,826,066 is to be paid from the KSFCC funding provided by the State of Kentucky. A total of $3,977,992 is due within one year.

Capital Assets
The Board added $14,165,451 to the governmental funds and $10,814 to the proprietary funds in capital assets during the year, primarily for construction projects.

Comments on Budget Comparisons
General fund budget compared to actual revenue varied from line item to line item with the ending actual revenues being $2,767,881 more than budget. General fund budget compared to actual expenditures varied from line item to line item with the ending actual expenditures being $3,865,521 less than budget. The District's total general fund revenues for the fiscal year ended June 30, 2020, before interfund transfers, was $50,274,871, an increase of $611,714 from the total revenues of $49,663,157 for 2019.

BUDGETARY IMPLICATIONS

In Kentucky the public school fiscal year is July 1-June 30; other programs, i.e. some federal operate on a different fiscal calendar, but are reflected in the district overall budget. By law the budget must have a minimum 2% contingency.

Questions regarding this report should be directed to Paul Christy, Superintendent, or Aleisha Ellis, Director of Finance, at (859) 744-4545 or by mail at 1600 W. Lexington Avenue, Winchester, KY 40391.

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

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS:			
Current Assets			
Cash and cash equivalents	$ 13,609,659	$ 748,879	$ 14,358,538
Accounts receivable			
Taxes	229,149	-	229,149
Accounts	85,037	72,577	157,614
Intergovernmental - federal	464,249	-	464,249
Inventory	-	46,240	46,240
Total Current Assets	14,388,094	867,696	15,255,790
Noncurrent Assets			
Non-depreciated capital assets	50,200,107	-	50,200,107
Net depreciated capital assets	97,496,614	232,300	97,728,914
Total Noncurrent Assets	147,696,721	232,300	147,929,021
TOTAL ASSETS	162,084,815	1,099,996	163,184,811
DEFERRED OUTFLOW OF RESOURCES			
Pension	4,346,628	441,278	4,787,906
OPEB	3,485,111	206,760	3,691,871
TOTAL DEFFERED OUTFLOW OF RESOURCES	7,831,739	648,038	8,479,777
LIABILITIES:			
Current Liabilities			
Accounts payable	411,639	14,870	426,509
Accrued payroll	196,858	-	196,858
Accrued interest	719,018	-	719,018
Unearned revenues	353,627	-	353,627
Current portion of accrued sick leave	122,025	-	122,025
Current portion of bond obligations	3,977,992	-	3,977,992
Current portion of lease obligations	193,151	-	193,151
Total Current Liabilities	5,974,310	14,870	5,989,180
Noncurrent Liabilities			
Noncurrent portion of bond obligations	78,975,089	-	78,975,089
Noncurrent portion of lease obligations	1,265,483	-	1,265,483
Noncurrent portion of accrued sick leave	476,716	-	476,716
Net pension liability	16,684,203	2,178,352	18,862,555
Net OPEB liability	15,242,836	571,973	15,814,809
Total Noncurrent Liabilities	112,644,327	2,750,325	115,394,652
TOTAL LIABILITIES	118,618,637	2,765,195	121,383,832
DEFERRED INFLOWS OF RESOURCES			
Pension	654,227	135,981	790,208
OPEB	4,329,807	145,025	4,474,832
TOTAL DEFERRED INFLOWS OF RESOURCES	4,984,034	281,006	5,265,040
NET POSITION			
Net Investment in Capital Assets	63,285,006	232,300	63,517,306
Restricted For:			
Capital projects	5,703,483	-	5,703,483
Unrestricted	(22,674,606)	(1,530,467)	(24,205,073)
TOTAL NET POSITION	$ 46,313,883	$ (1,298,167)	$ 45,015,716

See Accompanying Notes to the Financial Statements

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

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION — PRIMARY GOVERNMENT: GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Primary Government							
Governmental Activities:							
Instructional	$ 31,890,092	$ -	$ 5,795,985	$ -	$ (26,094,107)	$ -	$ (26,094,107)
Support Services:							
Student	3,671,532	242,453	-	-	(3,429,079)	-	(3,429,079)
Instructional staff	647,315	-	-	-	(647,315)	-	(647,315)
District administration	934,129	-	-	-	(934,129)	-	(934,129)
School administration	1,724,076	-	-	-	(1,724,076)	-	(1,724,076)
Business	1,371,319	-	-	-	(1,371,319)	-	(1,371,319)
Plant operations and maintenance	6,278,196	-	-	-	(6,278,196)	-	(6,278,196)
Student transportation	4,639,118	-	-	-	(4,639,118)	-	(4,639,118)
Food service	11,858	-	-		(11,858)	-	(11,858)
Community service	2,328,797	-	-	-	(2,328,797)	-	(2,328,797)
Interest on long-term debt	4,717,963	-	-	4,148,035	(569,928)	-	(569,928)
Total Governmental Activities	58,214,395	242,453	5,795,985	4,148,035	(48,027,922)	-	(48,027,922)
Business-Type Activities:							
Lunchroom sales	4,235,214	241,903	3,727,546	-	-	(265,765)	(265,765)
Total Primary Government	$ 62,449,609	$ 484,356	$ 9,523,531	$ 4,148,035	$ (48,027,922)	$ (265,765)	$ (48,293,687)

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
General Revenues:			
Taxes:			
Property	$ 17,897,673	$ -	$ 17,897,673
Motor vehicle	1,531,014	-	1,531,014
Utilities	2,476,757	-	2,476,757
State aid formula grants	24,258,801	-	24,258,801
Interest and investment earnings	515,151	10,472	525,623
Loss on disposal	(1,219)	-	(1,219)
Transfers	50,314	(50,314)	-
Total General Revenues	46,728,491	(39,842)	46,688,649
Change in Net Position	(1,299,431)	(305,607)	(1,605,038)
Net Position beginning	47,326,330	(992,560)	46,333,770
Prior period adjustment (see Note #18)	286,984	-	286,984
Net position beginning restated	47,613,314	(992,560)	46,620,754
Net Position ending	$ 46,313,883	$ (1,298,167)	$ 45,015,716

See Accompanying Notes to the Financial Statements

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

		GENERAL FUND		SPECIAL REVENUE (GRANT) FUNDS		CONSTRUCTION FUND		NON-MAJOR GOVERNMENTAL FUNDS		TOTAL GOVERNMENTAL FUNDS
ASSETS:										
Cash and cash equivalents	$	7,142,003	$	-	$	5,646,554	$	865,086	$	13,653,643
Accounts receivable										
Taxes		229,149		-		-		-		229,149
Other		64,534		-		3,060		17,443		85,037
Intergovernmental - federal		-		464,249		-		-		464,249
TOTAL ASSETS	$	7,435,686	$	464,249	$	5,649,614	$	882,529	$	14,432,078
LIABILITIES:										
Cash overdraft	$	-	$	43,984	$	-	$	-	$	43,984
Accounts payable		306,495		67,144		25,654		12,346		411,639
Accrued payroll		196,858		-		-		-		196,858
Sick leave payable		18,141		-		-		-		18,141
Unearned revenue		-		353,627		-		-		353,627
TOTAL LIABILITIES		521,494		464,755		25,654		12,346		1,024,249
FUND BALANCES:										
Restricted										
Capital projects		-		-		5,623,960		79,523		5,703,483
Committed		299,371		-		-		790,660		1,090,031
Assigned		573,915		-		-		-		573,915
Unassigned		6,040,906		(506)		-		-		6,040,400
TOTAL FUND BALANCES		6,914,192		(506)		5,623,960		870,183		13,407,829
TOTAL LIABILITIES AND FUND BALANCES	$	7,435,686	$	464,249	$	5,649,614	$	882,529	$	14,432,078

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See Accompanying Notes to the Financial Statements

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

Total Governmental Fund Balances	$ 13,407,829
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets are not reported in the fund financial statements because they are not current financial resources, but they are reported in the statement of net position.	147,696,721
Deferred outflows of resources are not recorded in the government fund financials because they do not affect current resources, but are recorded in the statement of net position.	
Pension	4,346,628
OPEB	3,485,111
Deferred inflows of resources are not recorded in the government fund financials because they do not affect current resources, but are recorded in the statement of net position.	
Pension	(654,227)
OPEB	(4,329,807)
Certain assets (obligations) are not a use of financial resourses and therefore, are not reported in the government funds, but are presented in the statement of net position	
Net pension liability	(16,684,203)
Net OPEB liability	(15,242,836)
Certain liabilities (such as bonds and leases payable, the long-term portion of accrued sick leave, and accrued interest) are not reported in the fund financial statement because they are not due and payable, but are presented in the statement of net position	
Bond obligations	(82,953,081)
Capital lease obligations	(1,458,634)
Accrued interest	(719,018)
Accrued sick leave	(580,600)
Net Position of Governmental Activities	$ 46,313,883

CLARK 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 (GRANT) FUNDS	CONSTRUCTION FUND	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:					
From local sources:					
Taxes:					
Property	$ 15,059,407	$ -	$ -	$ 2,838,266	$ 17,897,673
Motor vehicle	1,232,112	-	-	298,902	1,531,014
Utilities	2,476,757	-	-	-	2,476,757
Tuition and fees	-	-	-	242,453	242,453
Earnings on investments	163,625	-	351,526	-	515,151
Other local revenues	750,969	74,783	3,060	1,375,727	2,204,539
Intergovernmental - state	30,350,053	2,517,700	-	2,545,226	35,412,979
Intergovernmental - federal	241,948	3,349,498	-	2,881,481	6,472,927
TOTAL REVENUES	50,274,871	5,941,981	354,586	10,182,055	66,753,493
EXPENDITURES:					
Current:					
Instruction:	31,155,455	4,978,934	-	1,315,551	37,449,940
Support Services:					
Student	3,422,680	186,120	-	-	3,608,800
Instructional staff	926,047	263,470	-	21,518	1,211,035
District administration	953,179	183	-	-	953,362
School administration	1,887,736	515	-	-	1,888,251
Business	1,348,101	-	-	-	1,348,101
Plant operations and maintenance	5,892,405	120,429	-	23,643	6,036,477
Student transportation	4,044,817	3,346	-	129	4,048,292
Food service	-	11,858	-	-	11,858
Community service	1,387,356	473,301	-	13,641	1,874,298
Capital outlay	1,506,695	-	12,658,756	-	14,165,451
Debt service	522,374	-	-	8,307,377	8,829,751
TOTAL EXPENDITURES	53,046,845	6,038,156	12,658,756	9,681,859	81,425,616
Excess (Deficit) of Revenues over Expenditures	(2,771,974)	(96,175)	(12,304,170)	500,196	(14,672,123)
OTHER FINANCING SOURCES (USES):					
Debt issuance proceeds	380,332	-	-	-	380,332
Operating transfers in	236,238	99,276	1,349,969	4,159,342	5,844,825
Operating transfers out	(1,309,397)	(2,931)	(139,848)	(4,342,335)	(5,794,511)
TOTAL OTHER FINANCING SOURCES (USES)	(692,827)	96,345	1,210,121	(182,993)	430,646
Net Change in Fund Balances	(3,464,801)	170	(11,094,049)	317,203	(14,241,477)
Fund Balance beginning of year	10,378,993	(676)	16,718,009	265,996	27,362,322
Prior Period Adjustment (See Note #18)	-	-	-	286,984	286,984
Fund Balance beginning of year	10,378,993	(676)	16,718,009	552,980	27,649,306
Fund Balance end of year	$ 6,914,192	$ (506)	$ 5,623,960	$ 870,183	$ 13,407,829

See Accompanying Notes to the Financial Statements

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

Net Change in Fund Balances - Total Governmental Funds	$ (14,241,477)
Amounts reported for governmental activities in the statement of activities are different because:	
Bond discounts and premiums are expensed as incurred in the fund financial statement, but are amortized over the life of the bond in the statement of activities:	
Amortization expense	(23,240)
Issuance of debt proceeds are recognized in this fund financial statement as resources available for use as current financial resources, but these proceeds are not recognized in the statement of activities.	
Issuance of debt	(380,332)
The proceeds from the disposal of capital assets provide current financial resources and are reported in the fund financial statements. However, for governmental activities the proceeds are reported net of the cost less any accumulated depreciation.	(1,219)
Capital outlays are reported as expenditures in the fund financial statements because they are current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives. The difference is the amount by which capital outlay exceeds depreciation expense for the year.	
Capital outlays	14,165,451
Depreciation expense	(2,996,749)
Generally, expenditures recognized in the fund financial statements are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred	
Accrued interest	7,072
Sick leave	21,955
Governmental funds report retirement contributions as expenditure when paid. However, in the statement of activities, pension expense is the cost of benefits earned, adjusted for member contributions, and the recognition of changes in deferred outflows and inflows of resources related to pensions and investment experience.	
KTRS on-behalf revenue	(9,887,624)
KTRS on-behalf pension expense	10,385,624
KTRS on-behalf OPEB expense	(498,000)
Pension expense	(2,045,059)
OPEB expense	66,211
Bond and lease payments are recognized as expenditures of current financial resources in the fund financial statements, but are reductions of liabilities in the statement of net position.	4,127,956
Change in Net Position of Governmental Activities	$ (1,299,431)

See Accompanying Notes to the Financial Statements

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

	GENERAL FUND			
	BUDGETED AMOUNTS			VARIANCE Favorable
	ORIGINAL	FINAL	ACTUAL	(Unfavorable)
REVENUES:				
From Local Sources:				
Taxes:				
Property	$ 14,046,904	$ 15,250,749	$ 15,059,407	$ (191,342)
Motor vehicle	1,480,740	1,567,143	1,232,112	(335,031)
Utilities	2,550,000	2,625,000	2,476,757	(148,243)
Earnings on investments	300,000	300,000	163,625	(136,375)
Other local revenues	713,547	776,244	750,969	(25,275)
Intergovernmental - state	26,570,472	26,707,854	30,350,053	3,642,199
Intergovernmental - indirect federal	250,000	280,000	241,948	(38,052)
TOTAL REVENUES	45,911,663	47,506,990	50,274,871	2,767,881
EXPENDITURES:				
Current:				
Instruction:	28,706,225	29,955,752	31,817,630	(1,861,878)
Support Services:				
Student	2,643,713	2,862,631	3,422,680	(560,049)
Instructional staff	931,079	999,936	926,047	73,889
District administration	2,166,153	990,408	953,179	37,229
School administration	1,540,427	1,697,639	1,887,736	(190,097)
Business	1,185,452	1,218,722	1,348,101	(129,379)
Plant operations and maintenance	5,185,422	6,341,403	6,190,705	150,698
Student transportation	3,965,855	4,111,937	4,591,037	(479,100)
Community service	1,443,770	1,676,280	1,387,356	288,924
Debt service	523,755	522,374	522,374	-
Contingency	8,776,110	6,154,952	-	6,154,952
TOTAL EXPENDITURES	57,067,961	56,532,034	53,046,845	3,485,189
Excess (Deficit) of Revenues over Expenditures	(11,156,298)	(9,025,044)	(2,771,974)	6,253,070
OTHER FINANCING SOURCES (USES):				
Debt issuance proceeds	-	-	380,332	380,332
Operating transfers in	1,407,234	263,661	236,238	(27,423)
Operating transfers out	-	(1,309,397)	(1,309,397)	-
TOTAL OTHER FINANCING SOURCES (USES)	1,407,234	(1,045,736)	(692,827)	352,909
Net Change in Fund Balance	(9,749,064)	(10,070,780)	(3,464,801)	6,605,979
Fund Balance beginning	9,747,883	10,070,780	10,378,993	308,213
Fund Balance ending	$ (1,181)	$ -	$ 6,914,192	$ 6,914,192

See Accompanying Notes to the Financial Statements

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

	SPECIAL REVENUE FUND			
	BUDGETED AMOUNTS			VARIANCE Favorable
	ORIGINAL	FINAL	ACTUAL	(Unfavorable)
REVENUES:				
From Local Sources:				
Other local revenues	$ 108,006	$ 73,336	$ 74,783	$ 1,447
Intergovernmental - state	2,157,498	2,496,978	2,517,700	20,722
Intergovernmental - indirect federal	3,800,111	5,588,338	3,349,498	(2,238,840)
TOTAL REVENUES	6,065,615	8,158,652	5,941,981	(2,216,671)
EXPENDITURES:				
Current:				
Instruction:	5,043,141	6,926,972	4,978,934	1,948,038
Support Services:				
Student	88,956	306,656	186,120	120,536
Instructional staff	464,680	386,031	263,470	122,561
District administration	-	-	183	(183)
Business	-	-	515	(515)
Plant operations and maintenance	161,400	162,986	120,429	42,557
Student transportation	5,306	-	3,346	(3,346)
Food service	-	-	11,858	(11,858)
Community service	519,305	483,047	473,301	9,746
TOTAL EXPENDITURES	6,282,788	8,265,692	6,038,156	2,227,536
Excess (Deficit) of Revenues over Expenditures	(217,173)	(107,040)	(96,175)	10,865
OTHER FINANCING SOURCES (USES):				
Operating transfers in	99,276	99,276	99,276	-
Operating transfers out	(1,895)	(2,953)	(2,931)	22
TOTAL OTHER FINANCING SOURCES (USES)	97,381	96,323	96,345	22
Net Change in Fund Balance	(119,792)	(10,717)	170	10,887
Fund Balance beginning	-	-	(676)	(676)
Fund Balance ending	$ (119,792)	$ (10,717)	$ (506)	$ 10,211

See Accompanying Notes to the Financial Statements

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

		FOOD SERVICE FUND
ASSETS:		
Current Assets		
Cash and cash equivalents	$	748,879
Accounts receivable		72,577
Inventory		46,240
Total Current Assets		867,696
Noncurrent Assets		
Machinery & equipment		977,656
Accumulated depreciation		(745,356)
Total Noncurrent Assets		232,300
TOTAL ASSETS		1,099,996
DEFERRED OUTFLOW OF RESOURCES		
Pension plan		441,278
OPEB		206,760
TOTAL DEFERRED OUTFLOWS OF RESOURCES		648,038
LIABILITIES:		
Current Liabilities		
Accounts payable		14,870
Noncurrent Liabilities		
Net pension liability		2,178,352
Net OPEB liability		571,973
Total Noncurrent Liabilities		2,750,325
TOTAL LIABILITIES		2,765,195
DEFERRED INFLOWS OF RESOURCES		
Pension plan		135,981
OPEB		145,025
TOTAL DEFERRED INFLOWS OF RESOURCES		281,006
NET POSITION:		
Net Investment in Capital Assets		232,300
Unrestricted		(1,530,467)
TOTAL NET POSITION	$	(1,298,167)

See Accompanying Notes to the Financial Statements

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

		FOOD SERVICE FUND
OPERATING REVENUES:		
Non-Reimbursable programs	$	186,386
Special Functions		50,369
Other operating revenues		5,148
TOTAL OPERATING REVENUES		241,903
OPERATING EXPENSES:		
Salaries and benefits		2,191,035
Contract services		98,998
Materials and supplies		1,903,850
Miscellaneous		11,571
Depreciation		29,760
TOTAL OPERATING EXPENSES		4,235,214
Operating Income (Loss)		(3,993,311)
NON-OPERATING REVENUES (EXPENSES)		
Federal grants		2,940,565
Federal commodities		195,975
State grants		34,433
State on-behalf payments		556,573
Interest income		10,472
NON-OPERATING REVENUES (EXPENSES)		3,738,018
Net income (loss) before operating transfers		(255,293)
Operating transfers		(50,314)
Change in Net Position		(305,607)
Total Net Position beginning		(992,560)
Total Net Position ending	$	(1,298,167)

See Accompanying Notes to the Financial Statements

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

		FOOD SERVICE FUND
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	$	200,338
Cash paid to suppliers		(1,269,547)
Cash paid to employees		(2,068,670)
Net Cash Provided (Used) by Operating Activities		(3,137,879)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers		(50,314)
Governmental grants		2,974,998
Net Cash Provided (Used) by Noncapital Financing Activities		2,924,684
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets		(10,814)
Net Cash Provided (Used) by Investing Activities		(10,814)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received		10,472
Net Cash Provided (Used) by Investing Activities		10,472
Net Increase (Decrease) in Cash and Cash Equivalents		(213,537)
Cash and cash equivalents beginning		962,416
Cash and cash equivalents ending	$	748,879
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)	$	(3,993,311)
Adjustments to Reconcile Net Income (Loss) to Net Cash from Operating Activities:		
Depreciation		29,760
On-behalf payments		556,573
Donated commodities		195,975
Changes in Assets and Liabilities:		
Accounts receivable		(41,565)
Inventories		(16,526)
Deferred outflows		(48,815)
Accounts payable		8,850
Deferred inflows		12,547
Net pension liability		163,700
Net OPEB liability		(5,067)
Net Cash Provided (Used) by Operating Activities	$	(3,137,879)
Non-cash Items:		
On-behalf payments	$	556,573
Donated commodities	$	195,975

See Accompanying Notes to the Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Clark County School District (the District) conform to generally accepted accounting principles (GAAP) as applicable to governmental entities in the United States of America. U. S. governmental accounting standards are established by the Governmental Accounting Standards Board (GASB) for state and local governmental entities. The following discussion is a summary of the more significant accounting policies that apply to the District.

Reporting Entity

The Clark County Board of Education (Board), a five-member group, is the level of government which has oversight responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the Clark County School District (District). The District receives funding from local, state and federal government sources and must comply with the commitment requirements of these funding source entities. However, the 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 may influence operations and primary accountability for fiscal matters.

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

The financial statements of the District include those of separately administered organizations that are controlled by or dependent on the Board. Control or dependence is determined on the basis of budget adoption, funding and appointment of the respective governing board. Based on the foregoing criteria, the financial statements of the following organization are included in the accompanying financial statements:

Blended Component Unit

Clark County Board of Education Finance Corporation - In a prior year, the Board resolved to authorize the establishment of the Clark County School District Finance Corporation (a non-stock, non-profit corporation organized under School Bond Act and Chapter 273 and KRS 58.180) (the Corporation) as an agency of the District for financing the costs of school building improvements. The Board members of the Clark County Board of Education also comprise the corporation's Board of Directors. The Corporation does not publish individual component unit financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Basis of Presentation

The District's basic financial statements present government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within the 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Accordingly, all the District's assets and liabilities, including capital assets as well as 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 in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues for the District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

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 primary government column. In the Statement of Activities, transactions between governmental and business-type activities have not been eliminated.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are measurable and available. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

All governmental funds are accounted for on the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statements of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financial 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. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 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 property tax and utility tax. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The District has the following funds:

I. Governmental Fund Types

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

(B) The Special Revenue Funds account for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes.

1) The Special Revenue Fund includes federal financial programs where unused balances are returned to the grantor at the close of specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report. This is a major fund of the District.

2) The District Activity Fund is a special revenue fund used to account for funds collected at individual schools for operation costs of the school or school district that allows for more flexibility in the expenditure of those funds. This is a non-major fund of the District.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3) The School Activity Fund is a Special Revenue Fund type and is used to account for activities and programs for athletic, community service, and scholastic organizations managed by each school to benefit student activities. This fund was added in FY 2020 after the District implemented GASBS No. 84, *Fiduciary Activities.* This is a non-major fund of the District.

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

1) The Support Education Excellence in Kentucky (SEEK), Fund receives those funds designated by the state as Capital Outlay Funds (unless authorized for retention in the General Fund) and is generally restricted for use in financing capital acquisitions. This is a non-major fund of the District.

2) The Facility Support Program of Kentucky (FSPK), Fund accounts for funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable. Funds may be used for projects identified in the District's facility plan. This is a non-major fund of the District.

3) The Construction Fund accounts for funds from two sources. First, funds generated by sales of bonds issues are used for various construction and renovation projects. Second, proceeds from the sale of properties and equipment owned by the District are to be used at the discretion of the Board for construction projects in future years. This is a major fund of the District.

(D) The Debt Service Fund accounts for financial resources used for payment of principal and interest and other debt related costs. This is a non-major fund of the District.

II. <u>Proprietary Fund Types (Enterprise Fund)</u>

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Basis of Accounting

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

Revenues – Exchange and Non-Exchange Transactions

Revenues resulting from exchange transactions are where each party receives equal value. On the modified accrual basis of accounting, revenues are recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within 60 days of the fiscal year-end.

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

Unearned Revenue – Unearned revenue arises when assets are recognized before eligibility criteria other than time requirements have been satisfied. Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenue. Unused donated commodities are also reported as inventory and unearned revenue.

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Property Taxes

Property taxes are levied each September on the assessed value listed as of the prior January 1, for all real and personal property in the county. The billings are considered due upon receipt by the taxpayer. However, the actual due date is based on a period ending 30 days after the tax bill mailing. Property taxes collected are recorded as revenues in the fiscal year for which they were levied. All taxes collected are initially deposited into the General Fund and then transferred to the appropriate fund when tax revenues are restricted to a specific purpose.

The property tax rates assessed for the year ended June 30, 2020, to finance the General Fund operations were $0.637 per $100 valuation for real property, $0.637 per $100 valuation for business personal property and $0.535 per $100 valuation for motor vehicles.

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

Cash and Cash Equivalents

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

Inventory

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

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Capital Assets (Cont'd)
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 one thousand dollars with the exception of computers, digital cameras and real property for which there is no threshold. Improvements are capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an assets life are expensed.

All reported capital assets are depreciated except for land. 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:

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

Accumulated Unpaid Sick Leave Benefits
Upon retirement from the school system, an employee will receive from the District an amount equal to 30% of the value of the accumulated sick leave. Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the School District's past experience of making termination payments.

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, the current portion of unpaid accrued sick leave is the amount expected to be paid using expendable available resources. These amounts are recorded in the amount "accrued sick leave" in the general fund. The non-current portion of the liability is not reported in the fund financial statements, but is reflected in the statement of net position.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Budgetary Process

Budgetary Basis of Accounting: The District's budgetary process accounts for certain transactions on a basis other than Generally Accepted Accounting Principles (GAAP). The major differences between the budgetary basis and the GAAP basis are:

a) Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP) during the year and adjusted to modified accrual for the governmental funds at year-end.
b) Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP) during the year and adjusted to modified accrual for the governmental funds at year-end.
c) Capital outlay is budgeted within the departmental budget (budgetary) as opposed to separate classification by character (GAAP).

Once the budget is approved, it can be amended. Amendments are presented to the Board at their regular meetings. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end in accordance with state law. Each budget is prepared and controlled by the budget coordinator at the revenue and expenditure function/object level. All budget appropriations lapse at year end.

Interfund Balances

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

Accrued Liabilities and Long-Term Obligations

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County Employees Retirement System Non-Hazardous ("CERS") and Teachers Retirement System of the State of Kentucky ("KTRS") and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the CERS and KTRS, respectively. 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. Both systems publish separate financial statements as described in Note 6.

Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County Employees Retirement System Non-Hazardous ("CERS") and Teachers Retirement System of the State of Kentucky ("KTRS") and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by 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 7.

Fund Balances

The District adopted GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54) for fiscal year 2011 for its governmental funds. Fund balances for each of the District's governmental funds (General Fund, special revenue funds, capital projects funds, and debt service funds) will be displayed in the following classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used:

- *Nonspendable fund balance*—amounts that cannot be spent because they are either not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact.
- *Restricted fund balance*—amounts that can be spent only for specific purposes because of constraints imposed by external providers (such as grantors, bondholders, and higher levels of government), or imposed by constitutional provisions or enabling legislation. Fund balance in the Construction, SEEK Capital Outlay, and FSPK Building funds are restricted for capital projects with a total of $5,703,483 at June 30, 2020.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Fund Balances (Cont'd)

- *Committed fund balance*—amounts that can be spent only for specific purposes determined by a formal action of the board's highest level of decision-making authority, which is a resolution. At June 30, 2020, The District had committed fund balance for District activities of $326,748, Student Activities of $463,912 and Sick Leave Liability of $299,371. In FY 2020, the District transferred the School Activity funds from the fiduciary agency funds to a special revenue fund within the governmental funds.
- *Assigned fund balance*—amounts intended to be used by the District for specific purposes that are neither restricted nor committed. The Board or a delegated entity has the authority to assign amounts to be used for specific purposes. Assigned fund balance in the General Fund includes amounts that have been appropriated for expenditures in the budget for the District's subsequent fiscal year. As of June 30, 2020, the District assigned $573,915 for the FY2021 budget.

- *Unassigned fund balance*—amounts that are available for any purpose; these amounts can be reported only in the District's General Fund.

It is the Board's practice to liquidate funds when conditions have been met releasing these funds from legal, contractual, Board or managerial obligations, using restricted funds first, followed by committed funds, assigned funds, then unassigned funds.

The District considers unrestricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Also, the District has established the order of assigned, committed and restricted when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Net Position

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Operating Revenues and Expenses

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

Receivables from and payables to external parties are reported separately and are not offset in the proprietary fund financial statements and business-type activities of the government-wide financial statements, unless a right of offset exists.

Interfund Activity

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

Bond Issuance Costs

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

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the District's management to make estimates and assumptions that affect reported amounts in the financial statements and the accompanying notes. Actual results could differ from those estimates.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes a section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until the appropriate period. The District reports three types of deferred outflows- contributions to the CERS and KTRS pension systems after the measurement period, differences between actual and estimated actuarial assumptions in the two pension systems (see Notes 6 and 7), and the unrecognized portion of a deferred loss on the refinancing of long-term debt (see Note 4).

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until appropriate period. The District reports one type of deferred inflows- those related to the net differences between projected and actual actuarial assumptions for pension and OPEB plans (see Notes 6 and 7).

<u>New Accounting Pronouncements</u>
GASB Statement No. 87, *Leases* (GASB 87), increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that lease are financings of the right to use an underlying asset. GASB 87 will be effective for fiscal years beginning after June 15, 2021. The District has not determined the financial impact of the implementation of GASBS No. 87.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*, effective for reporting periods beginning after December 15, 2019. This standard requires the District to revise the reporting for its "agency" funds that include checking accounts for all the schools and their activity funds. Since the District provides administrative controls over these accounts, as required by the KDE Red Book, these funds were reclassified to Special Revenue funds and classified with other governmental funds of the District as the District implemented this standard in FY 2020. Other significant provisions of the standard will not affect the District.

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, effective for reporting periods beginning after June 15, 2019. This guidance revised the definition of debt for purposes of reporting in the note disclosures and expanded the required disclosures for direct borrowings and direct placements. The District implemented this standard for FY 2020, but these changes had a minimal impact on the District with only separate reporting.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective for fiscal years beginning after June 15, 2022. This standard will require similar recognition for right-to-use subscription intangible assets and a corresponding subscription liability that is provided for long-term leases in GASBS No. 87. The District will review its current IT subscription services to evaluate the impact of this standard, but since the recognized value for the intangible assets is generally the same as the corresponding subscription liability, there will be minimal financial impact for the District.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, effective for fiscal years beginning after June 15, 2021 (457 plan reporting). This standard replaces the guidance in GASBS No. 32, the current standard for 457 plan reporting. The District will evaluate the impact of this standard on the District's deferred compensation plan offered to employees, but is likely to have minimal impact since the Kentucky Deferred Compensation Authority has its own governing board and provides the trust reporting for the plans offered to state and local government employees in Kentucky.

NOTE 2 - CASH AND CASH EQUIVALENTS

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

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

At year end, the District's bank balances were collateralized by securities held by the pledging bank's trust department in the District's name and FDIC Insurance. At year end, the carrying amount of the District's cash and cash equivalents was $14,358,538. The bank balance for the same time was $16,092,750.

Due to the nature of the accounts and limitations imposed by the purposes of the various funds, all cash balances are considered to be restricted except for the General Fund.

NOTE 3 - CAPITAL ASSETS

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

	Beginning Balance	Additions	Disposals	Ending Balance
Governmental Activities:				
Capital Assets not being depreciated:				
Land	$4,123,823	$0	$0	$4,123,823
Construction in Progress	33,417,528	12,658,756	0	46,076,284
Total Capital Assets not being depreciated	37,541,351	12,658,756	0	50,200,107
Other Capital Assets				
Land Improvements	464,958	415,317	0	880,275
Buildings & Improvements	121,214,788	246,858	0	121,461,646
Technological Equipment	908,100	0	0	908,100
Vehicles	5,027,700	546,220	174,285	5,399,636
General Equipment	1,132,001	298,300	0	1,430,301
Total Other Assets	128,747,548	1,506,695	174,285	130,079,959
Less accumulated depreciation for:				
Land Improvements	(94,938)	(41,781)	0	(136,719)
Buildings & Improvements	(25,169,964)	(2,438,956)	0	(27,608,920)
Technological Equipment	(810,649)	(26,623)	0	(837,271)
Vehicles	(3,058,652)	(402,635)	(173,066)	(3,288,221)
General Equipment	(625,460)	(86,755)	0	(712,214)
Total accumulated depreciation	(29,759,662)	(2,996,749)	(173,066)	(32,583,345)
Other Capital Assets, net	98,987,887	(1,490,054)	1,219	97,496,614
Governmental Activities, net	$136,529,237	$11,168,702	$1,219	$147,696,721
Business Activities:				
Technological Equipment	$6,713	$0	$0	$6,713
Vehicles	11,836	0	0	11,836
General Equipment	948,293	10,814	0	959,107
Total	966,842	10,814	0	977,656
Less accumulated depreciation for:				
Technological Equipment	(6,713)	0	0	(6,713)
Vehicles	0	0	0	0
General Equipment	(708,883)	(29,760)	0	(738,643)
Total accumulated depreciation	(715,596)	(29,760)	0	(745,356)
Business Activities, net	$251,246	($18,946)	$0	$232,300

NOTE 3 - CAPITAL ASSETS (Cont'd)

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

Governmental Activities:	
Instruction	$2,254,961
Support Services:	
Student	100,658
District Administration	23,260
School Administration	44,053
Business Support Services	6,133
Plant Operations & Maintenance	195,891
Student Transportation	369,767
Non-instructional	2,026
Total depreciation expense, governmental activities	$2,996,749

NOTE 4 – LONG-TERM DEBT AND LEASE OBLIGATIONS

Bonds

The District, through the General Fund, the Building Fund, and the SEEK Capital Outlay Fund are obligated to make payments in amounts sufficient to satisfy debt service requirements on bonds issued by the Clark County School District Finance Corporation to construct school facilities. The District has the option to purchase the property under lease at any time by retiring the bonds then outstanding.

In connection with the school revenue bonds issued after May 1, 1996, the District entered into "Participation agreements" with the School Facility Construction Commission. The Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting school construction needs. The table below sets forth the amount to be paid by the District and the Commission for each year until maturity of all bond issues. The liability for the total bond amount remains with the District and, as such, the total principal outstanding has been recorded in the financial statements.

On December 1, 2011, the District issued $2,845,000 in Qualified Zone Academy Bonds (QZABS). QZABS are financing instruments that are used to finance renovations and repairs to schools, with the federal government providing the interest payment and the school district being responsible for the repayment of principal only.

NOTE 4 - LONG-TERM DEBT AND LEASE OBLIGATIONS (Cont'd)

On December 1, 2011, the District issued $15,450,000 in Qualified School Construction Bonds (QSCB). The QSCB are tax advantaged bonds issued as described in section 54A, 54F and 6431 of the Internal Revenue Code. The District has irrevocably elected to receive a cash interest subsidy payment from the Federal government equal to the interest payable by the District on each interest payment date. The SFCC will make annual payments of $640,348 into an irrevocable escrow account, which along with the income earned on the payments will produce the total principal amount required for the retirement of the bonds at their maturity.

Advance Refunding

On July 1, 2012, the District issued $268,100 of general obligation refunding bonds, Series 2012R, with interest rates of 2.0%. The bonds consist of serial bonds with annual maturities from June, 2013 through December, 2016. The net proceeds of $267,954 (after issuance costs of $146) were used to advance refund series 2001 bonds with a total outstanding principal amount of $265,000 and an average interest rate of 4.825%.

The net proceeds were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded bonds. As a result, the refundable bonds are considered to be defeased, and the related liability for the bonds has been removed from the District's liabilities. The advance refunding was done in order to reduce debt payments in the short-term. The refunding decreased the District's total debt service payments by $11,893. The transaction resulted in an economic loss (difference between the present value of the debt service on the old and the new bonds) of $3,100. The District reports the refundable credit and interest subsidy as federal revenues.

The original amount of each issue, the issue date, interest rates, and outstanding balances of each bond are summarized below:

Issue	Proceeds	Rates	Maturity Dates	Outstanding Balance June 30, 2020
2010 QSCB	$41,535,000	5.20%	6/1/2026	$21,802,211
2010 BABS	5,170,000	5.00%	11/1/2030	2,190,000
2011 QZAB	2,845,000	5.00%	12/1/2030	1,890,080
2011 QSCB	15,450,000	5.00%	12/1/2030	10,327,216
2012	10,800,000	2.00% - 3.20%	8/1/2032	10,265,000
2015	8,380,000	3.00% - 3.50%	4/1/2035	7,360,000
2017A	7,970,000	2.00% - 3.50%	5/1/2037	7,410,000
2017B	19,255,000	2.00% 3.13%	9/1/2037	19,100,000
2019	3,000,000	3.00% 3.75%	8/1/2039	2,995,000
	$114,405,000			$83,339,507

NOTE 4 - LONG-TERM DEBT AND LEASE OBLIGATIONS (Cont'd)

	Clark County School District		Kentucky School Construction Commission		
Year	Principal	Interest	Principal	Interest	Total
2021	$3,520,939	$4,293,376	$457,053	$339,017	$8,610,385
2022	3,538,428	4,271,433	479,564	323,711	8,613,136
2023	3,559,760	4,247,759	503,232	307,464	8,618,215
2024	3,584,671	4,222,348	528,321	290,019	8,625,360
2025	3,608,067	4,196,172	554,925	271,291	8,630,455
2026-2030	29,198,457	11,451,018	3,225,924	1,031,800	44,907,198
2031-2035	19,729,674	2,785,519	3,035,493	471,270	26,021,956
2036-2040	6,773,446	375,557	1,041,554	53,499	8,244,056
	$73,513,441	$35,843,182	$9,826,066	$3,088,071	$122,270,760

Capital Leases

Following is an analysis of the leased property under capital lease through KISTA:

KISTA Issue	Maturity Dates	Interest Rates	6/30/19 Outstanding Balance	Additions	Retirements	6/30/20 Outstanding Balance
2009	3/1/2020	2-3.6%	$31,101	$0	$31,101	$0
2012	3/1/2022	2-2.625%	75,608	0	27,605	48,003
2014	6/1/1931	3-3.5%	317,584	0	22,270	295,314
2015	3/1/2025	2-2.5%	167,833	0	27,907	139,926
2017	3/1/2027	2.55%	352,624	0	42,046	310,578
2018	9/1/2028	2-3%	323,516	0	39,035	284,481
2020	3/1/1930	2%	0	380,332	0	380,332
Totals			$1,268,266	$380,332	$189,964	$1,458,634

The following is a schedule by years of the future minimum lease payments under KISTA capital lease together with the present value of the net minimum lease payments as of June 30, 2020:

Year Ending June 30	Capital Lease Payable
2021	$231,066
2022	230,603
2023	200,966
2024	195,224
2025	195,153
Thereafter	591,662
Total minimum lease payments	1,644,674
Less: Amount of interest	(186,040)
Present value of net minimum lease payments	$1,458,634

NOTE 4 - LONG-TERM DEBT AND LEASE OBLIGATIONS (Cont'd)

Capital Leases (Cont'd)

The following is an analysis of the leased property under capital leases by class at June 30, 2020:

Class of Property	Amount
Buses	$2,422,280
Less: Accumulated Depreciation	1,241,227
Book Value	$1,181,053

The following is a summary of the District's long-term debt transactions for the year ended June 30, 2020:

	06/30/19 Beginning Balance	Additions	Reductions	06/30/20 Ending Balance	Amounts Due Within One Year
Bonds	$87,277,499	$0	$3,937,992	$83,339,507	$3,977,992
Net Bond Premium (Discount)	(409,666)	0	(23,240)	(386,426)	0
Capital Leases	1,268,266	380,332	189,964	1,458,634	193,151
Sick Leave	616,427	96,191	113,877	598,741	122,025
Total	$88,752,527	$476,523	$4,218,593	$85,010,456	$4,293,168

NOTE 5 - COMMITMENTS UNDER NON-CAPITALIZED LEASES

Commitments under operating lease agreements for office equipment provided for the minimum future rental payments as of June 30, 2020 are as follows:

Year Ending June 30:	Amount
2021	$186,348
2022	144,596
2023	20,364
Total	$351,308

Expenditures for equipment under operating leases for the year ended June 30, 2020 totaled $186,348.

NOTE 6 - RETIREMENT PLAN

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

NOTE 6 - RETIREMENT PLAN (cont'd)

General information about the County Employees Retirement System Non-Hazardous ("CERS")

Plan Description

Employees whose positions do not require a degree beyond a high school diploma are covered by the CERS, a cost-sharing multiple-employer defined benefit pension plan administered by the Kentucky Retirement System, an agency of the Commonwealth of Kentucky.

Under the provisions of the Kentucky Revised Statute ("KRS") Section 61.645, the Board of Trustees of the Kentucky Retirement System administers CERS and the General Assembly of the Commonwealth has the authority to establish and amend benefit provisions. The Kentucky Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for CERS. That report may be obtained from http://kyret.ky.gov/.

Benefits provided

CERS provides retirement, health insurance, death and disability benefits to 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 old 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 plus age equal 87
	Reduced retirement	Not available

Cost of living adjustments are provided at the discretion of the General Assembly. In 2013, the General Assembly established funding status thresholds which must be achieved before another COLA can be awarded to retirees. Retirement is based on a factor of the number of years' service and hire date multiplied by the average of the highest five years' earnings. Reduced benefits are based on factors of both of these components.

NOTE 6 - RETIREMENT PLAN (cont'd)

Benefits provided (cont'd)
Death benefits are provided for both death after retirement and death prior to retirement. Death benefits after retirement are $5,000 in lump sum. Five years' service is required for death benefits prior to retirement and the employee must have suffered a duty-related death. The decedent's beneficiary will receive the higher of the normal death benefit and $10,000 plus 25% of the decedent's monthly final rate of pay and any dependent child will receive 10% of the decedent's monthly final rate of pay up to 40% for all dependent children. Five years' service is required for nonservice-related disability benefits.

Contributions
Required contributions by the employee are based on the tier:

	Required contribution
Tier 1	5%
Tier 2	5% + 1% for insurance
Tier 3	5% + 1% for insurance

General information about the Kentucky Teachers' Retirement System ("KTRS")

Plan description
Teaching certified employees of the District and other employees whose positions require at least a college degree are provided pensions through the Teachers' Retirement System of the State of Kentucky (KTRS)—a cost-sharing multiple-employer defined benefit pension plan with a special funding situation established to provide retirement annuity plan coverage for local school districts and other public educational agencies in the Commonwealth. KTRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the KRS. KTRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth's financial statements. KTRS issues a separate publicly available financial report that can be obtained from the KTRS website, at https://trs.ky.gov/administration/financial-reports-information/.

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

1.) Attain age fifty-five (55) and complete five (5) years of Kentucky service, or
2.) Complete 27 years of Kentucky service.

NOTE 6 - RETIREMENT PLAN (cont'd)

<u>Benefits provided (cont'd)</u>
Employees that retire before age 60 with less than 27 years of service receive reduced retirement benefits. Non-university employees 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 employees (including second retirement accounts) after July 1, 2002 will receive monthly benefits equal to 2% of their final average salary for each year of service if, upon retirement, their total service less than ten years. New employees after July 1, 2002 who retire with ten or more years of total service will receive monthly benefits equal to 2.5% of their final average salary for each year of service, including the first ten years.

In addition, employees who retire July 1, 2004 and later with more than 30 years of service will have their multiplier increased for all years over 30 from 2.5% to 3.0% to be used in their benefit calculation. Effective July 1, 2008, the System has been amended to change the benefit structure for employees 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. KTRS also provides disability benefits for vested employees at the rate of sixty (60) percent of the final average salary. A life insurance benefit, payable upon the death of a member, is $2,000 for active contributing employees and $5,000 for retired or disabled employees. 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.

<u>Contributions</u>
Contribution rates are established by Kentucky Revised Statutes (KRS). Non-university employees are required to contribute 12.855% of their salaries to the System. University employees are required to contribute 10.400% of their salaries. KRS 161.580 allows each university to reduce the contribution of its employees by 2.215%; therefore, university employees contribute 8.185% of their salary to KTRS.

The Commonwealth of Kentucky, as a non-employer contributing entity, pays matching contributions at the rate of 13.105% of salaries for local school district and regional cooperative employees hired before July 1, 2008 and 14.105% for those hired after July 1, 2008. For local school district and regional cooperative 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.

NOTE 6 - RETIREMENT PLAN (cont'd)

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

At 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 KTRS because the Commonwealth of Kentucky provides the pension support directly to KTRS on behalf of the District in a special funding situation.

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	$	18,862,555
Commonwealth's proportionate share of the net KTRS pension liability associated with the District		99,343,272
	$	118,205,827

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 that date.

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. At June 30, 2019, the District's proportion was .268199%. For the year ended June 30, 2020, the District recognized pension expense of $2,160,381 related to CERS and a negative expense of $10,385,624 related to KTRS. The District also recognized negative on-behalf revenue of $10,385,624 for KTRS support provided by the Commonwealth paid directly to KTRS. KTRS has reported negative pension expense in both the 2018 and 2019 measurement periods.

NOTE 6 - RETIREMENT PLAN (cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (cont'd)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 481,618	$ 79,699
Changes of assumptions	1,909,105	-
Net difference between projected and actual earnings on pension plan investments	362,087	666,159
Changes in proportion and differences between District contributions and proportionate share of contributions	605,786	44,350
District contributions subsequent to the measurement date	1,429,310	-
	$ 4,787,906	$ 790,208

$1,429,310 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2021	$1,591,031
2022	$ 703,104
2023	$ 252,680
2024	$ 21,574
2025	$ -

Actuarial assumptions

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

	CERS	KTRS
Inflation	2.30%	3.0%
Projected salary increases	3.30%-11.55%	3.5-7.3%
Investment rate of return, net of investment expense & inflation	6.25%	7.5%

NOTE 6 - RETIREMENT PLAN (cont'd)

For CERS, mortality tables were revised for the 2019 measurement based on an experience study completed in March 2019. The mortality table used for active members was the PUB-2010 General Mortality table, for the non-hazardous system, and the PUB-2010 Public Safety Mortality table for the Hazardous system, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. For healthy retired members and beneficiaries, the mortality table used is a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2019. For disabled members, the table used is the PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

For KTRS, 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 last experience study was performed for the period July 1, 2010 – June 30, 2015, was performed in 2016.

For CERS, the long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years, at a minimum. The most recent analysis, performed for the period covering fiscal years 2014 through 2018, is outlined in a report dated April 18, 2019. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long- term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. However, the expected returns in the following table are based on ten-year yields developed by the investment consultant based on their capital market analysis prior to the impact of COVID.

Asset Class	Target Allocation	Ten-Year Expected Real Rate of Return
Growth:	**62.50%**	
U. S. Equity	18.75%	4.30%
International Equity	18.75%	4.80%
Private Credit	10.00%	6.65%
High Yield Credit	15.00%	2.60%
Liquidity:	**14.50%**	
Core Bonds	13.50%	1.35%
Cash	1.00%	.20%
Diversifying Strategies:		
Real Estate	5.00%	4.85%
Opportunistic	3.00%	2.97%
Real Return	15.00%	4.10%
Total	100.00%	

NOTE 6 - RETIREMENT PLAN (cont'd)

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	40.00%	4.20%
International Equity	22.00%	5.20%
Fixed Income	15.00%	1.20%
Additional Categories*	8.00%	3.30%
Real Estate	6.00%	3.80%
Private Equity	7.00%	6.30%
Cash	2.00%	0.90%
Total	100.00%	

**Includes High Yield, Non-US Developed Bonds, and Private Credit Strategies*

Discount rate

For CERS, the discount rate used to measure the total pension liability was 6.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan employees and employers will be made at statutory contribution rates. In 2018, the Kentucky General Assembly allowed CERS employers to use a ten-year phase-in for the significant contribution increases that resulted when the earnings assumption was lowered from 7.5% to 6.25%. This phased-in approach is the current "statutory contribution rates" based on actuarial projections, but limited to no more than a 12% annual increase. Projected inflows from investment earnings were calculated using the long-term assumed investment return of 6.25%. The long-term investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

For KTRS, the discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at the statutorily required 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 employees.

NOTE 6 - RETIREMENT PLAN (cont'd)

Therefore, the long- term expected rate of return on pension plan investments was applied to all periods of projected benefit payments.

Sensitivity of CERS and KTRS proportionate share of net pension liability to changes in the discount rate—The following table presents 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 or 1-percentage-point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
CERS	5.25%	6.25%	7.25%
District's proportionate share of net pension liability	$ 23,159,706	$ 18,862,555	$ 14,920,853
KTRS	6.50%	7.50%	8.50%
District's proportionate share of net pension liability	$ -	$ -	$ -

Pension plan fiduciary net position
Detailed information about the pension plan's fiduciary net position is available in the separately issued financial reports of both CERS and KTRS.

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 amount allowable by law. These plans are administered by independent third-party administrators.

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 statements. The District, therefore, does not report these assets and liabilities on its financial statements. Employee contributions made to the plans during the year totaled $503,396. The District does not contribute to these plans.

NOTE 7 – OTHER POSTEMPLOYMENT BENEFIT PLANS (OPEB)

The District's employees are provided with two OPEB plans, based on each position's college degree requirement. The County Employees Retirement System covers employees whose position does not require a college degree or teaching certification. The Kentucky Teachers Retirement System covers positions requiring teaching certification or otherwise requiring a college degree. Retired District employees receive some health care benefits depending on their length of service. In accordance with Kentucky Revised Statutes, these benefits are provided and advance funded on an actuarially determined basis through the CERS and KTRS plans. The Kentucky Retirement System's publicly available financial report may be obtained from http://kyret.ky.gov/. KTRS issues a publicly available financial report that can be obtained at http://www.ktrs.ky.gov/05_publications/index.htm.

CERS Other Postemployment Benefits

Plan Description—CERS health insurance benefits are also 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 only the member's health insurance premium. Hazardous members receive a contribution subsidy for both the member and dependent coverage.

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

Hazardous retirees receive $15 toward the monthly premium and the hazardous retiree's spouse may also receive this contribution upon the retiree's death. The monthly insurance benefit has been increased annually by a Cost of Living Adjustment (COLA) since July 2004.

Contributions—CERS allocates a portion of the employer contributions to the health insurance benefit plans. For the 2019 measurement period, CERS allocated 4.70% of the 19.18% actuarially required contribution rate paid by employers for funding the healthcare benefit. In addition, 1% of the Tier 2 and 3 6% employee contributions are allocated to the health insurance plan.

NOTE 7 – OTHER POSTEMPLOYMENT BENEFIT PLANS (OPEB) (cont'd)

CERS Other Postemployment Benefits (cont'd)

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

At June 30, 2020, the District reported a liability of $4,509,809 for its proportionate share of the collective net CERS OPEB liability. The collective net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the District's long-term share of contributions to OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the District's proportion was 0.268129%.

The amount recognized by the District as its proportionate share of the OPEB liability was $4,509,809 as of June 30, 2020. For the year ended June 30, 2020, the District recognized OPEB expense of $131,949.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 1,360,714
Changes of assumptions	1,334,494	8,924
Net difference between projected and actual earnings on OPEB plan investments	29,706	230,011
Changes in proportion and differences between District contributions and proportionate share of contributions	230,433	7,183
District contributions subsequent to the measurement date	352,514	-
	$ 1,947,147	$ 1,606,832

Of the total amount reported as deferred outflows of resources related to OPEB, $352,514 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

NOTE 7 – OTHER POSTEMPLOYMENT BENEFIT PLANS (OPEB) (cont'd)

CERS Other Postemployment Benefits (cont'd)

Year ended June 30:	
2021	$ 12,972
2022	$ 12,972
2023	$ 76,658
2024	$ (45,451)
2025	$ (59.537)
Thereafter	$ (9,812)

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

Investment rate of return	6.25%, net of OPEB plan investment expense, including inflation.
Projected salary increases	3.30% - 10.30%, for non-hazardous, depending on years of service 3.55% to 19.05%, for hazardous, depending on years of service
Inflation rate	2.30%
Healthcare cost trend rates:	
Under 65	Initial trend starting at 7.00%, January 2020, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years
Ages 65 and Older	Initial trend starting at 5.00%, January 2020, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 10 years
Municipal Bond Index Rate	3.62%
Discount Rate	5.68% non-hazardous and 5.69% hazardous

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

NOTE 7 – OTHER POSTEMPLOYMENT BENEFIT PLANS (OPEB) (cont'd)

CERS Other Postemployment Benefits (cont'd)

The remaining actuarial assumptions (e.g. initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2019 valuation were based on a review of recent plan experience for the period covering fiscal years 2014 through 2018, is outlined in a report dated April 18, 2019. The investment return, price inflation, and payroll growth assumption were adopted by the Board in May 2019 for use with the June 30, 2019 valuation in order to reflect future economic expectations.

The long-term expected rate of return on OPEB plan investments was determined 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 class are summarized in the table below.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U. S. Equity	40.0%	4.2%
Non-U.S. Equity	22.0%	5.2%
Fixed Income	15.0%	1.2%
Additional Categories*	7.0%	3.2%
Real Estate	7.0%	3.8%
Private Equity	7.0%	6.3%
Cash	2.0%	0.9%
Total	100.0%	

* Includes high yield, non-US developed bonds, and private credit strategies

Discount rate – The single discount rate of 5.68% for CERS nonhazardous and 5.69% for CERS hazardous was used to measure the total OPEB liability as of June 30, 2019. The Single discount rate is based on the expected rate of return on OPEB plan investments of 6.25% and a municipal bond rate of 3.13%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2019. Future contributions are projected in accordance with the current funding policy mandated in Ky Revised Statutes 61.565, as amended, which includes the requirement that each participating employer in the System contribute the actuarially determined contribution rate, which is determined using a closed funding period (24 years as of June 30, 2019) and the actuarial assumptions and methods adopted by the Board of Trustees. Current assets, future contributions, and investment earnings are projected to be sufficient to pay the projected benefit payments from the retirement system.

NOTE 7 – OTHER POSTEMPLOYMENT BENEFIT PLANS (OPEB) (cont'd)

CERS Other Postemployment Benefits (cont'd)

However, the cost associated with the implicit employer subsidy is not currently included in the calculation of the System's actuarial determined contributions and any cost associated with the implicit subsidy is not paid out of the System's trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

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

	1% Decrease	Current Discount Rate	1% Increase
	4.68%	5.68%	6.68%
District's proportionate share of net OPEB liability	$ 6,041,289	$ 4,509,809	$ 3,247,971

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

	1% Decrease	Current Health Care Trend Rate	1% Increase
District's proportionate share of net OPEB liability	$ 3,353,968	$ 4,509,809	$ 5,911,403

The Kentucky Retirement System's publicly available financial report may be obtained from http://kyret.ky.gov/.

NOTE 7 – OTHER POSTEMPLOYMENT BENEFIT PLANS (OPEB) (cont'd)

KTRS Postemployment Health Care Benefits

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

Plan description—In addition to the pension benefits described in Note 7, KRS 161.675 requires KTRS to provide post-employment healthcare benefits to eligible employees and dependents. The KTRS Medical Insurance Fund is a cost-sharing multiple employer defined benefit plan. Changes made to the medical plan may be made by the KTRS Board of Trustees, the Kentucky Department of Employee Insurance and the General Assembly.

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

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

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

At June 30, 2020, the District reported a liability of $11,305,000 for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the District's proportion was .386273%.

NOTE 7 – OTHER POSTEMPLOYMENT BENEFIT PLANS (OPEB) (cont'd)

KTRS Postemployment Health Care Benefits (cont'd)

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

District's proportionate share of the net KTRS OPEB liability	$	11,305,000
Commonwealth's proportionate share of the net KTRS OPEB liability associated with the District		9,130,000
Total	$	20,435,000

For the year ended June 30, 2020, the District recognized a decrease in OPEB expense of $191,117 as the liability decreased, deferred outflows and inflows increased, and deferred contributions increased. In addition, the District recognized on-behalf revenue and expenses of $543,177 for support provided by the State as a nonemployer contributing entity. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

		Deferred Outflows of Resources		Deferred Inflows of Resources
Differences between expected and actual experience	$	-	$	2,736,000
Changes of assumptions		301,000		-
Net difference between projected and actual earnings on OPEB plan investments		48,000		-
Changes in proportion and differences between District contributions and proportionate share of contributions		707,000		132,000
District contributions subsequent to the measurement date		688,724		-
	$	1,744,724	$	2,868,000

Of the total amount reported as deferred outflows of resources related to OPEB, $688,724 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

NOTE 7 – OTHER POSTEMPLOYMENT BENEFIT PLANS (OPEB) (cont'd)

KTRS Postemployment Health Care Benefits (cont'd)

Year ended June 30:	
2020	$ (350,000)
2021	$ (350,000)
2022	$ (326,000)
2023	$ (331,000)
2024	$ (281,000)
Thereafter	$ (174,000)

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

Investment rate of return	8.00%, net of OPEB plan investment expense, including inflation.
Projected salary increases	3.50 – 7.20%, including inflation
Inflation rate	3.00%
Real Wage Growth	0.50%
Wage Inflation	3.50%
Healthcare cost trend rates	
Under 65	7.75% for FY 2018 decreasing to an ultimate rate of 5.00% by FY 2024
Ages 65 and Older	5.75% for FY 2018 decreasing to an ultimate rate of 5.00% by FY 2021
Medicare Part B Premiums	2.63% for FY 2019 with an ultimate rate of 5.00% by 2031
Municipal Bond Index Rate	3.50%
Discount Rate	8.00%
Single Equivalent Interest Rate	8.00%, net of OPEB plan investment expense, including inflation.

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

The remaining actuarial assumptions (e.g. initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2019 valuation were based on a review of recent plan experience done concurrently with the June 30, 2019 valuation.

NOTE 7 – OTHER POSTEMPLOYMENT BENEFIT PLANS (OPEB) (cont'd)

KTRS Postemployment Health Care Benefits (cont'd)

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	58.0%	5.1%
Fixed Income	9.0%	1.2%
Additional Categories*	17.0%	3.2%
Real Estate	6.5%	3.8%
Private Equity	8.5%	6.3%
Cash	1.0%	.9%
Total	100.0%	

**Includes high yield, non-US developed bonds, and private credit strategies*

Discount rate - The discount rate used to measure the total OPEB liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

NOTE 7 – OTHER POSTEMPLOYMENT BENEFIT PLANS (OPEB) (cont'd)

KTRS Postemployment Health Care Benefits (cont'd)

	1% Decrease 7.00%	Current Discount Rate 8.00%	1% Increase 9.00%
District's proportionate share of MIF net OPEB liability	$ 13,392,000	$ 11,305,000	$ 9,557,000

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

	1% Decrease	Current Health Care Trend Rate 1.02%-7.75%	1% Increase
District's proportionate share of net OPEB liability	$ 9,203,000	$ 11,305,000	$ 13,890,000

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

KTRS Postemployment Life Insurance Benefits

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

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

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

NOTE 7 – OTHER POSTEMPLOYMENT BENEFIT PLANS (OPEB) (cont'd)

KTRS Postemployment Life Insurance Benefits (cont'd)

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

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

District's proportionate share of the net KTRS OPEB liability	$	-
Commonwealth's proportionate share of the net KTRS OPEB liability associated with the District		212,000
	$	212,000

The collective net OPEB liability for life insurance was based on an actuarial valuation performed as of June 30, 2019. The total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the State's long-term share of contributions to the State's life insurance plan for District employees relative to the projected contributions for all employees, actuarially determined. For the year ended June 30, 2020, the District recognized OPEB revenue and expense of $8,968 for support provided by the State.

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

Investment rate of return	7.50%, net of OPEB plan investment expense, including inflation.
Projected salary increases	3.50 – 7.20%, including inflation
Inflation rate	3.00%
Real Wage Growth	0.50%
Wage Inflation	3.50%
Municipal Bond Index Rate	3.89%
Discount Rate	7.50%
Single Equivalent Interest Rate	7.50%, net of OPEB plan investment expense, including inflation.

The remaining actuarial assumptions (e.g. initial per capita costs, rate of plan participation, rates of plan election, etc.) used in the June 30, 2019 valuation were based on a review of recent plan experience which covered the five-year period ending June 30, 2015.

NOTE 7 – OTHER POSTEMPLOYMENT BENEFIT PLANS (OPEB) (cont'd)

KTRS Postemployment Life Insurance Benefits (cont'd)

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

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

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S Equity	40.0%	4.3%
International Equity	23.0%	5.2%
Fixed Income	18.0%	1.2%
Additional Categories*	6.0%	3.2%
Real Estate	6.0%	3.8%
Private Equity	5.0%	6.3%
Cash	2.0%	.9%
Total	100.0%	

**Includes high yield, non-US developed bonds, and private credit strategies*

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

OPEB plan fiduciary net position – TRS of Ky issues a publicly available financial report that can be obtained at http://www.TRS of Ky.ky.gov/05_publications/index.htm.

NOTE 8 – ACCUMULATED UNPAID SICK LEAVE BENEFITS

Upon retirement from the school system, an employee will receive from the District an amount equal to 30% of the value of accumulated sick leave. Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. At June 30, 2020, this amount totaled $598,741. The District follows a policy of funding up to one-half of the total amount accrued as a commitment of the General Fund balance.

NOTE 9 - INSURANCE AND RELATED ACTIVITIES

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

NOTE 10 - CONTINGENCIES

Funding for the District's Grant Funds is provided by federal, state and local government agencies. These funds are to be used for designated purposes only. If, based upon the grantor's review, the funds are considered not to have been used for the intended purpose the grantor may request a refund of monies advanced, or to refuse to reimburse the District for its disbursements. The amount of such future refunds and un-reimbursed disbursements, if any, is not expected to be significant. Continuation of the District's grant programs is predicated upon the grantor's satisfaction that the funds provided are being spent as intended and the grantor's intent to continue their programs. In addition, the District operates in a heavily regulated environment. The operations of the District are subject to the administrative directives, rules and regulations of federal and state regulatory agencies, including, but not limited to, the U.S. Department of Education and the Kentucky Department of Education. Such administrative directives, rules and regulations are subject to change by an act of Congress or the Kentucky Legislature or an administrative change mandated by the Kentucky Department of Education. Such changes may occur with little or inadequate funding to pay for the related cost, including the additional administrative burden to comply with a change.

NOTE 11 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To obtain insurance for worker's compensation, errors and omissions, and general liability coverage the District participates in the Kentucky School Boards Insurance Trust Liability Insurance Fund. These public entity risk pools operate as common risk management and insurance programs for all school districts and other tax supported educational agencies of Kentucky who are members of the Kentucky School Boards Association. The District pays an annual premium to each fund for coverage.

NOTE 11 - RISK MANAGEMENT (cont'd)

Contributions to the Workers' Compensation Fund are based on premium rates established by such a fund in conjunction with the excess insurance carrier, subject to claims experience modifications and a group discount amount. Dividends may be declared, but are not payable until twenty-four months after the expiration of the self-insurance term. The liability insurance fund pays insurance premiums of the participating members established by the insurance carrier. The Trust can terminate coverage if it is unable to obtain acceptable excess general liability coverage, and for any reason, by giving ninety days notice. In the event the Trust terminated coverage, any amount remaining in the Fund would be returned to the member on a pro rata basis. The District purchases unemployment insurance through the Kentucky School Boards Insurance Trust Unemployment Compensation Fund; however, risk has not been transferred to such fund. In addition, the District continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past several fiscal years.

NOTE 12 - COBRA

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

NOTE 13 - DEFICIT OPERATING/ FUND BALANCES

As of June 30, 2020 the Special Revenue and Food Service Funds are operating as deficit fund balances of $506 and $1,298,167, respectively. The following funds had operations that resulted in a current year deficit after transfers and other financing sources (see Note 14) resulting in the following reductions of fund balances:

General Fund	$3,464,801
Construction Fund	$11,094,049
Food Service Fund	$305,607

NOTE 14 – INTERFUND TRANSACTIONS

The following transfers were made during the year:

From Fund	To Fund	Purpose	Amount
General	Special Revenue	KETS Offers	$ 99,276
General	Construction	Construction	$ 1,210,121
Special Revenue	General	Indirect Costs	$ 2,931
Food Service	General	Indirect Costs	$ 50,314
Capital Outlay	General	Capital Funds Request	$ 182,993
Capital Outlay	Construction	Construction	$ 139,848
Capital Outlay	Debt Service	Debt Service	$ 76,442
Building	Debt Service	Debt Service	$ 3,943,052
Construction	Debt Service	Debt Service	$ 139,848

NOTE 15 - ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2020, the Commonwealth of Kentucky contributed estimated payments on behalf of the District as follows:

Kentucky Teachers Retirement System	$	8,028,279
Health & Life Insurance		5,670,684
Technology		107,610
Debt Service		1,266,554
Recognized at the Fund Level	$	15,073,127
Additional pension & OPEB expense recognized at the Government-Wide Level	$	(9,887,624)
Total On-Behalf	$	5,185,503

These payments were recorded in the appropriate revenue and expense accounts on the statement of revenue, expenses, and changes in fund balance as follows:

General Fund	$	13,250,000
Food Service Fund		556,573
Debt Service Fund		1,266,554
Total	$	15,073,127

NOTE 16 – LITIGATION

The District is subject to several legal actions in various stages of litigation, the outcome of which is not determinable at this time. Management of the District and its legal counsel do not anticipate that there will be any material effect on the combined financial statements as a result of the cases presently in progress.

NOTE 17 – SUBSEQUENT EVENTS

In preparing these financial statements, management of the District has evaluated events and transaction for potential recognition or disclosure through November 16, 2020, the date the financial statements were available to be issued.

NOTE 18 – PRIOR PERIOD ADJUSTMENT – CHANGE IN ACCOUNTING PRINCIPLE

The District implemented one new GASB standards in FY 2020—GASBS No. 84, *Fiduciary Activities*. GASBS No. 84 and KDE policy requires the District to shift reporting for school activity funds from fiduciary agency funds to a special revenue fund. The following table outlines the prior period adjustments necessary to implement this standard.

NOTE 18 – PRIOR PERIOD ADJUSTMENT – CHANGE IN ACCOUNTING PRINCIPLE (Cont'd)

	Governmental Activities	Fiducuiary Funds
Net position of governmental activities, as previously reported	$ -	$ -
Due to Student Groups	-	286,984
Agency Funds Reclassified to Special Revenue	286,984	(286,984)
Net Change in Beginning Net Position	286,984	(286,984)
Net position, June 30, 2019, Restated	$ 286,984	$ -

The Impact on governmental and fiduciary balances is outlined in the following table:

	School Activity Fund	Fiducuiary Funds
Fund Balance, as previously reported	$ -	$ -
Due to Student Groups	-	286,984
Adjustments:		
Agency Funds Reclassified to School Activity Fund	286,984	(286,984)
Fund Balance, July 1, as restated	$ 286,984	$ -

NOTE 19 – RISKS AND UNCERTAINTIES

During the year ended June 30, 2020, the World Health Organization declared the coronavirus disease (COVID-19) outbreak to be a pandemic. COVID -19 continues to spread across the globe and is impacting worldwide economic activity. The continued spread of the disease represents a significant risk that operations will continue to be disrupted for the foreseeable future. The full extent to which COVID-19 impacts the District will depend on future developments which are highly uncertain and cannot be predicted.

CLARK COUNTY SCHOOL DISTRICT

REQUIRED SUPPLEMENTAL SCHEDULES

CLARK COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2020

	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)	Reporting Fiscal Year (Measurement Date) 2017 (2016)	Reporting Fiscal Year (Measurement Date) 2016 (2015)	Reporting Fiscal Year (Measurement Date) 2015 (2014)
COUNTY EMPLOYEES RETIREMENT SYSTEM:						
District's proportion of the net pension liability	0.268199%	0.259351%	0.247879%	0.255670%	0.250200%	0.252150%
District's proportionate share of the net pension liability	$ 18,862,555	$ 15,795,875	$ 14,509,120	$ 12,588,232	$ 10,757,386	$ 8,180,771
District's covered-employee payroll	$ 6,503,279	$ 6,366,878	$ 5,890,324	$ 6,271,485	$ 6,064,648	$ 6,048,423
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	290.05%	248.09%	246.32%	200.72%	177.38%	135.25%
Plan fiduciary net position as a percentage of the total pension liability	50.45%	53.54%	53.30%	55.50%	59.97%	66.80%
KENTUCKY TEACHER'S RETIREMENT SYSTEM:						
District's proportion of the net pension liability	0%	0%	0%	0%	0%	0%
District's proportionate share of the net pension liability	-	-	-	-	-	-
State's proportionate share of the net pension liability associated with the District	$ 99,343,272	$ 92,535,820	$ 189,692,739	$ 209,072,870	$ 165,560,053	$ 106,821,950
Total	$ 99,343,272	$ 92,535,820	$ 189,692,739	$ 209,072,870	$ 165,560,053	$ 106,821,950
District's covered-employee payroll	$ 24,403,159	$ 23,300,998	$ 22,835,242	$ 22,717,608	$ 22,386,072	$ 22,638,548
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	58.80%	59.30%	56.40%	54.60%	55.30%	53.60%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.
Note: These amounts are based on the prior year's measurement period, not the District's fiscal year.

CLARK COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS - PENSION
FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019	2018	2017	2016	2015	2014
COUNTY EMPLOYEES RETIREMENT SYSTEM:							
Contractually required contribution	$ 1,429,310	$ 1,164,587	$ 930,809	$ 841,917	$ 726,374	$ 747,009	$ 1,092,745
Contributions in relation to the contractually required contribution	1,429,310	1,164,587	930,809	841,917	726,374	747,009	1,092,745
Contribution deficiency (excess)	-	-	-	-	-	-	-
District's covered-employee payroll	$ 7,402,591	$ 7,178,196	$ 6,366,878	$ 5,890,324	$ 6,271,485	$ 6,064,648	$ 6,048,423
District's contributions as a percentage of its covered-employee payroll	19.31%	16.22%	14.62%	14.29%	11.58%	12.32%	18.07%

	2020	2019	2018	2017	2016	2015	2014
KENTUCKY TEACHER'S RETIREMENT SYSTEM:							
Contractually required contribution	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-
Contribution deficiency (excess)	-	-	-	-	-	-	-
District's covered-employee payroll	$ 24,625,369	$ 24,406,762	$ 23,300,998	$ 22,835,242	$ 22,717,608	$ 22,386,072	$ 22,638,548
District's contributions as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

COUNTY EMPLOYEES RETIREMENT SYSTEM:

Changes of Benefit Terms -

2009: A new benefit tier for members who first participate on or after September 1, 2008 was introduced which included the following changes:

1. Tiered Structure for benefit accrual rates
2. New retirement eligibility requirements
3. Different rules for the computation of final average compensation

2014: A cash balance plan was introduced for member whose participation date is on or after January 1, 2014

Actuarial Methods and Assumptions:

The actuarially determined contribution rates are determined on an annual basis using the actuarial valuation conducted two years prior to the year in which the contribution will be assessed. The amortization period for the unfunded liability was reset as of July 1, 2013, to a closed 30-year period.

The 2019 actuarial valuation used update mortality tables for all categories of members and beneficiaries and a system-specific mortality table for non-disabled retirees. In 2019, mortality rates for active members were based on the PUB-2010 General Mortality table, for the nonhazardous members and the PUB-2010 Public Safety Mortality table for the hazardous members, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. Post-retirement mortality rates (non-disabled) used a system-specific mortality table based on mortality experience from 2013 – 2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. The PUB-2010 Disabled Mortality Table is used for post-retirement mortality for disabled retirees with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. Previous valuations were based on RP-2000 Combined Mortality Tables.

For the 2017 actuarial valuation, several key actuarial assumptions were revised. Changes in assumptions prior to 2016 provided minor adjustments to the actuarial measurements. The following table outlines the actuarial methods and assumptions that were used in 2019 and 2016 to determine contribution rates reported for all systems:

Assumption	2017 Valuation	2016 Valuation
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level of Percentage of Payroll, closed	Level of Percentage of Payroll, closed
Remaining Amortization Period	26 Years	27 Years
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Post-retirement benefit adjustments	0.00%	0.00%
Inflation	**2.30%**	**3.25%**
Salary Increase	**3.3% to 11.55%** varies by service), average, including Inflation	**4%**, average, including Inflation
Investment Rate of Return	**6.25%**, Net of Pension Plan Investment Expense, including Inflation	**7.5%**, Net of Pension Plan Investment Expense, including Inflation

KENTUCKY TEACHER'S RETIREMENT SYSTEM:

Changes of Benefit Terms - None

Changes of Assumptions:

The 2018 actuarial analysis for KTRS indicated that cash flows for the system would be sufficient to pay benefits in all periods. As a result, the discount rate for the 2018 study was the same as the long-term expected yield of 7.5%. In 2017, the analysis used a blended rate of 4.49% which included the application of the municipal bond index to periods after 2038.

CLARK COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET OPEB LIABILITY - MEDICAL INSURANCE PLAN
FOR THE YEAR ENDED JUNE 30, 2020

	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)
COUNTY EMPLOYEES RETIREMENT SYSTEM:			
District's proportion of the net OPEB liability	0.268129%	0.259351%	0.247879%
District's proportionate share of the net OPEB liability	$ 4,509,809	$ 4,604,725	$ 4,983,216
District's covered-employee payroll	$ 6,503,279	$ 6,366,878	$ 5,890,324
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	69.35%	72.32%	84.60%
Plan fiduciary net position as a percentage of the total OPEB liability	60.44%	57.62%	52.40%
KENTUCKY TEACHER'S RETIREMENT SYSTEM:			
District's proportion of the net OPEB liability	0.386273%	0.363301%	0.368681%
District's proportionate share of the net OPEB liability	11,305,000	12,606,000	13,146,000
State's proportionate share of the net OPEB liability associated with the District	$ 9,130,000	$ 10,863,000	$ 10,739,000
Total	$ 20,435,000	$ 23,469,000	$ 23,885,000
District's covered-employee payroll	$ 22,420,095	$ 23,300,998	$ 22,835,242
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	50.42%	54.10%	57.57%
Plan fiduciary net position as a percentage of the total OPEB liability	32.58%	25.50%	26.70%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.
Note: These amounts are based on the prior year's measurement period, not the District's fiscal year.

CLARK COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS - MEDICAL INSURANCE PLAN
FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019	2018	2017
COUNTY EMPLOYEES RETIREMENT SYSTEM:				
Contractually required contribution	$ 352,514	$ 377,573	$ 302,127	$ 285,467
Contributions in relation to the contractually required contribution	352,514	377,573	302,127	285,467
Contribution deficiency (excess)	-	-	-	-
District's covered-employee payroll	$ 7,402,591	$ 7,178,196	$ 6,366,878	$ 5,890,324
District's contributions as a percentage of its covered-employee payroll	4.76%	5.26%	4.75%	4.85%
KENTUCKY TEACHER'S RETIREMENT SYSTEM:				
Contractually required contribution	$ 688,724	$ 672,607	$ 647,154	$ 631,655
Contributions in relation to the contractually required contribution	688,724	672,607	647,154	631,655
Contribution deficiency (excess)	-	-	-	-
District's covered-employee payroll	$ 22,958,131	$ 22,319,477	$ 23,300,998	$ 22,835,242
District's contributions as a percentage of its covered-employee payroll	3.00%	3.01%	2.78%	2.77%

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

CLARK COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - MEDICAL INSURANCE PLAN
FOR THE YEAR ENDED JUNE 30, 2020

COUNTY EMPLOYEES RETIREMENT SYSTEM:

Valuation Date: June 30, 2019

Changes in actuarial assumptions:
The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions which were changed from the 2016 actuarial valuation, applied to all periods included in the measurement:

Investment rate of return	6.25%, net of OPEB plan investment expense, including inflation.
Projected salary increases	4% average
Inflation rate	3.25%
Healthcare cost trend rates	
Under 65	Initial trend starting at 7.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 5 years
Ages 65 and older	Initial trend starting at 5.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 2 years
Municipal bond index rate	3.56%
Discount rate	5.84%

KENTUCKY TEACHER'S RETIREMENT SYSTEM:

Valuation Date: June 30, 2019

2017 Changes to benefit terms:
With the passage of House Bill 471, the eligibility for non-single subsidies (NSS) for the KEHP-participating members who retire prior to July 1, 2010 is restored, but the State will only finance, via its KEHP "shared responsibility" contributions, the costs of the NSS related to those KEHP-participating members who retired on or after July 1, 2010.

2019 Changes to assumptions:
The State's biennial budget for the two years ended June 30, 2020, included the actuarially determined contribution (ADC) rate fo the TRS of Ky system plus additional contributions to address the shortfall from previous years. The actuarial analysis for the June 30, 2019 measurement included an assumption that future state contributions would be based on the ADC which provides sufficient funding for all future periods. As a result, TRS used the long-term rate of return, 7.5%, as the 2019 discount rate instead of a blended rate that included the municipal bond index for certain future periods.

CLARK COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET OPEB LIABILITY - LIFE INSURANCE PLAN
FOR THE YEAR ENDED JUNE 30, 2020

	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)
KENTUCKY TEACHER'S RETIREMENT SYSTEM:			
District's proportion of the net OPEB liability	0%	0%	0%
District's proportionate share of the net OPEB liability	$ -	$ -	$ -
State's proportionate share of the net OPEB liability associated with the District	$ 212,000	$ 186,000	$ 144,000
Total	$ 212,000	$ 186,000	$ 144,000
District's covered-employee payroll	$ 22,420,095	$ 23,300,998	$ 22,835,242
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	73.40%	75.00%	87.80%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.
Note: These amounts are based on the prior year's measurement period, not the District's fiscal year.

CLARK COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS - LIFE INSURANCE PLAN
FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019	2018	2017
KENTUCKY TEACHER'S RETIREMENT SYSTEM:				
Contractually required contribution	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-	-
Contribution deficiency (excess)	-	-	-	-
District's covered-employee payroll	$ 22,958,131	$ 22,319,477	$ 23,300,998	$ 22,835,242
District's contributions as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%

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

CLARK COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - LIFE INSURANCE PLAN
FOR THE YEAR ENDED JUNE 30, 2020

KENTUCKY TEACHER'S RETIREMENT SYSTEM:

Valuation Date: June 30, 2019

Changes to benefit terms:
With the passage of House Bill 471, the eligibility for non-single subsidies (NSS) for the KEHP-participating members who retire prior to July 1, 2010 is restored, but the State will only finance, via its KEHP "shared responsibility" contributions, the costs of the NSS related to those KEHP-participating members who retired on or after July 1, 2010.

CLARK COUNTY SCHOOL DISTRICT

SUPPLEMENTAL SCHEDULES

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

	SEEK CAPITAL OUTLAY FUND	FSPK BUILDING FUND	DEBT SERVICE FUND	DISTRICT ACTIVITY FUND	STUDENT ACTIVITY FUND	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
ASSETS:						
Cash and cash equivalents	$ 79,523	$ -	$ -	$ 332,189	$ 453,374	$ 865,086
Accounts receivable	-	-	-	-	17,443	17,443
TOTAL ASSETS	$ 79,523	$ -	$ -	$ 332,189	$ 470,817	$ 882,529
LIABILITIES:						
Accounts payable	$ -	$ -	$ -	$ 5,441	$ 6,905	$ 12,346
TOTAL LIABILITIES	-	-	-	5,441	6,905	12,346
FUND BALANCES:						
Committed	-	-	-	326,748	463,912	790,660
Restricted	79,523	-	-	-	-	79,523
TOTAL FUND BALANCES	79,523	-	-	326,748	463,912	870,183
TOTAL LIABILITIES AND FUND BALANCES	$ 79,523	$ -	$ -	$ 332,189	$ 470,817	$ 882,529

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

	SEEK CAPITAL OUTLAY	FSPK BUILDING FUND	DEBT SERVICE FUND	DISTRICT ACTIVITY FUND	STUDENT ACTIVITY FUND	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
REVENUES:						
From local sources:						
Taxes:						
Property	$ -	$ 2,838,266	$ -	$ -	$ -	$ 2,838,266
Motor vehicle	-	298,902	-	-	-	298,902
Tuition and fees	-	-	-	242,453	-	242,453
Other local revenues	-	-	-	221,278	1,154,449	1,375,727
Intergovernmental - state	472,788	805,884	1,266,554	-	-	2,545,226
Intergovernmental - federal	-	-	2,881,481	-	-	2,881,481
TOTAL REVENUES	472,788	3,943,052	4,148,035	463,731	1,154,449	10,182,055
EXPENSES:						
Instruction	-	-	-	338,030	977,521	1,315,551
Support Services:						
Instructional staff	-	-	-	21,518	-	21,518
Plant operations and maintenance	-	-	-	23,643	-	23,643
Student transportation	-	-	-	129	-	129
Community service	-	-	-	13,641	-	13,641
Debt service	-	-	8,307,377	-	-	8,307,377
TOTAL EXPENDITURES	-	-	8,307,377	396,961	977,521	9,681,859
Excess (Deficit) of Revenues over Expenditures	472,788	3,943,052	(4,159,342)	66,770	176,928	500,196
OTHER FINANCING SOURCES (USES):						
Operating transfers in	-	-	4,159,342	-	-	4,159,342
Operating transfers out	(399,283)	(3,943,052)	-	-	-	(4,342,335)
TOTAL OTHER FINANCING SOURCES (USES)	(399,283)	(3,943,052)	4,159,342	-	-	(182,993)
Net Change in Fund Balance	73,505	-	-	66,770	176,928	317,203
Fund balance beginning	6,018	-	-	259,978	-	265,996
Prior Period Adjustment (See Note #18)	-	-	-	-	286,984	286,984
Fund balance beginning	6,018	-	-	259,978	286,984	552,980
Fund balance ending	$ 79,523	$ -	$ -	$ 326,748	$ 463,912	$ 870,183

CLARK COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES
SCHOOL ACTIVITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Due to Student Groups June 30, 2019	Revenues	Expenses	Due to Student Groups June 30, 2020
George Rogers Clark High School	$ 187,965	$ 710,821	$ 555,691	$ 343,095
Campbell Jr. High School	78,347	317,110	312,238	83,219
Baker Intermediate School	8,569	55,754	51,477	12,846
Conkwright Elementary School	1,851	10,710	7,071	5,490
Willis H. Justice Elementary School	6,048	22,349	21,786	6,611
Shearer Elementary School	2,709	22,490	17,446	7,753
Strode Station Elementary School	1,495	15,215	11,812	4,898
	$ 286,984	$ 1,154,449	$ 977,521	$ 463,912

CLARK COUNTY SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES
GEORGE ROGERS CLARK HIGH SCHOOL ACTIVITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

ACCOUNTS:	Due to Student Groups June 30, 2019	Revenues	Expenses	Due to Student Groups June 30, 2020
10TH REGION BOYS BBALL	$ -	$ 54,584	$ 54,584	$ -
2019 FOOTBALL PLAYOFF R1	-	2,597	2,597	-
39TH DISTRICT SOCCER TOUR	-	4,310	4,310	-
40TH DISTRICT BASKETBALL	-	24,427	24,427	-
American Heart Association	105	-	105	-
Academic Team Tshirts	-	500	54	446
Athletics	13,253	115,410	78,234	50,429
Advertisement	-	6,450	6,450	-
AP Testing	1,064	47,194	28,480	19,778
Athletic Contigency	20,021	-	8,640	11,381
Band	-	685	538	147
Beta Club	-	8,232	2,201	6,031
Bookstore	7,913	43,348	42,818	8,443
Buddies of the Bluegrass	-	435	26	409
Boy's Basketball	1,030	3,755	1,733	3,052
Boy's Soccer	49	4,991	4,991	49
Cap & Gowns	4,735	39,865	17,720	26,880
CBI	-	65	-	65
Chorus	18	13,909	5,764	8,163
Cinderella's Closet	555	-	555	-
Class of 2019	(76)	1,567	1,491	-
Class of 2020	38,500	9,152	16,778	30,874
DAF Sweep Account	-	19,354	19,354	-
Dance Red	-	1,307	-	1,307
Dance Team	1,150	1,677	1,462	1,365
ELL	28	-	28	-
Drama	11,386	6,852	11,364	6,874
Faculty Lounge	5,164	1,865	955	6,074
FCCLA	-	2,225	215	2,010
Fees	282	19,474	19,756	-
FFA	1,612	18,768	9,832	10,548
Fifth Third Sweep	-	50,414	50,414	-
Fine Arts Cohort	1,391	2,116	2,060	1,447
Floral Design	-	685	677	8
Football 6A Playoff	-	3,848	3,848	-
Football	(321)	12,086	10,330	1,435
French Club	482	3,397	536	3,343
General	18,575	5,428	4,746	19,257
Girl's Basketball	771	704	80	1,395
Girl's Golf	34	300	-	334

CLARK COUNTY SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES
GEORGE ROGERS CLARK HIGH SCHOOL ACTIVITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

ACCOUNTS:	Due to Student Groups June 30, 2019	Revenues	Expenses	Due to Student Groups June 30, 2020
Girl's Soccer	$ -	$ 20	$ 20	$ -
Girls Soccer Semi State 2	-	3,890	3,890	-
Greenhouse	11,847	30,589	13,096	29,340
Guidance	1,156	642	707	1,091
Journalism	7,850	24,578	13,271	19,157
Jr. ROTC	9,625	7,273	8,326	8,572
Key Club	24	-	24	-
Leadership Challenge	2,180	-	1,822	358
Library	709	280	469	520
Marching Band	-	18,550	15,734	2,816
Mock Trial	-	1,740	1,740	-
Multicultral Club	-	75	-	75
NHS	16	4,590	1,460	3,146
Nat Art Honor Soc Club	338	514	80	772
Orchestra	62	370	178	254
PLTW	-	2,795	174	2,621
PLTW Boat Race	14	4	-	18
Principal's Account	7,226	-	2,816	4,410
Receipt Money	-	3,900	3,900	-
Seal of Biliteracy	-	70	70	-
Softball	364	-	364	-
Soft Drinks	3,094	486	429	3,151
STLP/TSA	129	45	173	1
STLP	-	114	-	114
Spanish Club	-	3,697	2,323	1,374
Senior NYC Trip	5,786	37,979	23,013	20,752
Spirit Club	-	1,099	253	846
Special Club	-	81	-	81
Student Christmas Shopping	8,879	12,351	5,324	15,906
Student Council	-	1,560	673	887
Swimming	-	466	270	196
Trooper Island Fund	625	-	625	-
Track	160	150	-	310
TSA	105	275	130	250
Vex Robotics	55	-	55	-
Yearbook	-	4,390	-	4,390
Y-Club	-	16,272	16,129	143
TOTALS	$ 187,965	$ 710,821	$ 555,691	$ 343,095

CLARK COUNTY SCHOOLS
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

Federal Grantor/Program or Cluster Title	*Federal CFDA Number*	*Name of Grant - Grant ID No.*	*Federal Expenditures($)*
Passed Through Kentucky Department of Education			
United States Department of Education			
Special Education Cluster (IDEA)-Cluster			
Special Education_Grants to States			
Special Education_Grants to States	84.027	3810002-17	$ 8,035
Special Education_Grants to States	84.027	3810002-18	225,719
Special Education_Grants to States	84.027	3810002-19	772,001
Total Special Education_Grants to States			1,005,755
Special Education_Preschool Grants			
Special Education_Preschool Grants	84.173	3800002-18	15,151
Special Education_Preschool Grants	84.173	3800002-19	34,012
Total Special Education_Preschool Grants			49,163
Total Special Education Cluster (IDEA)-Cluster			1,054,918
Title I Grants to Local Educational Agencies			
Title I Grants to Local Educational Agencies	84.010	3100002-17	123,866
Title I Grants to Local Educational Agencies	84.010	3100002-18	80,567
Title I Grants to Local Educational Agencies	84.010	3220002-18	6,051
Title I Grants to Local Educational Agencies	84.010	3100002-19	1,060,193
Title I Grants to Local Educational Agencies	84.010	3220002-19	3,364
Total Title I Grants to Local Educational Agencies			1,274,041
English Language Acquisition Grants			
English Language Acquisition Grants	84.365	3300002-18	8,951
English Language Acquisition Grants	84.365	3300002-19	10,749
Total English Language Acquisition Grants			19,700
Migrant Education_State Grant Program			
Migrant Education_State Grant Program	84.011	3110002-18	25,071
Migrant Education_State Grant Program	84.011	3110002-19	71,961
Total Migrant Education_State Grant Program			97,032
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	313E	1,030
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	313F	8,747
Total Title I State Agency Program for Neglected and Delinquent Children and Youth			9,777
Career and Technical Education -- Basic Grants to States			
Career and Technical Education -- Basic Grants to States	84.048	3710002-17	1,496
Career and Technical Education -- Basic Grants to States	84.048	3710002-18	15,239
Career and Technical Education -- Basic Grants to States	84.048	3710002-19	16,941
Total Career and Technical Education -- Basic Grants to States			33,676
Rural Education			
Rural Education	84.358	3140002-17	33,465
Rural Education	84.358	3140002-18	29,552
Total Rural Education			63,017

The accompanying notes are an integral part of this schedule

CLARK COUNTY SCHOOLS
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

Federal Grantor/Program or Cluster Title	*Federal CFDA Number*	*Name of Grant - Grant ID No.*	*Federal Expenditures($)*
Improving Teacher Quality State Grants			
Improving Teacher Quality State Grants	84.367	3230002-17	$ 496
Improving Teacher Quality State Grants	84.367	3230002-18	150,559
Improving Teacher Quality State Grants	84.367	3230002-19	57,390
Total Improving Teacher Quality State Grants			208,445
Striving Readers/Comprehensive Literacy Development			
Striving Readers/Comprehensive Literacy Development	84.371	466E	28,940
Striving Readers/Comprehensive Literacy Development	84.371	466F	90,509
Total Striving Readers/Comprehensive Literacy Development			119,449
Student Support and Academic Enrichment Program			
Student Support and Academic Enrichment Program	84.424	3420002-17	9,412
Student Support and Academic Enrichment Program	84.424	3420002-18	34,093
Student Support and Academic Enrichment Program	84.424	3420002-19	7,386
Total Student Support and Academic Enrichment Program			50,891
FOREIGN LANGUAGE PROGRAM			
FOREIGN LANGUAGE PROGRAM	84.293	KDE FEDERAL MOA - MAGGIE DOYLE--410DM	6,202
Total FOREIGN LANGUAGE PROGRAM			6,202
ESSER FUNDS			
ESSER FUNDS	84.425D	COVID-19 ELEMENTARY & SECONDARY EMER RELIEF FUND	30,000
Total ESSER FUNDS			30,000
Total Department of Education			2,967,148
United States Department of Agriculture			
National School Lunch Program			
National School Lunch Program	10.555	4001097	195,975
National School Lunch Program	10.555	7750002-19	445,375
National School Lunch Program	10.555	7750002-20	1,279,847
School Breakfast Program	10.553	7760005-19	239,408
School Breakfast Program	10.553	7760005-20	689,631
Summer School Feeding Program	10.559	7690024-19	2,891
Summer School Feeding Program	10.559	7690024-20	23,831
Summer School Feeding Program	10.559	7740023-19	27,388
Summer School Feeding Program	10.559	7740023-20	232,194
Total United States Department of Agriculture			3,136,540
Department of Defense			
ROTC			
ROTC	12.000	504F	73,857
Total Department of Defense			73,857

The accompanying notes are an integral part of this schedule

CLARK COUNTY SCHOOLS
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

Federal Grantor/Program or Cluster Title	*Federal CFDA Number*	*Name of Grant - Grant ID No.*	*Federal Expenditures($)*
Department of Health and Human Services			
Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance			
Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	93.079	US DEPT OF HEALTH AND HUMAN SERV--493F	$ 150
Total Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance			150
Every Student Succeeds Act/Preschool Development Grants			
Every Student Succeeds Act/Preschool Development Grants	93.434	CECC EARLY CHILDHOOD COUNCIL--644F	9,300
Total Every Student Succeeds Act/Preschool Development Grants			9,300
Total Department of Health and Human Services			9,450
Department of Homeland Security			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA - FEDERAL REIMBURSEMENT--677FC	37,308
Total Disaster Grants - Public Assistance (Presidentially Declared Disasters)			37,308
Total Department of Homeland Security			37,308
Total Expenditures of Federal Awards			$ 6,224,303

The accompanying notes are an integral part of this schedule

CLARK COUNTY SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2020

NOTE 1- BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Clark County School District under the programs of the federal government for the year ended June 30, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, (Uniform Guidance). Because the schedule presents only a selected portion of operations of the Clark 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- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1) 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.
2) Clark School District did not elect to use the 10% de minimus indirect cost rate.

NOTE 3 – FOOD DISTRIBUTION

Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. For the year ended June 30, 2020, the District received food commodities totaling $195,975.

SUMMERS, MCCRARY & SPARKS, P.S.C.
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS:

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

To the Kentucky State Committee for School District Audits
Members of the Board of Education
Clark County School District
Winchester, KY 40391

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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Clark 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 Clark County School District's basic financial statements, and have issued our report thereon dated November 16, 2020.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Clark 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 of financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management for the District in a separate letter dated November 16, 2020.

Purpose of this Report

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

Summers, McCrary & Sparks, PSC

Lexington, KY
November 16, 2020

SUMMERS, MCCRARY & SPARKS, P.S.C.
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS:

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

To the Kentucky State Committee for School District Audits
Members for the Board of Education
Clark County School District
Winchester, KY 40391

Report on Compliance for Each Major Federal Program

We have audited the Clark 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 Clark County School District's major federal programs for the year ended June 30, 2020. Clark 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 Clark 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 Clark 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 Clark County School District's compliance.

Opinion on Each Major Federal Program

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

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

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

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

Summers, McCrary & Sparks, PSC

Lexington, KY
November 16, 2020

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

Section 1 - Summary of Auditor's Results

Financial Statements
Type of auditor's report issued - unmodified

Internal control over financial reporting:

Material weakness(es) identified? _______yes ___X___no

Significant deficiencies identified _______yes ___X____none reported

Noncompliance material to financial statements noted? _______yes ___X____no

Federal Awards
Internal control over majority programs:

Material weakness(es) identified? _______yes ___X___no

Significant deficiencies identified ________yes ___X___none reported

Type of auditor's report issued on compliance for the major programs - unmodified

Any audit findings disclosed that are required to be report in accordance with 2 CFR section 200.516 (a)? _______yes ___X___no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.027 & 84.173	Special Education Cluster
84.366	Improving Teacher Quality

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

Auditee qualified as low-risk auditee? ___X___yes _______no

Section II – Financial Statement Findings

No findings in the current year.

Section III – Federal Award Findings and Questioned Costs

No findings in the current year.

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

Section II – Financial Statement Findings

No findings in the prior year.

Section III – Federal Award Findings and Questioned Costs

No findings in the prior year.

SUMMERS, MCCRARY & SPARKS, P.S.C.
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS:

AMERICAN INSTITUTE
OF CERTIFIED PUBLIC ACCOUNTANTS

KENTUCKY SOCIETY
OF CERTIFIED PUBLIC ACCOUNTANTS

PRIVATE COMPANIES
PRACTICE SECTION OF THE AMERICAN INSTITUTE
OF CERTIFIED PUBLIC ACCOUNTANTS

STUART K. MCCRARY, JR., CPA
THOMAS S. SPARKS, CPA
RYAN R. LASKI, CPA

SUSAN A. LACY, CPA
JUSTIN B. NICHOLS, CPA
EMILY N. JACKSON, CPA
ALEX R.LEE, CPA

LAURENCE T. SUMMERS
1961-1992

Members of the Board of Education
Clark County School District
Winchester, Kentucky

In planning and performing our audit of the financial statements of Clark County School District for the year ended June 30, 2020, we considered the District's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated November 16, 2020 on the financial statements of the Clark County School District

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

Respectfully,

Summers, McCrary & Sparks, PSC

Summers, McCrary & Sparks, PSC
Lexington, Kentucky
November 16, 2020

CLARK COUNTY SCHOOL DISTRICT
MANAGEMENT LETTER COMMENTS
JUNE 30, 2020

BOARD

Any exceptions noted in testing appeared to be isolated incidents only and were communicated to management.

SCHOOL ACTIVITY FUNDS

GEORGE ROGERS CLARK HIGH SCHOOL

Comment: During our testing of transfer forms, we noted that many of the forms did not have a date approved by authorized personnel. We recommend the bookkeeper review the "transfers" section of the Redbook, which states "The sponsor of the remitting (paying) activity account and the principal shall sign the Transfer Form."

Response: Management agrees and has addressed the school regarding the findings in this audit comment. The Director of Finance has reviewed the Transfer section of Redbook with the Principal and bookkeeper to ensure these procedures are followed in the future.

SHEARER ELEMENTARY

Any exceptions noted in testing appeared to be isolated incidents only and were communicated to management.

CAMPBELL JR. HIGH

Any exceptions noted in testing appeared to be isolated incidents only and were communicated to management.

WILLIS H. JUSTICE ELEMENTARY

Any exceptions noted in testing appeared to be isolated incidents only and were communicated to management.

STRODE STATION ELEMENTARY

Any exceptions noted in testing appeared to be isolated incidents only and were communicated to management.

CONKWRIGHT ELEMENTARY SCHOOL

Any exceptions noted in testing appeared to be isolated incidents only and were communicated to management.

BAKER INTERMEDIATE

Any exceptions noted in testing appeared to be isolated incidents only and were communicated to management.

STATUS OF PRIOR YEAR COMMENTS

SCHOOL ACTIVITY FUNDS

GEORGE ROGERS CLARK HIGH SCHOOL

- Previously, during our testing of cash receipts, we found an instance where students did not sign the Multiple Receipt Form when turning in money. We recommend the bookkeeper and teachers review the "Receipts" section of the "Redbook", which states "Students third grade and above must sign the Multiple Receipt Form." No similar finding occurred in the current year.

- Previously, during our testing of cash receipts, we had an instance where the amount deposited could not be verified against the multiple receipt form. We recommend the bookkeeper review the "Receipts" section of the "Redbook", which states, "All money collected by a teacher or sponsor shall be given to the school treasurer on the day collected, or if the money is collected after school business hours for evening or weekend events, on the next business day" & " The school treasurer shall deposit slips containing the issuer's name and the amount of each check or retain a copy of all checks to be deposited. The deposit slip shall note the receipt numbers in the deposit." No similar finding occurred in the current year.

- Previously, during our testing of cash receipts, we found several instances of a Multiple Receipt Form or Prenumbered receipt not being given to the school treasurer. We recommend the bookkeeper review the "Receipts" section of the "Redbook" which states a copy of the Multiple Receipt Form or a copy of the pre-numbered receipt shall be retained by the teacher or sponsor and the original shall be given to the school treasurer. No similar finding occurred in the current year.

- Previously, during our testing of cash receipts we found multiple instances of the Multiple Receipt Form (F-SA-6) not signed by the person remitting the money. We recommend the bookkeeper review the Multiple Receipt Form (F-SA-6) in the "Redbook", to familiarize themselves with all sections of the form. No similar finding occurred in the current year.

- Previously, during our review of receipts, we found an instance of the Sales from Concessions/Bookstore/School Store/Pencil Machine Form (Form F-SA-17) was not signed by the individual preparing the form. We recommend the bookkeeper review the "Receipts" section of the "Redbook", which states the Sales from

Concessions/Bookstore/School Store/Pencil Machine Form shall be signed by the individual preparing the form and by the school treasurer. No similar finding occurred in the current year.

- Previously, during our review of the end of year reports, we found the Accounts Receivable and Accounts Payable (Form F-SA-15B) was not completed, and based upon our review of subsequent period disbursements, we found multiple accounts payable and accounts receivable. We recommend the bookkeeper review the "Reports" section of the "Redbooks, which states several reports are filled out by the treasurer each month, including Accounts Receivable and Accounts Payable (Form F-SA-15B), and "Appendix D: Monthly Reports" section of the "Redbook", which states for payables, this report should only list unpaid invoices dated on or before the end of the month. No similar finding occurred in the current year.

- Previously, during our review of the Annual Financial Report and after applying the year end Accounts Payable and Accounts Receivable balances, we found two activity accounts that ended the year with a negative balance. We recommend the bookkeeper review the "Reports" section of the "Redbook", which states individual school activity accounts shall not end the fiscal year with a negative balance. No similar finding occurred in the current year.

<u>WILLIS H. JUSTICE ELEMENTARY</u>

- Previously, during our review of receipts we noted multiple deposits that were missing the receipt numbers included in the deposit. We recommend the bookkeeper review the “Receipts” section of the “Redbook” which states the deposit slip shall note the receipt numbers in the deposit. No similar finding occurred in the current year.

- Previously, during our review of cash we noted multiple bank reconciliations were not completed in a timely manner. We recommend the bookkeeper review the "Reports" section of the "Redbook", which states upon receipt of the monthly student activity fund account bank statement, the statement balance is to be reconciled to the monthly report. No similar finding occurred in the current year.

- Previously, during our review of fundraisers, we found the Fundraiser Worksheet (F-SA-2B) was not completed for each fundraiser, and when it was completed, the forms were missing the sponsor's signature. We Recommend the Principal review the "Receipts" section of the "Redbook", which states the activity sponsor shall complete the Fundraiser Worksheet (F-SA-2B) and forward the report to the Principal for review and filing within one week of the completion of the fundraising period or event. The Principal and club sponsors should review the Fundraiser Worksheet (F-SA-2b) to ensure they are familiar with all aspects of the form. No similar finding occurred in the current year.

<u>BAKER INTERMEDIATE</u>

- Previously, during our review of the end of year reports, we found the Accounts Receivable and Accounts Payable (Form F-SA-15B) was not completed, and based upon our review of subsequent period disbursements, we found multiple accounts payable. We recommend the bookkeeper review the "Reports" section of the "Redbooks, which states several reports are filled out by the treasurer each month, including Accounts Receivable and Accounts Payable (Form F-SA-15B), and "Appendix D: Monthly Reports" section of the "Redbook", which states for payables, this report should only list unpaid invoices dated on or before the end of the month. No similar finding occurred in the current year.

APPENDIX C

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

Continuing Disclosure Agreement

CONTINUING DISCLOSURE UNDERTAKING AGREEMENT

This Continuing Disclosure Undertaking Agreement ("Agreement") made and entered into as of the 8th day of September, 2021, by and between the Board of Education of Clark County, Kentucky School District ("Board"); the Clark County School District Finance Corporation, an agency and instrumentality of the Board ("Corporation") and the Registered and Beneficial Owners of the Bonds hereinafter identified as third party beneficiaries to this Agreement. For the purposes of this Agreement "Beneficial Owner" means the person or entity treated as the owner of the Bonds for federal income tax purposes and "Registered Owner" means the person or entity named on the registration books of the bond registrar.

W I T N E S S E T H:

WHEREAS, the Corporation has acted as issuing agency for the Board pursuant to the provisions of Section 162.385 of the Kentucky Revised Statutes ("KRS") and the Corporation's Bond Resolution in connection with the authorization, sale and delivery of $9,880,000 of the Corporation's School Building Refunding Revenue Bonds, Taxable Series 2021, dated as of September 8, 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
CLARK COUNTY, KENTUCKY
SCHOOL DISTRICT**

____
Chairman

Attest:

____
Secretary

**CLARK COUNTY SCHOOL
DISTRICT FINANCE CORPORATION**

____
President

Attest:

____
Secretary

APPENDIX D

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

Official Terms and Conditions of Bond Sale

OFFICIAL TERMS AND CONDITIONS OF BOND SALE

$9,880,000*
Clark County School District Finance Corporation
School Building Refunding Revenue Bonds, Taxable Series of 2021
Dated as of September 8, 2021

SALE: August 18, 2021 AT 11:30 A.M., E.S.T.

As published on PARITY®, a nationally recognized electronic bidding system, the Clark County School District Finance Corporation (the "Corporation") will until 11:30 A.M., E.D.S.T., on August 18, 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 $9,880,000 principal amount of Clark County School District Finance Corporation School Building Refunding Revenue Bonds, Taxable Series of 2021 (the "Refunding Bonds"), dated and bearing interest from September 8, 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:

MATURITY	PRINCIPAL AMOUNT*
Feb. 1, 2022	$ 45,000
2022	545,000
2023	540,000
2024	545,000
2025	545,000
2026	1,040,000
2027	1,055,000
2028	1,075,000
2029	1,080,000
2030	1,105,000
2031	1,140,000
2032	1,165,000

* Subject to Permitted Adjustment as described herein.

REDEMPTION PROVISIONS

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

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

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

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

ADDITIONAL PARITY BONDS

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

PROCEEDS TO RETIRE ALL BONDS OF PRIOR ISSUE

The Refunded Bonds were issued under the authority of Sections 162.120 through 162.300 and 162.385 of the Kentucky Revised Statutes for the purpose of providing funds to finance Phase II to the new William H. Justice Elementary School, Phase II renovations to convert Conkwright Middle School into Elementary School and Phase II to the new George Rogers Clark High School (collectively, the "Project"). Under the terms of the Resolution authorizing the Refunded Bonds, the Refunded Bonds are payable from the income and revenues of the school building Project financed from the proceeds thereof. The Refunded Bonds are secured by a lien upon and a pledge of revenues from the rental of the school building Project to the Board under a Lease Agreement, dated August 1, 2012 (the "Prior Lease").

The total principal amount of the Refunded Bonds currently outstanding is $9,425,000, scheduled to mature on August 1 in each of the years 2022 through 2032. The proceeds of the Refunding Bonds will be used to pay accruing interest on and retire on August 1, 2022 all of the Refunded Bonds

The 2021 Bond Resolution adopted by the Corporation's Board of Directors authorizes the payment and retirement of the Refunded Bonds including principal and accruing interest 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 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 September 8, 2021 (the "2021 Lease"); provided, however, that said lien and pledge are on parity with similar liens and pledges securing certain of the Corporation's outstanding Qualified School Construction Bonds and School Building Revenue Bonds previously issued to finance or refinance the school building Project (the "Parity Bonds").

Under the 2021 Lease the Board has leased the school property securing the Refunding Bonds in accordance with the provisions of KRS 162.140 for an initial period from September 8, 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 to the Corporation the right to notify and request the Kentucky Department of Education to withhold from the Board a sufficient portion of any undisbursed funds then held, set aside, or allocated to the Board and to request said Department or Commissioner of Education to transfer the required amount thereof to the Paying Agent for the payment of such rentals.

BIDDING CONDITIONS AND RESTRICTIONS

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

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

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

(3) The bid shall be not less than $9,781,200 (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 $9,880,000 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 $990,000, 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 $8,890,000 or a maximum of $10,870,000. 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 $9,880,000 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 and on the basis of the interest on said Bonds being subject to Federal taxation but not Kentucky income taxation on the date of their delivery to the successful bidder. See TAX STATUS below.

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

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

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

STATE SUPPORT OF EDUCATION

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

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

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

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

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

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

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

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

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

BIENNIAL BUDGET FOR PERIOD ENDING JUNE 30, 2022

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

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

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

POTENTIAL LEGISLATION

No assurance can be given that any future legislation, will not cause interest on the Refunding Bonds to be subject, directly or indirectly, to state income taxation. Further, no assurance can be given that the introduction or enactment of any such future legislation, will not affect the market price for the Refunding Bonds.

CONTINUING DISCLOSURE

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

Financial information regarding the Board may be obtained from Superintendent, Clark County Board of Education, 1600 W. Lexington Avenue, Winchester, Kentucky 40391 (859) 744-4545.

TAX STATUS

Bond Counsel advises as follows:

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

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

BOOK-ENTRY-ONLY-SYSTEM

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

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

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

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

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

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

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

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

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

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

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

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

CLARK COUNTY SCHOOL DISTRICT
FINANCE CORPORATION

By /s/ Paul Christy
Secretary

APPENDIX E

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

Official Bid Form

OFFICIAL BID FORM
(Bond Purchase Agreement)

The Clark County School District Finance Corporation ("Corporation"), will until 11:30 A.M., E.D.S.T., on August 18, 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 $9,880,000 School Building Refunding Revenue Bonds, Taxable Series of 2021, dated as of September 8, 2021; maturing February 1, 2022 and August 1, 2022 through 2032 ("Bonds").

We hereby bid for said $9,880,000* principal amount of Bonds, the total sum of $_______________ (not less than $9,781,200) plus accrued interest from September 8, 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:

Year	Amount*	Rate
Feb. 1, 2022	$ 45,000	________%
2022	545,000	________%
2023	540,000	________%
2024	545,000	________%
2025	545,000	________%
2026	1,040,000	________%
2027	1,055,000	________%
2028	1,075,000	________%
2029	1,080,000	________%
2030	1,105,000	________%
2031	1,140,000	________%
2032	1,165,000	________%

* Subject to Permitted Adjustment up to $990,000

We understand this bid may be accepted for as much as $10,870,000 of Bonds or as little as $8,890,000 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 September 8, 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 Clark County School District Finance Corporation for $_________________ amount of Bonds at a price of $______________ as follows:

Year	Amount	Rate	Year	Amount	Rate
February 1, 2022	_______,000	________%	2027	_______,000	________%
2022	_______,000	________%	2028	_______,000	________%
2023	_______,000	________%	2029	_______,000	________%
2024	_______,000	________%	2030	_______,000	________%
2025	_______,000	________%	2031	_______,000	________%
2026	_______,000	________%	2032	_______,000	________%

Dated: August 18, 2021

____

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