

**DATED OCTOBER 6, 2021**

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

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

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

**\$750,000\***  
**CORBIN INDEPENDENT SCHOOL DISTRICT FINANCE CORPORATION**  
**SCHOOL BUILDING REFUNDING REVENUE BONDS,**  
**SERIES OF 2021**

**Dated with Delivery: November 4, 2021**

**Due: as shown below**

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

Maturing		Interest		Reoffering		Maturing		Interest		Reoffering	
<u>1-Sep</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>CUSIP</u>	<u>1-Sep</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>CUSIP</u>		
2022	\$35,000	%	%		2027	\$140,000	%	%			
2023	\$35,000	%	%		2028	\$140,000	%	%			
2024	\$30,000	%	%		2029	\$135,000	%	%			
2025	\$90,000	%	%		2030	\$5,000	%	%			
2026	\$135,000	%	%		2031	\$5,000	%	%			

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 Corbin Independent 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 Corbin Independent Board of Education.

The Corbin Independent (Kentucky) School District Finance Corporation will until October 14, 2021 at 11:00 A.M., E.S.T., receive competitive bids for the Bonds at the office of the Executive Director of the Kentucky School Facilities Construction Commission, 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 \$75,000.**

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

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

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

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



**CORBIN INDEPENDENT  
BOARD OF EDUCATION**

Kim Croley, Chairperson  
Keith Gibson, Member  
Todd Childers, Member  
Carcille Burchette, Member  
Stephen Mullberry, Member

Dave Cox, Superintendent/Secretary

**CORBIN INDEPENDENT (KENTUCKY) SCHOOL DISTRICT  
FINANCE CORPORATION**

Kim Croley, President  
Keith Gibson, Member  
Todd Childers, Member  
Carcille Burchette, Member  
Stephen Mullberry, Member

Dave Cox, Secretary

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

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

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

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

## TABLE OF CONTENTS

	Page
Introduction .....	1
Book-Entry-Only System .....	1
The Corporation .....	3
Kentucky School Facilities Construction Commission; No Participation in this Issue .....	3
Biennial Budget for Period Ending June 30, 2022 .....	4
Outstanding Bonds .....	4
Authority .....	5
The Bonds .....	5
General .....	5
Registration, Payment and Transfer .....	5
Redemption .....	5
Security .....	6
General .....	6
The Lease; Pledge of Rental Revenues .....	6
State Intercept .....	6
The Plan of Refunding .....	7
Purpose of the Prior Bonds .....	7
Estimated Bond Debt Service .....	8
Estimated Use of Bond Proceeds .....	8
District Student Population .....	9
State Support of Education .....	9
Support Education Excellence in Kentucky (SEEK) .....	9
Capital Outlay Allotment .....	9
Facilities Support Program of Kentucky .....	10
Local Support .....	10
Homestead Exemption .....	10
Limitation on Taxation .....	10
Local Thirty Cents Minimum .....	11
Additional 15% Not Subject to Recall .....	11
Assessment Valuation .....	11
Special Voted and Other Local Taxes .....	11
Local Tax Rates, Property Assessments and Revenue Collections .....	12
Overlapping Bond Indebtedness .....	12
SEEK Allotment .....	13
State Budgeting Process .....	14
COVID-19 .....	14
Potential Legislation .....	15
Continuing Disclosure; Exemption .....	15
Tax Exemption; Bank Qualified .....	15
Original Issue Premium .....	16
Original Issue Discount .....	16
Absence of Material Litigation .....	16
Approval of Legality .....	17
No Legal Opinion Expressed as to Certain Matters .....	17
Bond Rating .....	17
Financial Advisor .....	17
Approval of Official Statement .....	17
Demographic and Economic Data .....	APPENDIX A
Financial Data .....	APPENDIX B
Official Terms & Conditions of Bond Sale .....	APPENDIX C
Official Bid Form .....	APPENDIX D

**OFFICIAL STATEMENT  
Relating to the Issuance of**

**\$750,000\***

**CORBIN INDEPENDENT SCHOOL DISTRICT FINANCE CORPORATION  
SCHOOL BUILDING REFUNDING REVENUE BONDS,  
SERIES OF 2021**

*\*Subject to Permitted Adjustment*

**INTRODUCTION**

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

The Bonds are being issued to (i) pay the accrued interest and refund at or in advance of maturity on November 22, 2021 the outstanding Corbin Independent School District Finance Corporation School Building Revenue Bonds, Series of 2011, dated October 12, 2011 (the "2011 Bonds") maturing September 1, 2022 and thereafter (the "Refunded Bonds"); and (ii) pay the cost of the Bond issuance expenses (see "Plan of Refunding" herein). The Board has determined that the plan of refunding the Refunded Bonds will result in considerable interest cost savings to the Corbin Independent 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 Corbin Independent 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 Corbin Independent 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 November 4, 2021, may be obtained at the office of Steptoe & Johnson PLLC, Bond Counsel, 700 N. Hurstbourne Parkway, Suite 115, Louisville, Kentucky 40222.

**BOOK-ENTRY-ONLY-SYSTEM**

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

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

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

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

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

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

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

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

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

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

may be requested by an authorized representative of DTC) is the responsibility of the Corporation or the Paying Agent and Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

## **THE CORPORATION**

The Corporation has been formed in accordance with the provisions of Sections 162.120 through 162.290 and Section 162.385 of the Kentucky Revised Statutes ("KRS"), and KRS Chapter 273 and KRS 58.180, as a non-profit, non-stock corporation for the purpose of financing necessary school building facilities for and on behalf of the Board. Under the provisions of existing Kentucky law, the Corporation is permitted to act as an agency and instrumentality of the Board for financing purposes and the legality of the financing plan to be implemented by the Board herein referred to has been upheld by the Kentucky Court of Appeals (Supreme Court) in the case of White v. City of Middlesboro, Ky. 414 S.W.2d 569.

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

## **KENTUCKY SCHOOL FACILITIES CONSTRUCTION COMMISSION**

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

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

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

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

### **BIENNIAL BUDGET FOR PERIOD ENDING JUNE 30, 2022**

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

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

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

### **OUTSTANDING BONDS**

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



<b>Bond Series</b>	<b>Original Principal</b>	<b>Current Principal Outstanding</b>	<b>Principal Assigned to Board</b>	<b>Principal Assigned to Commission</b>	<b>Approximate Interest Rate Range</b>	<b>Final Maturity</b>
2011 QZAB	\$ 5,000,000	\$ 5,000,000	\$ 1,800,572	\$ 3,199,428	4.35%	2029
2011	\$ 950,000	\$ 720,000	\$ 950,000	\$ 0	2.100% - 3.050%	2031
2012	\$ 2,600,000	\$ 1,770,000	\$ 970,159	\$ 1,629,841	2.000% - 3.000%	2032
2014 QZAB	\$ 1,395,000	\$ 1,185,000	\$ 1,395,000	\$ 0	1.000%	2034
2014 REF	\$ 9,605,000	\$ 7,300,000	\$ 8,655,074	\$ 949,926	2.000% - 3.750%	2029
2015	\$ 1,626,000	\$ 1,215,000	\$ 0	\$ 1,626,000	1.400% - 4.000%	2035
2016	\$ 28,350,000	\$ 23,975,000	\$ 8,467,952	\$ 19,882,048	2.000% - 3.250%	2036
2016-REF	\$ 10,755,000	\$ 6,680,000	\$ 10,115,816	\$ 639,184	2.000% - 3.000%	2027
2018	\$ 3,600,000	\$ 3,210,000	\$ 2,353,890	\$ 1,246,110	3.000% - 3.500%	2038
2018B	\$ 5,975,000	\$ 5,480,000	\$ 5,541,384	\$ 433,616	3.000% - 3.625%	2038
2021	\$ 4,360,000	\$ 4,360,000	\$ 3,986,906	\$ 373,094	2.000%	2041
<b>Totals:</b>	<b>\$74,216,000</b>	<b>\$56,535,000</b>	<b>\$44,236,753</b>	<b>\$29,606,153</b>		

### **AUTHORITY**

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

- i) the issuance of approximately \$750,000 of Bonds subject to a permitted adjustment of \$75,000;
- 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 November 4, 2021, will bear interest from that date as described herein, payable semi-annually on March 1 and September 1 of each year, commencing March 1, 2022, and will mature as to principal on September 1, 2022 and each September 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 March 1 and September 1 of each year, beginning March 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 stated maturities.

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

## **SECURITY**

### **General**

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

### **The Lease; Pledge of Rental Revenues**

The Board has leased the school Project securing the Bonds for an initial period from November 4, 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 September 1, 2031, the final maturity date of the Bonds. Under the lease, the Corporation has pledged the rental revenue to the payment of the Bonds.

## **STATE INTERCEPT**

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

## **THE PLAN OF REFUNDING**

A sufficient amount of the proceeds of the Bonds at the time of delivery will be deposited into the Bond Fund for the Refunded Bonds. The Bond Fund deposit is intended to be sufficient to (i) pay the accrued interest and refund at or in advance of maturity on November 22, 2021 the outstanding Corbin Independent School District Finance Corporation School Building Revenue Bonds, Series of 2011, dated October 12, 2011 (the "2011 Bonds") maturing September 1, 2022 and thereafter (the "Refunded Bonds"); and (ii) pay the cost of the Bond issuance expenses (see "Plan of Refunding" herein). The Board has determined that the plan of refunding the Refunded Bonds will result in considerable interest cost savings to the Corbin Independent 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 financing renovations to Corbin 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	2021 School Building Refunding Revenue Bonds			Total Local Bond Payments
		Principal Portion	Interest Portion	Total Payment	
2022	\$2,776,976		\$3,413	\$3,413	\$2,766,774
2023	\$2,826,191	\$35,000	\$10,255	\$45,255	\$2,825,381
2024	\$2,829,521	\$35,000	\$9,765	\$44,765	\$2,828,746
2025	\$2,822,375	\$30,000	\$9,310	\$39,310	\$2,816,670
2026	\$2,826,905	\$90,000	\$8,470	\$98,470	\$2,821,919
2027	\$2,824,947	\$135,000	\$6,895	\$141,895	\$2,821,664
2028	\$2,826,721	\$140,000	\$4,970	\$144,970	\$2,825,554
2029	\$2,827,683	\$140,000	\$3,010	\$143,010	\$2,823,751
2030	\$2,833,127	\$135,000	\$1,085	\$136,085	\$2,831,464
2031	\$2,676,293	\$5,000	\$105	\$5,105	\$2,670,878
2032	\$2,675,451	\$5,000	\$35	\$5,035	\$2,670,311
2033	\$2,679,175				\$2,679,175
2034	\$2,678,268				\$2,678,268
2035	\$2,678,370				\$2,678,370
2036	\$2,381,418				\$2,381,418
2037	\$1,049,817				\$1,049,817
2038	\$1,051,630				\$1,051,630
2039	\$848,231				\$848,231
2040	\$366,295				\$366,295
2041	\$373,745				\$373,745
2042	\$370,252				\$370,252
<b>Totals:</b>	<b>\$45,223,391</b>	<b>\$750,000</b>	<b>\$57,313</b>	<b>\$807,313</b>	<b>\$45,180,312</b>

Note: Numbers rounded to the nearest \$1.00.

## ESTIMATED USE OF BOND PROCEEDS

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

<b>Sources:</b>	
Par Amount of Bonds	\$750,000.00
Total Sources	\$750,000.00
<b>Uses:</b>	
Deposit to Prior Bond Fund	\$725,150.00
Underwriter's Discount (1%)	7,500.00
Cost of Issuance	17,350.00
Total Uses	\$750,000.00

## DISTRICT STUDENT POPULATION

Selected school census and average daily attendance for the Corbin Independent School District is as follows:

Year	Average Daily Attendance	Year	Average Daily Attendance
1990-91	1,872.9	2005-06	2,062.4
1991-92	1,867.6	2006-07	2,145.6
1992-93	1,901.2	2007-08	2,248.6
1993-94	1,890.0	2008-09	2,285.1
1994-95	1,851.7	2009-10	2,362.8
1995-96	1,806.7	2010-11	2,416.5
1996-97	1,769.7	2011-12	2,524.6
1997-98	1,716.1	2012-13	2,581.0
1998-99	1,716.1	2013-14	2,570.4
1999-00	1,813.1	2014-15	2,697.2
2000-01	1,825.8	2015-16	2,692.0
2001-02	1,873.5	2016-17	2,684.3
2002-03	1,900.0	2017-18	2,721.5
2003-04	1,927.3	2018-19	2,716.9
2004-05	2,028.9	2019-20	2,699.8

*Source: Kentucky State Department of Education.*

## STATE SUPPORT

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

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

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

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

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

<b>Year</b>	<b>Capital Outlay Allotment</b>	<b>Year</b>	<b>Capital Outlay Allotment</b>
2000-01	182,580.0	2010-11	241,648.0
2001-02	187,350.0	2011-12	252,457.0
2002-03	190,000.0	2012-13	258,101.0
2003-04	192,730.0	2013-14	257,041.0
2004-05	202,890.0	2014-15	269,715.0
2005-06	206,240.0	2015-16	270,840.0
2006-07	214,560.0	2016-17	268,430.0
2007-08	224,860.0	2017-18	272,150.0
2008-09	228,509.0	2018-19	271,690.9
2009-10	236,277.0	2019-20	269,980.0

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

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

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

## LOCAL SUPPORT

**Homestead Exemption.** Section 170 of the Kentucky Constitution was amended at the General Election held November 2, 1971, to exempt from property taxes \$6,500 of value of single unit residential property of taxpayers 65 years of age or older. The 1972 General Assembly amended KRS Chapter 132 to permit counties and school districts to adjust their local tax revenues lost through the application of this Homestead Exemption. The "Single Unit" qualification has been enlarged to subsequent sessions of the General Assembly to provide that such exemption shall apply to such property maintained as the permanent resident of the owner and the dollar amount has been construed to mean \$6,500 in terms of the purchasing power of the dollar in 1972. Every two years thereafter, if the cost of living index of the U.S. Department of Labor has changed as much as 1%, the maximum exemption shall be adjusted accordingly. Under the cost of living formula, the maximum was increased to \$40,500 effective January 1, 2021.

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

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

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

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

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

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

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

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

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

<b>Tax Year</b>	<b>Combined Equivalent Rate</b>	<b>Total Property Assessment</b>	<b>Property Revenue Collections</b>
2000-01	55.2	325,894,256	1,798,936
2001-02	53.4	341,445,462	1,823,319
2002-03	58.8	395,272,020	2,324,199
2003-04	58.8	416,390,793	2,448,378
2004-05	57.4	423,645,316	2,431,724
2005-06	66	452,525,950	2,986,671
2006-07	63.1	489,323,347	3,087,630
2007-08	66	521,204,055	3,439,947
2008-09	60.2	503,279,232	3,029,741
2009-10	60.2	523,461,513	3,151,238
2010-11	64.7	521,243,436	3,372,445
2011-12	65.4	525,820,337	3,438,865
2012-13	64.8	532,442,003	3,450,224
2013-14	68.9	544,149,369	3,749,189
2014-15	71.9	535,083,596	3,847,251
2015-16	73.3	539,463,072	3,954,264
2016-17	76.8	551,756,164	4,237,487
2017-18	74.4	555,852,123	4,135,540
2018-19	78.1	563,573,695	4,401,511
2019-20	78.2	573,723,250	4,486,516

**Overlapping Bond Indebtedness**

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

<b>Issuer</b>	<b>Original Principal Amount</b>	<b>Amount of Bonds Redeemed</b>	<b>Current Principal Outstanding</b>
County of Whitley			
General Obligation	\$15,517,500	\$4,888,833	\$10,628,667
Vehicles Revenue	\$84,284	\$47,761	\$36,523
Refunding Revenue	\$7,054,999	\$0	\$7,054,999
City of Corbin			
General Obligation	\$12,305,000	\$5,009,560	\$7,295,440
Utilities Revenue	\$371,000	\$142,500	\$228,500
City of Williamsburg			
General Obligation	\$2,523,100	\$401,389	\$2,121,711
Water & Sewer Revenue	\$2,884,000	\$992,500	\$1,891,500
Community Center Renewable	\$5,000,000	\$4,385,000	\$615,000
Multiple Purposes Revenue	\$39,440,000	\$8,815,600	\$30,624,400
KLC Funding Trust Lease Revenue	\$50,000,000	\$0	\$50,000,000
Special Districts			
Corbin Public Library	\$1,370,000	\$37,228	\$1,332,772
Cumberland Falls Hwy. Water Dist.	\$3,086,000	\$874,000	\$2,212,000
Whitley County Extension District	\$1,025,000	\$110,000	\$915,000
Whitley County Water District	\$2,940,000	\$143,400	\$2,796,600
<b>Totals:</b>	<b>\$143,600,883</b>	<b>\$25,847,771</b>	<b>\$117,753,112</b>

Source: 2020 Kentucky Local Debt Report.

## SEEK Allotment

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

<u>SEEK</u>	<u>Base Funding</u>	<u>Local Tax Effort</u>	<u>Total State &amp; Local Funding</u>
2000-01	6,757,783	1,798,936	8,556,719
2001-02	6,872,647	1,823,319	8,695,966
2002-03	7,254,080	2,324,199	9,578,279
2003-04	7,432,637	2,448,378	9,881,015
2004-05	7,768,571	2,431,724	10,200,295
2005-06	8,419,494	2,986,671	11,406,165
2006-07	8,733,050	3,087,630	11,820,680
2007-08	10,062,946	3,439,947	13,502,893
2008-09	10,762,222	3,029,741	13,791,963
2009-10	10,025,258	3,151,238	13,176,496
2010-11	10,311,615	3,372,445	13,684,060
2011-12	11,615,868	3,438,865	15,054,733
2012-13	11,948,724	3,450,224	15,398,948
2013-14	11,991,176	3,749,189	15,740,365
2014-15	12,921,230	3,847,251	16,768,481
2015-16	13,288,775	3,954,264	17,243,039
2016-17	13,228,925	4,237,487	17,466,412
2017-18	13,748,442	4,135,540	17,883,982
2018-19	13,845,803	4,401,511	18,247,314
2019-20	13,938,475	4,486,516	18,424,991

- (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 \$0.782 for FY 2019-20. The equivalent tax rate" is defined as the rate which results when the income from all taxes levied by the district for school purposes is divided by the total assessed value of property plus the assessment for motor vehicles certified by the Commonwealth of Kentucky Revenue Cabinet.

## State Budgeting Process

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



- iii) The State Department of Education has adopted a policy of disapproving a school budget if it is financially unsound or fails to provide for:
  - a) payment of maturing principal and interest on any outstanding voted school improvement bonds of the district or payment of rental in connection with any outstanding school building revenue bonds issued for the benefit of the school district; or
  - b) fails to comply with the law.

## **COVID-19**

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

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

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

## **POTENTIAL LEGISLATION**

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

Further, no assurance can be given that the introduction or enactment of any such future legislation, or any action of the IRS, including but not limited to regulation, ruling, or selection of the Bonds for audit

examination, or the course or result of any IRS examination of the Bonds or obligations which present similar tax issues, will not affect the market price for the Bonds.

### **CONTINUING DISCLOSURE; EXEMPTION**

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

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

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, Corbin Independent Board of Education, 108 Roy Kidd Avenue, Corbin, Kentucky 40701 (606-528-1303).

### **TAX EXEMPTION; BANK QUALIFIED**

Bond Counsel is of the opinion that:

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

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

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

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

### **Original Issue Premium**

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

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

## **Original Issue Discount**

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

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

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

## **ABSENCE OF MATERIAL LITIGATION**

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

## **APPROVAL OF LEGALITY**

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

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

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

## **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 Corbin Independent 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 Corbin Independent 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 Corbin Independent 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**

**Corbin Independent School District Finance Corporation  
School Building Refunding Revenue Bonds  
Series of 2021**

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**Demographic and Economic Data**

## CORBIN, KENTUCKY

Whitley County, with a land area of 440 square miles. Whitley County is a well-dissected upland with a hilly to mountainous terrain. The County's southern boundary is formed by the Kentucky-Tennessee state line. Whitley County had an estimated 2019 population of 36,213.

Corbin, located in Whitley County, is the largest city in the county. Corbin had an estimated 2019 population of 7,222 in 2019.

Williamsburg the county seat of Whitley County on the southern border of the Eastern Kentucky Coal Field. The City of Williamsburg is located is miles north of Knoxville, Tennessee; 175 miles southeast of Louisville, Kentucky; and 183 miles south of Cincinnati, Ohio. The estimated 2019 population of Williamsburg is 5,270.

Williamsburg is probably best known as the home of Cumberland College. Located on the west side of the City, its campus extends through seven blocks and encompasses about 35 acres. About 75% of the student body is from eastern Kentucky and northeastern Tennessee. The College provides a four-year liberal arts education for approximately 2,900 students.

### Transportation

Transportation lanes serving Williamsburg are Interstate 75, U.S. 25W and KY Route 92. The main line of the CSX Transportation, Inc. passes through the town of Williamsburg.

## LABOR MARKET STATISTICS

The Whitley County Labor Market Area includes Whitley County and the adjoining Kentucky counties of Bell, Laurel, Clay and Knox.

### POPULATION

<u>Area</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Whitley County	36,129	36,242	36,213
Corbin	5,510	5,506	5,222
Williamsburg	5,249	5,279	5,270

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

### EDUCATION

#### Public Schools

	<u>Williamsburg Independent</u>	<u>Whitley County</u>	<u>Corbin Independent</u>
Total Enrollment (2019-2020)	768	3,976	2,968
Pupil-Teacher Ratio (2019-2020)	13 - 1	14 - 1	16 - 1

## Vocational Training

### Customized Training

The Kentucky Tech system, through its Training and Development Coordinators, will provide technical assistance and identify and develop low-cost customized training programs and services for both established and prospective businesses. Businesses wanting to establish a customized training program should contact a Training and Development Coordinator located at the Northern Kentucky Regional Technology Center and the Central Kentucky Regional Technology Center.

### Assessment Services

Kentucky Tech Career Connections offers to business, education, and government agencies customized assessment in career inventories, interest inventories, pre-hire assessment, psychomotor skills, and academic potential. A Career Connection assessment center is located at the Northern Kentucky Regional Technology Center and the Central Kentucky Regional Technology Center.

### 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.

<u>Vocational/Tech Schools</u>	<u>Location</u>	<u>Cumulative Enrollment 2018-2019</u>
Corbin ATC	Corbin	418
Knox County ATC	Barbourville	470
Bell County ATC	Pineville	822
Pulaski County ATC	Somerset	762
Clay County ATC	Manchester	367
Wayne County ATC	Monticello	524
Rockcastle County ATC	Mt. Vernon	438
Jackson County ATC	McKee	329
Leslie County ATC	Hyden	405
Clinton County ATC	Albany	483
Lake Cumberland ATC	Russell Springs	759
Casey County ATC	Liberty	433

### **Area Colleges and Universities**

<u>Name</u>	<u>Location</u>	<u>Enrollment (Fall 2018)</u>
University of the Cumberlands	Williamsburg, KY	16,966
Union College	Whitley City, KY	984
Somerset Community College	Somerset, KY	7,801
Berea College	Berea, KY	1,610

## FINANCIAL INSTITUTIONS

<u>Institution</u>	<u>Assets</u>	<u>Deposits</u>
Hometown Bank of Corbin	\$175,197,000	\$150,034,000

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

## EXISTING INDUSTRY

<u>Firm</u>	<u>Product</u>	<u>Total Employed</u>
<i>Corbin</i>		
Acme Block Co. Inc.	Concrete blocks and products	2
Central Automotive Supply	Machine shop: drilling, boring, surface grinding & engine rebuilding and repairs	24
Classic Metal Vaults	Metal burial vaults	22
Crawford Tie & Lumber Co	Hardwoods, railroad ties, sawdust, chips, bark, and green lumber	12
CTA Acoustics Inc.	Organic fiber padding, industrial automotive insulation & acoustical materials	700
D & C Machine	Machine shop: general machining, drilling & boring, lathe & mill work. Repair and build material handling/conveying equipment	10
Karr Industries Inc.	Machine shop: tool & die; machinery parts; tool and die manufacturing replacement parts for local manufacturers	4
The MPI Group LLC	Hollow metal doors & frames	80
Northern Contours of Kentucky Inc.	Laminated cabinet doors & drawer fronts	140
Nucsafes Instruments Inc.	Radiation measurement systems	8
PDF Inc.	Injection molded plastics	5
Pepsi-Cola Bottling Co of Corbin Kentucky Inc.	Soft drink manufacturing and distribution	246
Salem Took Inc.	Coal recovery & coal auger mining equipment	6
SH Tube	Manufacturer parts for 18 wheel trucks (glider kits, landing gear handles, etc.)	3
Smart Wood	Manufacture wooden ice cream sticks	41
Southeast Apparatus LLC	Manufacture fire trucks, refurbish fire trucks, and ambulance remount services, fire equipment, new ambulance sales, pump service, pump testing vinyl and graphics	24
Southeastern Kentucky Rehabilitation Industries, Inc.	Apparel manufacturing for US military and other cut/sew contracts	157



Southeastern Kentucky Rehabilitation Industries, Inc.	Central warehouse	80
Stidham Cabinet Inc.	Custom cabinets, laminated & solid surface counter tops	45
TCO LLC	Contract packaging, assembly and distribution of automotive lighting units	180
<b><i>Williamsburg</i></b>		
Firestone Industrial Products	Air springs	600
Jamie's Interiors	Custom bedspreads, curtains & decorative items	15
Williamsburg Plastics	Plastic injection molded products	270

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**Sources:** 2020 Kentucky Directory of Manufacturers.

**APPENDIX B**

**Corbin Independent School District Finance Corporation  
School Building Refunding Revenue Bonds  
Series of 2021**

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**Audited Financial Statement ending June 30, 2020**

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

REPORT OF AUDIT  
Year Ended June 30, 2020

## CONTENTS

	<u>Page</u>
Independent Auditor's Report	1-3
Management's Discussion and Analysis (Unaudited)	4-8
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	9-10
Statement of Activities	11
Fund Financial Statements:	
Balance Sheet – Governmental Funds	12
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	13
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	15
Statement of Net Position – Proprietary Funds	16
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	17
Statement of Cash Flows – Proprietary Funds	18
Notes to the Basic Financial Statements	19-48
Required Supplementary Information:	
Schedule of District's Proportionate Share of the Net Pension Liability	49
Schedule of Pension Contributions	50
Notes to Required Supplementary Information	51
Schedule of District's Proportionate Share of the Net OPEB Liability – Medical Insurance Plan	52
Schedule of District Contributions – Medical Insurance Plan	53
Notes to Required Supplementary Information	54
Schedule of District's Proportionate Share of the Net OPEB Liability – Life Insurance Plan – Teacher's Retirement System Kentucky	55
Schedule of District Contributions – Life Insurance Plan – Teacher's Retirement System Kentucky	56
Notes to Required Supplementary Information	57

## CONTENTS

	<u>Page</u>
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	58
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Special Revenue Fund – Fund 2	59
Notes to Required Supplementary Information – Budget and Actual	60
Combining Balance Sheet – Nonmajor Governmental Funds	61
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	62
Combining Balance Sheet – Special Revenue Funds	63
Combining Statement of Revenue, Expenditures and Changes in Fund Balances – Special Revenue Funds	64
Statements of Receipts, Disbursements and Fund Balances – Activity Funds	65-67
Schedule of Expenditures of Federal Awards	68-69
Notes to the Schedule of Expenditures of Federal Awards	70
Schedule of Findings and Questioned Costs	71
Schedule of Prior Year Audit Findings	72
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Basic Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	73-74
Independent Auditor's Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	75-76
Independent Auditor's Introductory Letter to Management Letter Points	77

# Marr, Miller & Myers, PSC

Certified Public Accountants  
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P.O. Box 663  
Corbin, Kentucky 40702

## INDEPENDENT AUDITOR'S REPORT

September 14, 2020

Members of the Board of Education  
Corbin Independent School District  
Corbin, Kentucky

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 Corbin Independent School District (the "District"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; 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 U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements prescribed by the Kentucky State Committee For School District Audits in the Auditor Responsibilities and State Compliance Requirements sections contained in the Kentucky Public School 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 District'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 District'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.

# Marr, Miller & Myers, PSC

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## 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 District as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

## Emphasis of Matter

### *Change In Accounting Principle*

As described in Note 18 to the financial statements, the District adopted GASB Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this item.

## Other Matters

### *Required Supplementary Information*

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis, the Schedules of District's Proportionate Share of the Net Pension Liability and Pension Contributions, District's Proportionate Share of the Net OPEB Liability and District Contributions – Medical Insurance Plan and Life Insurance Plan, and budgetary comparison information on pages 4-8, 49-57 and 58-60, respectively, 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 U.S. generally accepted auditing standards, 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 District's basic financial statements. The combining nonmajor fund and special revenue financial statements and the Statements of Receipts, Disbursements and Fund Balances-Activity Funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

## Marr, Miller & Myers, PSC

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The combining nonmajor and special revenue fund financial statements, the activity fund statements and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the combining nonmajor and special revenue fund financial statements, the activity fund statements and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects in relation to the basic financial statements as a whole.

### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Marr, Miller & Myers, PSC*

Certified Public Accountants



CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
June 30, 2020

This section of the financial statements for the Corbin Independent School District (District) presents management's discussion and analysis of the financial performance of the District during the fiscal year that ended on June 30, 2020. As management of the District, we offer readers of the financial statements this narrative overview and analysis to highlight and further explain the financial events that have taken place in the past year. We encourage readers to consider the information presented herein along with the District's financial statements, which immediately follow this section.

**FINANCIAL HIGHLIGHTS**

- The ending cash balance for the District was \$4,336,531 in 2020 and \$6,290,484 in 2019.
- The General Fund had \$24,512,702 in revenues, which primarily consisted of the state program (SEEK) and property, utilities and motor vehicle taxes. There were \$24,774,898 in General Fund expenditures.
- Governmental capital assets had a net decrease of \$744,007. Business-type capital assets had a net increase of \$119,691 during the current fiscal year.
- The District's total debt decreased \$3,091,778 during the current fiscal year due to scheduled principal payments.
- There are two sources of pension liabilities and OPEB liabilities with which the District has to contend. The Kentucky Teachers Retirement System covers the District's professional staff members. It has analysis performed by Cavanaugh MacDonald Consulting, LLC (CM) to determine each Kentucky school district's share of pension and OPEB liabilities for its professional staff. The pension debt is the responsibility of the State of Kentucky. Our allocated amount was \$0 for pension liabilities and \$5,934,000 for OPEB liabilities, as of June 30, 2020. Our non-professional staff members are covered by the Kentucky County Employee Retirement System. Under this system the District's share of the pension liabilities was \$8,824,009 and \$2,109,727 for OPEB liability, as of June 30, 2020. The District does not believe these disclosures will have a major impact on their day to day operations or the financial health of the District. The District's bond rating is based on the State's rating so we have little control over our cost of borrowing.

**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 basic 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.

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
June 30, 2020

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, plant operations and maintenance, 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 through 11 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 two categories: governmental and proprietary. The proprietary funds are for day care 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 12 through 18 of this report.

**Notes to the basic financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 19 through 48 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

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

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

**NET POSITION FOR THE PERIOD ENDING JUNE 30, 2020**

Fiscal year 2019 government-wide net position compared to 2020 is as follows:

	<u>2020</u>	<u>2019</u>
Current assets	\$ 5,910,640	\$ 7,413,888
Capital assets, net	80,838,826	81,463,142
Deferred outflows of resources	<u>3,669,974</u>	<u>2,508,595</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 90,419,440</u>	<u>\$ 91,385,625</u>
Current liabilities	\$ 3,942,515	\$ 4,962,044
Noncurrent liabilities	71,707,425	74,329,899
Deferred inflows of resources	<u>2,108,611</u>	<u>1,407,190</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 77,758,551</u>	<u>\$ 80,699,133</u>
Net position		
Net investment in capital assets	\$ 23,285,050	\$ 20,817,588
Restricted (deficit)	(225,013)	(301,500)
Unrestricted (deficit)	<u>(10,399,148)</u>	<u>(9,629,596)</u>
Total Net Position	<u>\$ 12,660,889</u>	<u>\$ 10,686,492</u>

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
June 30, 2020

The most significant change in the financial position of the District since the last audit was the decrease in current assets in the amount of \$1,503,248. This was mainly due to \$2,078,784 in construction fund cash used to finish the new addition at the primary school and renovation of the old Corbin Middle School. The District also had an overall decrease in liabilities in the amount of \$2,940,582. This was due to a decrease in debt of \$3,091,778 due to bond payments along with the increase in the net pension liability of \$1,333,482 and decrease in the OPEB liability of \$855,936.

The following table presents a summary of revenues and expenditures, Governmental Funds only, for the fiscal years ended June 30:

	<u>2020</u>	<u>Percent</u>	<u>2019</u>	<u>Percent</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Local revenue sources	\$ 6,235,512	17.61%	\$ 5,210,111	13.05%
State revenue sources	25,896,116	73.13	25,483,602	63.84
Federal revenue sources	3,225,937	9.11	3,248,282	8.14
Bond proceeds	-	-	5,975,000	14.97
Operating transfers in	<u>55,000</u>	<u>.15</u>	<u>-</u>	<u>-</u>
Total revenues and other financing sources	<u>35,412,565</u>	<u>100.00</u>	<u>39,916,995</u>	<u>100.00</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Instruction	21,459,938	60.60	20,899,796	52.39
Student support services	599,519	1.69	514,664	1.29
Instructional staff	500,822	1.41	497,229	1.24
District administration	665,667	1.88	683,449	1.71
School administration	2,034,754	5.75	1,854,011	4.64
Business	874,766	2.47	926,444	2.32
Plant operations and maintenance	2,400,800	6.78	2,340,084	5.86
Student transportation	1,008,285	2.85	1,016,290	2.54
Other instructional	-	-	261	-
Land and land improvements	111,254	.31	385,223	.96
Building acquisitions and construction	34,403	.10	3,510,953	8.80
Building improvements	1,283,040	3.62	5,869,944	14.70
Community services activities	228,925	.65	250,290	.63
Food service	19,752	.06	-	-
Day care	16,660	.05	-	-
Other non-instruction	4,325	.01	-	-
Bond (premium) discount	-	-	85,987	.21
Bond fees/issuance costs	-	-	52,400	.13
Payment of bonds	3,091,778	8.73	2,885,778	7.23
Payment of interest	<u>1,892,778</u>	<u>5.34</u>	<u>1,823,682</u>	<u>4.57</u>
Total expenditures and other financing uses	<u>36,227,466</u>	<u>102.30</u>	<u>43,596,485</u>	<u>109.22</u>
Net change in fund balance	<u>\$ (814,901)</u>	<u>(2.30)%</u>	<u>\$ (3,679,490)</u>	<u>(9.22)%</u>

The majority of the District's revenues were derived from state revenues, making up 73.13% of total revenues in 2020 as compared to 63.84% in 2019. Federal revenue sources comprised 9.11% of total revenues in 2020 as compared to 8.14% in 2019. Local revenue sources comprised 17.61% of total revenues in 2020 as compared to 13.05% in 2019. Other financing sources, consisting of bond proceeds, comprised 0% of total revenues in 2020 as compared to 14.97% in 2019.

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
June 30, 2020

The majority of the District's expenditures were for instruction, making up 60.60% of total expenditures in 2020 as compared to 52.39% in 2019. Payment of bonds comprised 8.73% of the District's total expenditures in 2020 as compared to 7.23% in 2019. Building acquisitions and construction comprised .10% of the District's total expenditures in 2020 as compared to 8.80% in 2019. Plant operations and maintenance comprised 6.78% of the District's total expenditures in 2020 as compared to 5.86% in 2019. Building improvements comprised 3.62% of the expenditures in 2020 as compared to 14.70% in 2019. Capital assets of \$2,020,209 were charged to expenditures in 2020 as compared to \$10,305,958 in 2019.

**COMMENTS ON BUDGET COMPARISONS**

In Kentucky, the public schools fiscal year is July 1 to June 30. Other programs operate on a different fiscal calendar, but are reflected in the District's overall budget. By law, the budget must have a minimum 2% contingency. The District adopted the final 2019-20 budget with \$2,759,746 in contingency (11.50%).

- The District's total general fund revenues for the fiscal year ended June 30, 2020 were \$24,512,702.
- General fund budgeted revenues compared to actual varied from line item to line item, with the ending actual balance being \$515,876 more than budget or 2.15%. This is mainly attributed to on-behalf payments being 2.10% more than budget.
- The District's total general fund expenditures for the fiscal year ended June 30, 2020 were \$24,774,898.
- General fund budgeted expenditures compared to actual varied from line item to line item, with the ending actual balance being \$2,962,159 under budget. The contingency of \$2,759,746 accounts for 11.26% of the under budget amount. Instruction expenditures were \$42,213 under budget. District administration was under budget by \$98,629. School administration was over budget by \$89,958. When the on-behalf payments of \$423,789 that were more than budget and the contingency budget of \$2,759,746 are eliminated, then overall general fund expenditures compared to budget were \$221,376 or .90% more than budget.

**CAPITAL ASSETS**

At the end of June 30, 2020, the District had \$80,838,826 invested in capital assets. This represents a net decrease of \$624,316.

A comparison of the capital assets at June 30 is as follows:

	2020	2019
Construction in progress	\$ 17,442	\$ 10,449,003
Land	4,412,264	4,442,755
Buildings and improvements	73,444,908	63,916,307
Machinery and equipment	2,964,212	2,655,077
Total	<u>\$ 80,838,826</u>	<u>\$ 81,463,142</u>

**DEBT ADMINISTRATION**

At the end of June 30, 2020, the District had \$57,553,776 in outstanding debt compared to \$60,645,554 last year. That is a decrease of 5.10%. The District made \$3,091,778 in repayments.

**FUTURE BUDGET IMPLICATIONS**

The District adopted a budget for 2020-21 with \$2,882,778 in contingency (13.67%). Significant Board action that impacts the finances includes the funding of extra-curricular activities, KETS matching funds and construction projects.

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
June 30, 2020

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives.

Questions regarding this report should be directed to the Superintendent or to Rhonda Moore, Chief Finance Officer, at (606) 523-3935 or by mail at 108 Roy Kidd Avenue, Corbin, KY 40701.

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

STATEMENT OF NET POSITION  
June 30, 2020

<u>ASSETS</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 3,788,565	\$ 547,966	\$ 4,336,531
Accounts receivable:			
Taxes – current	58,478	-	58,478
Accounts receivable	239,651	23,394	263,045
Intergovernmental – state	158,284	-	158,284
Intergovernmental – federal	422,645	373,561	796,206
Materials and supplies inventory	-	30,047	30,047
Interfund receivable	219,723	-	219,723
Prepaid expenditures	48,326	-	48,326
Total current assets	<u>4,935,672</u>	<u>974,968</u>	<u>5,910,640</u>
<b>NONCURRENT ASSETS</b>			
Capital assets, net	80,360,109	478,717	80,838,826
Total noncurrent assets	<u>80,360,109</u>	<u>478,717</u>	<u>80,838,826</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Discount on bonds, net	564,909	-	564,909
CERS – pension	1,715,557	315,418	2,030,975
CERS – OPEB	689,526	126,773	816,299
KTRS – OPEB	257,791	-	257,791
Total deferred outflows of resources	<u>3,227,783</u>	<u>442,191</u>	<u>3,669,974</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>88,523,564</u>	<u>1,895,876</u>	<u>90,419,440</u>
<u>LIABILITIES AND NET POSITION</u>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	203,687	9,694	213,381
Interfund payable	219,723	-	219,723
Deferred revenue	265,672	-	265,672
Current portion of bond obligations	3,124,778	-	3,124,778
Current portion of accumulated sick leave payable	95,000	-	95,000
Current portion of insurance claims payable	23,961	-	23,961
Total current liabilities	<u>3,932,821</u>	<u>9,694</u>	<u>3,942,515</u>
<b>NONCURRENT LIABILITIES</b>			
Noncurrent portion of bond obligations	54,428,998	-	54,428,998
Noncurrent portion of accumulated sick leave payable	410,691	-	410,691
Net pension liability – CERS	7,453,640	1,370,369	8,824,009
Net OPEB liability – CERS	1,782,086	327,641	2,109,727
Net OPEB liability – KTRS	5,934,000	-	5,934,000
Total noncurrent liabilities	<u>70,009,415</u>	<u>1,698,010</u>	<u>71,707,425</u>

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

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

STATEMENT OF NET POSITION (CONTINUED)  
June 30, 2020

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Premium on bonds, net	123,944	-	123,944
CERS – pension	294,730	54,187	348,917
CERS – OPEB	635,460	116,830	752,290
KTRS – OPEB	<u>883,460</u>	<u>-</u>	<u>883,460</u>
Total deferred inflows of resources	<u>1,937,594</u>	<u>171,017</u>	<u>2,108,611</u>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF     RESOURCES</b>	<u>75,879,830</u>	<u>1,878,721</u>	<u>77,758,551</u>
<b>NET POSITION</b>			
Net investment in capital assets	22,806,333	478,717	23,285,050
Restricted (deficit)	236,549	(461,562)	(225,013)
Unrestricted (deficit)	<u>(10,399,148)</u>	<u>-</u>	<u>(10,399,148)</u>
<b>TOTAL NET POSITION (DEFICIT)</b>	<u>\$ 12,643,734</u>	<u>\$ 17,155</u>	<u>\$ 12,660,889</u>

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

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

STATEMENT OF ACTIVITIES  
Year Ended June 30, 2020

FUNCTIONS/PROGRAMS	Expenses	PROGRAM REVENUES		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>GOVERNMENTAL ACTIVITIES:</b>				
Instruction	\$ 22,561,674	\$ 35,120	\$ 11,737,758	\$ -
Support services:				
Student	640,137	-	141,981	-
Instructional staff	514,190	-	125,362	-
District administration	696,118	-	133,113	-
School administration	2,068,819	-	585,662	-
Business	904,763	-	193,450	-
Plant operations and maintenance	2,881,837	-	339,240	-
Student transportation	1,147,598	-	157,651	-
Community services activities	252,301	632,799	-	-
Food service	19,752	-	-	-
Day care	16,660	-	-	-
Other non-instruction	4,325	-	-	-
Interest on long-term debt	1,892,778	-	2,039,337	-
Bond premium (discount)	16,453	-	-	-
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 33,617,405</b>	<b>\$ 667,919</b>	<b>\$ 15,453,554</b>	<b>\$ -</b>
<b>BUSINESS-TYPE ACTIVITIES:</b>				
Food service	\$ 2,087,152	\$ 64,209	\$ 2,310,327	\$ -
Day care	466,550	256,441	136,225	-
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>\$ 2,553,702</b>	<b>\$ 320,650</b>	<b>\$ 2,446,552</b>	<b>\$ -</b>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 36,171,107</b>	<b>\$ 988,569</b>	<b>\$ 17,900,106</b>	<b>\$ -</b>

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



**NET (EXPENSES) REVENUES AND  
CHANGES IN NET POSITION**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
	\$ (10,788,796)		\$ (10,788,796)
	(498,156)		(498,156)
	(388,828)		(388,828)
	(563,005)		(563,005)
	(1,483,157)		(1,483,157)
	(711,313)		(711,313)
	(2,542,597)		(2,542,597)
	(989,947)		(989,947)
	380,498		380,498
	(19,752)		(19,752)
	(16,660)		(16,660)
	(4,325)		(4,325)
	146,559		146,559
	<u>(16,453)</u>		<u>(16,453)</u>
	<u>(17,495,932)</u>		<u>(17,495,932)</u>
		\$ 287,384	287,384
		<u>(73,884)</u>	<u>(73,884)</u>
		<u>213,500</u>	<u>213,500</u>
			<u>(17,282,432)</u>
 <b>GENERAL REVENUES</b>			
Taxes			
Property	3,448,053	-	3,448,053
Motor vehicle	462,045	-	462,045
Utilities	585,735	-	585,735
State and formula grants	13,668,499	-	13,668,499
Earnings on investments	30,017	2,100	32,117
Gain on disposal of fixed assets	241,462	-	241,462
Other local revenues	<u>542,673</u>	<u>-</u>	<u>542,673</u>
Total general revenues	18,978,484	2,100	18,980,584
Operating transfers in (out)	<u>55,000</u>	<u>(55,000)</u>	<u>-</u>
Change in net position	<u>1,537,552</u>	<u>160,600</u>	<u>1,698,152</u>
Net position (deficit), July 1, 2019, as previously reported	10,829,937	(143,445)	10,686,492
Restatement for adoption of GASB 84	<u>276,245</u>	<u>-</u>	<u>276,245</u>
Net position (deficit), July 1, 2019, as restated	11,106,182	(143,445)	10,962,737
Net position (deficit), June 30, 2020	<u>\$ 12,643,734</u>	<u>\$ 17,155</u>	<u>\$ 12,660,889</u>

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2020

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS AND RESOURCES</b>				
Cash and cash equivalents	\$ 3,307,896	\$ 238,688	\$ 241,981	\$ 3,788,565
Accounts receivable:				
Taxes – current	58,478	-	-	58,478
Accounts receivable	239,371	280	-	239,651
Intergovernmental – state	-	158,284	-	158,284
Intergovernmental – federal	-	422,645	-	422,645
Interfund receivable	219,723	-	-	219,723
Prepaid expenditures	48,326	-	-	48,326
<b>TOTAL ASSETS AND RESOURCES</b>	<u>\$ 3,873,794</u>	<u>\$ 819,897</u>	<u>\$ 241,981</u>	<u>\$ 4,935,672</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 96,311	\$ 97,953	\$ 9,423	\$ 203,687
Interfund payable	-	219,723	-	219,723
Deferred revenue	-	265,672	-	265,672
<b>TOTAL LIABILITIES</b>	<u>96,311</u>	<u>583,348</u>	<u>9,423</u>	<u>689,082</u>
<b>FUND BALANCES</b>				
Restricted				
Sick leave payable	95,000	-	-	95,000
Future construction projects (BG-1)	-	-	232,558	232,558
Committed	-	236,549	-	236,549
Assigned				
Site based carry forward	37,672	-	-	37,672
Other	72,579	-	-	72,579
Unassigned	3,572,232	-	-	3,572,232
<b>TOTAL FUND BALANCES</b>	<u>3,777,483</u>	<u>236,549</u>	<u>232,558</u>	<u>4,246,590</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 3,873,794</u>	<u>\$ 819,897</u>	<u>\$ 241,981</u>	<u>\$ 4,935,672</u>

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

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

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

<b>Total fund balance per fund financial statements</b>	<b>\$ 4,246,590</b>
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net position.	
Capital assets	80,360,109
Deferred outflows of resources are not recorded in the governmental fund financials because they do not affect current resources but are recorded in the statement of net position.	
Pension and OPEB contributions subsequent to measurement date	638,056
Pension and OPEB plan investment differences and assumption changes	2,024,818
Bond discount	564,909
Certain assets (obligations) are not a use of financial resources and therefore, are not reported in the government funds, but are presented in the statement of net position.	
Unfunded pension liability	(7,453,640)
Unfunded OPEB liability – CERS	(1,782,086)
Unfunded OPEB liability – KTRS	(5,934,000)
Deferred inflows of resources are not recorded in the governmental fund financials because they do not affect current resources but are recorded in the statement of net position.	
Pension plan investment differences	(1,813,650)
Bond premium	(123,944)
Certain liabilities (such as bonds payable, claims payable and accrued sick leave) are not reported in this fund financial statement because they are not due and payable, but they are presented in the statement of net assets.	
Bond obligations	(57,553,776)
Claims payable	(23,961)
Accrued sick leave	<u>(505,691)</u>
<b>Net position of governmental activities</b>	<b><u>\$ 12,643,734</u></b>

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

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2020

	<u>General Fund</u>	<u>Special Revenue</u>
REVENUES		
From local sources:		
Taxes		
Property	\$ 2,587,468	\$ -
Motor vehicle	462,045	-
Utilities	585,735	-
Earnings on investments	28,907	1,110
Other local revenues	196,354	988,216
Intergovernmental – state	20,591,187	1,242,742
Intergovernmental – indirect federal	61,006	-
Intergovernmental – direct federal	-	2,960,590
TOTAL REVENUES	<u>24,512,702</u>	<u>5,192,658</u>
EXPENDITURES		
Instruction	17,032,831	4,427,107
Support services:		
Student	444,951	154,568
Instructional staff	385,062	115,760
District administration	665,667	-
School administration	1,961,044	73,710
Business	874,766	-
Plant operations and maintenance	2,334,388	66,412
Student transportation	964,935	43,350
Land and land improvements	111,254	-
Building acquisitions and construction	-	-
Building improvements	-	-
Community services activities	-	228,925
Food service	-	19,752
Day care	-	16,660
Other non-instruction	-	4,325
Payment of bonds	-	-
Payment of interest	-	-
TOTAL EXPENDITURES	<u>24,774,898</u>	<u>5,150,569</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(262,196)</u>	<u>42,089</u>
OTHER FINANCING SOURCES (USES)		
Sale of buildings and land	525,092	-
Operating transfers in	226,351	72,009
Operating transfers out	(322,009)	(153,794)
TOTAL OTHER FINANCING SOURCES (USES)	<u>429,434</u>	<u>(81,785)</u>
NET CHANGES IN FUND BALANCES	<u>167,238</u>	<u>(39,696)</u>
FUND BALANCES, JULY 1, 2019, as previously reported	3,610,245	-
Restatement for adoption of GASB 84	-	276,245
Fund balances, July 1, 2019, as restated	<u>3,610,245</u>	<u>276,245</u>
FUND BALANCES, JUNE 30, 2020	<u>\$ 3,777,483</u>	<u>\$ 236,549</u>

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

Other Governmental Funds	Total Governmental Funds
\$ 860,585	\$ 3,448,053
-	462,045
-	585,735
-	30,017
-	1,184,570
4,062,187	25,896,116
-	61,006
<u>204,341</u>	<u>3,164,931</u>
<u>5,127,113</u>	<u>34,832,473</u>
-	21,459,938
-	599,519
-	500,822
-	665,667
-	2,034,754
-	874,766
-	2,400,800
-	1,008,285
-	111,254
34,403	34,403
1,283,040	1,283,040
-	228,925
-	19,752
-	16,660
-	4,325
3,091,778	3,091,778
<u>1,892,778</u>	<u>1,892,778</u>
<u>6,301,999</u>	<u>36,227,466</u>
<u>(1,174,886)</u>	<u>(1,394,993)</u>
-	525,092
3,083,478	3,381,838
<u>(2,851,035)</u>	<u>(3,326,838)</u>
<u>232,443</u>	<u>580,092</u>
<u>(942,443)</u>	<u>(814,901)</u>
1,175,001	4,785,246
-	276,245
<u>1,175,001</u>	<u>5,061,491</u>
\$ 232,558	\$ <u>4,246,590</u>

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

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

<b>Net change in total fund balances per fund financial statements</b>	<b>\$ (814,901)</b>
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported as expenditures in this fund financial statement because they use current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives. The difference is the amount by which capital outlays exceed depreciation expense for the year.	
Purchase of capital assets	2,020,209
Depreciation expense	(2,480,586)
Gains and losses derived from the disposal of capital assets are not presented in this financial statement because they do not provide or use current financial resources, but they are presented in the statement of activities.	
	(283,630)
Bond and capital lease payments are recognized as expenditures of current financial resources in the fund financial statement, but are reductions of liabilities in the statement of net assets.	
Bond principal payments	3,091,778
Bond issue costs 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	(16,453)
Generally, expenditures recognized in this fund financial statement are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred.	
Accrued sick leave	(48,719)
Claims payable	23,961
Governmental Funds report CERS contributions as expenditures 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.	
TRS OPEB expense	435,163
CERS OPEB expense	84,476
CERS pension expense	<u>(473,746)</u>
<b>Change in net position of governmental activities</b>	<b>\$ 1,537,552</b>

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

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

STATEMENT OF NET POSITION – PROPRIETARY FUNDS  
June 30, 2020

<u>ASSETS</u>	<u>Food Service</u>	<u>Day Care</u>	<u>Total</u>
CURRENT ASSETS			
Cash and cash equivalents	\$ 304,698	\$ 243,268	\$ 547,966
Accounts receivable:			
Accounts receivable	23,394	-	23,394
Intergovernmental – federal	373,561	-	373,561
Materials and supplies inventory	30,047	-	30,047
Total current assets	<u>731,700</u>	<u>243,268</u>	<u>974,968</u>
NONCURRENT ASSETS			
Capital assets, net	<u>478,717</u>	<u>-</u>	<u>478,717</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>442,191</u>	<u>-</u>	<u>442,191</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>1,652,608</u>	<u>243,268</u>	<u>1,895,876</u>
<u>LIABILITIES AND NET POSITION</u>			
CURRENT LIABILITIES			
Accounts payable	<u>8,797</u>	<u>897</u>	<u>9,694</u>
NONCURRENT LIABILITIES			
Net pension liability – CERS	1,370,369	-	1,370,369
Net OPEB liability – CERS	<u>327,641</u>	<u>-</u>	<u>327,641</u>
Total noncurrent liabilities	<u>1,698,010</u>	<u>-</u>	<u>1,698,010</u>
DEFERRED INFLOWS OF RESOURCES	<u>171,017</u>	<u>-</u>	<u>171,017</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>1,877,824</u>	<u>897</u>	<u>1,878,721</u>
NET POSITION			
Net investment in capital assets	478,717	-	478,717
Restricted (deficit)	<u>(703,933)</u>	<u>242,371</u>	<u>(461,562)</u>
TOTAL NET POSITION (DEFICIT)	<u>\$ (225,216)</u>	<u>\$ 242,371</u>	<u>\$ 17,155</u>

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

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – PROPRIETARY FUNDS  
Year Ended June 30, 2020

	<u>Food Service</u>	<u>Day Care</u>	<u>Total</u>
OPERATING REVENUES			
Tuition and fees	\$ -	\$ 246,241	\$ 246,241
Sales	64,209	10,200	74,409
TOTAL OPERATING REVENUES	<u>64,209</u>	<u>256,441</u>	<u>320,650</u>
OPERATING EXPENSES			
Salaries	546,201	252,460	798,661
Employee benefits	213,351	45,185	258,536
On-behalf payments	249,214	96,276	345,490
Purchased services	24,276	16,561	40,837
Supplies and materials	993,332	51,768	1,045,100
Depreciation	52,880	-	52,880
Debt service and miscellaneous	7,898	4,300	12,198
TOTAL OPERATING EXPENSES	<u>2,087,152</u>	<u>466,550</u>	<u>2,553,702</u>
OPERATING INCOME (LOSS)	<u>(2,022,943)</u>	<u>(210,109)</u>	<u>(2,233,052)</u>
NON-OPERATING REVENUES (EXPENSES)			
Operating grants – federal	1,939,086	-	1,939,086
Operating grants – state	264,392	136,225	400,617
Donated commodities	106,849	-	106,849
Interest income	2,100	-	2,100
Operating transfers out	(55,000)	-	(55,000)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>2,257,427</u>	<u>136,225</u>	<u>2,393,652</u>
CHANGES IN NET POSITION	234,484	(73,884)	160,600
NET POSITION (DEFICIT), JULY 1, 2019	<u>(459,700)</u>	<u>316,255</u>	<u>(143,445)</u>
NET POSITION (DEFICIT), JUNE 30, 2020	<u>\$ (225,216)</u>	<u>\$ 242,371</u>	<u>\$ 17,155</u>

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



CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS  
Year Ended June 30, 2020

	<u>Food Service</u>	<u>Day Care</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from tuition and fees	\$ -	\$ 248,030	\$ 248,030
Cash received from sales	64,209	10,200	74,409
Cash payments for salaries and employee benefits	(961,738)	(393,921)	(1,355,659)
Cash payments for purchased services	(24,276)	(16,561)	(40,837)
Cash payments for supplies, materials and miscellaneous	(996,223)	(57,870)	(1,054,093)
Net cash provided (used) by operating activities	<u>(1,918,028)</u>	<u>(210,122)</u>	<u>(2,128,150)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchases of capital assets	(172,571)	-	(172,571)
Net cash provided (used) by capital and related financing activities	<u>(172,571)</u>	<u>-</u>	<u>(172,571)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Receipt of interest	2,100	-	2,100
Receipt of grants	2,012,933	136,225	2,149,158
Receipt of donated commodities	106,849	-	106,849
Operating transfers out	(55,000)	-	(55,000)
Net cash provided (used) by investing activities	<u>2,066,882</u>	<u>136,225</u>	<u>2,203,107</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(23,717)</b>	<b>(73,897)</b>	<b>(97,614)</b>
<b>CASH AND CASH EQUIVALENTS, JULY 1, 2019</b>	<b><u>328,415</u></b>	<b><u>317,165</u></b>	<b><u>645,580</u></b>
<b>CASH AND CASH EQUIVALENTS, JUNE 30, 2020</b>	<b><u>\$ 304,698</u></b>	<b><u>\$ 243,268</u></b>	<b><u>\$ 547,966</u></b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating income (loss)	\$(2,022,943)	\$ (210,109)	\$(2,233,052)
<b>ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Depreciation	52,880	-	52,880
Changes in assets and liabilities:			
Accounts receivable	-	1,789	1,789
Inventory	(752)	-	(752)
Deferred outflows of resources	(149,856)	-	(149,856)
Accounts payable	5,759	(1,802)	3,957
Deferred inflows of resources	19,657	-	19,657
Net pension liability	192,858	-	192,858
Net OPEB liability	(15,631)	-	(15,631)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b><u>\$ (1,918,028)</u></b>	<b><u>\$ (210,122)</u></b>	<b><u>\$ (2,128,150)</u></b>

**SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES**

Donated commodities received from federal government \$ 106,849

On-behalf payments from state government \$ 249,214

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

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies that affect the significant elements of the Corbin Independent School District are summarized as follows.

REPORTING ENTITY

The Corbin Independent 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 Corbin Independent 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 by the Governmental Accounting Standards Board (GASB) pronouncement since Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to develop policies which may influence operations and primary accountability for fiscal matters.

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

The financial statements of the District include those of separately administered organizations that are controlled by or dependent on the District. 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 statement of the following organization is included in the accompanying financial statements:

CORBIN INDEPENDENT SCHOOL DISTRICT FINANCE CORPORATION

The Corbin Independent Board of Education resolved to authorize the establishment of the Corbin Independent School District Finance Corporation (a non-profit, non-stock, public and charitable corporation organized under the School Board Act and KRS 273 and KRS Section 58.180) as an agency of the District for financing the costs of school building facilities. The Board members of the Corbin Independent Board of Education also comprise the corporation's Board of Directors.

BASIS OF PRESENTATION

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

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service,

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. All taxes and revenues not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements: Fund financial statements report detailed information about the District. Their focus is on major funds rather than reporting funds by type. Each major fund is presented in a separate column and all nonmajor funds are aggregated into one column.

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the balance sheet. Proprietary fund's operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

The District has the following funds:

I. Governmental Fund Types

- (A) The General Fund is the main operating fund of the District. It accounts for financial resources used for general types of operations. This is a budgeted fund and any fund balances are considered as resources available for use. This is a major fund of the District.
- (B) The Special Revenue (Grant) 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. It includes federal financial programs where unused balances are returned to the grantor at the close of the specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report. This is a major fund of the District.
- (C) Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment (other than those financed by the Proprietary Fund).
  - 1. The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund receives those funds designated by the state as Capital Outlay funds and is restricted for use in financing projects identified in the District's facility plan.

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. The Facility Support Program of Kentucky (FSPK) accounts for funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable. Funds may be used for projects identified in the District's facility plan.
3. The Construction Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction.

(D) Debt Service Funds

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

II. Proprietary Fund Types (Enterprise Fund)

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

The District applies all GASB pronouncements to proprietary funds as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

- (B) The Day Care Fund is used to account for the day care operations of the District.

BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. The fund financial statements are prepared using either modified accrual for governmental funds or accrual basis for proprietary funds.

**Revenues, Exchange and Nonexchange Transactions:** Revenues resulting from exchange transactions, in which each party receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recognized in the fiscal year when they become both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period of the District is sixty days after year end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been met. 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 the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Revenue: The District reports deferred revenue on its statement of net position and governmental funds balance sheet. In both the government-wide and governmental fund statements, grants that are "intended to finance" future periods are reported as deferred revenue. In subsequent periods, the liability for deferred revenue is removed from the statement of net position and governmental funds balance sheet and revenue is recognized.

Expenditures/Expenses: On the accrual basis of accounting, expenses are recorded at the time they are incurred. The measurement focus of governmental fund accounting is on a flow of current financial resources. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred except for (1) principal and interest on general long-term debt, which is recorded when due, and (2) the costs of accumulated unpaid sick leave, which are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by employees.

CASH AND INVESTMENTS

The District maintains a cash and investment pool used by all funds. The cash and investment pool has the same characteristics as demand deposits. Each fund type's portion of this pool is displayed in the financial statements as cash and cash equivalents in that fund. The District utilizes a financial institution to service bonded debt as principal and interest payments come due. The monies are either maintained in a central bank account or used to purchase legal investments. The District only invests in certificates of deposit.

It is the policy of the District to value investment contracts and money market investments with a maturity of one year or less at the time of purchase at cost or amortized cost. Investment contracts and money market investments that have a remaining maturity of greater than one year at the time of purchase are reported at fair value.

The Kentucky Revised Statutes authorize the District to invest in United States and State of Kentucky bonds, notes and other obligations; bank certificates of deposit; bankers' acceptances; and commercial paper notes rated prime that are issued by United States corporations. It is the District's policy to invest in all of the above types of investments. Under existing Kentucky statutes, all investment earnings accrue to the general and food service funds except certain trust funds and those funds individually authorized by Board resolution.

PREPAID ASSETS/EXPENDITURES

Payments made that will benefit periods beyond June 30, 2020 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

INVENTORY

On government-wide financial statements, inventories are presented at cost or using the first in, first out (FIFO) method and are expensed when used.

On fund financial statements, inventories are valued at cost while inventories of proprietary funds are stated at lower of cost or market. For all funds, cost is determined using the FIFO method and is determined by physical count. Inventory in governmental funds consists of expendable supplies held for consumption, if any. The cost is recorded as an expenditure at the time of purchase. Reported inventories in these funds are equally offset by a fund balance reserve, which indicates they do not represent available spendable resources. Inventories of proprietary funds consist of donated and purchased food.

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CAPITAL ASSETS AND DEPRECIATION

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets are reported in the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by proprietary funds are reported on both statement types.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District adheres to the property inventory procedures developed by the Kentucky Department of Education. Fixed assets (real property) with an acquisition value of \$5,000 or more that have useful lives of more than one year are capitalized. As of July 1, 2017, all computer workstations and laptops, regardless of value, are capitalized but not depreciated. Additional items may also be designated by the District as capital assets. Fixed assets no longer needed or useable are disposed of in compliance with Board policy and applicable legal requirements.

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

<u>Description</u>	<u>Useful Life</u>
Land improvements	20 years
Buildings and improvements	25-50 years
Technology equipment	5 years
Vehicles	5-10 years
Food service equipment	10-12 years
General equipment	7 years
Infrastructure	15 years

INTERFUND ACTIVITY

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Sales of goods and services 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 as operating expenses (net) in proprietary funds.

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

ACCUMULATED UNPAID SICK LEAVE BENEFITS

Upon retirement from the school system, an employee will receive from the District, an amount equal to 30% of the value of accumulated sick leave. Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the District's past experience of making termination payments. The entire compensated absence liability is reported on the district-wide financial statements.

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

ACCRUED LIABILITIES AND LONG-TERM DEBT

All accrued liabilities and long-term debt are reported in the government-wide financial statements as well as the proprietary fund financial statements.

For governmental fund financial statements, the accrued liabilities are generally reported as a governmental fund liability if due for payment as of the balance sheet date, regardless of whether they will be liquidated with current financial resources. However, claims and judgments and compensated absences paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources. Long-term debt paid from governmental funds is not recognized as a liability in the fund financial statements until due.

KENTUCKY RETIREMENT SYSTEMS

Employer contributions to KRS are calculated based upon creditable compensation for active members reported by employers. Employer contributions are accrued when earned and the employer has made a formal commitment to provide the contributions.

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

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

RESTRICTED RESOURCES

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted assets are available.

NET POSITION

Net position in government-wide and proprietary fund financial statements is classified as net investment in capital assets; restricted; and unrestricted. Restricted net position represent constraints on resources that are either a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through state statute.

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraint placed on how fund balance can be spent.

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The governmental fund types classify fund balances as follows:

*Nonspendable Fund Balance* – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

- *Inventories* – Portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

*Restricted Fund Balance* – This classification includes revenue sources that are restricted to specific purposes externally imposed by creditors, grantors or imposed by law.

*Committed Fund Balance* – Portion of fund balance that can only be used for specific purposes imposed by a majority vote of the Corbin Independent School District's Board members. Any changes or removal of specific purposes also requires majority action by the Board.

*Assigned Fund Balance* – Portion of fund balance that has been budgeted by the District.

- *Purchase Obligations* – Portion of fund balance that is appropriated in the subsequent year's budget that is not already classified in restricted or committed.
- *Site Base* – Portion of fund balance that has been budgeted for future site base expenditures.

*Unassigned Fund Balance* – Portion of fund balance that has not been restricted, committed or assigned for a specific purpose.

OPERATING REVENUES AND EXPENSES

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, those revenues are primarily charges for meals provided by the various schools and tuition and fees charged for the day-care operations.

CONTRIBUTIONS OF CAPITAL

Contributions of capital in proprietary fund financial statements arise from outside contributions of fixed assets, or from grants or outside contributions of resources restricted to capital acquisition and construction.

ESTIMATES

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

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 revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP) and expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).



CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84, "Fiduciary Activities," that establishes criteria for identifying fiduciary activities and guidance on reporting those activities. This Statement provides guidance on four fiduciary funds that should be reported if applicable: pension (and other employee benefit) trust funds, investment trust funds, private purpose trust funds and custodial funds. GASB 84 will be effective for periods beginning after December 15, 2018. The District adopted GASB 84 during the year ended June 30, 2020.

NOTE 2 – CASH AND CASH EQUIVALENTS

The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to the School Depository Act. The depository bank deposits for safekeeping and trust with the District's third-party agent approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the dollar amount of Federal Deposit Insurance Corporation coverage.

Under the depository contract, the District, at its own discretion, invests funds in time deposits and certificates of deposit provided by the depository bank at interest rates approximating United States Treasury Bill rates.

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

These three levels of risk are as follows:

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

Based on these three levels of risk, all of the District's cash deposits are classified as Category 1 and 2.

At June 30, 2020, the carrying amount of the District's deposits (cash and cash equivalents) was \$4,336,531 and the bank balance was \$5,004,199. The entire bank balance at June 30, 2020 was covered by federal depository insurance or by collateral held by the District's agent in the District's name.

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2020

**NOTE 3 – PROPERTY TAXES**

The District's ad valorem property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District. The assessed value of the certified roll, upon which the levy for the 2020 fiscal year was based, was \$444,982,817. The tax rates assessed for the year ended June 30, 2020 to finance general fund operations were \$.693 per \$100 valuation for real estate, \$.693 per \$100 valuation for tangible property and \$.693 for motor vehicles. The District committed \$.058 of the levy to the FSPK Fund. Taxes are due on October 1 and become delinquent by February 1 following the October 1 levy date. Current tax collections for the year ended June 30, 2020 were ninety-seven percent of the tax levy. Delinquent taxes are allocated to the general fund. The District records taxes receivable only for the amounts collected during the next sixty days from its fiscal year end.

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

At June 30, 2020, the components of taxes receivable were as follows:

General property tax	\$ 2,619
Delinquent property tax	8,130
Motor vehicle tax	45,979
Omitted property tax	1,750
	\$ 58,478

**NOTE 4 – RECEIVABLES**

Receivables at June 30, 2020 consisted of taxes, accounts (rent and student fees), interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds.

**NOTE 5 – DEFERRED OUTFLOWS (INFLOWS) OF RESOURCES**

Changes in the District's deferred outflows (inflows) of resources during the fiscal year 2020 were as follows:

	Balance <u>July 1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2020</u>
Discount on bonds, net	\$ 600,189	\$ -	\$ (35,280)	\$ 564,909
Premium on bonds, net	\$ (142,771)	\$ 18,827	\$ -	\$ (123,944)
			<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<u>County Employee Retirement System (CERS) – Pension</u>				
Balance, July 1, 2019			\$ 1,423,536	\$ (547,777)
Contributions subsequent to the measurement date:				
June 30, 2019			(519,449)	-
June 30, 2020			605,963	-
Liability experience			225,333	37,284
Investment experience			168,986	361,633

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2020

**NOTE 5 – DEFERRED OUTFLOWS (INFLOWS) OF RESOURCES (CONTINUED)**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Assumption changes	(5,607)	-
Difference between expected and actual results	132,213	(200,057)
Balance, June 30, 2020	<u>\$ 2,030,975</u>	<u>\$ (348,917)</u>
 <u>County Employee Retirement System (CERS) – OPEB</u>		
Balance, July 1, 2019	\$ 436,110	\$ (415,072)
Contributions subsequent to the measurement date:		
June 30, 2019	(168,563)	-
June 30, 2020	149,413	-
Liability experience	-	(636,553)
Investment experience	13,896	107,601
Assumption changes	356,741	190,273
Difference between expected and actual results	28,702	1,461
Balance, June 30, 2020	<u>\$ 816,299</u>	<u>\$ (752,290)</u>
 <u>Kentucky Teachers Retirement System (KTRS) – OPEB</u>		
Balance, July 1, 2019	\$ 48,760	\$ (301,570)
Investment experience	13,831	89,071
Assumption changes	38,634	123,485
Difference between expected and actual results	156,566	(794,446)
Balance, June 30, 2020	<u>\$ 257,791</u>	<u>\$ (883,460)</u>

**NOTE 6 – CAPITAL ASSETS**

A summary of capital assets activity during the fiscal year follows:

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
<b>GOVERNMENTAL ACTIVITIES</b>				
Construction in progress	\$ 10,449,003	\$ 1,301,382	\$ (11,732,943)	\$ 17,442
Land	4,442,755	95,698	(126,189)	4,412,264
Land improvements	3,214,025	45,633	-	3,259,658
Buildings and improvements	78,985,294	11,611,785	(762,156)	89,834,923
Technology equipment	3,439,140	322,235	(161,963)	3,599,412
Vehicles	2,721,913	40,800	(42,389)	2,720,324
General equipment	3,433,402	316,618	-	3,750,020
Infrastructure	-	19,001	-	19,001
Totals at cost	<u>106,685,532</u>	<u>13,753,152</u>	<u>(12,825,640)</u>	<u>107,613,044</u>
Less accumulated depreciation:				
Land improvements	(1,750,318)	-	(93,378)	(1,843,696)
Buildings and improvements	(16,532,694)	605,031	(1,897,315)	(17,824,978)
Technology equipment	(3,255,397)	161,647	(140,681)	(3,234,431)
Vehicles	(2,013,776)	42,389	(143,970)	(2,115,357)
General equipment	(2,029,231)	-	(205,242)	(2,234,473)
Total accumulated depreciation	<u>(25,581,416)</u>	<u>809,067</u>	<u>(2,480,586)</u>	<u>(27,252,935)</u>

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2020

NOTE 6 – CAPITAL ASSETS (CONTINUED)

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
Governmental activities capital assets, net	\$ 81,104,116	\$ 14,562,219	\$ (15,306,226)	\$ 80,360,109
<b>BUSINESS-TYPE ACTIVITIES</b>				
Food service equipment	\$ 904,515	\$ 172,571	\$ -	\$ 1,077,086
Vehicles	39,067	36,889	-	75,956
Technology equipment	46,411	-	(1,296)	45,115
Totals at cost	<u>989,993</u>	<u>209,460</u>	<u>(1,296)</u>	<u>1,198,157</u>
Less accumulated depreciation:				
Food service equipment	(552,070)	-	(48,458)	(600,528)
Vehicles	(32,594)	-	(41,204)	(73,798)
Technology equipment	(46,303)	1,296	(107)	(45,114)
Total accumulated depreciation	<u>(630,967)</u>	<u>1,296</u>	<u>(89,769)</u>	<u>(719,440)</u>
Business-type activities capital assets, net	\$ 359,026	\$ 210,756	\$ (91,065)	\$ 478,717

Depreciation expense was allocated to governmental functions as follows:

Instruction	\$ 1,697,352
Support services:	
Student	36,867
Instructional staff	11,126
District administration	17,383
School administration	313
Business	732
Plant operations and maintenance	582,833
Student transportation	133,708
Community services activities	272
Total governmental activities	<u>\$ 2,480,586</u>

NOTE 7 – ACCUMULATED SICK LEAVE LIABILITY

Changes in the District's accumulated sick leave liability during the fiscal year 2020 were as follows:

	Balance July 1, 2019	Payments	Additions	Balance June 30, 2020	Amount Expected to be Paid Within One Year
Governmental activities:					
Accumulated sick leave	\$ (456,972)	\$ 143,005	\$ (191,724)	\$ (505,691)	\$ 95,000

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2020

**NOTE 8 – BONDED DEBT OBLIGATIONS**

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

The original amount of each issue, the issue date and interest rates are summarized as follows:

<u>Issue</u>	<u>Original Amount</u>	<u>Interest Rates</u>
2011R	\$ 396,000	1.75%
2011	950,000	2.1% to 3.05%
QZAB 2011	5,000,000	4.35%
2012	2,600,000	1.5% to 3.00%
2014R	9,605,000	2.0% to 3.75%
QZAB 2014	1,395,000	1.0%
2015	1,626,000	1.4% to 4.0%
2016	28,350,000	2.0% to 3.25%
2016R	10,755,000	2.0% to 3.0%
2018	3,600,000	3.0% to 3.5%
2018B	5,975,000	3.0% to 3.625%

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

	<u>Debt Outstanding July 1, 2019</u>	<u>Additions of New Debt</u>	<u>Repayments</u>	<u>Debt Outstanding June 30, 2020</u>	<u>Amount Expected to be Paid Within One Year</u>
Governmental activities:					
General obligation bonds	\$ 56,315,000	\$ -	\$ (2,784,000)	\$ 53,531,000	\$ 2,817,000
Qualified zone academy bonds	4,330,554	-	(307,778)	4,022,776	307,778
	<u>\$ 60,645,554</u>	<u>\$ -</u>	<u>\$ (3,091,778)</u>	<u>\$ 57,553,776</u>	<u>\$ 3,124,778</u>

The District entered into "participation agreements" with the Kentucky 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 amounts remains with the District and, as such, the total principal outstanding has been recorded in the financial statements.

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

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2020

NOTE 8 – BONDED DEBT OBLIGATIONS (CONTINUED)

Year	Kentucky School Facility Construction Commission		Corbin Independent School District		Total
	Principal	Interest	Principal	Interest	
2020-21	\$ 1,197,570	\$ 638,202	\$ 1,619,430	\$ 966,352	\$ 4,421,554
2021-22	1,200,154	613,538	1,658,846	931,135	4,403,673
2022-23	1,224,110	588,429	1,696,890	893,475	4,402,904
2023-24	1,252,085	562,068	1,735,915	853,731	4,403,799
2024-25	1,288,530	524,900	1,786,470	801,978	4,401,878
2025-26	1,326,096	486,649	1,900,904	747,531	4,461,180
2026-27	1,366,127	447,084	2,003,873	689,081	4,506,165
2027-28	1,334,091	406,154	2,082,909	607,767	4,430,921
2028-29	1,374,634	366,096	2,154,366	538,273	4,433,369
2029-30	1,394,925	324,698	2,237,075	462,009	4,418,707
2030-31	1,383,917	283,012	1,806,083	410,140	3,883,152
2031-32	1,427,915	240,894	1,863,085	354,297	3,886,191
2032-33	1,457,176	195,917	1,927,824	295,383	3,876,300
2033-34	1,415,781	150,666	1,753,219	237,454	3,557,120
2034-35	1,461,554	103,624	1,811,446	179,031	3,555,655
2035-36	1,484,903	55,540	1,903,097	118,676	3,562,216
2036-37	108,003	8,106	631,997	54,975	803,081
2037-38	111,543	4,291	653,457	32,328	801,619
2038-39	23,950	434	471,050	8,538	503,972
	<u>\$ 21,833,064</u>	<u>\$ 6,000,302</u>	<u>\$ 31,697,936</u>	<u>\$ 9,182,154</u>	<u>\$ 68,713,456</u>

The District issued \$5,000,000 of Qualified Zone Academy Bonds, Series 2011 to fund additions and renovations at the Corbin High School. This bond issue will be funded through sinking fund payments and matures September 2029. This bond issue was issued as "specified tax credit bonds" under the provisions of the American Recovery and Reinvestment Act of 2009 as codified in various section of the Internal Revenue Code of 1986, as amended. The District has elected to receive a cash subsidy payment from the federal government equal to the lesser of (i) the amount of 100% of the interest payable by the District on each interest payment date on such bonds, or (ii) the amount of interest which would have been payable under such bond on such date if such interest were determined at the applicable credit rate determined under Section 54A(b)(3) of the Code with respect to such bonds had the bonds been issued as "tax credit bonds" (the "Applicable Credit Rate"). The available cash subsidy payment for the bonds will be paid directly to the District and will not constitute security for the payment of principal of or any interest on the bonds.

The following represents the future minimum obligations of the District related to the QZAB issues and include amounts to be paid by the SFCC (School Facility Construction Commission) and the federal government, at June 30, 2020 for debt service (principal and interest).

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2020

NOTE 8 – BONDED DEBT OBLIGATIONS (CONTINUED)

Year	Corbin Independent School District		Corbin Independent School District	Kentucky School Facility	(ARRA)	2011 QZAB	Total
	Principal	Interest	Sinking Fund	Construction Commission Sinking Fund	Direct Pay Interest	Principal	
2020-21	\$ 30,000	\$ 12,300	\$ 100,032	\$ 177,746	\$ 217,500	\$ -	\$ 537,578
2021-22	30,000	12,000	100,032	177,746	217,500	-	537,278
2022-23	30,000	11,700	100,032	177,746	217,500	-	536,978
2023-24	30,000	11,400	100,032	177,746	217,500	-	536,678
2024-25	30,000	11,100	100,032	177,746	217,500	-	536,378
2025-26	30,000	10,800	40,526	177,746	217,500	-	476,572
2026-27	30,000	10,500	-	-	217,500	-	258,000
2027-28	30,000	10,200	-	-	217,500	-	257,700
2028-29	30,000	9,900	-	-	217,500	-	257,400
2029-30	30,000	9,600	-	-	108,750	1,170,614	1,318,964
2030-31	95,000	8,975	-	-	-	-	103,975
2031-32	95,000	8,025	-	-	-	-	103,025
2032-33	95,000	7,075	-	-	-	-	102,075
2033-34	330,000	4,950	-	-	-	-	334,950
2034-35	330,000	1,650	-	-	-	-	331,650
	<u>\$ 1,245,000</u>	<u>\$ 140,175</u>	<u>\$ 540,686</u>	<u>\$ 1,066,476</u>	<u>\$ 2,066,250</u>	<u>\$ 1,170,614</u>	<u>\$ 6,229,201</u>

NOTE 9 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To obtain insurance for workers' compensation, errors and omissions and general liability coverage, the District obtained coverage through commercial insurance carriers. The District pays an annual premium for coverage.

The District was assessed a total of \$238,946 due to the Kentucky School Board Insurance Trust shortfall in fiscal year 2015. The assessment was divided into two components; workers compensation assessments totaling \$191,688, and property and liability assessments totaling \$47,258. The District chose to pay the entire amount of the property and liability assessment before August 31, 2014. For the workers compensation assessment, the District has several options of repayment of the liability but has chosen the zero interest option which will require them to pay 25% of the assessment by August 31, 2014 and the remainder over the next six years in equal installments. There were no changes in the assessment during the year ending June 30, 2020. The balance due at June 30, 2020 was \$23,961.

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, which includes workers' compensation insurance.

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). There were no instances of noncompliance noted.

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2020

NOTE 10 – PENSION PLANS

Plan Descriptions

The Corbin Independent School District participates in the Teachers' Retirement System of the State of Kentucky (TRS), a component unit of the Commonwealth of Kentucky which includes certified employees and the County Employees' Retirement System (CERS), a component unit of the Commonwealth of Kentucky which includes all other employees, both of which are cost-sharing multiple-employer defined benefit plans. TRS, which qualifies as a special funding situation under GASB 68, and CERS provide retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. TRS is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the Kentucky Revised Statutes (KRS). Under the provisions of KRS Section 61.645, the Board of Trustees of Kentucky Employees Retirement Systems (KERS) administers the CERS. The TRS and CERS issue publicly available financial reports that include financial statements and required supplementary information. TRS' report may be obtained at [www.ktrs.ky.gov](http://www.ktrs.ky.gov). CERS' report may be obtained at [www.kyret.ky.gov](http://www.kyret.ky.gov).

TRS

Benefits Provided

*For Members Before July 1, 2008:*

Members become vested when they complete five (5) years of credited service. To qualify for monthly retirement benefits, payable for life, members must either:

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

Non-university members receive monthly payments equal to two percent (2%) (service prior to July 1, 1983) and two and one-half percent (2.5%) (service after July 1, 1983) of their final average salary for each year of credited service. Non-university members who became members on or after July 1, 2002 will receive monthly benefits equal to two percent (2%) of their final average salary for each year of credited service if, upon retirement, their total service is less than ten (10) years. New members after July 1, 2002 who retire with ten (10) or more years of total service will receive monthly benefits equal to two and one-half percent (2.5%) of their final average salary for each year of credited service, including the first ten (10) years. In addition, non-university members who retire July 1, 2004 and later with more than thirty (30) years of service will have their multiplier increased for all years over thirty (30) from two and one-half percent (2.5%) to three percent (3%) to be used in their benefit calculation.

The final average salary is the member's five (5) highest annual salaries except members at least age fifty-five (55) with twenty-seven (27) or more years of service may use their three (3) highest annual salaries. For all members, the annual allowance is reduced by 5% per year from the earlier of age 60 or the date the member would have completed 27 years of service. The minimum annual service allowance for all members is \$440 multiplied by credited service.

*For Members On or After July 1, 2008:*

Members become vested when they complete five (5) years of credited service. To qualify for monthly retirement benefits, payable for life, members must either:

- 1.) Attain age sixty (60) and complete five (5) years of Kentucky service, or
- 2.) Complete twenty-seven (27) years of Kentucky service, or
- 3.) Attain age fifty-five (55) and complete ten (10) years of Kentucky service.



CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2020

NOTE 10 – PENSION PLANS (CONTINUED)

The annual retirement allowance for non-university members is equal to: (a) one and seven tenths percent (1.7%) of final average salary for each year of credited service if their service is 10 years or less; (b) two percent (2%) of final average salary for each year of credited service if their service is greater than 10 years but no more than 20 years; (c) two and three tenths percent (2.3%) of final average salary for each year of credited service if their service is greater than 20 years but no more than 26 years; (d) two and one half percent (2.5%) of final average salary for each year of credited service if their service is greater than 26 years but no more than 30 years; and (e) three percent (3%) of final average salary for years of credited service greater than 30 years.

*Other Benefits:*

The System provides post-employment medical benefits to retirees. The System also provides disability benefits for vested members at the rate of sixty percent (60%) of the final average salary. A life insurance benefit, payable upon the death of a member, is \$2,000 for active contributing members and \$5,000 for retired or disabled members. Cost of living increases are one and one-half percent (1.5%) annually. Additional ad hoc increases and any other benefit amendments must be authorized by the General Assembly.

Contributions

Contribution rates are established by Kentucky Revised Statutes. Employees are required to contribute 12.855 percent of their annual salary. The State, as a non-employer contributing entity, contributes 16.105 percent of salary.

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

At June 30, 2020, the District reported no net pension liability because it did not have a proportionate share of the net pension liability. The related State share of the net pension liability was \$51,861,977.

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2019, the District's proportion was zero percent.

For the year ended June 30, 2020, the District recognized pension expense of \$3,902,900 and revenue of \$3,902,900 for support provided by the State. At June 30, 2020, the District reported no deferred outflows of resources and no deferred inflows of resources related to TRS.

Actuarial Methods and Assumptions for Determining the Total Pension Liability and Net Pension Liability

For financial reporting, the actuarial valuation as of June 30, 2019, was performed by Cavanaugh MacDonald Consulting, LLC (CM). The total pension liability, net pension liability and sensitivity information as of June 30, 2019 was based on an actuarial valuation date of June 30, 2018. The total pension liability was rolled-forward from the valuation date (June 30, 2018) to the plan's fiscal year ending June 30, 2019, using generally accepted actuarial principles. Subsequent to the actuarial valuation date (June 30, 2018), but prior to the measurement date the KRS Board of Trustees reviewed investment trends, inflation and payroll growth historical trends.

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2020

**NOTE 10 – PENSION PLANS (CONTINUED)**

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

The following actuarial methods and assumptions were used to determine the actuarially determined contributions effective for fiscal year ending June 30, 2019:

Inflation	3.00 percent
Salary increases, including inflation	3.50 – 7.30 percent
Long-Term Investment Rate of Return, net of pension plan investment expense, including inflation	7.50 percent
Municipal Bond Index Rate	
Prior Measurement Date	3.89 percent
Measurement Date	3.50 percent
Single Equivalent Interest Rate, net of pension plan investment expense, including inflation	
Prior Measurement Date	7.50 percent
Measurement Date	7.50 percent
Post-Retirement Benefit Increases	1.50% annually

Discount Rate/Target Allocations

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

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

Net Pension Liability

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Systems' Net Pension Liability	\$ 18,252,330	\$ 14,294,885	\$ 10,964,314

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2020

NOTE 10 – PENSION PLANS (CONTINUED)

Pension Plan Fiduciary Net Position

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

**CERS**

Benefits Provided

The system provides for retirement, disability and death benefits to system members. Retirement benefits may be extended to beneficiaries of members under certain circumstances. Prior to July 1, 2009, cost-of-living adjustments (COLA) were provided annually equal to the percentage increase in the annual average of the consumer price index for all urban consumers for the most recent calendar year, not to exceed 5% in any plan year. On July 1, 2013, the COLA was not granted. Effective July 1, 2009, and on July 1 of each year thereafter through June 30, 2015, the COLA is limited to 1.5% provided the recipient has been receiving a benefit for less than 12 months prior to the effective date of the COLA. If the recipient has been receiving a benefit for less than 12 months prior to the effective date of the COLA, the increase shall be reduced on a pro-rata basis for each month the recipient has not been receiving benefits in the 12 months preceding the effective date of the COLA. The Kentucky General Assembly reserves the right to suspend or reduce the COLA if, in its judgment, the welfare of the Commonwealth so demands.

Contributions

For the fiscal year ended June 30, 2020, plan members who began participating prior to September 1, 2008, were required to contribute 5% of their annual creditable compensation. Plan members who began participating after September 1, 2008 were required to contribute 6% of their annual creditable compensation. Participating employers were required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 78.545(33), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last preceding July 1 of a new biennium. The Board may amend contribution rates as of the first date of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the Board. The school district's contractually required contribution rate for the year ended June 30, 2020, was 24.06 percent of annual creditable compensation. Contributions to the pension plan from the District were \$605,963.

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 of \$8,824,009 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2019, the District's proportion was 0.125465 percent.

For the year ended June 30, 2020, the District recognized pension expense of \$605,963. At June 30, 2020, the District reported deferred inflows of resources of \$348,917 and deferred outflows of resources of \$2,030,975 related to pensions. The amount reported as deferred inflows for District contributions subsequent to the measurement date of \$605,963 will be recognized as a reduction of the net pension liability in the year ending June 30, 2021.

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2020

NOTE 10 – PENSION PLANS (CONTINUED)

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

<u>Year</u>	<u>Allocation</u>
2020	\$ 1,213,126
2021	271,300
2022	107,542
2023	90,090
	<u>\$ 1,682,058</u>

Actuarial Methods and Assumptions for Determining the Total Pension Liability and Net Pension Liability

For financial reporting, the actuarial valuation as of June 30, 2019, was performed by Gabriel Roeder Smith (GRS). The total pension liability, net pension liability and sensitivity information as of June 30, 2019 was based on an actuarial valuation date of June 30, 2018. The total pension liability was rolled-forward from the valuation date (June 30, 2018) to the plan's fiscal year ending June 30, 2019, using generally accepted actuarial principles. Subsequent to the actuarial valuation date (June 30, 2018), but prior to the measurement date the KRS Board of Trustees reviewed investment trends, inflation and payroll growth historical trends. Based on this review the Board adopted the following updated actuarial assumptions which were used in performing the actuarial valuation as of June 30, 2019, which were also used to determine the Total Pension Liability and Net Pension Liability as of June 30, 2019.

The actuarial assumptions are:

Inflation Rate	2.30%
Payroll Growth Rate	2.0% for CERS non-hazardous
Salary Increases	3.30% to 10.30%, varies by service for CERS non-hazardous
Investment Rate of Return	6.25% for CERS non-hazardous

The mortality table used for active members in Pub-2010 General Mortality table, for the Non-Hazardous System, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. The mortality table used for healthy retired members was a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. The mortality table used for the disabled members was 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.

House Bill 1 passed during the 2019 Special Legislative Session allows certain employers in the KERS Non-hazardous plan to elect to cease participating in the System as of June 30, 2020. Since each employer's election was unknown at the time of the valuation and the legislation was enacted after the June 30, 2019 measurement date, no adjustments were made to the Total Pension Liability to reflect this legislation. There were no other plan provision changes.

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2020

NOTE 10 – PENSION PLANS (CONTINUED)

Discount Rate

The projection of cash flows used to determine the discount rate of 6.25% for the CERS non-hazardous assumes that the funds receive the required employer contributions each future year, as determined by the current funding policy established in Statute as last amended by House Bill 362 (passed in 2018). The discount rate determination does not use a municipal bond rate. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are as follows:

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

Actuarial Methods and Assumptions used to determine the Actuarial Determined Contributions

The following actuarial methods and assumptions were used to determine the actuarially determined contributions effective for fiscal year ending June 30, 2019:

Valuation Date	June 30, 2017
Experience Study	July 1, 2008 – June 30, 2013
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of pay
Remaining Amortization Period	26 years, Closed
Payroll Growth Rate	2.0% for CERS non-hazardous
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30%
Salary Increase	3.30% to 11.55%, varies by service, for CERS non-hazardous
Investment Rate of Return	6.25% for CERS Non-hazardous

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

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2020

NOTE 10 – PENSION PLANS (CONTINUED)

Deferred Inflows and Outflows of Resources

The Deferred Inflows and Outflows of Resources and Pension Expense included in the Schedule of Pension Amounts by Employer include only certain categories of deferred outflows of resources and deferred inflows of resources. These include differences between expected and actual experience, changes of assumptions and differences between projected and actual earnings on plan investments. The Schedule of Pension Amounts by Employer does not include deferred outflows/inflows of resources for changes in the employer's proportionate share of contributions or employer contributions made subsequent to the measurement date. The net pension liability as of June 30, 2019, is based on the June 30, 2018, actuarial valuation rolled forward. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed five-year period.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
District's proportionate share of the net pension liability	<u>\$ 11,066,333</u>	<u>\$ 8,824,009</u>	<u>\$ 6,900,059</u>

Pension Plan Fiduciary Net Position

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

**DEFERRED COMPENSATION**

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Sections 457, 401(k) and 403(b). The Plans, available to all employees, permit them to defer a portion of their salary until future years. This deferred compensation is not available to employees until 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 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 show these assets and liabilities on these financial statements.

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS PLAN

General Information – TRS

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

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2020

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

The member and employer contributions consist of retirement annuity contributions and other postemployment benefit contributions to the medical and life insurance plans. The member postemployment medical contribution is 3.75 percent of salary. The employer postemployment medical contribution is .75 percent of member salaries. Also, employers (other than the state) contribute 3.0 percent of members' salaries and the state contributes the net cost of health insurance premiums for new retirees after June 30, 2010 in the non-Medicare eligible group. If a member leaves covered employment before accumulating five (5) years of credited service, accumulated member contributions to the retirement annuity plan plus interest are refunded upon the member's request.

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

Medical Insurance Plan

*Plan description* – In addition to the OPEB benefits described above, Kentucky Revised Statute 161.675 requires TRS to provide access to postemployment healthcare benefits for eligible members and dependents. The TRS medical plan (MIF) is funded by employer and member contributions. Changes made to the medical plan may be made by the TRS Board of Trustees, the Kentucky Department of Employee Insurance and the General Assembly.

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

*Contributions* – In order to fund the post-retirement healthcare benefit, seven and one-half percent (7.50%) of the gross annual payroll of members is contributed. Three 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 – MIF

At June 30, 2020, the District reported a liability of \$5,934,000 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 202749 percent.

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

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2020

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

District's proportionate share of the net OPEB liability	\$ 5,934,000
State's proportionate share of the net OPEB liability associated with the District	<u>4,792,000</u>
Total	<u>\$ 10,726,000</u>

For the year ended June 30, 2020 the District recognized OPEB expense-MIF of \$3,218,351 and revenue of \$3,218,351 for support provided by the State.

*Actuarial assumptions (MIF and LIF)* – The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on the RP-2000 Combined Mortality Table projected to 2025 with projection scale BB, and set forward two years for males and one year for females is used for the period after service retirement and for dependent beneficiaries. The RP-2000 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 costs trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2018 valuation were based on a review of recent plan experience done concurrently with the June 30, 2015 valuation.



CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2020

**NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)**

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

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

The discount rate used to measure the TOL at June 30, 2019 was 8.00 percent for the MIF. The discount rate used to measure the TOL as of the Measurement Date was 8.00%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 74. The projection's basis was an actuarial valuation performed as of June 30, 2018. In addition to the actuarial methods and assumptions of the June 30, 2018 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

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

To reflect these adjustments, open group projections were used and assumed an equal, pro rata reduction to the current statutory amounts in the years if/when the MIF is projected to achieve a Funded Ratio of 100% or more. Here, the current statutory amounts are adjusted to achieve total contributions equal to the Actuarially Determined Contribution (ADC), as determined by the prior year's valuation and in accordance with the MIF's funding policy (Schedule B). As the specific methodology to be used for the adjustments has yet to be determined, there may be differences between the projected results and future experience. This may also include any changes to retiree contributions for KEHP coverage pursuant to KRS 161.675(4)(b).

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2020

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

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

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

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

	Health Care Cost Trend Rate Sensitivity (\$ Thousands)		
	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
MIF Net OPEB Liability	\$ 2,382,551	\$ 2,926,787	\$ 3,596,018

Life Insurance Plan

*Plan description* – 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, six hundredths of one percent (.06%) of the gross annual payroll of members is contributed by the state.

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

At June 30, 2020, the District did not report a liability for its proportionate share of the collective net OPEB liability for life insurance benefits because the State of Kentucky provides the OPEB support directly to TRS on behalf of the District.

District's proportionate share of the net OPEB liability – LIF	\$ -
State's proportionate share of the net OPEB liability LIF associated with the District	111,000
<b>Total</b>	<u>\$ 111,000</u>

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2020

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

For the year ended June 30, 2020, the District recognized OPEB expense of \$4,616 and revenue of \$4,616 for support provided by the State.

General Information – CERS

CERS Non-hazardous and CERS Hazardous Insurance Funds are cost-sharing multiple-employer defined benefit Other Postemployment Benefits (OPEB) plans for members that cover all regular full-time members employed in non-hazardous and hazardous duty positions of any state department, board, agency, county, city, school board and any additional eligible local agencies electing to participate. The plans provide for health insurance benefits to plan members. OPEB may be extended to beneficiaries of plan members under certain circumstances.

*Actuarial assumptions* – The total OPEB liability – CERS in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Determined by the Actuarial Valuation as of:	June 30, 2016
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Amortization Method:	Level Percent of Pay
Amortization Period:	27 Years, Closed
Payroll Growth Rate:	4.00%
Investment Return:	7.50%
Inflation Rate:	3.25%
Salary Increases:	4.00%, average
Mortality:	RP-2000 Combined Mortality Table, projected to 2013 with Scale BB (set back 1 year for females)
Healthcare Trend Rates (Pre-65)	Initial trend starting at 7.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 5 years.
Healthcare Trend Rates (Post-65)	Initial trend starting at 5.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 2 years.

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.

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2020

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

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	LIF	
	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity	40.0%	4.3%
International Equity	23.0%	5.2%
Fixed Income	18.0%	1.2%
Real Estate	6.0%	3.8%
Private Equity	5.0%	6.3%
Other Additional Categories	6.0%	3.2%
Cash (LIBOR)	2.0%	0.9%
Total	100.0%	

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

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

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

The long-term expected rate of return on OPEB plan investments will be determined based on the allocation of assets by asset class and by the mean and variance of real returns. The discount rate determination will use a municipal bond rate to the extent the trust is projected to run out of money before all benefits are paid. The rate used, if necessary, for this purpose is the monthly average of the Bond Buyers General Obligation 20-year Municipal Bond Index Rate (formerly published monthly by the Board of Governors of the Federal Reserve System). Projected future benefit payments for all current plan members were projected through 2117.

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

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2020

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS PLAN (CONTINUED)

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
District's Net OPEB Liability – CERS	\$ 2,826,366	\$ 2,109,727	\$ 1,569,704

Sensitivity of the District's proportionate share of the collective net OPEB liability – CERS to changes in the healthcare cost trend rates – The following presents the District's proportionate share of the collective net OPEB liability – CERS, as well as what the District's proportionate share of the collective net OPEB liability – CERS 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	1% Increase
District's Net OPEB Liability – CERS	\$ 1,569,704	\$ 2,765,404

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

NOTE 12 – CONTINGENCIES

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

No provision was made in the accompanying financial statements for any contingent liabilities.

NOTE 13 – DEFICIT OPERATING/FUND BALANCES

The District did not have any deficit fund balances at June 30, 2020.

The following funds had operations that resulted in current year operating deficits in governmental funds, resulting in corresponding reductions in fund balances, as follows:

	<u>Amount</u>
Construction Fund	\$ 942,443

NOTE 14 – TRANSFER OF FUNDS

The following transfers were made during the year:

<u>Type</u>	<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
Operating	Building/FSPK	Debt Service	Debt service requirement	\$ 2,470,902
Operating	General	Special Revenue	Matching – Phase II Technology	56,696
Operating	Special Revenue	General	Reimbursement	991
Operating	General	Construction	Construction	250,000
Operating	Capital Outlay	Debt Service	Debt service requirement	269,976

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2020

NOTE 14 – TRANSFER OF FUNDS (CONTINUED)

<u>Type</u>	<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
Operating	Special Revenue	Building/FSPK	Debt service requirement	42,600
Operating	Building/FSPK	General	Capital funds request	110,157
Operating	General	Special Revenue – School Activity	Reimbursements	15,313
Operating	Special Revenue – School Activity	General	Reimbursement	110,203
Operating	Food Service	General	Vehicle purchase	5,000
Operating	Food Service	Construction	Construction	50,000

NOTE 15 – INTERFUND RECEIVABLES AND PAYABLES

At June 30, 2020, the District had a negative cash balance of \$219,723 in the Special Revenue Fund due to grant/project monies not being received by year-end. Since the District maintains an internal investment pool for cash, the General Fund is essentially lending this amount to the overdrawn fund. An interfund receivable of \$219,723 has been recognized in the General Fund and an interfund payable in the Special Revenue Fund at June 30, 2020.

NOTE 16 – ON-BEHALF PAYMENTS

As amounts are paid by various State agencies on-behalf of the District, the amounts are recognized as revenues and expenditures by the District. On the statement of revenues, expenditures and changes in fund balance, the on-behalf payments are included with State revenue, and are included in the functional expense classifications. On the statement of activities, the on-behalf payments are included in the functional expense classifications, and are included with program operating grants and contributions for the respective functions. A summary of on-behalf payments during 2020 is as follows:

Teacher's Retirement System (TRS) – GASB 68	\$ 3,902,900
Teacher's Retirement System (TRS) – GASB 75	289,812
Health insurance	2,928,539
Life insurance	4,616
Administrative fee	38,126
Health reimbursement account – HRA/Dental/Vision	160,475
Federal reimbursements of health benefits	(190,419)
Technology	91,520
School Facilities Construction Commission (SFCC) debt service	<u>2,039,337</u>
	<u>\$ 9,264,906</u>

NOTE 17 – FUND BALANCE DESIGNATIONS

The following governmental funds had restricted fund balances:

<u>Fund</u>	<u>Amount</u>	<u>Purpose</u>
General	\$ 95,000	Accumulated sick leave
Construction	232,558	Future construction

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

NOTES TO THE BASIC FINANCIAL STATEMENTS  
June 30, 2020

NOTE 18 – CHANGE IN ACCOUNTING PRINCIPLE

Effective July 1, 2019, the District was required to adopt Government Accounting Standards Board (GASB) Statement 84, Fiduciary Activities. This statement establishes criteria for identifying fiduciary activities and guidance on reporting these activities.

GASB 84 required retrospective application. Since the District only presents one year of financial information, the beginning Special Revenue – Fund 25 was adjusted to reflect the retrospective application. The adjustment resulted in a \$276,245 induction in beginning net position on the Statement of Activities.

NOTE 19 – SUBSEQUENT EVENTS

We evaluated events and transactions that occurred after the balance sheet date as potential subsequent events. We performed this evaluation through September 14, 2020, the date on which we issued our financial statements.

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
Years Ended June 30,

	2020 (2019)	Reporting Fiscal Year (Measurement Date)		2017 (2016)
		2019 (2018)	2018 (2017)	
<b>COUNTY EMPLOYEES</b>				
<b>RETIREMENT SYSTEM</b>				
District and PSCA's proportion of the net pension liability	.125465%	.122991%	.122429%	.11991%
District and PSCA's proportionate share of the net pension liability	\$ 8,824,009	\$ 7,490,527	\$ 7,166,146	\$ 5,904,085
District and PSCA's covered-employee payroll	\$ 3,067,875	\$ 3,116,951	\$ 3,014,779	\$ 3,025,999
District and PSCA's proportionate share of the net pension liability as a percentage of its covered-employee payroll	287.63%	240.32%	237.70%	195.11%
Plan fiduciary net position as a percentage of the total pension liability	50.45%	46.46%	53.32%	55.50%
<b>TEACHER'S RETIREMENT SYSTEM</b>				
District's proportion of the net pension liability	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	\$ 51,861,977	\$ 49,063,511	\$ 102,330,708	\$ 110,207,978
District's covered-employee payroll	\$ 12,594,254	\$ 13,455,690	\$ 11,888,795	\$ 12,724,226
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	0%	0%	0%	0%
Plan fiduciary net position as a percentage of the total pension liability	64.57%	59.30%	13.32%	14.80%

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



<u>2016</u> <u>(2015)</u>	<u>2015</u> <u>(2014)</u>
.113222%	.111387%
\$ 4,867,988	\$ 3,614,000
\$ 2,896,397	\$ 2,667,016
168.07%	135.51%
59.97%	66.80%
0%	0%
\$ -	\$ -
\$ 84,164,493	\$ 73,093,386
\$ 12,411,560	\$ 11,610,462
0%	0%
18.83%	22.32%

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

SCHEDULE OF PENSION CONTRIBUTIONS  
Years Ended June 30,

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>COUNTY EMPLOYEES</b>				
<b>RETIREMENT SYSTEM:</b>				
Contractually required contribution	\$ 605,963	\$ 519,449	\$ 460,258	\$ 567,845
Contributions in relation to the contractually required contribution	<u>(605,963)</u>	<u>(519,449)</u>	<u>(460,258)</u>	<u>(567,845)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District and PSCA's covered-employee payroll	\$ 3,067,875	\$ 3,116,951	\$ 3,014,779	\$ 3,025,999
District and PSCA's contributions as a percentage of its covered-employee payroll	24.06%	21.48%	19.18%	18.68%
<b>TEACHER'S RETIREMENT SYSTEM</b>				
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 12,594,254	\$ 13,455,690	\$ 11,888,795	\$ 12,724,226
District's contributions as a percentage of its covered employee payroll	0%	0%	0%	0%

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

<u>2016</u>	<u>2015</u>
\$ 494,087	\$ 612,515
<u>(494,087)</u>	<u>(612,515)</u>
\$ _____ -	\$ _____ -
\$ 2,896,397	\$ 2,667,016
17.06%	17.67%
\$ -	\$ -
_____ -	_____ -
\$ _____ -	\$ _____ -
\$ 12,511,560	\$ 11,610,462
0%	0%

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
Year Ended June 30, 2020

(1) CHANGES OF ASSUMPTIONS

TRS/CERS

The assumption changes are noted below.

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

TRS

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

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	28.1 years
Payroll Growth Rate	4.00% to 8.10% including wage inflation
Asset Valuation Method	5-year smoothed
Inflation Rate	3.0%
Projected Salary Increases	3.50% – 7.30% including inflation
Investment Rate of Return	7.50%, net of plan investment expense, including inflation

CERS

The actuarially determined contribution rates in the schedule of contributions are calculated as of June 30, 2017. The following actuarial methods and assumptions were used to determine the contribution rates reported in that schedule:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percent of pay
Remaining Amortization Period	26 years, closed
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Payroll Growth Rate	2.00%
Inflation Rate	2.30%
Salary Increases	3.30% to 11.55%, varies by service
Investment Rate of Return	6.25%

(3) CHANGES OF BENEFITS

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

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY – MEDICAL INSURANCE  
PLAN

Years Ended June 30,

	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)
<b>COUNTY EMPLOYEES RETIREMENT SYSTEM:</b>			
District and PSCA's proportion of the net OPEB liability	125433%	122990%	122429%
District and PSCA's proportionate share of the net OPEB liability	\$ 2,109,727	\$ 2,183,663	\$ 2,461,242
District and PSCA's covered-employee payroll	\$ 3,067,875	\$ 3,116,951	\$ 3,014,779
District and PSCA's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	68.77%	70.06%	81.64%
Plan fiduciary net position as a percentage of the total OPEB liability	60.44%	57.62%	21.18%
<b>TEACHER'S RETIREMENT SYSTEM:</b>			
District's proportion of the collective net OPEB liability	202749%	193555%	200106%
District's proportionate share of the collective net OPEB liability	\$ 5,934,000	\$ 6,716,000	\$ 7,135,000
State's proportionate share of the collective net OPEB liability associated with the District	<u>4,792,000</u>	<u>5,788,000</u>	<u>5,829,000</u>
Total	<u>\$ 10,726,000</u>	<u>\$ 12,504,000</u>	<u>\$ 12,964,000</u>
District's covered-employee payroll	\$ 12,594,254	\$ 13,455,690	\$ 11,888,795
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	47.12%	49.91%	60.01%
Plan fiduciary net position as a percentage of the total OPEB liability	83.69%	36.30%	26.7%

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

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

SCHEDULE OF DISTRICT CONTRIBUTIONS – MEDICAL INSURANCE PLAN  
Years Ended June 30,

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>COUNTY EMPLOYEES RETIREMENT SYSTEM:</b>			
Contractually required contribution	\$ 149,413	\$ 168,563	\$ 149,356
Contributions in relation to the contractually required contribution	<u>(149,413)</u>	<u>(168,563)</u>	<u>(149,356)</u>
Contribution deficiency (excess)	\$ _____ -	\$ _____ -	\$ _____ -
District's covered-employee payroll	\$ 3,067,875	\$ 3,116,951	\$ 3,014,779
District's and PSCA's contributions as a percentage of its covered employee payroll	4.87%	5.40%	4.95%
<b>TEACHER'S RETIREMENT SYSTEM:</b>			
Contractually required contribution	\$ 353,041	\$ 344,782	\$ 342,838
Contributions in relation to the contractually required contribution	<u>(353,041)</u>	<u>(344,782)</u>	<u>(342,838)</u>
Contribution deficiency (excess)	\$ _____ -	\$ _____ -	\$ _____ -
District's covered-employee payroll	\$12,594,254	\$13,455,690	\$11,888,795
District's contributions as a percentage of its covered-employee payroll	2.80%	2.56%	2.88%

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

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
Year Ended June 30, 2020

*Changes of benefit terms* – With the passage of House Bill 471, the eligibility for non-single subsidies (NSS) for the KEHP-participating members who retired 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.

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

Valuation date	June 30, 2017
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll
Amortization period	22 years
Asset valuation method	Five-year smoothed value
Inflation Rate	3.00%
Real wage growth	0.50%
Wage inflation	3.50%
Salary increases	3.50% – 7.20%, including wage inflation
Discount rate	8.00%
Health care cost trends	
Under 65	7.50% for FY 2019 decreasing to an ultimate rate of 5.00% for FY 2024
Ages 65 and older	5.50% for FY 2019 decreasing to an ultimate rate of 5.00% for FY 2021
Medicare Part B premiums	0.00% for FY 2019 with an ultimate rate of 5.00% by 2030
Under age 65 claims	The current premium charged by KEHP is used as the base cost and is projected forward using only the health care trend assumption (no implicit rate subsidy is recognized).

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY – LIFE INSURANCE PLAN –  
TEACHER'S RETIREMENT SYSTEM KENTUCKY  
Years Ended June 30,

	Reporting Fiscal Year (Measurement Date) 2020 (2019)	Reporting Fiscal Year (Measurement Date) 2019 (2018)	Reporting Fiscal Year (Measurement Date) 2018 (2017)
District's proportion of the collective net OPEB liability	0%	0%	0%
District's proportionate share of the collective net OPEB liability	\$ -	\$ -	\$ -
State's proportionate share of the collective net OPEB liability associated with the District	111,000	99,000	78,000
Total	<u>\$ 111,000</u>	<u>\$ 99,000</u>	<u>\$ 78,000</u>
District's covered-employee payroll	\$ 12,594,254	\$ 13,455,690	\$ 11,888,795
District's proportionate share of the collective net OPEB liability (asset) as a percentage of its covered-employee payroll	0%	0%	0%
Plan fiduciary net position as a percentage of the total OPEB liability	83.69%	83.40%	87.80%

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



CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

SCHEDULE OF DISTRICT CONTRIBUTIONS – LIFE INSURANCE PLAN – TEACHER'S RETIREMENT SYSTEM  
KENTUCKY  
Years Ended June 30,

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 12,594,254	\$ 13,455,690	\$ 11,888,795
Contributions as a percentage of covered-employee payroll	0%	0%	0%

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

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
Year Ended June 30, 2020

*Changes of benefit terms – None.*

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

Determined by the Actuarial Valuation as of:	June 30, 2017
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Amortization Method:	Level Percent of Pay
Amortization Period:	26 years, Closed
Payroll Growth Rate:	2.00%
Investment Return:	6.25%
Inflation Rate:	2.30%
Salary Increases:	3.30% to 11.55%, varies by service
Mortality:	RP-2000 Combined Mortality Table, projected to 2013 with Scale BB (set back 1 year for females)
Healthcare Trend Rates (Pre-65)	Initial trend starting at 7.25% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Healthcare Trend Rates (Post-65)	Initial trend starting at 5.10% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 11 years.
Phase – In Provision	Board certified rate is phased into the actuarially determined rate in accordance with HB362 enacted in 2018.

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
GENERAL FUND  
Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Favorable or (Unfavorable)
	Original	Final		
REVENUES				
From local sources:				
Taxes				
Property	\$ 2,565,000	\$ 2,565,000	\$ 2,587,468	\$ 22,468
Motor vehicle	400,000	400,000	462,045	62,045
Utilities	610,000	610,000	585,735	(24,265)
Earnings on investments	40,000	40,000	28,907	(11,093)
Other local revenues	233,928	154,428	196,354	41,926
Intergovernmental – state	20,167,398	20,167,398	20,591,187	423,789
Intergovernmental – indirect federal	60,000	60,000	61,006	1,006
TOTAL REVENUES	24,076,326	23,996,826	24,512,702	515,876
EXPENDITURES				
Instruction	17,079,942	17,075,044	17,032,831	42,213
Support services:				
Student	463,734	463,734	444,951	18,783
Instructional staff	381,451	381,451	385,062	(3,611)
District administration	764,994	764,296	665,667	98,629
School administration	1,871,086	1,871,086	1,961,044	(89,958)
Business	917,383	917,383	874,766	42,617
Plant operations and maintenance	2,348,783	2,348,783	2,334,388	14,395
Student transportation	1,037,004	1,037,004	964,935	72,069
Other instructional	7,276	7,276	-	7,276
Land and land improvements	110,556	111,254	111,254	-
Contingency	2,754,848	2,759,746	-	2,759,746
TOTAL EXPENDITURES	27,737,057	27,737,057	24,774,898	2,962,159
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,660,731)	(3,740,231)	(262,196)	3,478,035
OTHER FINANCING SOURCES (USES)				
Sale of buildings and land	-	-	525,092	525,092
Operating transfers in	110,486	189,986	226,351	36,365
Operating transfers out	(60,000)	(60,000)	(322,009)	(262,009)
TOTAL OTHER FINANCING SOURCES (USES)	50,486	129,986	429,434	299,448
NET CHANGES IN FUND BALANCE	(3,610,245)	(3,610,245)	167,238	3,777,483
FUND BALANCE, JULY 1, 2019	3,610,245	3,610,245	3,610,245	-
FUND BALANCE, JUNE 30, 2020	\$ -	\$ -	\$ 3,777,483	\$ 3,777,483

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

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
SPECIAL REVENUE FUND – FUND 2  
Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Favorable or (Unfavorable)
	Original	Final		
REVENUES				
From local sources:				
Taxes				
Property	\$ -	\$ -	\$ -	\$ -
Motor vehicle	-	-	-	-
Utilities	-	-	-	-
Earnings on investments	-	-	32	32
Other local revenues	316,138	509,345	355,418	(153,927)
Intergovernmental – state	1,100,027	1,221,119	1,242,742	21,623
Intergovernmental – direct federal	1,854,205	2,745,574	2,960,590	215,016
TOTAL REVENUES	3,270,370	4,476,038	4,558,782	82,744
EXPENDITURES				
Instruction	2,801,206	3,635,208	3,852,750	(217,542)
Support services:				
Student	-	285,000	154,568	130,432
Instructional staff	127,499	127,499	115,760	11,739
District administration	-	-	-	-
School administration	73,710	73,710	73,710	-
Plant operations and maintenance	-	77,414	66,412	11,002
Student transportation	40,843	50,096	43,350	6,746
Community services activities	244,512	244,511	228,925	15,586
Food service	-	-	19,752	(19,752)
Day care	-	-	16,660	(16,660)
TOTAL EXPENDITURES	3,287,770	4,493,438	4,571,887	(78,449)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(17,400)	(17,400)	(13,105)	4,295
OTHER FINANCING SOURCES (USES)				
Operating transfers in	60,000	60,000	56,696	(3,304)
Operating transfers out	(42,600)	(42,600)	(43,591)	(991)
TOTAL OTHER FINANCING SOURCES (USES)	17,400	17,400	13,105	(4,295)
NET CHANGES IN FUND BALANCE	-	-	-	-
FUND BALANCE, JULY 1, 2019	-	-	-	-
FUND BALANCE, JUNE 30, 2020	\$ -	\$ -	\$ -	\$ -

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

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
BUDGET AND ACTUAL  
Year Ended June 30, 2020

The District's budgetary process accounts for transactions on the modified accrual basis of accounting, which is consistent with U.S. generally accepted accounting principles. In accordance with state law, the District prepares a school budget based upon the amount of revenue to be raised by local taxation, including the rate of levy, and from estimates of other local, state and federal revenues. The budget contains estimated expenditures for current expenses, debt service, capital outlay and other necessary expenses. The budget must be approved by the Board. The District must formally and publicly examine estimated revenues and expenses for the subsequent fiscal year by January 31 of each calendar year. Additionally, the District must submit a certified budget to the Kentucky Department of Education by March 15 of each calendar year, which includes the amount for certified and classified staff, based on the District's staffing policy, and the amount for the instructional supplies, materials, travel and equipment. The District must adopt a working budget and submit it to the Kentucky Department of Education by September 30 of each calendar year. The Board has the ability to amend the working budget. The working budget was amended during the year.

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2020

	Seek Capital Outlay Fund	FSPK Fund	Construction Fund	Debt Service Fund	Total Nonmajor Governmental Funds
ASSETS AND RESOURCES					
Cash and cash equivalents	\$ -	\$ -	\$ 241,981	\$ -	\$ 241,981
TOTAL ASSETS AND RESOURCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 241,981</u>	<u>\$ -</u>	<u>\$ 241,981</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ 9,423	\$ -	\$ 9,423
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>9,423</u>	<u>-</u>	<u>9,423</u>
FUND BALANCES					
Restricted					
Future construction projects (BG-1)	-	-	232,558	-	232,558
TOTAL FUND BALANCES	<u>-</u>	<u>-</u>	<u>232,558</u>	<u>-</u>	<u>232,558</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 241,981</u>	<u>\$ -</u>	<u>\$ 241,981</u>

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
Year Ended June 30, 2020

	Seek Capital Outlay Fund	FSPK Fund	Construction Fund	Debt Service Fund	Total Nonmajor Governmental Funds
<b>REVENUES</b>					
From local sources:					
Taxes:					
Property	\$ -	\$ 860,585	\$ -	\$ -	\$ 860,585
Intergovernmental – state	269,976	1,677,874	75,000	2,039,337	4,062,187
Intergovernmental – direct federal	-	-	-	204,341	204,341
<b>TOTAL REVENUES</b>	<u>269,976</u>	<u>2,538,459</u>	<u>75,000</u>	<u>2,243,678</u>	<u>5,127,113</u>
<b>EXPENDITURES</b>					
Building acquisitions and construction	-	-	34,403	-	34,403
Building improvements	-	-	1,283,040	-	1,283,040
Payment of bonds	-	-	-	3,091,778	3,091,778
Payment of interest	-	-	-	1,892,778	1,892,778
<b>TOTAL             EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>1,317,443</u>	<u>4,984,556</u>	<u>6,301,999</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>269,976</u>	<u>2,538,459</u>	<u>(1,242,443)</u>	<u>(2,740,878)</u>	<u>(1,174,886)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in	-	42,600	300,000	2,740,878	3,083,478
Operating transfers out	(269,976)	(2,581,059)	-	-	(2,851,035)
<b>TOTAL OTHER FINANCING             SOURCES (USES)</b>	<u>(269,976)</u>	<u>(2,538,459)</u>	<u>300,000</u>	<u>2,740,878</u>	<u>232,443</u>
<b>NET CHANGES IN FUND BALANCES</b>	-	-	(942,443)	-	(942,443)
<b>FUND BALANCES, JULY 1, 2019</b>	-	-	1,175,001	-	1,175,001
<b>FUND BALANCES, JUNE 30, 2020</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 232,558</u>	<u>\$ -</u>	<u>\$ 232,558</u>

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

COMBINING BALANCE SHEET  
SPECIAL REVENUE FUNDS  
June 30, 2020

	<u>Fund 2</u>	<u>Fund 25</u>	<u>Total Special Revenue Funds</u>
<b>ASSETS AND RESOURCES</b>			
Cash and cash equivalents	\$ -	\$ 238,688	\$ 238,688
Accounts receivable	-	280	280
Intergovernmental – state	158,284	-	158,284
Intergovernmental – federal	422,645	-	422,645
<b>TOTAL ASSETS AND RESOURCES</b>	<u>\$ 580,929</u>	<u>\$ 238,968</u>	<u>\$ 819,897</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 95,534	\$ 2,419	\$ 97,953
Interfund payable	219,723	-	219,723
Deferred revenue	265,672	-	265,672
<b>TOTAL LIABILITIES</b>	<u>580,929</u>	<u>2,419</u>	<u>583,348</u>
<b>FUND BALANCES</b>			
Committed	-	236,549	236,549
<b>TOTAL FUND BALANCES</b>	<u>-</u>	<u>236,549</u>	<u>236,549</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 580,929</u>	<u>\$ 238,968</u>	<u>\$ 819,897</u>



CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
SPECIAL REVENUE FUNDS  
Year Ended June 30, 2020

	<u>Fund 2</u>	<u>Fund 25</u>	<u>Total Special Revenue Funds</u>
REVENUES			
Earnings on investments	\$ 32	\$ 1,078	\$ 1,110
Other local revenues	355,418	632,798	988,216
Intergovernmental – state	1,242,742	-	1,242,742
Intergovernmental – direct federal	<u>2,960,590</u>	<u>-</u>	<u>2,960,590</u>
TOTAL REVENUES	<u>4,558,782</u>	<u>633,876</u>	<u>5,192,658</u>
EXPENDITURES			
Instruction	3,852,750	574,357	4,427,107
Support services:			
Student	154,568	-	154,568
Instructional staff	115,760	-	115,760
School administration	73,710	-	73,710
Plant operations and maintenance	66,412	-	66,412
Student transportation	43,350	-	43,350
Food service	19,752	-	19,752
Day care	16,660	-	16,660
Other non-instruction	-	4,325	4,325
Community services activities	<u>228,925</u>	<u>-</u>	<u>228,925</u>
TOTAL EXPENDITURES	<u>4,571,887</u>	<u>578,682</u>	<u>5,150,569</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(13,105)</u>	<u>55,194</u>	<u>42,089</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	56,696	15,313	72,009
Operating transfers out	<u>(43,591)</u>	<u>(110,203)</u>	<u>(153,794)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>13,105</u>	<u>(94,890)</u>	<u>(81,785)</u>
NET CHANGES IN FUND BALANCES	<u>-</u>	<u>(39,696)</u>	<u>(39,696)</u>
FUND BALANCES, JULY 1, 2019, as previously reported	-	-	-
Restatement for adoption of GASB 84	-	<u>276,245</u>	<u>276,245</u>
Fund Balances, July 1, 2019, as restated	<u>-</u>	<u>276,245</u>	<u>276,245</u>
FUND BALANCES, JUNE 30, 2020	<u>\$ -</u>	<u>\$ 236,549</u>	<u>\$ 236,549</u>

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCES – ACTIVITY FUNDS  
CORBIN HIGH SCHOOL  
Year Ended June 30, 2020

ACCOUNTS:	Cash Balances <u>July 1, 2019</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Interfund Transfers</u>
General Fund	\$ 1,153	\$ 3,255	\$ 2,922	\$ (467)
Academic Boosters	1,882	1,420	1,715	-
Academic Team	355	411	70	-
Yearbook	10,581	10,919	9,026	-
ATC Criminal Justice	701	1,154	940	-
ATC	2,143	824	650	-
Art Club	753	765	860	-
Athletics	12,713	120,082	127,009	(4,634)
Band	107	6,465	5,672	(417)
Baseball	95	5,801	-	(5,896)
Athletics Ads	-	600	-	(600)
Beta Club	8	1,545	905	-
Biomed Club	1,356	440	-	-
Book Rental	55	18,585	18,640	-
Bowling – Boys	2	4,416	3,828	(570)
Bowling – Girls	2	4,446	4,043	(210)
Biomed	1,257	500	1,042	-
Boys Basketball	7,362	17,590	14,567	(900)
Boys Golf	3,049	1,370	1,780	-
CHS Book Fees	5	11,865	15	(11,855)
Choir	5,268	11,391	11,011	(900)
Change Fund	-	14,000	14,000	-
CHS Photography Club	435	-	-	-
Cross Country	615	5,422	4,190	(500)
Dance Blue	4	8,235	440	-
Dance Team	6,399	13,115	16,065	545
Dual Credit	2,466	-	1,008	-
FMD	395	105	132	-
Equipment Room	621	2,651	536	(1,648)
FACS	994	1,367	2,518	202
FBLA	1,428	5,528	6,512	-
FCCLA	1,767	258	332	(106)
Fishing Team	3,527	6,001	7,498	-
Football Officials	540	-	-	(540)
French Club	-	126	126	-
Girls Basketball	8,655	8,294	9,587	(1,197)

<u>Cash Balances</u> <u>June 30, 2020</u>	<u>Accounts</u> <u>Receivable</u> <u>June 30,</u> <u>2020</u>	<u>Accounts</u> <u>Payable</u> <u>June 30,</u> <u>2020</u>	<u>Fund</u> <u>Balances</u> <u>June 30,</u> <u>2020</u>
\$ 1,019	\$ -	\$ -	\$ 1,019
1,587	-	-	1,587
696	-	-	696
12,474	-	-	12,474
915	-	-	915
2,317	-	-	2,317
658	-	-	658
1,152	-	-	1,152
483	-	-	483
-	-	-	-
-	-	-	-
648	-	-	648
1,796	-	-	1,796
-	-	-	-
20	-	-	20
195	-	-	195
715	-	-	715
9,485	-	-	9,485
2,639	-	-	2,639
-	-	-	-
4,748	-	-	4,748
-	-	-	-
435	-	-	435
1,347	-	-	1,347
7,799	-	-	7,799
3,994	-	-	3,994
1,458	-	-	1,458
368	-	-	368
1,088	-	-	1,088
45	-	-	45
444	-	-	444
1,587	-	-	1,587
2,030	-	-	2,030
-	-	-	-
-	-	-	-
6,165	-	-	6,165

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCES – ACTIVITY FUNDS (CONTINUED)  
CORBIN HIGH SCHOOL  
Year Ended June 30, 2020

ACCOUNTS:	Cash Balances <u>July 1, 2019</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Interfund Transfers</u>
Girls Golf	759	714	1,010	-
Guidance	195	195	225	-
Senior Class	1,207	-	187	2,358
Jr. Prom	2,358	7,410	1,675	(2,358)
Cheerleaders	12,531	16,154	39,165	11,277
Interact Club	200	316	281	-
Key Club	64	45	-	-
KY Junior Historical Society	851	1,148	858	-
Letterman Jackets	-	7,849	6,841	(701)
Library	476	140	20	-
Lunch Fees	3	-	3	-
National Honor Society	139	1,546	1,356	(25)
Odyssey of the Mind	7,033	929	654	(6,625)
Parking Passes	260	2,280	-	(2,540)
Pep Club	76	-	-	-
JROTC	5,264	3,431	6,107	225
Jr Chef	376	2,011	841	-
Red Cross Club	-	100	-	-
Science Olympiad	-	859	843	3
Senior Science	5,867	6,518	6,113	-
Softball	623	7,131	3,342	-
Soccer – Boys	608	500	-	(608)
Soccer – Girls	1,074	1,124	624	(1,074)
Spanish Club	121	-	-	-
Student Council	865	261	341	-
Swim Team	1,611	1,016	1,158	-
Teacher's Lounge	3,135	2,036	3,151	-
Testing	139	471	363	-
Thespian Society	32,940	10,918	15,695	(545)
Tennis – Boys	3,810	1,973	2,738	500
Tennis – Girls	2,934	1,983	1,820	500
Track – Boys	1,372	-	854	375
Track – Girls	29	-	854	1,025
Volleyball	6,203	12,328	14,914	(800)
Y-Club	-	10,855	10,560	-
YSC	104	1,869	1,137	(515)
Totals	<u>\$ 169,920</u>	<u>\$ 393,056</u>	<u>\$ 391,369</u>	<u>\$ (29,221)</u>

Cash Balances June 30, 2020	Accounts Receivable June 30, 2020	Accounts Payable June 30, 2020	Fund Balances June 30, 2020
463	-	-	463
165	-	-	165
3,378	-	-	3,378
5,735	-	-	5,735
797	-	-	797
235	-	-	235
109	-	-	109
1,141	-	-	1,141
307	-	-	307
596	-	-	596
-	-	-	-
304	-	-	304
683	-	-	683
-	-	-	-
76	-	-	76
2,813	-	-	2,813
1,546	-	-	1,546
100	-	-	100
19	-	-	19
6,272	-	-	6,272
4,412	-	-	4,412
500	-	-	500
500	-	-	500
121	-	-	121
785	-	-	785
1,469	-	-	1,469
2,020	-	-	2,020
247	-	-	247
27,618	-	-	27,618
3,545	-	-	3,545
3,597	-	-	3,597
893	-	-	893
200	-	-	200
2,817	-	-	2,817
295	-	-	295
321	-	-	321
<u>\$ 142,386</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 142,386</u>

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCES – ACTIVITY FUNDS  
Year Ended June 30, 2020

	<u>Cash Balances</u> <u>July 1, 2019</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Interfund</u> <u>Transfers</u>
<b>CORBIN MIDDLE SCHOOL</b>				
All activity funds	\$ 79,212	\$ 171,634	\$ 156,386	\$ (32,289)
Charitable gaming fund	36	1	-	-
	<u>\$ 79,248</u>	<u>\$ 171,635</u>	<u>\$ 156,386</u>	<u>\$ (32,289)</u>
<b>CORBIN ELEMENTARY SCHOOL</b>				
All activity funds	\$ 14,229	\$ 34,048	\$ 19,490	\$ (8,568)
Charitable gaming fund	51	-	-	-
	<u>\$ 14,280</u>	<u>\$ 34,048</u>	<u>\$ 19,490</u>	<u>\$ (8,568)</u>
<b>CORBIN PRIMARY SCHOOL</b>				
All activity funds	\$ 10,480	\$ 39,799	\$ 13,817	\$ (24,812)
Charitable gaming fund	26	-	-	-
	<u>\$ 10,506</u>	<u>\$ 39,799</u>	<u>\$ 13,817</u>	<u>\$ (24,812)</u>
<b>CORBIN EDUCATION CENTER</b>				
All funds	<u>\$ 2,480</u>	<u>\$ 74</u>	<u>\$ 406</u>	<u>\$ -</u>

Cash Balances June 30, 2020	Accounts Receivable June 30, 2020	Accounts Payable June 30, 2020	Fund Balances June 30, 2020
\$ 62,171	\$ -	\$ -	\$ 62,171
37	-	-	37
<u>\$ 62,208</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,208</u>
\$ 20,219	\$ 280	\$ 2,419	\$ 18,080
51	-	-	51
<u>\$ 20,270</u>	<u>\$ 280</u>	<u>\$ 2,419</u>	<u>\$ 18,131</u>
\$ 11,650	\$ -	\$ -	\$ 11,650
26	-	-	26
<u>\$ 11,676</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,676</u>
\$ 2,148	\$ -	\$ -	\$ 2,148

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2020

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Federal Disbursements</u>
<u>U.S. Department of Education</u>			
Passed through State Department of Education:			
SPECIAL EDUCATION CLUSTER (IDEA)			
Special Education – Grants to States (IDEA, Part B)	84.027	3810002	\$ 517,419
Special Education – Preschool Grants (IDEA, Preschool)	84.173	3800002	<u>9,818</u>
Total Special Education Cluster (IDEA)			<u>527,237</u>
TITLE I, PART A CLUSTER			
Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA)	84.010	3100002	689,713
Educational Recovery Leader	84.010	1900004083	109,080
Novice Reduction Coach	84.010	1900004160	<u>3,853</u>
Total Title I, Part A Cluster			<u>802,646</u>
FUND FOR THE IMPROVEMENT OF EDUCATION			
The Corbin Independent School District's Innovative Approach to Literacy	84.215	Direct	317,856
Passed through Berea College:			
Promise Neighborhood	84.215	2199-70050	<u>97,350</u>
Total for Program			<u>415,206*</u>
CARES ACT FUND			
COVID-19 – ESSER Funds – CARES Act	84.425	613	219,223
COVID-19 – GEER Funds – CARES Act	84.425	633	<u>76,082</u>
Total for Program			<u>295,305*</u>
Vocational Education – Basic Grants to States	84.048	3710002	13,112
Twenty-First Century Community Learning Centers	84.287	3400002	411,649
Rural Education	84.358	3140002	63,597*
Student Support and Academic Enrichment Program	84.424	3420002	51,047
Corbin Schools Climate Transformation Grant	84.184	Direct	192,579*
Passed through KY Justice and Public Safety Cabinet:			
Title I, Part D – Corbin Educational Center	84.013	313	<u>18,000</u>
Total U.S. Department of Education			<u>\$ 2,790,378</u>
<u>U.S. Department of Agriculture</u>			
Passed through State Department of Education:			
CHILD NUTRITION CLUSTER			
School Breakfast Program	10.553	7760005	\$ 352,211
National School Lunch Program	10.555	7750002	788,810
Summer Food Service Program for Children	10.559	7690024	68,262
Summer Food Service Program for Children	10.559	7740023	664,493
Emergency Food Assistance Program – non-cash	10.555	4005381	<u>106,849</u>
Total Child Nutrition Cluster			<u>1,980,625</u>

\* Denotes major program



CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
Year Ended June 30, 2020

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Federal Disbursements</u>
CHILD AND ADULT CARE FOOD PROGRAM			
Child and Adult Care Food Program	10.558	7790021	47,966
Child and Adult Care Food Program	10.558	7800016	2,902
Total for Program			<u>50,868</u>
State Administrative Expenses for Child Nutrition	10.560	7700001	4,763
Fresh Fruit and Vegetable Program	10.582	7720012	<u>9,680</u>
Total U.S. Department of Agriculture			<u>\$ 2,045,936</u>
<u>U.S. Department of Defense</u>			
Junior Reserve Officers' Training Corps	12.000	Direct	<u>\$ 55,171</u>
Total U.S. Department of Defense			<u>\$ 55,171</u>
<u>U.S. Department of Health and Human Services</u>			
Passed through State Department of Education:			
CCDF CLUSTER			
COVID-19 – Child Care and Development Block Grant	93.575	658	<u>\$ 16,660*</u>
Total CCDF Cluster			<u>16,660</u>
Total U.S. Department of Health and Human Services			<u>\$ 16,660</u>
<u>U.S. Department of Justice</u>			
COPS Office School Violence Prevention Program (SVPP)	16.710	Direct	<u>\$ 66,411</u>
Total U.S. Department of Justice			<u>\$ 66,411</u>
<u>U.S. Department of Homeland Security</u>			
Passed through State Department of Education:			
COVID-19 – Disaster Grants – Public Assistance			
(Presidentially Declared Disasters – FEMA)	97.036	677	<u>\$ 31,969*</u>
Total U.S. Department of Homeland Security			<u>\$ 31,969</u>
Total Expenditures of Federal Awards			<u>\$ 5,006,525</u>

\* Denotes major program

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2020

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Corbin Independent School District under programs of the federal government for the year ended June 30, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Corbin Independent School District, it is not intended to and does not present the financial position, changes in net position or cash flows of Corbin Independent School District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting for proprietary funds and the modified accrual basis of accounting for governmental funds. 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.

NOTE C – FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair value of the commodities disbursed.

NOTE D – SUBRECIPIENTS

There were no subrecipients during the fiscal year.

NOTE E – INDIRECT COST RATE

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

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
June 30, 2020

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued	Unmodified		
Internal control over financial reporting:			
Material weakness identified	Yes	<u>      </u> ✓	No
Significant deficiencies identified that are not considered to be material weaknesses	Yes	<u>      </u> ✓	None reported
Noncompliance material to financial statement notes	Yes	<u>      </u> ✓	No

Federal Awards

Internal control over major programs:			
Material weaknesses identified	Yes	<u>      </u> ✓	No
Significant deficiencies identified that are not considered to be material weaknesses	Yes	<u>      </u> ✓	None reported
Type of auditor’s report issued on compliance for major programs		Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)	Yes	<u>      </u> ✓	No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.215	Fund for the Improvement of Education
84.358	Rural Education
84.184	Corbin Schools Climate Transformation Grant
84.425	COVID-19 – ESSER and GEER Funds – CARES Act
93.575	COVID-19 – Child Care and Development Block Grant
97.036	COVID-19 – Disaster Grants – Public Assistance (Presidentially Declared Disasters – FEMA)

Dollar threshold used to distinguish between Type A and Type B program \$ 750,000

Auditee qualified as low risk ✓ Yes        No

Section II – Financial Statement Findings  
None

Section III – Federal Award Findings and Questioned Costs  
None

CORBIN INDEPENDENT SCHOOL DISTRICT  
Corbin, Kentucky

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
June 30, 2020

There were no prior year audit findings.

# Marr, Miller & Myers, PSC

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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

September 14, 2020

Members of the Board of Education  
Corbin Independent School District  
Corbin, Kentucky

We have audited, in accordance with U.S. generally accepted auditing standards 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 Corbin Independent School District, (the "District") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 14, 2020.

### Internal Control Over Financial Reporting

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

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

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

## Compliance and Other Matters

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

## 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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Marr, Miller & Myers, PSC*

Certified Public Accountants

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

September 14, 2020

Members of the Board of Education  
Corbin Independent School District  
Corbin, Kentucky

### Report on Compliance for Each Major Federal Program

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

### Management's Responsibility

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

### Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

# Marr, Miller & Myers, PSC

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## Opinion on Each Major Federal Program

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

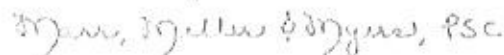
## Report on Internal Control Over Compliance

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

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

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

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



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September 14, 2020

Members of the Board of Education  
Corbin Independent School District  
Corbin, Kentucky

In planning and performing our audit of the financial statements of the Corbin Independent 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.

During our audit, we noted no areas that we felt warranted any additional comments or recommendations.

*Marr, Miller & Myers, PSC*

Certified Public Accountants



**APPENDIX C**

**Corbin Independent School District Finance Corporation  
School Building Refunding Revenue Bonds  
Series of 2021**

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**Official Terms and Conditions of Bond Sale**

**OFFICIAL TERMS AND CONDITIONS OF BOND SALE**

**\$750,000\***

**Corbin Independent School District Finance Corporation  
School Building Refunding Revenue Bonds, Series of 2021  
Dated as of November 4, 2021**

**SALE: October 14, 2021 AT 11:00 A.M., E.S.T.**

As published on PARITY®, a nationally recognized electronic bidding system, the Corbin Independent School District Finance Corporation (the "Corporation") will until 11:00 A.M., E.D.S.T., on October 14, 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 \$750,000 principal amount of Corbin Independent School District Finance Corporation School Building Refunding Revenue Bonds, Series of 2021 (the "Refunding Bonds"), dated and bearing interest from November 4, 2021, payable on March 1, 2022, and semi-annually thereafter on September 1 and March 1 of each year, in denominations in multiples of \$5,000 within the same maturity, maturing on September 1 in each of the years as follows:

<u>MATURITY</u>	<u>PRINCIPAL AMOUNT*</u>
2022	\$ 35,000
2023	35,000
2024	30,000
2025	90,000
2026	135,000
2027	140,000
2028	140,000
2029	135,000
2030	5,000
2031	5,000

\* 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.

**CORBIN INDEPENDENT SCHOOL DISTRICT FINANCE CORPORATION**

The Corporation has been formed in accordance with the provisions of Sections 162.120 through 162.290 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 Corbin, Kentucky Independent 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 162.290, 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 Corbin Independent School District Finance Corporation School Building Revenue Bonds, Series of 2011, dated October 12, 2011 maturing September 1, 2022 and thereafter (the "Refunded Bonds") prior to their stated maturities on November 22, 2021.

### **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 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 162.290 and 162.385 of the Kentucky Revised Statutes for the purpose of providing funds to finance improvements to Corbin High School (the "Project"). Under the terms of the Resolution authorizing the Refunded Bonds, the Refunded Bonds are payable from the income and revenues of the school building Project financed from the proceeds thereof. The Refunded Bonds are secured by a lien upon and a pledge of revenues from the rental of the school building Project to the Board under a Lease Agreement, dated October 12, 2011 (the "Prior Lease").

The total principal amount of the Refunded Bonds currently outstanding is \$720,000, scheduled to mature on September 1 in each of the years 2022 through 2031. The proceeds of the Refunding Bonds will be used to pay accruing interest on and retire on November 22, 2021 the Refunded Bonds

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

The 2021 Bond Resolution expressly provides that upon delivery of the Refunding Bonds and the deposit of sufficient funds in accordance with the preceding paragraph neither the lien upon nor the pledge of the revenues from the rental of the school building Project under the Prior Lease shall constitute the security and source of payment for any of the Refunded Bonds and the Registered Owners of such Refunded Bonds shall be paid from and secured by the monies deposited in the Bond and Interest Redemption Fund established for the Refunded Bonds or in Escrow Fund for the retirement thereof upon the delivery of the Refunding Bonds.

### **SECURITY FOR REFUNDING BONDS**

The Refunding Bonds will constitute a limited indebtedness of the Corporation and will be payable as to both principal and interest solely from the income and revenues of the school building Project financed from the proceeds of the Refunded Bonds. The Refunding Bonds are secured by a lien upon and a pledge of the revenues derived from the rental of the school building Project to the Board under a Lease Agreement dated November 4, 2021 (the "2021 Lease"); provided, however, that said lien and pledge are on parity with similar liens and pledges securing certain of the Corporation's outstanding School Building Revenue Bonds previously issued to refinance or improve the school building constituting the Project (the "Parity Bonds").

Under the 2021 Lease the Board has leased the school property securing the Refunding Bonds in accordance with the provisions of KRS 162.140 for an initial period from November 4, 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 on November 22, 2021. 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 September 1, 2031, the final maturity date of the Refunding Bonds, and such annual rentals shall be deposited as received in the Bond Fund for the Refunding Bonds and used and applied for the payment of all maturing principal of and interest on the Refunding Bonds.

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

### **BIDDING CONDITIONS AND RESTRICTIONS**

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

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

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

(3) The bid shall be not less than \$742,500 (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 \$750,000 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 \$75,000, 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 \$675,000 or a maximum of \$825,000. 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 \$750,000 of Refunding Bonds bid.

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

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

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

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

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

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

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

(d) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is October 14, 2021.

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

(6) The successful bidder may elect to notify the 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 September 1 in accordance with the maturity schedule setting the actual size of the issue.

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

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

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

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

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

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

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

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

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

## **STATE SUPPORT OF EDUCATION**

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

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

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

KRS 157.420 establishes a formula which results in the allocation of funds for capital expenditures in school districts at \$100 per ADA pupil which is included in the SEEK allotment (\$4,000) for the current biennium which



is required to be segregated into a Capital Outlay Allotment Fund which may be used only for (1) direct payment of construction costs; (2) debt service on voted and funding bonds; (3) lease rental payments in support of bond issues; (4) reduction of deficits resulting from over expenditures for emergency capital construction; and (5) a reserve for each of the categories enumerated in 1 through 4 above.

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

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

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

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

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

## **BIENNIAL BUDGET FOR PERIOD ENDING JUNE 30, 2022**

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

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

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

## **POTENTIAL LEGISLATION**

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

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

## **CONTINUING DISCLOSURE**

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

Financial information regarding the Board may be obtained from Superintendent, Corbin Independent Board of Education, 108 Roy Kidd Avenue, Corbin, Kentucky 40701 (606) 528-1303.

## **TAX EXEMPTION; BANK QUALIFIED**

Bond Counsel advises as follows:

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

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

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

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

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

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

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities

certificates. "Direct Participants" include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its participants are on file with the Securities and Exchange Commission.

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

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

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

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

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

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

A Beneficial Owner shall give notice to elect to have its Beneficial Ownership Interests purchased or tendered, through its Participant, to the Trustee, and shall effect delivery of such Beneficial Ownership Interests by causing the Direct Participant to transfer the Participant's interest in the Beneficial Ownership Interests, on DTC's records, to the purchaser or the Trustee, as appropriate. The requirements for physical delivery of Bonds in connection

with a demand for purchase or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records.

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

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

**CORBIN INDEPENDENT SCHOOL DISTRICT  
FINANCE CORPORATION**

By /s/ David Cox  
Secretary

**APPENDIX D**

**Corbin Independent School District Finance Corporation  
School Building Refunding Revenue Bonds  
Series of 2021**

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**Official Bid Form**

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

The Corbin Independent School District Finance Corporation ("Corporation"), will until 11:00 A.M., E.D.S.T., on October 14, 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 \$750,000 School Building Refunding Revenue Bonds, Series of 2021, dated as of November 4, 2021; maturing September 1, 2022 through 2031 ("Bonds").

We hereby bid for said \$750,000\* principal amount of Bonds, the total sum of \$\_\_\_\_\_ (not less than \$742,500) plus accrued interest from November 4, 2021, payable March 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 September 1 in each of the years as follows:

<u>Year</u>	<u>Amount*</u>	<u>Rate</u>
2022	\$ 35,000	_____ %
2023	35,000	_____ %
2024	30,000	_____ %
2025	90,000	_____ %
2026	135,000	_____ %
2027	140,000	_____ %
2028	140,000	_____ %
2029	135,000	_____ %
2030	5,000	_____ %
2031	5,000	_____ %

\* Subject to Permitted Adjustment up to \$75,000

We understand this bid may be accepted for as much as \$825,000 of Bonds or as little as \$675,000 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.

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

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

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

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

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

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

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

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

(d)*Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is October 14, 2021.

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

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

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

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

It is understood that the Corporation will furnish the final, approving Legal Opinions of Steptoe & 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 November 4, 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 November 4, 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 Corbin Independent School District Finance Corporation for \$ \_\_\_\_\_ amount of Bonds at a price of \$ \_\_\_\_\_ as follows:

<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Year</u>	<u>Amount</u>	<u>Rate</u>
2022	_____,000	_____ %	2027	_____,000	_____ %
2023	_____,000	_____ %	2028	_____,000	_____ %
2024	_____,000	_____ %	2029	_____,000	_____ %
2025	_____,000	_____ %	2030	_____,000	_____ %
2026	_____,000	_____ %	2031	_____,000	_____ %

Dated: October 14, 2021

\_\_\_\_\_  
 RSA Advisors, LLC, Municipal Advisor and  
 Agent for Corbin Independent School District  
 Finance Corporation