PRELIMINARY OFFICIAL STATEMENT

DATED JANUARY 25, 2022

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

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

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.

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

# $750,000*
# CLINTON COUNTY SCHOOL DISTRICT FINANCE CORPORATION
# SCHOOL BUILDING REVENUE BONDS,
# SERIES OF 2022

**Dated with Delivery: February 23, 2022** **Due: as shown below**

Interest on the Bonds is payable each August 1 and February 1, beginning August 1, 2022. The Bonds will mature as to principal on February 1, 2023 and thereafter as shown below. The Bonds are being issued in Book-Entry-Only Form and will be available for purchase in principal amounts of $5,000 and integral multiples thereof.

| Maturing 1-Feb | Amount* | Interest Rate | Reoffering Yield | CUSIP | Maturing 1-Feb | Amount* | Interest Rate | Reoffering Yield | CUSIP |
|---|---|---|---|---|---|---|---|---|---|
| 2023 | $30,000 | % | % | | 2033 | $35,000 | % | % | |
| 2024 | $30,000 | % | % | | 2034 | $40,000 | % | % | |
| 2025 | $35,000 | % | % | | 2035 | $40,000 | % | % | |
| 2026 | $35,000 | % | % | | 2036 | $40,000 | % | % | |
| 2027 | $35,000 | % | % | | 2037 | $40,000 | % | % | |
| 2028 | $35,000 | % | % | | 2038 | $40,000 | % | % | |
| 2029 | $35,000 | % | % | | 2039 | $40,000 | % | % | |
| 2030 | $35,000 | % | % | | 2040 | $45,000 | % | % | |
| 2031 | $35,000 | % | % | | 2041 | $45,000 | % | % | |
| 2032 | $35,000 | % | % | | 2042 | $45,000 | % | % | |

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

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

The Bonds constitute a limited indebtedness of the Clinton County School District Finance Corporation and are payable from and secured by a pledge of the gross income and revenues derived by leasing the Project (as hereinafter defined) on an annual renewable basis to the Clinton County Board of Education.

The Clinton County (Kentucky) School District Finance Corporation will until February 2, 2022, at 1:00 P.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.

RSA advisors

**CLINTON COUNTY, KENTUCKY**
**BOARD OF EDUCATION**

Leslie Stockton, Chairperson
Ronald Albertson, Vice-Chair
Kevin Marcum, Member
Gary Norris, Member
Bobbie Ann Stone, Member

Dr. Paula Little, Superintendent/Secretary

**CLINTON COUNTY SCHOOL DISTRICT**
**FINANCE CORPORATION**

Leslie Stockton, President
Ronald Albertson, Vice-President
Kevin Marcum, Member
Gary Norris, Member
Bobbie Ann Stone, Member

Dr. Paula Little, Secretary
Courtney Norris, Treasurer

**BOND COUNSEL**

Steptoe & Johnson PLLC
Louisville, Kentucky

**FINANCIAL ADVISOR**

RSA Advisors, LLC
Lexington, Kentucky

**PAYING AGENT AND REGISTRAR**

U.S. Bank National Association
Louisville, Kentucky

**BOOK-ENTRY-ONLY-SYSTEM**

**REGARDING USE OF THIS OFFICIAL STATEMENT**

This Official Statement does not constitute an offering of any security other than the original offering of the Clinton County School District Finance Corporation School Building Revenue Bonds, Series of 2022, 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**

**OFFICIAL STATEMENT**
**Relating to the Issuance of**

**$750,000***

**CLINTON COUNTY SCHOOL DISTRICT FINANCE CORPORATION**
**SCHOOL BUILDING REVENUE BONDS,**
**SERIES OF 2022**

**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 Clinton County School District Finance Corporation (the "Corporation") School Building Revenue Bonds, Series of 2022 (the "Bonds").

The Bonds are being issued to finance roof, gutter and down spout replacement, and bleacher replacement at Clinton County High School (the "Project").

The Bonds are revenue bonds and constitute a limited indebtedness of the Corporation. The Bonds will be secured by a lien and a pledge of the rental income derived by the Corporation from leasing the Projects (as hereinafter defined) to the Clinton County Board of Education (the "Board") on a year to year basis (see "Security" herein).

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

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

Copies of the Bond Resolution authorizing the issuance of the Bonds, the Participation Agreement and the Lease Agreement, dated February 23, 2022, may be obtained at the office of Steptoe & Johnson PLLC, Bond Counsel, 700 N. Hurstbourne Parkway, Suite 115, Louisville, Kentucky 40222.

## BOOK-ENTRY-ONLY-SYSTEM

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

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

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

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

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

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

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

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

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

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

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

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

## THE CORPORATION

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

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

## KENTUCKY SCHOOL FACILITIES CONSTRUCTION COMMISSION

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

Pursuant to the provisions of the Act, the Regulations of the Kentucky Board of Education and the Commission, the Commission has determined that the Board is eligible for participation from the Commission in meeting the costs of construction of the Projects and has entered into a Participation Agreement with the Board whereunder the Commission agrees to pay an annual Agreed Participation equal to 100% of the annual debt service requirements for the Bonds herein identified each year until their retirement; provided, however, that the contractual commitment of the Commission to pay the annual Agreed Participation is limited to the biennial budget period of the Commonwealth, with the first such biennial period terminating on June 30, 2022; the right is reserved in the Commission to terminate its commitment to pay the Agreed Participation after the initial biennial period and every two years thereafter. The obligation of the Commission to make payments of the Agreed Participation shall be automatically renewed each two years for a period of two years unless the Commission shall give notice of its intention not to participate not less than sixty days prior to the end of the biennium; however, by the execution of the Participation Agreement, the Commission has expressed its present intention to continue to pay the Agreed Participation in each successive biennial budget period until the retirement of all of the Bonds, but such execution does not obligate the Commission to do so.

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

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

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

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

## BIENNIAL BUDGET FOR PERIOD ENDING JUNE 30, 2022

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

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

Due to the unforeseen nature on the economy of the Commonwealth caused by the COVID-19 pandemic, in its 2020 regular session, the General Assembly adopted only a one-year budget for the biennial period ending June 30, 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.

## OUTSTANDING BONDS

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

| Bond Series | Original Principal | Current Principal Outstanding | Principal Assigned to Board | Principal Assigned to Commission | Approximate Interest Rate Range | Final Maturity |
|---|---|---|---|---|---|---|
| 2013-REF | $1,505,000 | $510,000 | $938,911 | $566,089 | 1.700% - 2.000% | 2025 |
| 2014-REF | $2,070,000 | $1,665,000 | $1,215,191 | $854,809 | 2.750% - 3.200% | 2030 |
| 2016-REF | $4,510,000 | $2,835,000 | $4,056,238 | $453,762 | 2.000% - 2.750% | 2027 |
| 2017 | $825,000 | $765,000 | $825,000 | $0 | 3.500% | 2037 |
| 2020 Energy | $2,755,000 | $2,625,000 | $2,328,793 | $426,207 | 2.000% - 2.650% | 2040 |
| 2020 | $156,000 | $156,000 | $156,000 | $0 | 2.250% - 3.800% | 2040 |
| Totals: | $11,821,000 | $8,556,000 | $9,520,133 | $2,300,867 | | |

## 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 February 23, 2022, will bear interest from that date as described herein, payable semi-annually on August 1 and February 1 of each year, commencing August 1, 2022, and will mature as to principal on February 1, 2023, and thereafter in the years and in the principal amounts as set forth on the cover page of this Official Statement.

### Registration, Payment and Transfer

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

### Redemption

The Bonds maturing on or after February 1, 2031, are subject to redemption at the option of the Corporation prior to their stated maturity on any date falling on or after February 1, 2030, in any order of maturities (less than all of a single maturity to be selected by lot),in whole or in part, upon notice of such prior redemption being given by the Paying Agent in accordance with DTC requirements not less than thirty (30) days prior to the date of redemption, upon terms of the face amount, plus accrued interest, but without redemption premium.

| Redemption Date | Redemption Price |
|---|---|
| February 1, 2030 and thereafter | 100% |

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

## SECURITY

### General

The Bonds are revenue bonds and constitute a limited indebtedness of the Corporation. The Bonds are payable as to both principal and interest solely from the income and revenues derived from the leasing of the School Building 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 School Building 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 February 23, 2022, 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 February 1, 2042, the final maturity date of the Bonds. Under the lease, the Corporation has pledged the rental revenue to the payment of the Bonds.

## COMMISSION'S PARTICIPATION

The Commission has determined that the Board is eligible for annual participation from the Commission's appropriation by the Kentucky General Assembly which will be used to meet all of the debt service of the Bonds. <u>The plan for financing the Project will require the Commission to pay one hundred percent (100%) of the debt service of the Bonds.</u>

The Participation Agreement to be entered into with the Board will be limited to the biennial budget period of the Commonwealth of Kentucky, with the first such biennial period terminating on June 30, 2022. The right is reserved in the Commission to terminate the commitment to pay the agreed participation every two years thereafter. The obligation of the Commission to make payments of the agreed participation shall be automatically renewed each two years thereafter unless the Commission gives notice to the Board of its intention not to participate not less than sixty days prior to the end of the biennium. However, the Commission has expressed its intention to continue to pay the agreed participation in successive biennial budget periods until the Bonds are retired, but the Commission is not required to do so.

## STATE INTERCEPT

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

## THE PROJECT

After payment of the Bond issuance costs, the Board plans to deposit the net Bond proceeds to finance roof, gutter and down spout replacement, and bleacher replacement at Clinton County High School (the "Project").

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

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

## ESTIMATED BOND DEBT SERVICE

The following table shows by fiscal year the current bond payments of the Board.

| Fiscal Year Ending June 30 | Current Local Bond Payments | ---- 2022 School Building Rev Bonds (100% SFCC) ---- Principal Portion | Interest Portion | Total Payment | Total Local Bond Payments |
|---|---|---|---|---|---|
| 2023 | $754,681 | $30,000 | $15,400 | $45,400 | $754,681 |
| 2024 | $760,351 | $30,000 | $15,205 | $45,205 | $760,351 |
| 2025 | $759,364 | $35,000 | $15,010 | $50,010 | $759,364 |
| 2026 | $758,994 | $35,000 | $14,695 | $49,695 | $758,994 |
| 2027 | $769,937 | $35,000 | $14,380 | $49,380 | $769,937 |
| 2028 | $771,810 | $35,000 | $13,978 | $48,978 | $771,810 |
| 2029 | $633,033 | $35,000 | $13,488 | $48,488 | $633,033 |
| 2030 | $635,556 | $35,000 | $12,910 | $47,910 | $635,556 |
| 2031 | $638,284 | $35,000 | $12,245 | $47,245 | $638,284 |
| 2032 | $288,871 | $35,000 | $11,580 | $46,580 | $288,871 |
| 2033 | $293,448 | $35,000 | $10,828 | $45,828 | $293,448 |
| 2034 | $296,472 | $40,000 | $10,075 | $50,075 | $296,472 |
| 2035 | $296,607 | $40,000 | $9,115 | $49,115 | $296,607 |
| 2036 | $303,657 | $40,000 | $8,155 | $48,155 | $303,657 |
| 2037 | $306,210 | $40,000 | $7,195 | $47,195 | $306,210 |
| 2038 | $307,493 | $40,000 | $6,135 | $46,135 | $307,493 |
| 2039 | $219,968 | $40,000 | $5,075 | $45,075 | $219,968 |
| 2040 | $219,644 | $45,000 | $3,915 | $48,915 | $219,644 |
| 2041 | $10,190 | $45,000 | $2,610 | $47,610 | $10,190 |
| 2042 | | $45,000 | $1,305 | $46,305 | $0 |
| Totals: | $9,024,571 | $750,000 | $203,298 | $953,298 | $9,024,571 |

*Note: Numbers are rounded to the nearest $1.00;*

## ESTIMATED USE OF BOND PROCEEDS

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

| | |
|---|---|
| **Sources:** | |
| Par Amount of Bonds | $750,000.00 |
| Total Sources | $750,000.00 |
| **Uses:** | |
| Deposit to Construction Fund | $719,050.00 |
| Underwriter's Discount (2%) | 15,000.00 |
| Cost of Issuance | 15,950.00 |
| Total Uses | $750,000.00 |

## DISTRICT STUDENT POPULATION

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

| Year | Average Daily Attendance | Year | Average Daily Attendance |
|---|---|---|---|
| 2000-01 | 1,332.6 | 2010-11 | 1,514.8 |
| 2001-02 | 1,324.0 | 2011-12 | 1,529.5 |
| 2002-03 | 1,323.9 | 2012-13 | 1,526.7 |
| 2003-04 | 1,366.3 | 2013-14 | 1,546.8 |
| 2004-05 | 1,419.2 | 2014-15 | 1,553.2 |
| 2005-06 | 1,440.0 | 2015-16 | 1,566.6 |
| 2006-07 | 1,469.8 | 2016-17 | 1,557.3 |
| 2007-08 | 1,473.8 | 2017-18 | 1,565.1 |
| 2008-09 | 1,510.4 | 2018-19 | 1,550.3 |
| 2009-10 | 1,508.5 | 2019-20 | 1,519.4 |
| | | 2020-21 | 1,519.4 |

*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 Clinton County School District for certain preceding school years.

| Year | Capital Outlay Allotment | Year | Capital Outlay Allotment |
|---|---|---|---|
| 2000-01 | 133,260.0 | 2010-11 | 151,481.0 |
| 2001-02 | 132,400.0 | 2011-12 | 152,948.0 |
| 2002-03 | 132,390.0 | 2012-13 | 152,669.0 |
| 2003-04 | 136,630.0 | 2013-14 | 154,677.0 |
| 2004-05 | 141,920.0 | 2014-15 | 155,322.0 |
| 2005-06 | 144,000.0 | 2015-16 | 156,660.0 |
| 2006-07 | 146,980.0 | 2016-17 | 155,730.0 |
| 2007-08 | 147,380.0 | 2017-18 | 156,510.0 |
| 2008-09 | 151,044.0 | 2018-19 | 155,034.7 |
| 2009-10 | 150,853.0 | 2019-20 | 151,940.0 |
| | | 2020-21 | 151,938.6 |

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 ($0.30) for general school purposes. If a board fails to comply, its members shall be subject to removal from office for willful neglect of duty.

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

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

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

*Local Tax Rates, Property Assessments and Revenue Collections*

| Tax Year | Combined Equivalent Rate | Total Property Assessment | Property Revenue Collections |
|---|---|---|---|
| 2000-01 | 49.8 | 296,744,375 | 1,477,787 |
| 2001-02 | 50.8 | 309,323,476 | 1,571,363 |
| 2002-03 | 53.2 | 328,206,143 | 1,746,057 |
| 2003-04 | 53.2 | 328,606,460 | 1,748,186 |
| 2004-05 | 53.5 | 347,373,325 | 1,858,447 |
| 2005-06 | 54.4 | 374,269,514 | 2,036,026 |
| 2006-07 | 45.7 | 386,212,849 | 1,764,993 |
| 2007-08 | 54.4 | 413,282,116 | 2,248,255 |
| 2008-09 | 55.9 | 440,524,037 | 2,462,529 |
| 2009-10 | 55.9 | 451,271,289 | 2,522,607 |
| 2010-11 | 54.5 | 461,395,338 | 2,514,605 |
| 2011-12 | 52.3 | 472,512,678 | 2,471,241 |
| 2012-13 | 57.2 | 482,785,013 | 2,761,530 |
| 2013-14 | 55 | 481,924,660 | 2,650,586 |
| 2014-15 | 55.4 | 491,125,125 | 2,720,833 |
| 2015-16 | 57 | 495,473,340 | 2,824,198 |
| 2016-17 | 58.1 | 499,336,437 | 2,901,145 |
| 2017-18 | 57 | 505,221,924 | 2,879,765 |
| 2018-19 | 58.6 | 496,693,440 | 2,910,624 |
| 2019-20 | 59.3 | 512,995,537 | 3,042,064 |
| 2020-21 | 58.8 | 523,825,748 | 3,080,095 |

## OVERLAPPING BOND INDEBTEDNESS

The following table shows any other overlapping bond indebtedness of the Clinton County School District or other issuing agency within the County as reported by the State Local Debt Officer for the period ending June 30, 2021.

| Issuer | Original Principal Amount | Amount of Bonds Redeemed | Current Principal Outstanding |
|---|---|---|---|
| City of Albany | | | |
| Refinancing Revenue | 7,929,000 | 3,630,250 | 4,298,750 |
| Special Districts | | | |
| Clinton County Conservation District | 1,651,000 | 35,000 | 1,616,000 |
| Totals: | 9,580,000 | 3,665,250 | 5,914,750 |

*Source: 2021 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.

| | Base Funding | Local Tax Effort | Total State & Local Funding |
|---|---|---|---|
| 2020-21 SEEK | 7,668,106 | 3,080,095 | 10,748,201 |
| 2019-20 SEEK | 7,900,976 | 3,042,064 | 10,943,040 |
| 2018-19 SEEK | 8,246,939 | 2,910,624 | 11,157,563 |
| 2017-18 SEEK | 8,182,706 | 2,879,765 | 11,062,471 |
| 2016-17 SEEK | 8,011,888 | 2,901,145 | 10,913,033 |
| 2015-16 SEEK | 7,972,442 | 2,824,198 | 10,796,640 |
| 2014-15 SEEK | 7,708,802 | 2,720,833 | 10,429,635 |
| 2013-14 SEEK | 7,534,483 | 2,650,586 | 10,185,069 |
| 2012-13 SEEK | 7,286,338 | 2,761,530 | 10,047,868 |
| 2011-12 SEEK | 7,384,541 | 2,471,241 | 9,855,782 |
| 2010-11 SEEK | 6,798,481 | 2,514,605 | 9,313,086 |
| 2009-10 SEEK | 6,879,332 | 2,522,607 | 9,401,939 |
| 2008-09 SEEK | 7,692,399 | 2,462,529 | 10,154,928 |
| 2007-08 SEEK | 7,463,804 | 2,248,255 | 9,712,059 |
| 2006-07 SEEK | 6,800,411 | 1,764,993 | 8,565,404 |
| 2005-06 SEEK | 6,612,293 | 2,036,026 | 8,648,319 |
| 2004-05 SEEK | 6,188,623 | 1,858,447 | 8,047,070 |
| 2003-04 SEEK | 5,857,585 | 1,748,186 | 7,605,771 |
| 2002-03 SEEK | 5,378,487 | 1,746,057 | 7,124,544 |
| 2001-02 SEEK | 5,205,487 | 1,571,363 | 6,776,850 |
| 2000-01 SEEK | 5,142,017 | 1,477,787 | 6,619,804 |

(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 $0.5880 for FY 2020-21. The equivalent tax rate" is defined as the rate which results when the income from all taxes levied by the district for school purposes is divided by the total assessed value of property plus the assessment for motor vehicles certified by the Commonwealth of Kentucky Revenue Cabinet.

### State Budgeting Process

i) Each district board of education is required to prepare a general school budget on forms prescribed and furnished by the Kentucky Board of Education, showing the amount of money needed for current expenses, debt service, capital outlay, and other necessary expenses of the school during the succeeding fiscal year and the estimated amount that will be received from all sources.

ii) By September 15 of each year, after the district receives its tax assessment data from the Department of Revenue and the State Department of Education, 3 copies of the budget are forwarded to the State Department for approval or disapproval.

iii) The State Department of Education has adopted a policy of disapproving a school budget if it is financially unsound or fails to provide for:

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

## POTENTIAL LEGISLATION

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

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

## CONTINUING DISCLOSURE; EXEMPTION

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

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

Financial information regarding the Board may be obtained from Superintendent, Clinton County Board of Education, 1273 KY Highway 90 West, Suite 103, Albany, KY 42602 (606) 387-6480.

## 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 Federal income taxation.

(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, 2022, 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 and Special Tax Counsel, Louisville, Kentucky approving the legality of the Bonds. These opinions will accompany the Bonds when delivered, without expense to the purchaser.

### Original Issue Premium

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

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

**Original Issue Discount**

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

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

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

## COVID-19

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

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

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

## ABSENCE OF MATERIAL LITIGATION

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

## APPROVAL OF LEGALITY

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

## NO LEGAL OPINION EXPRESSED AS TO CERTAIN MATTERS

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

## BOND RATING

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

## 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 Clinton County School District and does not assume any responsibility as to the accuracy or completeness of any of the information in this Official Statement except as to copies of documents denominated "Official Terms and Conditions" and "Bid Form." The financial information supplied by the Board of Education is represented by the Board of Education to be correct. The Corporation deems this preliminary Official Statement to be final for purposes of Securities Exchange Commission Rule 15c2-12(b)(1) as qualified by the cover hereof.

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

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

**By** /s/
**President**

**By** /s/
**Secretary**

# APPENDIX A

**Clinton County School District Finance Corporation**
**School Building Revenue Bonds**
**Series of 2022**

---

**Demographic and Economic Data**

## CLINTON COUNTY, KENTUCKY

Clinton County is included in a three county area which has been designated a federal empowerment zone. The empowerment zone program provides funding and incentives to create jobs and opportunities for its citizens. Businesses are encouraged to invest in distressed areas encouraging entrepreneurship, furthering local self-development, and assisting in the revitalization of the area.

Albany, the county seat of Clinton County, is located in south-central Kentucky and has an estimated 2021 population of 2,022. Albany is located 133 miles south of Lexington, Kentucky; 127 miles northeast of Nashville, Tennessee; 136 miles northwest of Knoxville, Tennessee; and 152 miles southeast of Louisville, Kentucky. Clinton County, with a 2021 estimated population of 10,273, is bordered to the south by the Kentucky-Tennessee state line.

### The Economic Framework

Clinton County has a current labor force of 3,875 people, with an unemployment rate of 3.8%. The top 5 jobs by occupation are as follows: production workers - 1,448 (24.02%); office and administrative support - 671 (11.13%); material moving - 496 (8.23%); executive, managers, and administrators - 429 (7.12%); and protective services - 768 (6.37%).

### Transportation

Albany is served by U.S. Highway 127 and Kentucky Route 1590, both AAA-rated trucking highways. Clinton is served by Kentucky Route 90, also a AAA-rated trucking highway. The Cumberland Parkway is accessible 35 miles north of Albany, while Interstate 40 is accessible 49 miles south of Albany. Interstate 65 and Interstate 75 are accessible 70 miles northwest and 79 miles east, respectively. Twelve trucking companies provide Albany with interstate and/or intrastate service. The Blue Grass Airport and the Nashville International Airport provide the nearest scheduled commercial airline service. Spring Creek Airport, four miles south of Albany, has a 4,500-foot paved runway. The Monticello-Wayne County Airport, 27 miles northeast of Albany, maintains a 4,000-foot paved runway. The nearest rail service is provided by the Norfolk Southern Corporation at Burnside, Kentucky, 46 miles northeast of Albany.

### Power and Fuel

Electric power is provided to Albany and Clinton County by the South Kentucky RECC, a member of the East Kentucky Power Cooperative, and by Tri-County Electric Membership Corporation. Albany and Clinton County are provided natural gas service by the GASCO Distribution Systems, Inc..

## LABOR MARKET STATISTICS

The Albany Labor Market Area includes Clinton County and the adjoining Kentucky counties of Cumberland, Russell and Wayne. In addition, the Labor Market Area is supplemented by Fentress, Overton, and Pickett Counties in Tennessee.

### Population

| Area | 2018 | 2019 | 2020 |
|---|---|---|---|
| Clinton County | 10,280 | 10,252 | 10,190 |
| Albany | 1,995 | 2,004 | 1,986 |

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

**Population Projections**

| Area | 2025 | 2030 | 2035 |
|---|---|---|---|
| Clinton County | 10,235 | 10,216 | 10,148 |

*Source: Kentucky State Data Center, University of Louisville.*

## EDUCATION

**Public Schools**

| | Clinton County |
|---|---|
| Total Enrollment (2019-2020) | 1,565 |
| Pupil-Teacher Ratio | 15 - 1 |

**Vocational-Technical Schools**

| Institution | Location | Enrollment (2019-2020) |
|---|---|---|
| Wayne County ATC | Monticello, KY | 551 |
| Lake Cumberland ATC | Russell Springs, KY | 879 |
| Monroe County ATC | Tompkinsville, KY | 493 |
| Pulaski County ATC | Somerset, KY | 423 |
| Green County ATC | Greensburg, KY | 488 |
| Casey County ATC | Liberty, KY | 394 |
| Barren County ATC | Glasgow, KY | 807 |
| Corbin ATC | Corbin, KY | 441 |

**Colleges and Universities**

| Institution | Location | Enrollment (Fall 2020) |
|---|---|---|
| Lindsey Wilson College | Columbia, KY | 1,999 |
| Tennessee State University | Nashville, TN | 11,151 |
| Campbellsville University | Campbellsville, KY | 13,744 |
| University of the Cumberlands | Williamsburg, KY | 16,966 |

## FINANCIAL INSTITUTIONS

| Institution | Total Assets | Total Deposits |
|---|---|---|
| Peoples Bank and Trust Company of Clinton County | $40,569,000 | $36,129,000 |

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

# APPENDIX B

**Clinton County School District Finance Corporation**
**School Building Revenue Bonds**
**Series of 2022**

---

**Audited Financial Statement ending June 30, 2021**

# CLINTON COUNTY
# SCHOOL DISTRICT
# AUDIT REPORT
# JUNE 30, 2021

**TABLE OF CONTENTS**

TABLE OF CONTENTS (CONTINUED)

**WHITE AND COMPANY, P.S.C.**
**Certified Public Accountants**
**219 South Proctor Knott Avenue**
**Lebanon, Kentucky 40033**
**(270) 692-2102**
**Fax (270) 692-2101**

Charles M. White, CPA
Joseph A. Montgomery, CPA
Stephanie A. Abell, CPA

Email: charles.white@whitecpas.com

January 15, 2022

**INDEPENDENT AUDITOR'S REPORT**

Members of the Board of Education
Clinton County School District
Albany, Kentucky

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Clinton County School District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Clinton County School District's basic financial statements as listed in the table of contents.

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

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

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, *Appendix I to the Independent Auditor's Contract – Audit Extension Request, Appendix II to the Independent Auditor's Contract – Instructions for Submission of the Audit Contract, Audit Acceptance Statement, AFR and Balance Sheet, Statement of Certification, and Audit Report.* Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Clinton County School District as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedules of the district's proportionate share of net pension liabilities, and the schedules of the district's proportionate share of net other post-employment benefits on Pages 4 through 10, 53 through 54, and 55 through 64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

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

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

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

In accordance with *Government Auditing Standards*, we have also issued a report dated January 15, 2022, on our consideration of Clinton County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Clinton County School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Clinton County School District's internal control over financial reporting and compliance.

Sincerely,

*White and Company, P.S.C.*

Certified Public Accountants

The discussion and analysis of Clinton County School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to review the School District's financial performance as a whole. Readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the School District's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in the Statement No. 34 *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments* issued in June 1999.

## FINANCIAL HIGHLIGHTS

- The ending cash balance for the District was $2,944,382. This reflects an increase in cash from 20120 of $1,142,853. This increase in cash is largely attributable to the District's revised financial positions including staffing and expenditures along with CARES and ESSER funding.
- The general fund had an increase in fund balance of $1,752,989 for the year. All governmental funds combined had an increase in fund balance of $1,074,711 for the year.
- The food service fund ended the school year with a decrease in net position of $98,879. This is attributable to a significant increase in net pension liability share.

### USING THIS ANNUAL REPORT

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

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

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

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

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

The government-wide financial statements can be found on pages 11-12 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. There is a state mandated uniform accounting system and chart of accounts for all Kentucky public school districts utilizing the MUNIS administrative software. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental, proprietary and fiduciary funds. The proprietary funds are our food service operation. The only fiduciary funds are agency funds. All other activities of the District are included in the governmental funds.

The basic governmental fund financial statements can be found on pages 13 - 19 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20 – 52 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by $5,135,429 as of June 30, 2021.

The largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment and construction in progress); less any related debt used to acquire those assets that is 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 periods ending June 30, 2021 and 2020
## (Table 1)

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|---|---|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Current and Other Assets | $3,638,743 | $2,657,199 | 496,008 | 524,772 | 4,134,751 | 3,181,971 |
| Capital Assets | 23,472,459 | 22,713,176 | 219,541 | 192,192 | 23,692,000 | 22,905,368 |
| Total Assets | 27,111,212 | 25,370,375 | 715,549 | 716,964 | 27,826,751 | 26,087,339 |
| Deferred Outflows | 2,872,949 | 2,792,844 | 454,244 | 450,604 | 3,327,193 | 3,243,448 |
| Current Liabilities | 1,324,295 | 1,400,721 | 1,994 | 1,490 | 1,326,289 | 1,402,211 |
| Non-Current Liabilities | 20,551,291 | 21,123,920 | 1,718,028 | 1,606,461 | 22,269,319 | 22,730,381 |
| Total Liabilities | 21,875,586 | 22,524,641 | 1,720,022 | 1,607,951 | 23,595,608 | 24,132,592 |
| Deferred Inflows | 1,758,932 | 1,555,586 | 192,381 | 203,348 | 1,951,313 | 1,758,934 |
| **Net Position** | | | | | | |
| Investment in capital assets (net of debt) | 13,040,286 | 11,803,300 | 219,541 | 192,192 | 13,259,827 | 11,995,492 |
| Restricted | 258,784 | 937,370 | (962,151) | (835,923) | (703,367) | 101,447 |
| Unrestricted | (6,949,437) | (8,657,678) | 0 | 0 | (6,949,437) | (8,657,678) |
| **Total Net Position** | 6,349,633 | 4,082,992 | (742,610) | (643,731) | 5,607,023 | 3,439,261 |

### Comments on Budget Comparisons

- The District's total revenues for the fiscal year ended June 30, 2021, net of interfund transfers and bond proceeds, were $25,063,591.
- General fund budgeted revenue compared to actual revenue varied from line item to line item with the ending total actual balance being $238,978 more than budgeted or approximately 1.5%.
- General fund budgeted expenditures compared to actual expenditures varied from line item to line item with the ending total actual balance being $2,801,815 less than budgeted or approximately 16.3%.

## Summary of Changes in Net Position for the periods ending June 30, 2021 and 2020
## (Table 2)

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|---|---|---|---|---|---|---|
| REVENUES: | **2021** | **2020** | **2021** | **2020** | **2021** | **2020** |
| **Program revenues:** | | | | | | |
| Charges for Services | 62,413 | 62,680 | 87,281 | 84,639 | 149,694 | 147,319 |
| Operating grants and contributions | 7,156,619 | 3,838,917 | 1,157,913 | 1,330,404 | 8,314,532 | 5,169,321 |
| Capital grants and contributions | 36,336 | 26,519 | | | 36,336 | 26,519 |
| **General revenues:** | | | | | | |
| Property taxes | 2,098,106 | 1,952,446 | - | - | 2,098,106 | 1,952,446 |
| Motor vehicle taxes | 430,699 | 342,494 | - | - | 430,699 | 342,494 |
| Utility taxes | 718,801 | 715,263 | - | - | 718,801 | 715,263 |
| Other taxes | 55,403 | 77,715 | - | - | 55,403 | 77,715 |
| Investment earnings | 20,320 | 37,366 | 2,962 | 7,084 | 23,282 | 44,450 |
| State and formal grants | 12,635,091 | 12,898,556 | - | - | 12,635,091 | 12,898,556 |
| Gain (loss) on asset disposal | (1,005) | (19,673) | - | 295 | (1,005) | (19,378) |
| Miscellaneous | 671,527 | 903,254 | (68,875) | (11,277) | 602,652 | 891,977 |
| **Total Revenues** | 23,884,310 | 20,835,537 | 1,179,281 | 1,411,145 | 25,063,591 | 22,246,682 |
| EXPENSES: | | | | | | |
| **Program Activities:** | | | | | | |
| Instruction | 14,562,712 | 13,376,965 | - | - | 14,562,712 | 13,376,965 |
| Student Support | 1,288,596 | 1,312,065 | - | - | 1,288,596 | 1,312,065 |
| Instructional staff support | 326,143 | 245,635 | - | - | 326,143 | 245,635 |
| District administrative support | 643,042 | 651,134 | - | - | 643,042 | 651,134 |
| School administrative support | 1,184,903 | 1,202,712 | - | - | 1,184,903 | 1,202,712 |
| Business support | 318,616 | 251,732 | - | - | 318,616 | 251,732 |
| Plant operation and maintenance | 2,076,711 | 2,090,944 | - | - | 2,076,711 | 2,090,944 |
| Student transportation | 1,144,039 | 1,226,858 | - | - | 1,144,039 | 1,226,858 |
| Community service activities | 212,564 | 215,800 | - | - | 212,564 | 215,800 |
| Interest cost | 275,372 | 261,689 | - | - | 275,372 | 261,689 |
| Other | 67,368 | 34,637 | | | 67,368 | 34,637 |
| **Business-type Activities:** | | | | | | |
| Food service | - | - | 1,278,160 | 1,592,318 | 1,278,160 | 1,592,318, |
| **Total Expenses** | 22,100,066 | 20,870,171 | 1,278,160 | 1,592,318 | 23,378,226 | 22,492,489 |
| Change in Net Position | 1,784,244 | (34,634) | (98,879) | (181,173) | 1,685,365 | (215,807) |

**Governmental Activities**

Instruction comprises 66% of governmental program expenditures. Support services make up 32% of government expenses. Interest costs and other account for the remaining 2%.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**Cost of Governmental Activities**
**(Table 3)**

| | Total Cost of Services | | Net Cost of Services | |
|---|---|---|---|---|
| | **2021** | **2020** | **2021** | **2020** |
| Instruction | 14,562,712 | 13,376,965 | 8,479,586 | 10,190,664 |
| Support Services | 6,982,050 | 6,981,080 | 6,209,467 | 6,548,316 |
| Other | 279,932 | 250,437 | (83,391) | (32,095) |
| Interest Costs | 275,372 | 261,689 | 239,036 | 235,170 |
| **Total Expenses** | 22,100,066 | 20,870,171 | 14,844,698 | 16,942,055 |

**Business-Type Activities**

The business-type activities are the food service and day care operations. These programs had total revenue of $1,248,156 and expenses of $1,347,035 for fiscal year 2021. Of the revenues, $87,281 was charges for services, and $1,157,913 was from State and Federal grants. Business activities receive no support from tax revenues. The School District will continue to monitor the charges and costs of this activity.

**The School District's Funds**

Information about the School District's major funds starts on page 13. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of $25,837,173 and expenditures and other financing uses of 24,762,402.

**General Fund-Budget Highlights**

The School District's budget is prepared according to Kentucky law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund. The State Department of Education requires a zero-based budget with any budgeted remaining fund balance shown as a contingency expense in the budget process.  It is the District's practice to not include state on-behalf payments in the budget.

## Capital Assets and Debt Administration
## Capital Assets

At the end of fiscal year 2021 the School District had $23,220,406 invested in land, buildings, equipment, and vehicles. Table 4 shows fiscal year 2021 and 2020 balances.

### Capital Assets at June 30, 2021 and 2020
### Net of Depreciation
### (Table 4)

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|---|---|---|---|---|---|---|
| | **2021** | **2020** | **2021** | **2020** | **2021** | **2020** |
| Land | 6,345,254 | 6,345,254 | - | - | 6,345,254 | 6,345,254 |
| Buildings and improvements | 15,281,657 | 14,814,063 | 14,219 | 14,612 | 15,295,876 | 14,828,675 |
| Technology | 526,437 | 602,396 | 2,361 | 3,144 | 528,798 | 605,540 |
| Vehicles | 966,488 | 874,439 | - | - | 966,488 | 874,439 |
| General equipment | 352,623 | 77,024 | 202,961 | 174,436 | 555,584 | 251,460 |
| Total | 23,472,459 | 22,713,176 | 219,541 | 192,192 | 23,692,000 | 22,905,368 |

### Changes in Capital Assets for the periods ended June 30, 2021 and 2020
### (Table 5)

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|---|---|---|---|---|---|---|
| | **2021** | **2020** | **2021** | **2020** | **2021** | **2020** |
| Beginning Balance | 23,184,770 | 21,810,703 | 192,192 | 226,269 | 23,376,962 | 22,036,972 |
| Additions | 1,406,788 | 2,532,308 | 60,316 | 15,957 | 1,467,104 | 2,548,265 |
| Retirements | (1,005) | (19,673) | - | (5) | (1,005) | (19,678) |
| Depreciation | (1,118,101) | (1,138,568) | (32,967) | (50,029) | (1,151,068) | (1,188,597) |
| Ending Balance | 23,472,459 | 23,184,770 | 219,541 | 192,192 | 23,692,000 | 23,376,962 |

**Debt**

At June 30, 2021, the School District had $9,216,000 in bonds outstanding; of this amount $1,512,646 is to be paid from the SFCC funding provided by the State of Kentucky. Principal and interest totaling $898,769 are due within one year.

**District Challenges for the Future**

Clinton County School District continues to be financially sound. However, the current state and national financial climate requires the District to remain prudent. The District has been required to provide financial support for unfunded mandates imposed by the state and federal government. Also, the state administered employee pension plans continue to be underfunded. This places a large possible future liability on all Kentucky School Districts.

Clinton County Schools will continue to use careful planning and monitoring of finances to provide a quality education for students and a secure financial future for the school district.

**Future Budgetary Implications**

In Kentucky, the public schools' fiscal year is July 1 – June 30; other programs, i.e. some federal programs, operate on a different fiscal calendar, but are reflected in the District overall budget. By law, the budget must have a minimum 2% contingency. The District adopted a budget for 2021 – 2022 with a contingency greater than the required minimum of 2%.

**Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information contact Mike Reeves, Director of Finance, 1273 KY HWY 90 W STE 103, Albany, Kentucky, 42602, (606) 387-6480.

CLINTON COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021

| | GOVERNMENTAL ACTIVITIES | BUSINESS-TYPE ACTIVITIES | TOTAL |
|---|---|---|---|
| ASSETS: | | | |
| Cash & Cash Equivalents - Note C | 2,528,388 | 415,994 | 2,944,382 |
| Accounts Receivable: | | | |
| Taxes - Current | 82,316 | | 82,316 |
| Taxes - Delinquent | 14,277 | | 14,277 |
| Accounts | 155,078 | 54,649 | 209,727 |
| Intergovernmental - State | 16,420 | | 16,420 |
| Intergovernmental - Federal | 838,325 | | 838,325 |
| Internal Balances | 3,571 | (3,571) | 0 |
| Prepaid Expenses | 368 | | 368 |
| Inventories for Consumption | | 28,936 | 28,936 |
| Total Current Assets | 3,638,743 | 496,008 | 4,134,751 |
| Noncurrent Assets - Note F | | | |
| Land | 6,345,254 | | 6,345,254 |
| Buildings & Improvements | 25,116,918 | 15,330 | 25,132,248 |
| Furniture & Equipment | 7,159,243 | 751,920 | 7,911,163 |
| Less: Accumulated Depreciation | (15,148,956) | (547,709) | (15,696,665) |
| Total Noncurrent Assets | 23,472,459 | 219,541 | 23,692,000 |
| TOTAL ASSETS | 27,111,202 | 715,549 | 27,826,751 |
| Deferred Outflows Related to Pensions | 1,242,151 | 241,965 | 1,484,116 |
| Deferred Outflows Related to Other Post Employment Benefits | 1,431,290 | 212,279 | 1,643,569 |
| Deferred Outflows from Advanced Bond Refundings | 199,508 | | 199,508 |
| TOTAL ASSETS AND DEFERRED OUTFLOWS | 29,984,151 | 1,169,793 | 31,153,944 |
| LIABILITIES: | | | |
| Current Liabilities: | | | |
| Accounts Payable | 100,227 | 1,994 | 102,221 |
| Accrued Salaries & Sick Leave - Note A | 39,995 | | 39,995 |
| Advances from Grantors | 204,214 | | 204,214 |
| Bond Obligations - Note D | 668,000 | | 668,000 |
| Capital Lease Obligation - Note E | 224,234 | | 224,234 |
| Accrued Interest Payable | 87,625 | | 87,625 |
| Total Current Liabilities | 1,324,295 | 1,994 | 1,326,289 |
| Noncurrent Liabilities: | | | |
| Bond Obligations - Note D | 8,532,313 | | 8,532,313 |
| Capital Lease Obligation - Note E | 1,007,626 | | 1,007,626 |
| Net Pension Liability | 6,034,516 | 1,306,745 | 7,341,261 |
| Net Other Post Employment Benefits Liability | 4,792,291 | 411,283 | 5,203,574 |
| Accrued Sick Leave - Note A | 184,545 | | 184,545 |
| Total Noncurrent Liabilities | 20,551,291 | 1,718,028 | 22,269,319 |
| TOTAL LIABILITIES | 21,875,586 | 1,720,022 | 23,595,608 |
| Deferred Inflows Related to Pensions | 424,956 | 78,796 | 503,752 |
| Deferred Inflows Related to Other Post Employment Benefits | 1,333,976 | 113,585 | 1,447,561 |
| TOTAL LIABILITIES AND DEFERRED INFLOWS | 23,634,518 | 1,912,403 | 25,546,921 |
| NET POSITION: | | | |
| Net Investment in Capital Assets | 13,040,286 | 219,541 | 13,259,827 |
| Restricted for: | | | |
| Capital Projects | 2,931 | | 2,931 |
| School Activities | 255,853 | | 255,853 |
| Food Service | | (962,151) | (962,151) |
| Unrestricted | (6,949,437) | | (6,949,437) |
| TOTAL NET POSITION | 6,349,633 | (742,610) | 5,607,023 |
| TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION | 29,984,151 | 1,169,793 | 31,153,944 |

See independent auditor's report and accompanying notes to financial statements.

CLINTON COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

| | | PROGRAM REVENUES | | | NET(EXPENSE) REVENUE AND CHANGES IN NET POSITION | | |
|---|---|---|---|---|---|---|---|
| FUNCTION/PROGRAMS | EXPENSES | CHARGES FOR SERVICES | OPERATING GRANTS AND CONTRIBUTIONS | CAPITAL GRANTS AND CONTRIBUTIONS | GOVERNMENTAL ACTIVITIES | BUSINESS-TYPE ACTIVITIES | TOTAL |
| GOVERNMENTAL ACTIVITIES: | | | | | | | |
| Instructional | 14,562,712 | | 6,083,126 | | (8,479,586) | | (8,479,586) |
| Support Services: | | | | | | | |
| Student Support Services | 1,288,596 | | 234,797 | | (1,053,799) | | (1,053,799) |
| Staff Support Services | 326,143 | | 116,105 | | (210,038) | | (210,038) |
| District Administration | 643,042 | | 12,198 | | (630,844) | | (630,844) |
| School Administration | 1,184,903 | | 52,057 | | (1,132,846) | | (1,132,846) |
| Business Support Services | 318,616 | | 10,630 | | (307,986) | | (307,986) |
| Plant Operation & Maintenance | 2,076,711 | | 196,123 | | (1,880,588) | | (1,880,588) |
| Student Transportation | 1,144,039 | | 150,673 | | (993,366) | | (993,366) |
| Community Service Operations | 212,564 | 62,413 | 214,699 | | 64,548 | | 64,548 |
| Day Care Operations | 65,816 | | 86,211 | | 20,395 | | |
| Other Non-Instructional | 1,552 | | | | (1,552) | | |
| Interest on Long-Term Debt | 275,372 | | | 36,336 | (239,036) | | (239,036) |
| TOTAL GOVERNMENTAL ACTIVITIES | 22,100,066 | 62,413 | 7,156,619 | 36,336 | (14,844,698) | | (14,844,698) |
| BUSINESS-TYPE ACTIVITIES: | | | | | | | |
| Day Care | 58,460 | 68,591 | 7,393 | | | 17,524 | 17,524 |
| Food Service | 1,219,700 | 18,690 | 1,150,520 | | | (50,490) | (50,490) |
| TOTAL BUSINESS-TYPE ACTIVITIES | 1,278,160 | 87,281 | 1,157,913 | 0 | 0 | (32,966) | (32,966) |
| TOTAL SCHOOL DISTRICT | 23,378,226 | 149,694 | 8,314,532 | 36,336 | (14,844,698) | (32,966) | (14,877,664) |
| GENERAL REVENUES: | | | | | | | |
| Taxes: | | | | | | | |
| Property | | | | | 2,098,106 | | 2,098,106 |
| Motor Vehicle | | | | | 430,699 | | 430,699 |
| Utility | | | | | 718,801 | | 718,801 |
| Other | | | | | 55,403 | | 55,403 |
| State Aid - Formula Grants | | | | | 12,635,091 | | 12,635,091 |
| Investment Earnings | | | | | 20,320 | 2,962 | 23,282 |
| Miscellaneous | | | | | 602,652 | | 602,652 |
| Funds Transfer (Expense) | | | | | 68,875 | (68,875) | 0 |
| Gain(Loss) Sale of Assets | | | | | (1,005) | | (1,005) |
| TOTAL GENERAL REVENUES & TRANSFERS | | | | | 16,628,942 | (65,913) | 16,563,029 |
| CHANGE IN NET POSITION | | | | | 1,784,244 | (98,879) | 1,685,365 |
| NET POSITION - BEGINNING AS RESTATED - NOTE R | | | | | 4,565,389 | (643,731) | 3,921,658 |
| NET POSITION - ENDING | | | | | 6,349,633 | (742,610) | 5,607,023 |

See independent auditor's report and accompanying notes to financial statements.

CLINTON COUNTY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

| | GENERAL FUND | SPECIAL REVENUE | CONSTRUCTION FUND | OTHER GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS |
|---|---|---|---|---|---|
| ASSETS: | | | | | |
| Cash & Cash Equivalents | 2,270,778 | 7,425 | 2,931 | 247,254 | 2,528,388 |
| Accounts Receivable: | | | | | |
| Taxes - Current | 82,316 | | | | 82,316 |
| Taxes - Delinquent | 14,277 | | | | 14,277 |
| Accounts | 146,203 | | | 8,875 | 155,078 |
| Interfund Receivables | 653,432 | | | | 653,432 |
| Intergovernmental - State | | 16,420 | | | 16,420 |
| Intergovernmental - Federal | | 838,325 | | | 838,325 |
| Prepaid Expenses | | | | 368 | 368 |
| TOTAL ASSETS | 3,167,006 | 862,170 | 2,931 | 256,497 | 4,288,604 |
| LIABILITIES AND FUND BALANCE: | | | | | |
| Liabilities: | | | | | |
| Accounts Payable | 91,856 | 8,095 | | 276 | 100,227 |
| Interfund Payables | | 649,861 | | | 649,861 |
| Accrued Salaries & Benefits | | | | | 0 |
| Advances from Grantors | | 204,214 | | | 204,214 |
| Total Liabilities | 91,856 | 862,170 | 0 | 276 | 954,302 |
| Fund Balance: | | | | | |
| Non-Spendable | | | | 368 | 368 |
| Restricted for: | | | | | |
| Capital Projects | | | 2,931 | | 2,931 |
| School Activities | | | | 255,853 | 255,853 |
| Committed for: | | | | | |
| Accrued Sick Leave | 39,995 | | | | 39,995 |
| Unassigned Fund Balance | 3,035,155 | | | | 3,035,155 |
| Total Fund Balance | 3,075,150 | 0 | 2,931 | 256,221 | 3,334,302 |
| TOTAL LIABILITIES AND FUND BALANCES | 3,167,006 | 862,170 | 2,931 | 256,497 | 4,288,604 |

See independent auditor's report and accompanying notes to financial statements.

CLINTON COUNTY SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSTION
JUNE 30, 2021

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

| | | |
|---|---|---|
| TOTAL GOVERNMENTAL FUND BALANCE | | 3,334,302 |
| Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. | | |
| Cost of Capital Assets | 38,621,415 | |
| Accumulated Depreciation | (15,148,956) | 23,472,459 |
| Deferred Outflows on Bond Refundings are not current assets and therefore are not reported as assets in governmental funds. | | 199,508 |
| Deferred Outflows Related to Pensions are not current assets and therefore are not reported as assets in governmental funds. | | 1,242,151 |
| Deferred Outflows Related to Other Post Employment Benefits are not current assets and therefore are not reported as assets in governmental funds. | | 1,431,290 |
| Long-term liabilities (including bonds payable) are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of: | | |
| Bonds Payable | (9,216,000) | |
| Unamortized Bond Premiums | (27,680) | |
| Unamortized Bond Discounts | 43,367 | |
| Capital Lease Obligation | (1,231,860) | |
| Accrued Interest on Bonds | (87,625) | |
| Net Pension Liability | (6,034,516) | |
| Net Other Post Employment Benefits Liability | (4,792,291) | |
| Accrued Sick Leave | (224,540) | (21,571,145) |
| Deferred Inflows Related to Pensions are not current liabilities and therefore are not reported as liabilities in governmental funds. | | (424,956) |
| Deferred Inflows Related to Other Post Employment Benefits are not current liabilities and therefore are not reported as liabilities in governmental funds. | | (1,333,976) |
| TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES | | 6,349,633 |

See independent auditor's report and accompanying notes to financial statements.

CLINTON COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

| | GENERAL | SPECIAL REVENUE | CONSTRUCTION FUND | OTHER GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS |
|---|---|---|---|---|---|
| REVENUES: | | | | | |
| Taxes: | | | | | |
| Property | 1,836,193 | | | 261,913 | 2,098,106 |
| Motor Vehicle | 430,699 | | | | 430,699 |
| Utility | 718,801 | | | | 718,801 |
| Other | 55,403 | | | | 55,403 |
| Earnings on Investments | 18,913 | 408 | | 999 | 20,320 |
| Intergovernmental - State | 11,927,653 | 1,490,627 | | 743,774 | 14,162,054 |
| Intergovernmental - Federal | 58,063 | 5,607,929 | | | 5,665,992 |
| Student Activities | | | | 205,446 | 205,446 |
| Other Sources | 237,071 | | | 222,548 | 459,619 |
| TOTAL REVENUES | 15,282,796 | 7,098,964 | 0 | 1,434,680 | 23,816,440 |
| EXPENDITURES: | | | | | |
| Instructional | 8,244,542 | 5,658,213 | | 461,756 | 14,364,511 |
| Support Services: | | | | | |
| Student Support Services | 1,025,997 | 218,326 | | | 1,244,323 |
| Staff Support Services | 203,530 | 107,960 | | | 311,490 |
| District Administration | 617,770 | 11,342 | | | 629,112 |
| School Administration | 1,088,773 | 48,405 | | | 1,137,178 |
| Business Support Services | 294,000 | 9,884 | | | 303,884 |
| Plant Operation & Maintenance | 1,558,062 | 182,365 | | | 1,740,427 |
| Student Transportation | 1,070,529 | 140,103 | | | 1,210,632 |
| Day Care Operations | | 65,816 | | | 65,816 |
| Community Service Operations | | 212,174 | | | 212,174 |
| Site Improvement | | 16,860 | | | 16,860 |
| Facilities Acquisition & Construction | | | 838,756 | | 838,756 |
| Other Non-Instructional | | | | 1,552 | 1,552 |
| Debt Service: | | | | | |
| Principal | 56,706 | | | 814,391 | 871,097 |
| Interest | | | | 269,357 | 269,357 |
| TOTAL EXPENDITURES | 14,159,909 | 6,671,448 | 838,756 | 1,547,056 | 23,217,169 |
| EXCESS(DEFICIT) REVENUES OVER EXPENDITURES | 1,122,887 | 427,516 | (838,756) | (112,376) | 599,271 |
| OTHER FINANCING SOURCES(USES): | | | | | |
| Proceeds from Sale of Bonds | | | 156,000 | | 156,000 |
| Discount on Issuance of Bonds | | | (2,993) | | (2,993) |
| Capital Lease Financing | 253,618 | | | | 253,618 |
| Operating Transfers In - Note N | 590,841 | 31,907 | 41,846 | 946,521 | 1,611,115 |
| Operating Transfers Out - Note N | (214,357) | (459,423) | | (868,460) | (1,542,240) |
| TOTAL OTHER FINANCING SOURCES | 630,102 | (427,516) | 194,853 | 78,061 | 475,500 |
| NET CHANGE IN FUND BALANCES | 1,752,989 | 0 | (643,903) | (34,315) | 1,074,771 |
| FUND BALANCES - BEGINNING | 1,322,161 | 0 | 646,834 | 290,536 | 2,259,531 |
| FUND BALANCES - ENDING | 3,075,150 | 0 | 2,931 | 256,221 | 3,334,302 |

See independent auditor's report and accompanying notes to financial statements.

CLINTON COUNTY SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

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

| | | |
|---|---|---|
| NET CHANGES - GOVERNMENTAL FUNDS | | 1,074,771 |
| Governmental funds report capital outlays as expenditures because they use current financial resources. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital exceeds depreciation expense for the year. | | |
| Depreciation Expense | (1,118,101) | |
| Capital Outlays | 1,406,788 | |
| | | 288,687 |
| Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position. | | |
| Bond Principal Paid | 655,000 | |
| Capital Lease Principal Paid | 216,097 | |
| Bond Proceeds | (153,007) | |
| Capital Lease Financing | (253,618) | |
| | | 464,472 |
| 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. | | |
| Amortization-Deferred Outflows on Advanced Bond Refundings | (26,371) | |
| Amortization - Bond Premiums | 4,745 | |
| Amortization - Bond Discount | (2,317) | |
| District Pension Contributions | 422,924 | |
| Cost of Benefits Earned Net of Employee Contributions - Pension | (798,813) | |
| Accrued Interest Payable | 17,928 | |
| District Other Post Employment Benefits Contributions | 352,111 | |
| Cost of Benefits Earned Net of Employee Contributions - OPEB | (36,296) | |
| Accrued Sick Leave | 23,408 | |
| | | (42,681) |
| In the statement of activities the net gain on the sale/disposal of assets is reported in whereas in the governmental funds the proceeds from the sale increases financial resources. Thus the change in net position differs from change in fund balances by the cost of the asset sold. | | |
| Loss - Asset Disposition | | (1,005) |
| CHANGES - NET POSITION GOVERNMENTAL FUNDS | | 1,784,244 |

See independent auditor's report and accompanying notes to financial statements.

CLINTON COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021

| | ENTERPRISE FUNDS | | |
|---|---|---|---|
| | FOOD SERVICE | DAY CARE | TOTAL |
| ASSETS: | | | |
| Current Assets: | | | |
| Cash & Cash Equivalents | 415,994 | | 415,994 |
| Accounts Receivable | 51,078 | 3,571 | 54,649 |
| Inventories for Consumption | 28,936 | | 28,936 |
| Total Current Assets | 496,008 | 3,571 | 499,579 |
| Noncurrent Assets: | | | |
| Buildings & Improvements | 15,330 | | 15,330 |
| Furniture & Equipment | 751,920 | | 751,920 |
| Less: Accumulated Depreciation | (547,709) | | (547,709) |
| Total Noncurrent Assets | 219,541 | 0 | 219,541 |
| TOTAL ASSETS | 715,549 | 3,571 | 719,120 |
| Deferred Outflows Related to Other Post Employment Benefits | 212,279 | | 212,279 |
| Deferred Outflows Related to Pensions | 241,965 | | 241,965 |
| TOTAL ASSETS AND DEFERRED OUTFLOWS | 1,169,793 | 3,571 | 1,173,364 |
| LIABILITIES: | | | |
| Current Liabilities: | | | |
| Interfund Balances | | 3,571 | 3,571 |
| Account Payable | 1,994 | | 1,994 |
| Total Current Liabilities | 1,994 | 3,571 | 5,565 |
| Noncurrent Liabilities: | | | |
| Net Other Post Employment Benefits Liability | 411,283 | | 411,283 |
| Net Pension Liability | 1,306,745 | | 1,306,745 |
| Total Noncurrent Liabilities | 1,718,028 | 0 | 1,718,028 |
| TOTAL LIABILITIES | 1,720,022 | 3,571 | 1,723,593 |
| Deferred Inflows Related to Other Post Employment Benefits | 113,585 | | 113,585 |
| Deferred Inflows Related to Pensions | 78,796 | | 78,796 |
| TOTAL LIABILITIES AND DEFERRED INFLOWS | 1,912,403 | 3,571 | 1,915,974 |
| Net Position: | | | |
| Net Investment in Capital Assets | 219,541 | 0 | 219,541 |
| Restricted | (962,151) | | (962,151) |
| Total Net Position | (742,610) | 0 | (742,610) |
| TOTAL LIABILITIES AND NET POSITION | 1,169,793 | 3,571 | 1,173,364 |

See independent auditor's report and accompanying notes to financial statements.

CLINTON COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

| | ENTERPRISE FUNDS | | |
|---|---|---|---|
| | FOOD SERVICE | DAY CARE | TOTAL |
| OPERATING REVENUES: | | | |
| Lunchroom Sales | 18,690 | | 18,690 |
| Charges for Services | | 68,591 | 68,591 |
| TOTAL OPERATING REVENUES | 18,690 | 68,591 | 87,281 |
| OPERATING EXPENSES: | | | |
| Salaries & Benefits | 708,737 | 54,268 | 763,005 |
| Contract Services | 13,438 | 365 | 13,803 |
| Materials & Supplies | 460,343 | 3,827 | 464,170 |
| Depreciation - Note F | 32,967 | | 32,967 |
| Other Operating Expenses | 4,215 | | 4,215 |
| TOTAL OPERATING EXPENSES | 1,219,700 | 58,460 | 1,278,160 |
| OPERATING INCOME(LOSS) | (1,201,010) | 10,131 | (1,190,879) |
| NONOPERATING REVENUES(EXPENSES): | | | |
| Transfer Out to General Fund | (51,351) | (17,524) | (68,875) |
| Transfer In from General Fund | | | 0 |
| Federal Grants | 959,168 | | 959,168 |
| State Grants | 133,439 | 7,393 | 140,832 |
| Donated Commodities | 57,913 | | 57,913 |
| Interest Income | 2,962 | | 2,962 |
| TOTAL NONOPERATING REVENUE | 1,102,131 | (10,131) | 1,092,000 |
| INCOME(LOSS) BEFORE CAPITAL CONTRIBUTIONS | (98,879) | 0 | (98,879) |
| CAPITAL CONTRIBUTIONS | 0 | 0 | 0 |
| CHANGE IN NET POSITION | (98,879) | 0 | (98,879) |
| TOTAL NET POSITION - BEGINNING | (643,731) | 0 | (643,731) |
| TOTAL NET POSITION - ENDING | (742,610) | 0 | (742,610) |

See independent auditor's report and accompanying notes to financial statements.

CLINTON COUNTY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

| | FOOD SERVICE FUND | DAY SERVICE CARE | TOTAL |
|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Cash Received from: | | | |
| Lunchroom Sales | 18,690 | | 18,690 |
| Other Activities | | 65,020 | 65,020 |
| Cash Paid to/for: | | | |
| Employees | (491,216) | (46,875) | (538,091) |
| Supplies | (387,966) | (3,827) | (391,793) |
| Other Activities | (17,653) | (365) | (18,018) |
| Net Cash Provided (Used) by Operating Activities | (878,145) | 13,953 | (864,192) |
| CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES: | | | |
| Transfer in (out) to/from General Fund | (51,351) | (17,524) | (68,875) |
| Loan from General Fund | | 3,571 | 3,571 |
| Federal Grants | 954,016 | | 954,016 |
| State Grants | 12,881 | | 12,881 |
| Net Cash Provided by Non-Capital and Related Financing Activities | 915,546 | (13,953) | 901,593 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Purchase of Equipment | (60,316) | | (60,316) |
| Proceed from Sale of Equipment | - | | - |
| | (60,316) | 0 | (60,316) |
| Net Cash Used by Capital and Related Financing Activities | | | |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | 0 | 0 | 0 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Receipt of Interest Income | 2,962 | | 2,962 |
| Net Cash Provided by Investing Activities | 2,962 | 0 | 2,962 |
| Net Decrease in Cash and Cash Equivalents | (19,953) | 0 | (19,953) |
| Balances, Beginning of Year | 435,947 | 0 | 435,947 |
| Balances, End of Year | 415,994 | 0 | 415,994 |
| RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES: | | | |
| Operating Income (Loss) | (1,201,010) | 10,131 | (1,190,879) |
| Adjustments to Reconcile Operating Loss to Net Cash Provided (Used) by Operating Activities | | | |
| Depreciation | 32,967 | | 32,967 |
| State On-Behalf Payments | 120,558 | 7,393 | 127,951 |
| Donated Commodities | 57,913 | | 57,913 |
| Change in Assets, Deferred Outflows, Liabilities and Deferred Inflows: | | | |
| Deferred Outflows | (3,640) | | (3,640) |
| Deferred Inflows | (10,964) | | (10,964) |
| Net Pension Liability | 12,136 | | 12,136 |
| Net Other Post Employment Benefits | 99,431 | | 99,431 |
| Inventory | 13,960 | | 13,960 |
| Accounts Payable | 504 | (3,571) | (3,067) |
| Net Cash Provided (Used) by Operating Activities | (878,145) | 13,953 | (864,192) |
| Schedule of Non-Cash Transactions: | | | |
| Donated Commodities | 57,913 | - | 57,913 |
| State On-Behalf Payments | 120,558 | - | 120,558 |

See independent auditor's report and accompanying notes to financial statements.

## NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Clinton County Board of Education ("Board"), a five-member group, is the level of government which has oversight responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of Clinton County Board of Education ("District"). The District receives funding from local, state, and federal government sources and must comply with the commitment requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards. 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 Clinton County Board of Education. The financial statements presented herein do not include funds of groups and organizations, which although associated with the school system, have not originated within the Board itself such as Band Boosters, Parent-Teacher Associations, etc.

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

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

Clinton County Board of Education Finance Corporation – In a prior year, the Board of Education resolved to authorize the establishment of the Clinton County School District Finance Corporation (a non-profit, non-stock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS Section 58.180) (the "Corporation") as an agency for the District for financing the costs of school building facilities. The members of the Board 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 those activities of the District that are governmental and those that are considered business-type activities.

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

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

Fund Financial Statements – Fund financial statements report detailed information about the District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

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

The District has the following funds:

I. Governmental Fund Types

   A. The General Fund is the main operating fund of the Board. 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 trust 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 and related notes. 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 Proprietary Fund).

      1. The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund receives those funds designated by the state as Capital Outlay funds and is restricted for use in financing projects identified in the District's facility plan.

2. The Facility Support Program of Kentucky (FSPK) 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 are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest and related cost; and for the payment of interest on generally obligation notes payable, as required by Kentucky law. This is a major fund of the District.

II. Proprietary Fund Types (Enterprise Fund)

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 contribution 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.

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

The Private Purpose Trust funds are used to report trust arrangements under which principal and income benefit individuals, private organization, or other governments.

Basis of Accounting

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

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

Proprietary Fund operating revenues are defined as revenues received from the direct purchases of products and services (i.e. food service). Non-operating revenues are not related to direct purchases of products; for the District, these revenues are typically investment income and state and federal grant revenues.

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

Deferred Revenue – Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Grants and entitlements received before the eligibility requirements are met are recorded as deferred revenue.

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

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

<u>Property Taxes</u>

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

The property tax rates assessed for the year ended June 30, 2021, to finance the General Fund operations were $0.457 per $100 valuation for real property, $0.457 per $100 valuation for business personal property, and $0.53 per $100 valuation for motor vehicles.

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

<u>Capital Assets</u>

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

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

| Description | Governmental Activities Estimated Lives |
|---|---|
| Buildings and improvements | 25-50 years |
| Land improvements | 20 years |
| Technology equipment | 5 years |
| Vehicles | 5-10 years |
| Audio-visual equipment | 15 years |
| Food service equipment | 10-12 years |
| Furniture and fixtures | 7 years |
| Rolling stock | 15 years |
| Other | 10 years |

Interfund Balances

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

Accumulated Unpaid Sick Leave Benefits

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

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

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

For governmental fund financial statements, the current portion of unpaid accrued sick leave is the amount expected to be paid using expendable available resources. These amounts are recorded in the amount "accumulated sick leave payable" in the general fund. The noncurrent portion of the liability is reported as a reserve of fund balance.

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).

Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

Once the budget is approved, it can be amended. Amendments are presented to the Board at their regular meetings. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end as dictated by law.

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

Cash and Cash Equivalents

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

Inventories

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

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

The food service fund uses the specific identification method.

Investments

The private purpose trust funds record investments at their quoted market prices. All realized gains and losses and changes in fair value are recorded in the Statement of Changes in Fiduciary Net Position.

Accrued Liabilities and Long-Term Obligations

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

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

Fund Balance

In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions, the District classifies governmental fund balances as follows:

> Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
>
> Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end. Formal School Board action must be taken during an open meeting to establish, modify, or rescind a fund balance commitment.

Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Superintendent.

Unassigned – includes positive fund balance within the General Fund which has not been classified within the above-mentioned categories and negative fund balances in other governmental funds.

The District committed the following fund balance type by taking the following action:

| **Fund Balance Type** | **Amount** | **Action** |
|---|---|---|
| General Fund | $39,995 | Long-Term Sick Leave Commitment |

The District uses *restricted/committed* amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as grant agreements requiring dollar for dollar spending. Additionally, the District would first use *committed*, then *assigned*, and lastly *unassigned* amounts for unrestricted fund balance when expenditures are made.

The District does not have a formal minimum fund balance policy.

| **Major Special Revenue Fund** | **Revenue Source** |
|---|---|
| Special Revenue | State, Local and Federal Grants |

Net Position

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

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, those revenues are primarily charges for meals provided by the various schools.

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.

Interfund Activity

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

Pensions

Teachers' Retirement System - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers' Retirement System of the State of Kentucky (TRS) and additions to/deductions from TRS's fiduciary net position have been determined on the same basis as they are reported by TRS. 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.

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

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

Postemployment Benefits Other Than Pensions

Teachers' Retirement System – 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 Teachers' Retirement System of the State of Kentucky (TRS) and additions to/deductions from TRS's fiduciary net position have been determined on the same basis as they are reported by TRS. 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.

County Employees Retirement System - 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 County Employees Retirement System of the State of Kentucky (CERS) and additions to/deductions from CERS's fiduciary net position have been determined on the same basis as they are reported by 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.

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

**NOTE B – ESTIMATES**

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

**NOTE C – CASH AND CASH EQUIVALENTS**

Custodial Credit Risk - Deposits. Custodial Credit is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy is to have all deposits secured by pledged securities.

At year-end, the carrying amount of the District's total cash and cash equivalents was $2,944,382. Of the total cash balance, $250,000 was covered by Federal Depository Insurance, with the remainder covered by collateral agreements and collateral held by the pledging banks' trust departments in the District's name. Cash equivalents are funds temporarily invested in securities with maturity of 90 days or less.

Cash and cash equivalents at June 30, 2021, consisted of the following:

| | **Bank Balance** | **Book Balance** |
|---|---|---|
| First & Farmers Bank | 4,897,164 | 2,944,382 |
| Breakdown per financial statements: | | |
| Governmental Funds | | 2,528,388 |
| Proprietary Funds | | 415,994 |
| Total Cash | | 2,944,382 |

**NOTE D – LONG TERM OBLIGATIONS**

The amount shown in the accompanying financial statements as bond obligations represents the District's future obligations to make payments relating to the bonds issued by the Clinton County School District Finance Corporation in the original amount aggregating $11,821,000.

The original amount of each issue and interest rates are summarized below:

| | | |
|---|---|---|
| 2013 | 1,505,000 | 1.00% - 2.00% |
| 2014 | 2,070,000 | 1.10% - 3.20% |
| 2016 Refunding | 4,510,000 | 2.00% - 2.75% |
| 2017 | 825,000 | 3.50% |
| 2020 Energy | 2,755,000 | 2.00% - 2.65% |
| 2020 | 156,000 | 2.25% - 3.80% |

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

In 1995 the Board entered into "participation agreements" with the Kentucky School Facility Construction Commission. The Commission was created by the Kentucky Legislature for the purpose of assisting local school districts in meeting school construction needs. The table sets forth the amount to be paid by the Board and the Commission for each year until maturity of all bonds issued. The Kentucky School Construction Commission's participation is limited to the biennial budget period of the Commonwealth of Kentucky with the right reserved by the Kentucky School Construction Commission to terminate the commitment to pay the agreed participation every two years. The obligation of the Kentucky School Construction Commission to make the agreed payments automatically renews each two years for a period of two years unless the Kentucky School Construction Commission gives notice if its intention not to participate not less than sixty days prior to the end of its biennium.

On July 21, 2020 the District issued $156,000 in Revenue Bonds at interest rates ranging from 2.25% to 3.80%. The net proceeds of $142,282 (after $10,725 in cost of issuance and $2,993 in bond discount) were deposited in the construction fund. The final principal payment matures August 1, 2040.

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 maturity, the minimum obligations of the District, including amounts to be paid by the Commission at June 30, 2021, for debt service (principal and interest) are as follows:

| **Year** | **Principal** | **Interest** | **Participation** | **District's Portion** |
|---|---|---|---|---|
| 2021-22 | 668,000 | 230,769 | 157,871 | 740,898 |
| 2022-23 | 683,000 | 217,045 | 157,870 | 742,175 |
| 2023-24 | 703,000 | 202,715 | 157,871 | 747,845 |
| 2024-25 | 718,000 | 186,729 | 157,871 | 746,858 |
| 2025-26 | 727,000 | 169,310 | 149,823 | 746,487 |
| 2026-27 | 729,000 | 151,437 | 123,006 | 757,430 |
| 2027-28 | 741,000 | 132,387 | 114,082 | 759,304 |
| 2028-29 | 597,000 | 114,130 | 90,604 | 620,526 |
| 2029-30 | 617,000 | 96,653 | 90,603 | 623,049 |
| 2030-31 | 617,000 | 78,641 | 69,862 | 625,779 |
| 2031-32 | 237,000 | 66,385 | 27,020 | 276,365 |
| 2032-33 | 248,000 | 59,963 | 27,021 | 280.942 |
| 2033-34 | 258,000 | 52,986 | 27,021 | 283,966 |
| 2034-35 | 278,000 | 45,627 | 27,021 | 296,607 |
| 2035-36 | 293,000 | 37,678 | 27,020 | 303,657 |
| 2036-37 | 304,000 | 29,230 | 27,020 | 306,210 |
| 2037-38 | 314,000 | 20,513 | 27,020 | 307,493 |
| 2038-39 | 234,000 | 12,989 | 27,020 | 219,968 |
| 2039-40 | 240,000 | 6,665 | 27,020 | 219,644 |
| 2040-41 | 10,000 | 190 | | 10,190 |
| | 9,216,000 | 1,912,041 | 1,512,646 | 9,615,395 |

Long-term liability activity for the year ended June 30, 2021, was as follows:

| | Beginning Balance - Restated | Additions | Reductions | Ending Balance | Due Within One Year |
|---|---|---|---|---|---|
| **Primary Government** | | | | | |
| Governmental Activities: | | | | | |
| Revenue Bond Payable | 9,715,000 | 156,000 | 655,000 | 9,216,000 | 668,000 |
| Add: Bond Premium | 32,425 | 0 | 4,745 | 27,680 | 4,745 |
| Less: Bond Discount | (42,692) | (2,993) | (2,318) | (43,367) | (2,317) |
| Net Revenue Bond Payable | 9,704,733 | 153,007 | 657,427 | 9,200,313 | 670,428 |
| Net Pension Liability | 5,978,473 | 56,043 | 0 | 6,034,516 | 0 |
| Capital Lease Obligations | 1,205,142 | 253,618 | 226,900 | 1,231,860 | 224,234 |
| Net OPEB Liability | 4,885,123 | 0 | 92,832 | 4,792,291 | 0 |
| Accrued Sick Leave | 247,948 | 6,637 | 30,045 | 224,540 | 39,995 |
| Total Governmental Activities: | 22,021,419 | 469,305 | 1,007,204 | 21,483,520 | 934,657 |
| Proprietary Activities: | | | | | |
| Net OPEB Liability | 311,852 | 99,431 | 0 | 411,283 | 0 |
| Net Pension Liability | 1,294,609 | 12,136 | 0 | 1,306,745 | 0 |
| Total Long-Term Liabilities: | 23,627,880 | 580,872 | 1,007,204 | 23,201,548 | 934,657 |

## NOTE E - CAPITAL LEASE PAYABLE

The District is the lessee of buses under capital leases expiring in various years through 2034. The assets and liabilities under capital leases are recorded at the present value of the minimum lease payments or the fair value of the asset. The assets are amortized over their estimated productive lives. Amortization of assets under capital leases is included in depreciation expense for fiscal year 2021.

The following is a summary of property held under capital leases:

| Classes of Property | Book Value as of June 30, 2021 |
|---|---|
| Buses | 1,604,858 |
| Equipment | 283,528 |
| Facility | 181,000 |
| Subtotal | 2,069,386 |
| Accumulated Amortization | (755,436) |
| Total | 1,313,950 |

The following is a schedule by years of the future principal payments under capital leases as of June 30, 2021:

| Year Ending June 30, | Capital Lease Payable |
|---|---|
| 2022 | 250,636 |
| 2023 | 223,722 |
| 2024 | 150,474 |
| 2025 | 146,536 |
| 2026-2030 | 515,532 |
| 2031-2034 | 72,387 |
| Net minimum lease payments | 1,359,287 |
| Amount representing interest | (127,427) |
| Present value of net minimum lease payments | 1,231,860 |

Interest rates on capitalized leases vary from 1.00% to 4.00%. The capital leases provide for the assets to revert to the District at the end of the respective lease with no further payment for purchase.

## NOTE F - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2021, was as follows:

| | BEGINNING BALANCE | ADDITIONS | RETIREMENTS | ENDING BALANCE |
|---|---|---|---|---|
| GOVERNMENTAL ACTIVITIES: | | | | |
| Non-Depreciable Assets: | | | | |
| Land | 6,345,254 | | | 6,345,254 |
| Construction in Progress | 2,109,176 | (2,109,176) | | - |
| Depreciable Assets: | | | | |
| Buildings & Building Improvements | 22,029,208 | 3,087,710 | | 25,116,918 |
| Technology Equipment - Restated | 1,870,866 | 113,182 | 924,197 | 1,059,851 |
| Vehicles | 3,167,401 | 253,423 | 350,776 | 3,070,048 |
| General Equipment | 3,482,204 | 61,649 | 514,509 | 3,029,344 |
| TOTAL AT HISTORICAL COST | 39,004,109 | 1,406,788 | 1,789,482 | 38,621,415 |
| | | | | |
| LESS ACCUMULATED DEPRECIATION FOR: | | | | |
| Buildings & Building Improvements | 9,324,314 | 510,947 | | 9,835,261 |
| Technology Equipment | 1,268,470 | 194,076 | 929,132 | 533,414 |
| Vehicles | 2,292,962 | 161,374 | 350,776 | 2,103,560 |
| General Equipment - Restated Note R | 2,933,586 | 251,704 | 508,569 | 2,676,721 |
| TOTAL ACCUMULATED DEPRECIATION | 15,819,332 | 1,118,101 | 1,788,477 | 15,148,956 |
| GOVERNMENTAL ACTIVITIES CAPITAL NET | 23,184,777 | 288,687 | (1,005) | 23,472,459 |
| | | | | |
| PROPRIETARY ACTIVITIES: | | | | |
| Depreciable Assets: | | | | |
| Buildings & Building Improvements | 15,330 | | | 15,330 |
| Technology Equipment | 5,042 | | 815 | 4,227 |
| General Equipment | 690,452 | 60,316 | 3,075 | 747,693 |
| TOTALS AT HISTORICAL COST | 710,824 | 60,316 | 3,890 | 767,250 |
| LESS ACCUMULATED DEPRECIATION FOR: | | | | |
| Buildings & Building Improvements | 718 | 393 | | 1,111 |
| Technology Equipment | 1,898 | 783 | 815 | 1,866 |
| General Equipment | 516,016 | 31,791 | 3,075 | 544,732 |
| TOTAL ACCUMULATED DEPRECIATION | 518,632 | 32,967 | 3,890 | 547,709 |
| PROPRIETARY ACTIVITIES CAPITAL NET | 192,192 | 27,349 | - | 219,541 |

| DEPRECIATION EXPENSE CHARGED TO GOVERNMENTAL FUNCTIONS AS FOLLOWS: | |
|---|---|
| Instructional | 432,148 |
| Student Support Services | 9,230 |
| Staff Support Services | 7,218 |
| District Administration | 4,861 |
| School Administration | 5,409 |
| Business Support Services | 6,072 |
| Plant Operation & Maintenance | 494,798 |
| Student Transportation | 157,975 |
| Community Service Operations | 390 |
| TOTAL | 1,118,101 |

**NOTE G – RETIREMENT PLANS**

The District's employees are provided with two pension plans, based on each position's college degree

requirement. The County Employees Retirement System covers employees whose position does not require a college degree or teaching certification. The Kentucky Teachers Retirement System covers positions requiring teaching certification or otherwise requiring a college degree.

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

*Plan description*—Employees whose positions do not require a degree beyond a high school diploma are covered by the CERS, a cost-sharing multiple-employer defined benefit pension plan administered by the Kentucky Retirement System, an agency of the Commonwealth of Kentucky. Under the provisions of the Kentucky Revised Statute ("KRS") Section 61.645, the Board of Trustees of the Kentucky Retirement System administers CERS and has the authority to establish and amend benefit provisions. The Kentucky Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for CERS. That report may be obtained from http://kyret.ky.gov/.

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

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

Cost of living adjustments are provided at the discretion of the General Assembly. Retirement is based on a factor of the number of years' service and hire date multiplied by the average of the highest five years' earnings. Reduced benefits are based on factors of both of these components. Participating employees become eligible to receive the health insurance benefit after at least 180 months of service. Death benefits are provided for both death after retirement and death prior to retirement. Death benefits after retirement are $5,000 in lump sum. Five years' service is required for death benefits prior to retirement and the employee must have suffered a duty-related death. The decedent's beneficiary will receive the higher of the normal death benefit and $10,000 plus 25% of the decedent's monthly final rate of pay and any dependent child will receive 10% of the decedent's monthly final rate of pay up to 40% for all dependent children. Five years' service is required for nonservice-related disability benefits

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

| | Required Contributions |
|---|---|
| Tier 1 | 5% |
| Tier 2 | 5% +1% for insurance |
| Tier 3 | 5% +1% for insurance |

**General information about the Teachers' Retirement System of the State of Kentucky ("TRS")**

*Plan description*—Teaching certified employees of the District and other employees whose positions require at least a college degree are provided pensions through the Teachers' Retirement System of the State of Kentucky (TRS)—a cost-sharing multiple-employer defined benefit pension plan with a special funding situation established to provide retirement annuity plan coverage for local school districts and other public educational agencies in the Commonwealth. TRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the KRS. TRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth's financial statements. TRS issues a publicly available financial report that can be obtained at http://www.TRS.ky.gov/05_publications/index.htm.

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

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

Employees that retire before age 60 with less than 27 years of service receive reduced retirement benefits. Non-university employees with an account established prior to July 1, 2002 receive monthly payments equal to two (2) percent (service prior to July 1, 1983) and two and one-half (2.5) percent (service after July 1, 1983) of their final average salaries for each year of credited service. New employees (including second retirement accounts) after July 1, 2002 will receive monthly benefits equal to 2% of their final average salary for each year of service if, upon retirement, their total service less than ten years. New employees after July 1, 2002 who retire with ten or more years of total service will receive monthly benefits equal to 2.5% of their final average salary for each year of service, including the first ten years.

In addition, employees who retire July 1, 2004 and later with more than 30 years of service will have their multiplier increased for all years over 30 from 2.5% to 3.0% to be used in their benefit calculation. Effective July 1, 2008, the System has been amended to change the benefit structure for employees hired on or after that date.

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

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

Contributions—Contribution rates are established by Kentucky Revised Statutes (KRS). Non-university employees are required to contribute 12.855% of their salaries to the System. University employees are required to contribute 10.40% of their salaries. KRS 161.580 allows each university to reduce the contribution of its employees by 2.215%; therefore, university employees contribute 8.185% of their salary to TRS.

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

**Medical Insurance Plan**

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

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

*Funding policy*—In order to fund the post-retirement healthcare benefit, six percent (6%) of the gross annual payroll of employees before July 1, 2008 is contributed. Three percent (3%) is paid by member contributions and three quarters percent (.75%) from Commonwealth appropriation and two and one quarter percent (2.25%) from the employer. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan.

At June 30, 2021, the District reported a liability of $7,341,261 for its proportionate share of the net pension liability for CERS. The District did not report a liability for the District's proportionate share of the net pension liability for TRS because the Commonwealth of Kentucky provides the pension support directly to TRS on behalf of the District. The amount recognized by the District as its proportionate share of the net pension liability, the related Commonwealth support, and the total portion of the net pension liability that was associated with the District were as follows:

| | |
|---|---|
| District's proportionate share of the CERS net pension liability | $ 7,341,261 |
| Commonwealth's proportional share of the TRS net pension liability associated with the District | 30,261,041 |
| | $ 37,602,302 |

The net pension liability for each plan was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The District's proportion of the net pension liability for CERS was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2020, the District's proportion was 0.095715% percent.

For the year ended June 30, 2021, the District recognized pension expense of $1,021,800 related to CERS and $2,190,360 related to TRS. The District also recognized revenue of $2,190 360 for TRS support provided by the Commonwealth. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | **Outflows of Resources** | **Deferred Inflows of Resources** |
|---|---|---|
| Differences between expected and actual experience | $ 183,068 | $ - |
| Changes of assumptions | 286,664 | - |
| Net difference between projected and actual earnings on pension plan investments | 318,219 | 134,513 |
| Changes in proportion and differences between District contributions and proportionate share of contributions | 181,659 | 369,239 |
| District contributions subsequent to the measurement date | 514,506 | - |
| Total | $ 1,484,116 | $ 503,752 |

$514,506 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows related to pensions will be recognized in pension expense as follows:

| Year ended June 30: | |
|---|---|
| 2022 | 225,584 |
| 2023 | 98,379 |
| 2024 | 68,115 |
| 2025 | 73,780 |
| 2026 | - |

*Actuarial assumptions*—The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Teachers' Retirement System (TRS)

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|---|
| Valuation Date | June 30, 2019 |
| Investment rate of return | 7.50%, net of pension plan investment expenses, including inflation |
| Municipal Bond Index Rate | |
| Prior Measurement Date | 3.50% |
| Measurement Date | 2.19% |
| Projected salary increases | 3.5-7.3%, includes inflation |
| Post-retirement benefit increases | 1.50% annually |
| Inflation rate | 3.0% |
| Single Equivalent Interest Rate, net of pension plan investment expense, including inflation | |
| Prior Measurement Date | 7.50% |
| Measurement Date | 7.50% |

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

County Employees' Retirement System (CERS)

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|---|
| Valuation Date | June 30, 2018 |
| Experience Study | July 1, 2013-June 30, 2018 |
| Actuarial Cost Method | Entry Age Normal |
| Amortization Method | Level Percent of Pay |
| Remaining Amortization Period | 25 years |
| Asset Valuation Method | 20% of the difference between the market value of assets and the expected actuarial value of assets if recognized |
| Payroll Growth Rate | 2.0% |
| Investment rate of return | 6.25% |
| Projected salary increases | 3.3 to 11.55%, varies by service |
| Inflation rate | 2.30% |

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

For CERS, the long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years for the system. The most recent analysis, performed for the period covering fiscal years 2013 through 2018, is outlined in a report titled “Kentucky Retirement Systems 2018 Actuarial Experience Study for the Period Ending June 30, 2018”. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|---|---|---|
| U.S. Equity | 40.00% | 4.60% |
| International Equity | 22.00% | 5.60% |
| Fixed Income | 15.00% | 0.0% |
| Additional Categories | 7.00% | 2.5% |
| Real Estate | 7.00% | 4.3% |
| Private Equity | 7.00% | 7.7% |
| Cash | 2.0% | -.5% |
| Total | 100.0% | |

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

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|---|---|---|
| **Growth** | **62.50%** | |
| U.S. Equity | 18.75% | 4.25% |
| Non-U.S. Equity | 18.75% | 5.25% |
| Private Equity | 10.00% | 6.65% |
| Specialty Credit/High Yield | 15.00% | 3.90% |
| **Liquidity** | **14.50%** | |
| Core Bonds | 13.50% | -0.25% |
| Cash | 1.00% | -0.75% |
| **Diversifying Strategies** | **23.00%** | |
| Real Estate | 5.00% | 5.3% |
| Opportunistic | 3.00% | 2.25% |
| Real Return | 15.0% | 3.95% |
| Total | 100.0% | 3.96% |

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

For TRS, the discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan employees until the 2040 plan year. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments through 2039 and a municipal bond index rate of 3.01% was applied to all periods of projected benefit payments after 2039. The Single Equivalent Interest Rate (SEIR) that discounts the entire projected benefit stream to the same amount as the sum of the present values of the two separate benefit payments streams was used to determine the total pension liability.

*Sensitivity of CERS and TRS proportionate share of net pension liability to changes in the discount rate*—The following table presents the net pension liability of the District, calculated using the discount rates selected by each pension system, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

| | 1% Decrease | Current Discount Rate | 1% Increase |
|---|---|---|---|
| CERS | 5.25% | 6.25% | 7.25% |
| District's proportionate share of net pension liability | 9,053,373 | 7,341,261 | 5,923,568 |
| TRS | 6.50% | 7.50% | 8.50% |
| District's proportionate share of net pension liability | 0 | 0 | 0 |

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

## NOTE H – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Teachers' Retirement System of Kentucky

*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.

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

### Medical Insurance Plan

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

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

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

At June 30, 2021, the Clinton County District reported a liability of $2,893,000 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, 2020, 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, 2020, the District's proportion was .1146 percent, compared to .1177 percent at June 30, 2019.

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

| | |
|---|---|
| District's proportionate share of the net OPEB liability | $ 2,893,000 |
| State's proportionate share of the net OPEB liability associated with the District | 2,318,000 |
| Total | $ 5,211,000 |

For the year ended June 30, 2021, the District recognized OPEB expense of $25,683 and revenue of $165,563 for support provided by the State. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ - | $ 684,526 |
| Changes of assumptions | 97,155 | - |
| Net difference between projected and actual earnings on pension plan investments | 52,186 | - |
| Changes in proportion and differences between District contributions and proportionate share of contributions | 53,852 | 124,914 |
| District contributions subsequent to the measurement date | 247,805 | - |
| Total | 450,998 | 809,440 |

Of the total amount reported as deferred outflows of resources related to OPEB, $247,805 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

| **Year ended June 30:** | |
|---|---|
| 2022 | $ (124,914) |
| 2023 | (121,027) |
| 2024 | (121,583) |
| 2025 | (105,483) |
| 2026 | (90,493) |
| Thereafter | (42,747) |

*Actuarial assumptions* – The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|---|
| Investment rate of return | 8.00%, net of OPEB plan investment expense, including inflation. |
| Projected salary increases | 3.50 – 7.20%, including inflation |
| Inflation rate | 3.00% |
| Real Wage Growth | 0.50% |
| Wage Inflation | 3.50% |
| Healthcare cost trend rates | |
| Under 65 | 7.5% for FY 2020 decreasing to an ultimate rate of 5.00% by FY 2029 |
| Ages 65 and Older | 5.25% for FY 2020 decreasing to an ultimate rate of 5.00% by FY 2022 |
| Medicare Part B Premiums | 6.49% for FY 2020 with an ultimate rate of 5.00% by 2031 |
| Municipal Bond Index Rate | 2.19% |
| Discount Rate | 8.00% |
| Single Equivalent Interest Rate | 8.00%, net of OPEB plan investment expense, including inflation. |

.

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

The remaining actuarial assumptions (e.g. initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2020 valuation were based on a review of recent plan experience done concurrently with the June 30, 2020 valuation.

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

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class, as provided by TRS's investment consultant, are summarized in the following table:

| Asset Class | Target Allocation | Long Term Expected Real Rate of Return |
|---|---|---|
| Global Equity | 58.00% | 5.40% |
| Fixed Income | 9.00% | 0.00% |
| Real Estate | 6.50% | 4.30% |
| Private Equity | 8.50% | 7.70% |
| Other Additional Categories | 17.00% | 2.50% |
| Cash (LIBOR) | 1.00% | -0.50% |
| | 100.00% | |

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

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

| | 1% Decrease | Current Discount Rate | 1% Increase |
|---|---|---|---|
| TRS | 7.00% | 8.00% | 9.00% |
| District's proportionate share of net OPEB liability | 3,497,000 | 2,893,000 | 2,389,000 |

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

| | 1% Decrease | Current Trend Rate | 1% Increase |
|---|---|---|---|
| District's proportionate share of net OPEB liability | 2,293,000 | 2,893,000 | 3,633,000 |

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

**Life Insurance Plan**

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

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

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

At June 30, 2021, the Kentucky School District did not report a liability for its proportionate share of the collective net OPEB liability for life insurance benefits because the State of Kentucky provides the OPEB support directly to TRS on behalf of the District. The amount recognized by the District as its proportionate share of the OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

| | |
|---|---|
| District's proportionate share of the net OPEB liability | -0- |
| State's proportionate share of the net OPEB liability associated with the District | 70,000 |
| Total | $ 70,000 |

*Actuarial assumptions* – The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|---|
| Investment rate of return | 7.50%, net of OPEB plan investment expense, including inflation. |
| Projected salary increases | 3.5-7.20%, including inflation |
| Inflation rate | 3.5% |
| Real Wage Growth | 0.50% |
| Wage Inflation | 3.50% |
| Municipal Bond Index Rate | 2.19% |
| Discount Rate | 7.50% |
| Single Equivalent Interest Rate | 7.50%, net of OPEB plan investment expense, including inflation. |

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

The remaining actuarial assumptions (e.g. initial per capita costs, rate of plan participation, rates of plan election, etc.) used in the June 30, 2020 valuation were based on a review of recent plan experience done concurrently with the June 30, 2020 valuation.

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

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

| Asset Class | Target Allocation | Long Term Expected Real Rate of Return |
|---|---|---|
| Global Equity | 40.00% | 4.60% |
| International Equity | 23.00% | 5.60% |
| Fixed Income | 18.00% | 0.00% |
| Real Estate | 6.00% | 4.30% |
| Private Equity | 5.00% | 7.70% |
| Other Additional Categories | 6.00% | 2.50% |
| Cash (LIBOR) | 2.00% | -0.50% |
| | 100.00% | |

**As the Life Insurance investment policy is to change, the above table reflects the pension allocation and returns that achieve the targeted 8.00% long-term rate of return.*

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

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

County Employees' Retirement System of Kentucky

*Plan description* – Classified (non-certified) employees of the Kentucky School District are provided OPEBs through the County Employees Retirement System of the State of Kentucky (CERS)—a cost-sharing multiple-employer defined benefit OPEB plan retirement annuity plan coverage for local school districts and other public agencies in the state. CERS was established July 1, 1958 by the state legislature. CERS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth's financial statements. CERS issues a publicly available financial report that can be obtained at https://kyret.ky.gov/About/Board-of-Trustees/Pages/CAFR-and-SAFR.aspx.

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 CERS Medical Insurance. The following information is about the CERS plans:

**Medical Insurance Plan**

*Plan description* –The Kentucky Retirement Systems' Insurance Fund (Insurance Fund) was established to provide hospital and medical insurance for eligible members receiving benefits from KERS, CERS, and SPRS, the state retirement options. The eligible non-Medicare retirees are covered by the Department of Employee Insurance (DEI) plans. The Board contracts with Humana to provide health care benefits to the eligible Medicare retirees through a Medicare Advantage Plan. The Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance. It is noted that while this insurance fund covers employees eligible through KERS, CERS, and SPRS, only the portion related to CERS is applicable to Spencer County School District since the District does not have or qualify to have employees participate in KERS or SPRS.

*Benefits provided* – Medical Insurance coverage is provided based on the member's initial participation date and length of service. Members received either a percentage or dollar amount for insurance coverage. The amount of contribution paid by the Insurance Fund is based on years of service. For members participating prior to July 1, 2003, years of service and respective percentages of the maximum contribution are as follows:

| Years of Service | Paid By Insurance Fund (%) |
|---|---|
| 20+ | 100% |
| 15-19 | 75% |
| 10-14 | 50% |
| 4-9 | 25% |
| Less than 4 | 0% |

Medical insurance benefits are calculated differently for members who began participating on or after July 1, 2003. Once members reach a vesting period of 10 years, non-hazardous employees whose participation began on or after July 1, 2003 earn $10 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually, which is currently 1.5%, based upon Kentucky Revised Statutes. The Kentucky General Assembly reserves the right to suspend or reduce this benefit if, in its judgment, the welfare of the Commonwealth so demands. Only benefit descriptions applicable to CERS Non-Hazardous have been included with this information since only that portion is applicable to the District.

*Contributions* – In order to fund the post-retirement healthcare benefit, four and seventy-six one hundreds percent (4.76%) of the gross annual payroll of members is contributed for the year ended June 30, 2021 for CERS Non-Hazardous, which is the portion of the plan applicable to the District, and this portion is paid 100% paid by employer contributions. One percent (1.00%) is contributed by employees hired on or after September 1, 2008.

At June 30, 2021, the Clinton County District reported a liability of $2,310,574 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, 2020, 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, 2020, the District's proportion was .095688 percent, compared to .104163 percent at June 30, 2019.

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

| | |
|---|---|
| District's proportionate share of the net OPEB liability | $ 2,310,574 |
| State's proportionate share of the net OPEB liability associated with the District | -0- |
| Total | $ 2,310,574 |

For the year ended June 30, 2021, the District recognized OPEB expense of $214,326. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 386,048 | $ 386,350 |
| Changes of assumptions | 401,903 | 2,444 |
| Net difference between projected and actual earnings on pension plan investments | 123,945 | 47,147 |
| Changes in proportion and differences between District contributions and proportionate share of contrbutions | 97,075 | 202,180 |
| District contributions subsequent to the measurement date | 183,600 | - |
| Total | 1,192,571 | 638,121 |

Of the total amount reported as deferred outflows of resources related to OPEB, $183,600 resulting from District contributions of $126,894 subsequent to the measurement date and before the end of the fiscal year and implicit subsidy of $56,706, will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

| **Year ended June 30:** | |
|---|---|
| 2022 | $ 94,017 |
| 2023 | 116,745 |
| 2024 | 73,265 |
| 2025 | 86,267 |
| 2026 | 556 |
| Thereafter | - |

*Actuarial assumptions* – The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|---|
| Valuation Date | June 30, 2018 |
| Experience Study | July 1, 2008-June 30 2013 |
| Actuarial Cost Method | Entry Age Normal |
| Amortization Method | Level Percent of Pay |
| Remaining Amortization Period | 25 Years, Closed |
| Asset Valuation Method | 20% of the difference between the market value of assets and the expected actuarial value of assets is recognized |
| Investment rate of return | 6.25% |
| Projected salary increases | 3.05% to 11.55%, varies by service |
| Inflation rate | 2.30% |
| Payroll Growth Rate | 2.00% |
| Wage Inflation | 3.50% |
| Healthcare cost trend rates | |
| Under 65 | Initial trend starting at 7.0% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years |
| Ages 65 and Older | Initial trend starting at 5.0% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 10 years |

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

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

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

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|---|---|---|
| **Growth** | **62.50%** | |
| U.S. Equity | 18.75% | 4.50% |
| Non-U.S. Equity | 18.75% | 5.25% |
| Private Equity | 10.00% | 6.65% |
| Specialty Credit/High Yield | 15.00% | 3.90% |
| **Liquidity** | **14.50%** | |
| Core Bonds | 13.50% | -0.25% |
| Cash | 1.00% | -0.75% |
| **Diversifying Strategies** | **23.00%** | |
| Real Estate | 5.00% | 5.30% |
| Opportunistic | 3.00% | 2.25% |
| Real Return | 15.0% | 3.95% |
| Total | 100.0% | |

*Discount rate* - The discount rate used to measure the total OPEB liability was 5.34%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The following table presents the District's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 5.34%, as well as what the District's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.34%) or 1-percentage-point higher (6.34%) than the current rate:

| | 1% Decrease | Current Discount Rate | 1% Increase |
|---|---|---|---|
| CERS | 4.34% | 5.34% | 6.34% |
| District's proportionate share of net OPEB liability | 2,968,410 | 2,310,574 | 1,770,272 |

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

| | 1% Decrease | Current Trend Rate | 1% Increase |
|---|---|---|---|
| Systems' net pension liability | 1,788,962 | 2,310,574 | 2,943,563 |

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

**NOTE I – CONTINGENCIES**

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

**NOTE J – INSURANCE AND RELATED ACTIVITIES**

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

**NOTE K – RISK MANAGEMENT**

The District is exposed to various risks of loss related to injuries to employees. To obtain insurance of workers' compensation, errors and omissions, and general liability coverage, the District obtains quotes from commercial insurance companies. Currently, the District maintains insurance coverage through Ohio Casualty Insurance Company.

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

## NOTE L – DEFICIT OPERATING BALANCES

The Food Service Fund had a deficit fund balance in the amount of $742,610. Additionally, the following funds have operations that resulted in a current year deficit of expenditures over revenues resulting in a corresponding reduction of fund balance:

| | |
|---|---|
| District Activity | 64,320 |
| Debt Service | 928,879 |
| Construction Fund | 838,756 |

## NOTE M – COBRA

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

## NOTE N – TRANSFER OF FUNDS

The following transfers were made during the year:

| Type | From Fund | To Fund | Purpose | Amount |
|---|---|---|---|---|
| Matching | General | Special Revenue | Technology Match | 31,907 |
| Operating | Special Revenue | General | Indirect Cost | 416,861 |
| Operating | General | Construction | Construction | 41,846 |
| Operating | General | Debt Service | Debt Service | 140,604 |
| Operating | Special Revenue | Debt Service | Debt Service | 42,562 |
| Operating | Building | Debt Service | Debt Service | 695,879 |
| Operating | Capital Outlay | Debt Service | Debt Service | 46,834 |
| Operating | Capital Outlay | General | Operations | 105,105 |
| Operating | Food Service | General | Indirect Costs | 51,351 |
| Operating | Day Care | General | Operations | 17,524 |
| Operating | School Activity | District Activity | Operations | 20,642 |
| | | **Governmental Funds Transferred In** | | 1,611,115 |
| Operating | Day Care | General | Operations | (17,524) |
| Operating | Food Service | General | Indirect Costs | (51,351) |
| | | **Proprietary Funds Transferred** | | (68,875) |
| | | | **Total Transferred Funds** | 1,542,240 |

## NOTE O – INTERFUND RECEIVABLES AND PAYABLES

| Receivable Fund | Payable Fund | Amount |
|---|---|---|
| General | Special Revenue | $649,861 |
| General | Day Care | 3,571 |

The interfund payables/receivables represent temporary financing that will be repaid within one year.

## NOTE P – SUBSEQUENT EVENTS

Management has reviewed subsequent events through January 15, 2022 the date the financial statements were available for release. There are no material subsequent events to disclose.

**NOTE Q – ON-BEHALF PAYMENT**

For the year ended June 30, 2021, $4,670,583 in on-behalf payments were made by the Commonwealth of Kentucky for the benefit of the District. Payments for life insurance, health insurance, Kentucky teacher retirement matching pension contributions, administrative fees, technology and debt service were paid by the State for the District. These payments were recognized as on-behalf payments and recorded in the appropriate revenue and expense accounts. These payments were as follows:

| | |
|---|---|
| Teachers Retirement System (GASB 68 Schedule A) | $2,190,360 |
| Teachers Retirement System (GASB 75) | 165,563 |
| Health Insurance | 2,138,369 |
| Life Insurance | 3,370 |
| Administrative Fee | 27,398 |
| HRA/Dental/Vision | 111,125 |
| Federal Reimbursement | (204,751) |
| Technology | 81,280 |
| SFCC Debt Service Payments | 157,869 |
| Total | $4,670,583 |

**NOTE R – NET POSITION AS RESTATED**

The beginning net position of the Governmental Activities was increased by $482,397 due to beginning capital leases being overstated by $10,803 and beginning accumulated depreciation being overstated by $471,594:

| | Government Activities |
|---|---|
| Net Position June 30, 2020 | $ 4,082,992 |
| Add: | |
| Accumulated Depreciation Overstatement | 471,594 |
| Capital Lease Overstatement | 10,803 |
| Beginning Net Position, As Restated | $ 4,565,389 |

# REQUIRED SUPPLEMENTARY INFORMATION

CLINTON COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
|---|---|---|---|---|
| REVENUES: | | | | |
| Taxes | 2,975,000 | 2,975,000 | 3,041,096 | 66,096 |
| Other Local Sources | 284,727 | 284,727 | 255,984 | (28,743) |
| State Sources | 12,512,450 | 12,512,450 | 11,927,653 | (584,797) |
| Federal Sources | 60,000 | 60,000 | 58,063 | (1,937) |
| Other Sources | 56,100 | 56,100 | 844,459 | 788,359 |
| TOTAL REVENUES | 15,888,277 | 15,888,277 | 16,127,255 | 238,978 |
| EXPENDITURES: | | | | |
| Instructional | 9,309,176 | 9,309,176 | 8,244,542 | 1,064,634 |
| Student Support Services | 1,157,483 | 1,157,483 | 1,025,997 | 131,486 |
| Staff Support Services | 199,331 | 199,331 | 203,530 | (4,199) |
| District Administration | 1,720,875 | 1,720,875 | 617,770 | 1,103,105 |
| School Administration | 1,163,783 | 1,163,783 | 1,088,773 | 75,010 |
| Business Support Services | 240,369 | 240,369 | 294,000 | (53,631) |
| Plant Operation & Maintenance | 2,050,450 | 2,050,450 | 1,558,062 | 492,388 |
| Student Transportation | 1,051,253 | 1,051,253 | 1,070,529 | (19,276) |
| Community Service Operations | 0 | 0 | 0 | 0 |
| Other | 283,361 | 283,361 | 271,063 | 12,298 |
| TOTAL EXPENDITURES | 17,176,081 | 17,176,081 | 14,374,266 | 2,801,815 |
| NET CHANGE IN FUND BALANCE | (1,287,804) | (1,287,804) | 1,752,989 | 3,040,793 |
| FUND BALANCES - BEGINNING | 1,287,804 | 1,287,804 | 1,322,161 | 34,357 |
| FUND BALANCES - ENDING | 0 | 0 | 3,075,150 | 3,075,150 |

See independent auditor's report and accompanying notes to financial statements.

CLINTON COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2021

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
|---|---|---|---|---|
| REVENUES: | | | | |
| Other Local Sources | 200 | 200 | 408 | 208 |
| State Sources | 1,431,134 | 1,431,134 | 1,490,627 | 59,493 |
| Federal Sources | 6,103,307 | 6,103,307 | 5,607,929 | (495,378) |
| Other Sources | 214,536 | 214,536 | 31,907 | (182,629) |
| TOTAL REVENUES | 7,749,177 | 7,749,177 | 7,130,871 | (618,306) |
| EXPENDITURES: | | | | |
| Instructional | 6,404,364 | 6,404,364 | 5,658,213 | 746,151 |
| Student Support Services | 290,263 | 290,263 | 218,326 | 71,937 |
| Staff Support Services | 159,206 | 159,206 | 107,960 | 51,246 |
| District Administration | 11,342 | 11,342 | 11,342 | 0 |
| School Administration | 48,406 | 48,406 | 48,405 | 1 |
| Business Support Services | 9,883 | 9,883 | 9,884 | (1) |
| Plant Operation & Maintenance | 120,028 | 120,028 | 182,365 | (62,337) |
| Student Transportation | 401,243 | 401,243 | 140,103 | 261,140 |
| Day Care Operations | 0 | 0 | 65,816 | (65,816) |
| Site Improvement | 0 | 0 | 16,860 | |
| Community Service Operations | 212,174 | 212,174 | 212,174 | 0 |
| Facility Acquisition & Construction | | | | |
| Other | 92,268 | 92,268 | 459,423 | (367,155) |
| TOTAL EXPENDITURES | 7,749,177 | 7,749,177 | 7,130,871 | 635,166 |
| NET CHANGE IN FUND BALANCE | 0 | 0 | 0 | 16,860 |
| FUND BALANCES - BEGINNING | 0 | 0 | 0 | 0 |
| FUND BALANCES - ENDING | 0 | 0 | 0 | 16,860 |

See accompanying auditor's report and accompanying notes to financial statements.

CLINTON COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
TEACHERS' RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|---|---|
| District's proportion of net pension liability | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| District's proportionate share of the net pension liability | $ - | - | - | - | - | - | - |
| State of Kentucky's share of the net pension liability associated with the district | $ 48,774,338 | 50,775,100 | 66,499,438 | 61,397,615 | 28,832,266 | 30,078,495 | 23,222,090 |
| TOTAL | 48,774,338 | 50,775,100 | 66,499,438 | 61,397,615 | 28,832,266 | 30,078,495 | 23,222,090 |
| District's covered-employee payroll | $ 7,517,853 | 7,864,726 | 8,018,039 | $ 7,825,659 | $ 7,988,909 | $ 7,894,738 | $ 8,260,177 |
| District's proportionate share of the net pension liability as a percentage of its covered-payroll | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Plan fiduciary net position as a percentage of the total pension liability | 45.60% | 42.49% | 57.04% | 39.80% | 59.30% | 58.80% | 58.27% |

*Note: Schedule is intended to show information for the last 10 fiscal years. Additional years are not displayed.*

CLINTON COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
COUNTY EMPLOYEES RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|---|---|
| District's proportion of net pension liability | 0.117663% | 0.109392% | 0.108750% | 0.103704% | 0.095628% | 0.103413% | 0.957150% |
| District's proportionate share of the net pension liability | $ 3,817,442 | 4,703,318 | 5,354,397 | 6,070,114 | 5,824,037 | 7,273,082 | 7,341,261 |
| State of Kentucky's share of the net pension liability associated with the district | - | - | - | - | - | - | - |
| TOTAL | $ 3,817,442 | 4,703,318 | 5,354,397 | 6,070,114 | 5,824,037 | 7,273,082 | 7,341,261 |
| District's covered-employee payroll | $ 3,112,255 | 2,616,452 | 2,584,137 | 2,402,946 | 2,513,388 | 2,477,138 | 2,665,835 |
| District's proportionate share of the net pension liability as a percentage of its covered-payroll | 122.66% | 176.76% | 207.20% | 252.61% | 231.72% | 293.61% | 275.38% |
| Plan fiduciary net position as a percentage of the total pension liability | 66.80% | 63.46% | 55.50% | 53.30% | 53.54% | 50.45% | 47.81% |

*Note: Schedule is intended to show information for the last 10 fiscal years. Additional years are not displayed.*

CLINTON COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS TO THE
TEACHERS RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|---|---|
| Contractually required contributions (actuarially determined) | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Contributions in relation to the actuarially determined contributions | - | - | - | - | - | - | - |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Covered employee payroll | $ 7,517,853 | $ 7,864,726 | $ 8,018,039 | $ 7,825,659 | $ 7,988,909 | $ 7,894,738 | $ 8,260,177 |
| Contributions as a percentage of Covered employee payroll | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |

*Note: Schedule is intended to show information for the last 10 fiscal years. Additional years are not displayed.*

CLINTON COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS TO THE
COUNTY EMPLOYEES RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|---|---|
| Contractually required contributions (actuarially determined) | $ 324,753 | $ 317,257 | $ 360,487 | $ 347,947 | $ 407,672 | $ 478,088 | $ 514,506 |
| Contributions in relation to the actuarially determined contributions | 324,753 | 317,257 | 360,487 | 347,947 | 407,672 | 478,088 | 514,506 |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Covered employee payroll | $ 3,112,255 | $ 2,616,452 | $ 2,584,137 | $ 2,402,946 | $ 2,513,388 | $ 2,477,138 | $ 2,665,835 |
| Contributions as a percentage of Covered employee payroll | 10.43% | 12.13% | 13.95% | 14.48% | 16.22% | 19.30% | 19.30% |

CLITON COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY - MEDICAL INSURANCE
COUNTY EMPLOYEES RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30

| | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| District's proportion of net OPEB liability | 0.103704% | 0.095625% | 0.104163% | 0.095688% |
| District's proportionate share of the net OPEB liability | 2,084,805 | 1,697,803 | 1,751,975 | 2,310,574 |
| State of Kentucky's share of the net OPEB liability associated with the district | - | - | - | - |
| TOTAL | 2,084,805 | 1,697,803 | 1,751,975 | 2,310,574 |
| District's covered-employee payroll | 2,402,946 | 2,513,388 | 2,477,138 | 2,665,835 |
| District's proportionate share of the net OPEB liability as a percentage of its covered-payroll | 86.76% | 67.55% | 70.73% | 86.67% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 52.40% | 57.62% | 60.44% | 51.67% |

*Note: Schedule is intended to show information for the last 10 fiscal years. Additional years are not displayed.*

CLINTON COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY - MEDICAL INSURANCE PLAN
TEACHERS' RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30

| | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| District's proportion of net OPEB liability | 0.2193% | 0.1139% | 0.1177% | 0.1146% |
| District's proportionate share of the net OPEB liability | 4,304,000 | 3,951,000 | 3,445,000 | 2,893,000 |
| State of Kentucky's share of the net OPEB liability associated with the district | 3,516,000 | 3,405,000 | 2,782,000 | 2,318,000 |
| TOTAL | 7,820,000 | 7,356,000 | 6,227,000 | 5,211,000 |
| District's covered-employee payroll | $ 7,825,659 | $ 7,988,909 | $ 7,894,738 | $ 8,260,177 |
| District's proportionate share of the net OPEB liability as a percentage of its covered-payroll | 54.99% | 49.46% | 43.64% | 35.02% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 21.18% | 25.50% | 32.60% | 39.05% |

*Note: Schedule is intended to show information for the last 10 fiscal years. Additional years are not displayed.*

CLINTON COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY - LIFE INSURANCE PLAN
TEACHERS' RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30

| | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| District's proportion of net OPEB liability | 0.0000% | 0.0000% | 0.0000% | 0.0000% |
| District's proportionate share of the net OPEB liability | - | - | - | - |
| State of Kentucky's share of the net OPEB liability associated with the district | 47,000 | 58,000 | 65,000 | 70,000 |
| TOTAL | 47,000 | 58,000 | 65,000 | 70,000 |
| District's covered-employee payroll | $ 7,825,659 | $ 7,988,909 | $ 7,894,738 | $ 8,260,177 |
| District's proportionate share of the net OPEB liability as a percentage of its covered-payroll | 0.00% | 0.00% | 0.00% | 0.00% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 79.99% | 75.00% | 73.40% | 71.57% |

*Note: Schedule is intended to show information for the last 10 fiscal years. Additional years are not displayed.*

CLINTON COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS TO THE MEDICAL INSUARANCE PLAN
COUNTY EMPLOYEES RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30

| | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| Contractually required contributions (actuarially determined) | $ 112,938 | $ 132,204 | $ 117,912 | $ 126,894 |
| Contributions in relation to the actuarially determined contributions | 112,938 | 132,204 | 117,912 | 126,894 |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - |
| Covered employee payroll | $ 2,402,946 | $ 2,513,388 | $ 2,477,138 | $ 2,665,835 |
| Contributions as a percentage of Covered employee payroll | 4.70% | 5.26% | 4.76% | 4.76% |

*Note: Schedule is intended to show information for the last 10 fiscal years. Additional years are not displayed.*

CLINTON COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS TO THE MEDICAL INSURANCE PLAN
TEACHERS RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30

| | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| Contractually required contributions (actuarially determined) | $ 234,770 | $ 239,667 | $ 236,842 | $ 247,805 |
| Contributions in relation to the actuarially determined contributions | 234,770 | 239,667 | 236,842 | 247,805 |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - |
| Covered employee payroll | $ 7,825,659 | $ 7,988,909 | $ 7,894,738 | $ 8,260,177 |
| Contributions as a percentage of Covered employee payroll | 3.00% | 3.00% | 3.00% | 3.00% |

*Note: Schedule is intended to show information for the last 10 fiscal years. Additional years are not displayed.*

CLINTON COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS TO THE LIFE INSURANCE PLAN
TEACHERS RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30

| | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| Contractually required contributions (actuarially determined) | $ - | $ - | $ - | $ - |
| Contributions in relation to the actuarially determined contributions | - | - | - | - |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - |
| Covered employee payroll | $ 7,825,659 | $ 7,988,909 | $ 7,894,738 | $ 8,260,177 |
| Contributions as a percentage of Covered employee payroll | 0.00% | 0.00% | 0.00% | 0.00% |

*Note: Schedule is intended to show information for the last 10 fiscal years. Additional years are not displayed.*

## TEACHERS' RETIREMENT SYSTEM

### NOTE A – CHANGES OF ASSUMPTIONS

### NOTE A – CHANGES OF ASSUMPTIONS

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

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

In the 2019 valuation, the salary increase was reduced to 3.5-7.3% from 4.0-8.2%.

### NOTE B – METHOD AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS

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

| | |
|---|---|
| Actuarial Cost Method | Entry age |
| Amortization Period | Level percentage of payroll, closed |
| Remaining amortization period | 27.4 years |
| Asset valuation method | 5-year smoothed market value |
| Inflation | 3.0 percent |
| Salary Increase | 3.5 to 7.3 percent, including inflation |
| Ultimate Investment rate of return | 7.50 percent, net of pension plan investment expense, including inflation |

### NOTE C – CHANGES OF BENEFITS

There were no changes in benefits for TRS pension.

## COUNTY EMPLOYEES RETIREMENT SYSTEM

### NOTE A – CHANGES OF ASSUMPTIONS

2015

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

The assumed investment rate of return was decreased from 7.75% to 7.50%

The assumed inflation rate was reduced from 3.5% to 3.255%

The assumed rate of wage inflation was reduced from 1.00% to .75%

Payroll growth assumption was reduced from 4.5% to 4%

The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females)

For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 20013 (set back 1 year for females). For disabled members, the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement.

The assumed rates of Retirement, Withdrawal and Disability were updated to more accurately reflect experience.

2016

There were no changes of assumptions for the year ended June 30, 2016.

2017

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

The assumed rate of inflation was reduced to 2.30% from 3.25%

The assumed salary increases were reduced to 3.05%, average, from 4.00%, average including inflation

The assumed investment rate of return was reduced to 6.25% from 7.50%

2018

There were no changes in assumptions.

2019

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

**COUNTY EMPLOYEES RETIREMENT SYSTEM (CONTINUED)**

The projected salary increase was changed to 3.3-11.5% from 3.05%

The asset valuation method was changed to 20% of the difference between the market value assets and the expected actuarial value of assets if recognized from 5-year smoothed market.

The payroll growth rate was changed to 2.0% from 4.0%.

The investment rate of return was change to 6.25% from 7.5%.

The inflation rate was changed to 2.3% from 3.25%.

2020
There were no changes of assumptions for the year ended June 30, 2020.

## NOTE B – METHOD AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS

The actuarially determined contribution rates in the schedule of contribution are determined on a biennial basis beginning with the fiscal years ended 2016 and 2017, determined as of July 1, 2016. The amortization period of the unfunded liability has been reset as of July 1, 2013 to a closed 30-year period. The following actuarial methods and assumptions were used to determine the rates reported in that schedule:

| | |
|---|---|
| Valuation Date | June 30, 2018 |
| Experience Study | July 1, 2008 – June 30, 2013 |
| Actuarial Cost Method | Entry Age Normal |
| Amortization Method | Level percentage of payroll |
| Remaining Amortization Period | 25 years, Closed |
| Payroll Growth Rate | 2.00% |
| Asset Valuation Method | 20% of the difference between the market value of assets and the expected actuarial value of assets is recognized |
| Inflation | 2.30 percent |
| Salary Increase | 3.30-11.55 percent, varies by service |
| Investment Rate of Return | 6.25 percent |

The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set-back 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.

## NOTE C – CHANGES OF BENEFITS

There were no changes in benefits for CERS pension.

CLINTON COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE
OF THE NET OPEB LIABLITY
FOR THE YEAR ENDED JUNE 30, 2021

**TEACHERS' RETIREMENT SYSTEM**

**NOTE A – CHANGES OF ASSUMPTIONS**

2017
There were no changes in assumptions.

2018
There were no changes in assumptions.

2019
There were no changes in assumptions.

2020
Health Care Cost Trend Rates were updated for the June 30, 2019 valuation.

**NOTE B – METHOD AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS**

*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, 2020:

| | |
|---|---|
| Valuation date | June 30, 2019 |
| Actuarial cost method | Entry Age Normal |
| Amortization method | Level Percent of Payroll |
| Amortization period | 21 years, Closed |
| Asset valuation method | Five-year smoothed value |
| Inflation | 3.00% |
| Real wage growth | 0.50% |
| Wage inflation | 3.50% |
| Salary increases, including wage inflation | 3.5% - 7.20% |
| Discount rate | 8.00% |
| Health care cost trends | |
| KEHP group | 7..25% at June 30, 2020, decreasing to an ultimate rate of 5% by June 30, 2029 |
| Ages 65 and older | 5.25% at June 30, 2020, decreasing to an ultimate rate of 5% by June 30, 2022 |
| Medicare Part B premiums | 6.4% at June 30, 2020 with an ultimate rate of 5% by June 30, 2031 |
| KEHP group claims | The current KEHP premium is used as the base cost and is projected forward using only the health care trend assumption (no implicit rate subsidy is recognized). |

**NOTE C – CHANGES OF BENEFITS**

*Changes of benefit terms (June 30, 2018)* – 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.

CLINTON COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE
OF THE NET OPEB LIABLITY
FOR THE YEAR ENDED JUNE 30, 2021

**COUNTY EMPLOYEES RETIREMENT SYSTEM**

**NOTE A – CHANGES OF ASSUMPTIONS**

2017

The assumed investment return was changed from 7.5% to 6.2%

The price inflation assumption was changed from 3.25% to 2.30% which resulted in a .95% decrease in the salary increase assumption at all years of service

The payroll growth assumption (*applicable for the amortization of unfunded actuarial accrued liabilities) was changed from 4.0% to 2.0%

For the non-hazardous plan, the single discount rate changed from 6.89% to 5.84%. For the hazardous plan the single discount rate changed from 7.37% to 5.96%

2018

There were no changes in assumptions.

2019

The investment rate of return was changed to 6.25% from 7.0%.

The projected salary increases changed to 3.05-11.55% from 4.0%.

The inflation rate changed to 2.3% from 3.25%.

The payroll growth rate changed to 2.0% from 4.0%.

2020

There were no changes in assumptions.

## COUNTY EMPLOYEES RETIREMENT SYSTEM (CONTINUED)

### NOTE B – METHOD AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS

*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, 2020:

| | |
|---|---|
| Valuation Date | June 30, 2018 |
| Experience Study | July 1, 2008 – June 30, 2013 |
| Actuarial Cost Method | Entry Age Normal |
| Amortization Method | Level percentage of payroll |
| Remaining Amortization Period | 25 years, Closed |
| Payroll Growth Rate | 2.00% |
| Asset Valuation Method | 20% of the difference between the market value of assets and the expected actuarial value of assets is recognized |
| Inflation | 2.30% |
| Salary Increase | 3.30%-11.55%, varies by service |
| Investment Rate of Return | 6.25 % |
| Healthcare cost trend rates | |
| Pre - 65 | Initial trend starting at 7.0% at January 1, 2020 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years. The 2019 premiums were known at the time of valuation and were incorporated into the liability measurement. |
| Ages 65 and Older | Initial trend starting at 5.0% at January 1, 2020 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 10 years. The 2019 premiums were known at the time of valuation and were incorporated into the liability measurement. |
| Phase-In Provision | Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018. |

The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set-back 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.

### NOTE C – CHANGES OF BENEFITS

There were no changes in benefits for CERS OPEB.

# OTHER SUPPLEMENTARY INFORMATION

CLINTON COUNTY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021

| | BUILDING FUND | SEEK CAPITAL OUTLAY FUND | DEBT SERVICE FUND | DISTRICT ACTIVITY FUND | SCHOOL ACTIVITY FUND | TOTAL NON-MAJOR GOVERNMENT FUNDS |
|---|---|---|---|---|---|---|
| ASSETS: | | | | | | |
| Cash & Cash Equivalents | | | | 115,074 | 132,180 | 247,254 |
| Accounts Receivable | | | | 8,875 | | 8,875 |
| Prepaid Expenses | | | | 368 | | 368 |
| TOTAL ASSETS | 0 | 0 | 0 | 124,317 | 132,180 | 256,497 |
| LIABILITIES AND FUND BALANCES: | | | | | | |
| Liabilities: | | | | | | |
| Accounts Payable | | | | 276 | | 276 |
| Total Liabilities | 0 | 0 | 0 | 276 | 0 | 276 |
| Fund Balances: | | | | | | |
| Non-Spendable | | | | 368 | | 368 |
| Restricted for: | | | | | | |
| School Activities | | | | 123,673 | 132,180 | 255,853 |
| Total Fund Balances | 0 | 0 | 0 | 124,041 | 132,180 | 256,221 |
| TOTAL LIABILITIES AND FUND BALANCES | 0 | 0 | 0 | 124,317 | 132,180 | 256,497 |

See independent auditor's report and accompanying notes to financial statements.

CLINTON COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

| | BUILDING FUND | SEEK CAPITAL OUTLAY FUND | DEBT SERVICE FUND | DISTRICT ACTIVITY FUND | SCHOOL ACTIVITY FUND | TOTAL NON-MAJOR GOVERNMENT FUNDS |
|---|---|---|---|---|---|---|
| REVENUES: | | | | | | |
| Taxes - Property | 261,913 | | | | | 261,913 |
| Intergovernmental - State | 433,966 | 151,939 | 157,869 | | | 743,774 |
| Student Activities | | | | | 205,446 | 205,446 |
| Earnings on Investments | | | | | 999 | 999 |
| Other Sources | | | | 71,830 | 150,718 | 222,548 |
| TOTAL REVENUES | 695,879 | 151,939 | 157,869 | 71,830 | 357,163 | 1,434,680 |
| EXPENDITURES: | | | | | | |
| Instructional | | | | 136,150 | 325,606 | 461,756 |
| Other Non-Instructional | | | | | 1,552 | 1,552 |
| Debt Service: | | | | | | |
| Principal | | | 814,391 | | | 814,391 |
| Interest | | | 269,357 | | | 269,357 |
| TOTAL EXPENDITURES | 0 | 0 | 1,083,748 | 136,150 | 327,158 | 1,547,056 |
| EXCESS(DEFICIT) REVENUES OVER EXPENDITURES | 695,879 | 151,939 | (925,879) | (64,320) | 30,005 | (112,376) |
| OTHER FINANCING SOURCES(USES): | | | | | | |
| Operating Transfers In | | | 925,879 | 20,642 | | 946,521 |
| Operating Transfers Out | (695,879) | (151,939) | | | (20,642) | (868,460) |
| TOTAL OTHER FINANCING SOURCES(USES) | (695,879) | (151,939) | 925,879 | 20,642 | (20,642) | 78,061 |
| NET CHANGE IN FUND BALANCES | 0 | 0 | 0 | (43,678) | 9,363 | (34,315) |
| FUND BALANCES - BEGINNING | 0 | 0 | 0 | 167,719 | 122,817 | 290,536 |
| FUND BALANCES - ENDING | 0 | 0 | 0 | 124,041 | 132,180 | 256,221 |

See independent auditor's report and accompanying notes to financial statements.

CLINTON COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

| | FUND BALANCE JULY 1, 2020 | REVENUES | EXPENDITURES | FUND BALANCE JUNE 30, 2021 |
|---|---|---|---|---|
| Clinton County High School | 74,654 | 264,130 | 240,480 | 98,304 |
| Early Childhood Center | 3,946 | 11,960 | 15,054 | 852 |
| Clinton County Middle School | 31,697 | 50,743 | 53,168 | 29,272 |
| Albany Elementary School | 12,520 | 30,330 | 39,098 | 3,752 |
| Total Activity Funds (Due to Student Groups) | 122,817 | 357,163 | 347,800 | 132,180 |

See independent accountant's report and accompanying notes to financial statements.

CLINTON COUNTY SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE
HIGH SCHOOL ACTIVITY FUND
FOR THE YEAR ENDED JUNE 30, 2021

| | CASH BALANCE JULY 1, 2020 | RECEIPTS | DISBURSEMENTS | CASH BALANCE JUNE 30, 2021 | ACCOUNTS RECEIVABLE JUNE 30, 2021 | ACCOUNTS PAYABLE JUNE 30, 2021 | FUND BALANCE JUNE 30, 2021 |
|---|---|---|---|---|---|---|---|
| AP Classes | 296 | 908 | 1,204 | 0 | | | 0 |
| PBIS School Store | 20 | | | 20 | | | 20 |
| General | 546 | 6,009 | 6,274 | 281 | | | 281 |
| In Memory of Coach | 1,255 | | | 1,255 | | | 1,255 |
| Soft Drink Machines | 180 | | | 180 | | | 180 |
| Break Concessions | 855 | 3,926 | 4,233 | 548 | | | 548 |
| Student Parking | 0 | 240 | 240 | 0 | | | 0 |
| Media | 1,460 | 3,400 | 2,524 | 2,336 | | | 2,336 |
| English Club | 241 | | | 241 | | | 241 |
| District Sweep | 0 | 3,848 | 3,848 | 0 | | | 0 |
| Reserved Seating Bleacher | 674 | 304 | | 978 | | | 978 |
| Bulldog Parking | 11 | | | 11 | | | 11 |
| Interest Account | 194 | 689 | | 883 | | | 883 |
| Athletic Fund | 0 | 13,214 | 13,214 | 0 | | | 0 |
| Athletic Concessions | 4,520 | 12,153 | 12,059 | 4,614 | | | 4,614 |
| Football | 80 | 5,838 | 5,918 | 0 | | | 0 |
| Volleyball | 83 | 3,059 | 2,908 | 234 | | | 234 |
| Boys Soccer | 90 | | 90 | 0 | | | 0 |
| Girls Soccer | 0 | 2,141 | 2,066 | 75 | | | 75 |
| Boys Golf | 0 | 115 | 115 | 0 | | | 0 |
| Girls Golf | 0 | 190 | 190 | 0 | | | 0 |
| Cross Country | 0 | 237 | 237 | 0 | | | 0 |
| Archery | 1,180 | | 300 | 880 | | | 880 |
| Boys Basketball | 1,600 | 22,677 | 24,681 | (404) | | | (404) |
| Girls Basketball | 0 | 13,062 | 13,472 | (410) | | | (410) |
| Baseball | 563 | 12,213 | 10,335 | 2,441 | | | 2,441 |
| Softball | 4,341 | 3,529 | 4,873 | 2,997 | | | 2,997 |
| Tennis | 0 | 924 | 924 | 0 | | | 0 |
| Cheerleaders | 1,118 | 3,497 | 2,871 | 1,744 | | | 1,744 |
| FFA | 1,313 | 2,884 | 3,165 | 1,032 | | | 1,032 |
| FFA Greenhouse | 4,979 | 12,751 | 10,719 | 7,011 | | | 7,011 |
| FCCLA | 428 | 44 | | 472 | | | 472 |
| JROTC | 4,048 | 1,268 | 845 | 4,471 | | | 4,471 |
| Science Club | 260 | | | 260 | | | 260 |
| Best Buddies Club | 1 | | | 1 | | | 1 |
| Yearbook | 7,207 | 26,314 | 22,405 | 11,116 | | | 11,116 |
| Beta Club | 390 | 786 | 1,176 | 0 | | | 0 |
| Spirit Club | 250 | 21,956 | 19,712 | 2,494 | | | 2,494 |
| History Club | 893 | | | 893 | | | 893 |
| Spanish Club | 193 | | | 193 | | | 193 |
| NTHS | 56 | | | 56 | | | 56 |
| 180 Club | 148 | 100 | | 248 | | | 248 |
| Starting Cash | 0 | 750 | 750 | 0 | | | 0 |
| Senior Class | 269 | 10,143 | 7,244 | 3,168 | | | 3,168 |
| Class of 2025 | 0 | 551 | | 551 | | | 551 |
| Scholarship Fund | 2,000 | 12,000 | 4,000 | 10,000 | | | 10,000 |
| CCHS Football Booster | 9,975 | 43,000 | 43,870 | 9,105 | | | 9,105 |
| CCHS Volleyball Booster | 2,460 | 2,000 | 1,196 | 3,264 | | | 3,264 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Girls Soccer Booster | 0 | 49 | | 49 | | | 49 |
| Student Fees | 0 | 3,608 | 3,608 | 0 | | | 0 |
| Girls & Boys Golf Booster | 2,826 | 6,990 | 4,394 | 5,422 | | | 5,422 |
| Archery Booster | 7,557 | 20 | 857 | 6,720 | | | 6,720 |
| Boys Basketball Booster | 1,569 | | 1,569 | 0 | | | 0 |
| Girls Basketball Booster | 1,617 | 518 | 2,135 | 0 | | | 0 |
| Baseball Booster | 0 | 11,381 | 8,662 | 2,719 | | | 2,719 |
| Softball Booster | 6,908 | 9,353 | 6,106 | 10,155 | | | 10,155 |
| Total All Funds | 74,654 | 278,639 | 254,989 | 98,304 | 0 | 0 | 98,304 |
| Interfund Transfers | 0 | (14,509) | (14,509) | 0 | 0 | 0 | 0 |
| Total | 74,654 | 264,130 | 240,480 | 98,304 | 0 | 0 | 98,304 |

CLINTON COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

| FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE | CFDA NUMBER | PASS THROUGH NUMBER (if applicable) | MUNIS PROJECT NUMBER | EXPENDITURES | |
|---|---|---|---|---|---|
| U.S. Department of Education | | | | | |
| Passed-Through Department of Education | | | | | |
| Title I Part A- Parent Involvement | 84.010 | 3100002 | 310G | 672,372 | |
| Title I Part A- Parent Involvement | 84..010 | 3100002 | 310GD | 2,972 | |
| Title I Part A- Parent Involvement | 84.010 | 3100002 | 310FM | 13,094 | |
| Title I Part A- Parent Involvement | 84.010 | 3100002 | 310GM | 29,778 | |
| Title I Part A- Grants to Local Educational Agencies | 84.010 | 3100002 | 310F | 82,891 | |
| Title I Part A Cluster | | | | 801,107 | * |
| Title I Part D - Neglected & Delinquent | 84.013 | 3100102 | 314G | 84,510 | |
| Title I Part D - Neglected & Delinquent | 84.013 | 3100102 | 314F | 59,447 | |
| Title I Part D Total | | | | 143,957 | |
| Title II- Supporting Effective Instruction State Grants | 84.367 | 3230002 | 401G | 121,554 | |
| IDEA - Special Education - Grants to State | 84.027 | 3810002 | 337G | 293,737 | |
| IDEA - Special Education - Grants to State | 84.027 | 3810002 | 337F | 63,600 | |
| IDEA - Special Education - Preschool Grants | 84.173 | 3800002 | 343G | 21,039 | |
| IDEA - Special Education - Preschool Grants | 84.173 | 3800002 | 343F | 3,075 | |
| Special Education Cluster | | | | 381,451 | |
| 21st Century Learning Center | 84.287 | 3400002 | 550FH | 59,864 | |
| 21st Century Learning Center | 84.287 | 3400002 | 550EH | 58,522 | |
| 21st Century Learning Center Total | | | | 118,386 | |
| Migrant Education - State Grant Program | 84.011 | 3110002 | 311G | 87,079 | |
| Migrant Education - State Grant Program | 84.011 | 3110002 | 311F | 15,720 | |
| Migrant Education Total | | | | 102,799 | |
| Title V - Rural and Low Income Schools | 84.358 | 3140002 | 350G | 24,629 | |
| Striving Readers Comprehensive Literacy Program | 84.371C | 466F | 466F | 51,646 | |
| COVID-19 - Elementary and Secondary School Emergency Relief Fund | 84.425D | CARES-20 | 613F | 476,621 | |
| COVID-19 - Elementary and Secondary School Emergency Relief Fund | 84.425D | CARES-20 | 554GD | 2,404,094 | |
| COVID-19 - Elementary and Secondary School Emergency Relief Fund | 84.425D | CARES-20 | 554G | 116,861 | |
| COVID-19 - Governor's Emergency Education Relief Fund | 84.425C | GEER-20 | 633F | 36,430 | |
| COVID-19-Education Stabalization Total | | | | 3,034,006 | * |
| Adult Education - Basic Grants To States | 84.002 | 373F | 373G | 37,341 | |
| Adult Education - Basic Grants To States | 84.002 | 373E | 365G | 14,083 | |
| Adult Education - Basic Grants To States Total | | | | 51,424 | |
| Perkins Voc. | 84.048 | 3710002 | 348FA | 837 | |
| Perkins Voc. | 84.048 | 3710002 | 348F | 385 | |
| Perkins Voc. | 84.048 | 3710002 | 348G | 10,711 | |
| Perkins Voc. | | | | 11,933 | |
| Title IV, Part A-Student Support and Academic Enrichment | 84.424 | 342002 | 552G | 49,623 | |
| Title IV, Part A-Student Support and Academic Enrichment | 84.424 | 342002 | 552F | 11,792 | |
| Title IV Total | | | | 61,415 | |

| | | | | |
|---|---|---|---|---|
| Passed Through Berea College | | | | |
| Gaining Early Awareness and Readiness for Undergraduate Programs | 84.334A | 379EA | 379GA | 61,925 |
| Gaining Early Awareness and Readiness for Undergraduate Programs | 84.334A | 379EG | 379GG | 29,632 |
| Gaining Early Awareness and Readiness for Undergraduate Programs | 84.334A | 379FA | 379FA | 4,896 |
| Gaining Early Awareness and Readiness for Undergraduate Programs | 84.334A | 379FG | 379FG | 20,611 |
| Gaining Early Awareness and Readiness for Undergraduate Programs Total | | | | 117,064 |
| Total U.S. Department of Education | | | | 5,021,371 |
| U S Department of the Treasury | | | | |
| Passed-Through Kentucky Department of Education | | | | |
| COVID-19 - Coronavirus Relief Program | 21.019 | CARES-20 | 17GG | 448,114 |
| COVID-19 - Last Mile Internet | 21.019 | CARES-20 | 663G | 25,964 |
| | | | | 474,078 |
| U.S. Department of Health and Human Services | | | | |
| Child Care and Development Block Grant | 93.575 | Direct | 658FC | 15,296 |
| Child Care and Development Block Grant | 93.575 | Direct | 658FP | 3,000 |
| COVID-19 - CRRSA Child Care Aid | 93.575 | Direct | 672G | 47,520 |
| Child Care and Development Block Grant | | | | 65,816 |
| U.S. Department of Defense | | | | |
| ROTC | 12.404 | Direct | 504G | 60,764 |
| U.S. Department of Agriculture | | | | |
| Passed-Through State Department of Education | | | | |
| National School Lunchroom | 10.555 | 7750002-21 | 7750002-21 | 430 |
| National School Lunchroom | 10.555 | 7750002-20 | 7750002-20 | 32,629 |
| Child Nutrition Discretionary Grants Limited Availability | 10-579 | 7884027-18 | 784027-18 | 25,000 |
| School Breakfast Program | 10.553 | 7760005-20 | 7760005-20 | 19,755 |
| Summer Food Service Program | 10.559 | 7690024-21 | 7690024-21 | 64,077 |
| Summer Food Service Program | 10.559 | 7690024-20 | 7690024-20 | 13,271 |
| Summer Food Service Program | 10.559 | 7740023-21 | 7740023-21 | 624,840 |
| Summer Food Service Program | 10.559 | 7740023-20 | 7740023-20 | 129,314 |
| Child Nutrition Cluster | | | | 909,316 |
| Fresh Fruits and Vegetables Program | 10.582 | 7720012-21 | 7720012-21 | 22,728 |
| Fresh Fruits and Vegetables Program | 10.582 | 7720012-20 | 7720012-20 | 6,136 |
| Fresh Fruits and Vegetables Total | | | | 28,864 |
| Child & Adult Care Food Program | 10.558 | 7790021-21 | 7790021-21 | 11,023 |
| Child & Adult Care Food Program | 10.558 | 7790021-20 | 7790021-20 | 3,893 |
| Child & Adult Care Food Program | 10.558 | 7800016-21 | 7800016-21 | 715 |
| Child & Adult Care Food Program | 10.558 | 7800016-20 | 7800016-20 | 238 |
| Child & Adult Care Food Program Total | | | | 15,869 |
| State Administrative Expense Funds | 10.560 | 7700001-19 | 7700001-19 | 3,182 |
| Pass-Through State Department of Agriculture | | | | |
| Food Distribution | 10.565 | 057502-10 | 057502-10 | 57,913 |
| Total U.S. Department of Agriculture | | | | 1,015,144 |
| Total Federal Financial Assistance | | | | 6,637,173 |

* Tested as major program

**NOTE A – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Clinton County School District under programs of the federal government for the year ended June 30, 2021. 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 Clinton County School District, it is not intended to and does not present the financial position, changes in net asset, or cash flows of Clinton County 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. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are present where available.

**NOTE C – FOOD DISTRIBUTION**

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

**NOTE D – DE MINIMIS COST RATE**

The District did not elect to use the 10 percent de minimis cost rate as allowed under the Uniform Guidance.

**NOTE E – SUBRECIPIENTS**

There were no subrecipients during the fiscal year.

CLINTON COUNTY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

**Section I – Summary of Auditor's Results**

**Financial Statements**

Type of audit issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _______ Yes __X__ No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? _______ Yes __X__ None Reported

Noncompliance material to financial statements noted? _______ Yes __X__ No

**Federal Awards**

Internal control over major programs?

- Material weakness(es) identified? _______ Yes __X__ No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? _______ Yes __X__ 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 section 200.516(a)? _______ Yes __X__ No

Identification of major programs:

| CFDA Number | Name of Federal Program or Cluster |
|---|---|
| 84.010 | Title I – Part A |
| 84.425C/84.425D | Covid-19 Education Stabilization Fund |

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

Auditee qualified as low-risk auditee? __X__ Yes ____ No

**Section II – Financial Statement of Findings**

No matters were reported.

**Section III – Federal Award Findings and Questioned Costs**

No matters were reported.

# SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

JUNE 30, 2021

There were no prior year audit findings.

**WHITE AND COMPANY, P.S.C.**
**Certified Public Accountants**
**219 South Proctor Knott Avenue**
**Lebanon, Kentucky 40033**
**(270) 692-2102**
**Fax (270) 692-2101**

Charles M. White, CPA
Joseph A. Montgomery, CPA
Stephanie A. Abell, CPA

Email: charles.white@whitecpas.com

January 15, 2022

**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***

Members of the Board of Education
Clinton County School District
Albany, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and *Appendix I to the Independent Auditor's Contract – Audit Extension Request, Appendix II to the Independent Auditor's Contract – Instructions for Submission of the Audit Contract*, *Audit Acceptance Statement, AFR and Balance Sheet*, *Statement of Certification, and Audit Report*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Clinton County School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Clinton County School District's basic financial statements, and have issued our report thereon dated January 15, 2022.

**Internal Control over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

We noted certain matters that we reported to management of Clinton County School District in a separate letter dated January 15, 2022.

**Purpose of this Report**

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

Sincerely,

*White and Company, P.S.C.*

Certified Public Accountants

**WHITE AND COMPANY, P.S.C.**
**Certified Public Accountants**
**219 South Proctor Knott Avenue**
**Lebanon, Kentucky 40033**
**(270) 692-2102**
**Fax (270) 692-2101**

Charles M. White, CPA
Joseph A. Montgomery, CPA
Stephanie A. Abell, CPA

Email: charles.white@whitecpas.com

January 15, 2022

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

Members of the Board of Education
Clinton County School District
Albany, Kentucky

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

We have audited Clinton County School District's compliance with the types of compliance requirements described in the *OMB Compliance_Supplement* that could have a direct and material effect on each of Clinton County School District's major federal programs for the year ended June 30, 2021. Clinton County School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Clinton County School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and *Appendix I to the Independent Auditor's Contract – Audit Extension Request, Appendix II to the Independent Auditor's Contract – Instructions for Submission of the Audit Contract, Audit Acceptance Statement, AFR and Balance Sheet, Statement of Certification, and Audit Report.* 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 Clinton County School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

In our opinion, Clinton County School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

**Report on Internal Control Over Compliance**

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

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

Sincerely,

*White and Company, P.S.C.*

Certified Public Accountants

**WHITE AND COMPANY, P.S.C.**
**Certified Public Accountants**
**219 South Proctor Knott Avenue**
**Lebanon, Kentucky 40033**
**(270) 692-2102**
**Fax (270) 692-2101**

Charles M. White, CPA
Joseph A. Montgomery, CPA
Stephanie A. Abell, CPA

Email charles.white@whitecpas.com

January 15, 2022

**MANAGEMENT LETTER**

Members of the Board of Education
Clinton County School District
Albany, Kentucky

In planning and performing our audit of the financial statements of Clinton County School District for the year ended June 30, 2021, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements. Our professional standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We feel that the District's financial statements are free of material misstatement. However, we offer the following suggestions that we feel will strengthen your organization's internal control structure.

**Prior Year Recommendation - District:**

2018-1 Prior Year Recommendation:
During 2018 testing, auditors noted that two credit card bills were missing the supporting invoice or documentation for charges incurred. The disbursements with missing documentation totaled $1,491.95. Further, a charge for a conference and membership fees for KASA were not properly approved prior to the credit card expenditure being charged. We recommend that all credit card expenditures be properly approved prior to the credit card being charged and that all credit card charges be supported by appropriate supporting documentation, typically the associated invoice.

During 2019 testing, one instance of an invoice missing and two instances of purchases being made prior to a purchase order being issued occurred. Again, we recommend that a purchase order be issued prior to all credit card transactions occurring. This is in line with all other non-credit card transaction.

Current Year Status and Recommendation:
No instances were found during the current year.

2019-1 Prior Year Recommendation
During 2019 testing, it was noted that the pay code of an individual hired during 2020 was coded and paid from the incorrect program. We recommend that when an employee is hired, all pay codes be reviewed for accuracy.

Current Year Status and Recommendation:
No instances were found during the current year.

**<u>Prior Year Recommendations - School Activity Funds:</u>**

<u>2018-5 Prior Year Recommendation:</u>
During 2018 testing, multiple instances were found at Clinton County High School where purchase orders were missing, not properly approved, or approved after a charge was incurred. We recommend that purchase orders be obtained prior to charges being incurred, that the form is completed in its entirety including proper approval signatures, and that the purchase order documentation is maintained in accordance with Redbook policies and procedures.

During 2019 testing, two instances were found at Clinton County High School of a charge occurring prior to the issuance of a purchase order. We recommend that all purchase orders be issued prior to any purchase being made.

During 2020 testing, four instances were found at Clinton County High School of a charge occurring prior to the issuance of a purchase order. We recommend that all purchase orders be issued prior to any purchase being made.

<u>Current Year Status and Recommendation:</u>
During current year testing, five instances were found at Clinton County High School and one instance at Albany Elementary School of a charge occurring prior to the issuance of a purchase order. Again, we recommend that all purchase orders be issued prior to any purchase being made.

<u>Management Response:</u>
We will take measures to ensure that purchase orders are completed and approved prior to charges being incurred.

<u>2020-1 Prior Year Recommendation:</u>
During current year testing, one instance was noted at Clinton County High School of a Multiple Receipt Form that student names and amounts were signed by the sponsor when remitting monies. It is required that all students $6^{th}$ grade and above sign their own names when remitting monies. We recommend that all sponsors and teachers be reminded of this Redbook requirement.

<u>Current Year Status and Recommendation:</u>
During current year testing, three instances was noted at Clinton County High School of a Multiple Receipt Form that student names and amounts were signed by the sponsor when remitting funds. It is required that all students $6^{th}$ grade and above sign their own names when remitting monies. We recommend that all sponsors and teachers be reminded of this Redbook requirement.

<u>Management Response:</u>
We will emphasize to all teachers and sponsors that a multiple receipt form is to be signed by students $6^{th}$ grade and higher at the time funds are remitted by the student.

<u>2020-2 Prior Year Recommendation</u>
During current year testing, five instances were noted at Clinton County High School of a fundraiser that was finalized without the completion of a Fundraiser Summary Form. This is a required Redbook form for all fundraiser that are performed. We recommend that this form be issued to all staff and sponsors, with a brief explanation of what it is and when it should be used.

<u>Current Year Status and Recommendation:</u>
No instances were found during the current year.

2020-3 Prior Year Recommendation

During current year testing, three instances were noted at Clinton County High School of a Multiple Receipt Form that was completed without a detailed accounting of individuals remitting funds. Per Redbook requirements, a teacher/sponsor can record the remittance of monies in two ways. The first, is the use of a Multiple Receipt Form that details the name and amount remitted by each individual. The second, is the issuance of a prenumbered receipt to each individual, retaining a copy for the school's records. Neither were done in these three instances. We recommend that all sponsors and teachers be reminded of this Redbook requirement.

Current Year Status and Recommendation:

During current year testing, five instances were noted at Clinton County High School of a Multiple Receipt Form that were completed without a detailed accounting of individuals remitting funds. It is required that all students 6$^{th}$ grade and above sign their own names when remitting monies. We recommend that all sponsors and teachers be reminded of this Redbook requirement.

Management Response:

We will emphasize to all teachers and sponsors that a multiple receipt form is to be signed by students 6$^{th}$ grade and higher at the time funds are remitted by the student.

**Current Year Recommendations - School Activity Funds:**

2021-1 Current Year Recommendation:

During current year testing, three instances were noted at Clinton County High School where the approval signature portion of the purchase order had been removed and thus there is no proof that the purchase order had been approved prior to the obligation of funds. We recommend that all purchase orders have the proper approval prior to obligation of funds and that the purchase order be properly maintained with the approval signature intact.

Management Response:

We will emphasize that purchase orders must be properly approved prior to the obligation of funds and that all documentation is to be maintained intact.

2021-2 Current Year Recommendation:

During current year testing, one instance was noted at Clinton County High School where the check number of the actual check did not agree with the check number recorded in the general ledger We recommend that staff maintain diligence when preparing and entering transactions into the general ledger to ensure the information in the accounting records match the documentation.

Management Response:

We will emphasize that the information in the accounting records must match the documentation supporting all transactions entered into by the schools.

2021-3 Current Year Recommendation:

During current year testing, it was noted at Clinton County High School that the total receipts and disbursements as recorded in the accounting records did not match the totals per the bank statements. Upon further investigation it was noted that there were electronic disbursements that were being recorded as negative revenue rather than as a disbursement. Generally accepted accounting principles require that disbursements be recorded as disbursements and not as an offset to receipts. We recommend that all transactions be recorded in accordance with generally accepted accounting principles.

Management Response:

We will emphasize that all accounting personnel record all transactions in accordance with generally accepted accounting principles.

We would like to offer our assistance throughout the year if and when new or unusual situations arise. Our awareness of new developments when they occur would help to ensure that the District is complying with requirements such as those mentioned above.

Sincerely,

*White and Company, P.S.C.*

Certified Public Accountants

**WHITE AND COMPANY, P.S.C.**
**Certified Public Accountants**
**219 South Proctor Knott Avenue**
**Lebanon, Kentucky 40033**
**(270) 692-2102**
**Fax (270) 692-2101**

Charles M. White, CPA
Joseph A. Montgomery, CPA
Stephanie A. Abell, CPA

Email: charles.white@whitecpas.com

January 15, 2022

Members of the Board of Education
Clinton County School District
Albany, Kentucky

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Clinton County School District for the year ended June 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 23, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Auditing Findings:

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting polices used by Clinton County School District are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2021. We noted no transactions entered into by Clinton County School District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

> Management's estimate of the sick leave liability is based on current pay rates and those currently eligible for retirement. We evaluated the key factors and assumptions used to develop the sick leave liability in determining that it is reasonable in relation to the financial statements taken as a whole.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management had corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

*Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated January 15, 2022.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Clinton County School District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were not such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Clinton County School District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis and budgetary comparison information, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were not engaged to report on the budgetary comparison information on pages 53 and 54, or on the schedules of the district's proportionate share of net pension liabilities and other post-employment benefit plans on pages 55-56 and 59-61, or on the schedules of contributions to the County Employees Retirement System and Teachers Retirement System pension plans or the County Employees Retirement System and Teachers Retirement System other post-employment benefit plans on pages 57-58 and 62-64, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the use of Members of the Board of Education and management of Clinton County School District and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

*White and Company, P.S.C.*

Certified Public Accountants

# APPENDIX C

## Clinton County School District Finance Corporation
## School Building Revenue Bonds
## Series of 2022

---

## Official Terms and Conditions of Bond Sale

## OFFICIAL TERMS AND CONDITIONS OF BOND SALE

**$750,000***
**Clinton County School District Finance Corporation**
**School Building Revenue Bonds, Series of 2022**
**Dated February 23, 2022**

**SALE: February 2, 2022 AT 1:00 P.M., E.S.T.**

As published on PARITY®, a nationally recognized electronic bidding system, the Clinton County School District Finance Corporation ("Corporation") will until February 2, 2022, at the hour of 1:00 P.M., E.S.T., in the office of the Executive Director of the Kentucky School Facilities Construction Commission, 700 Louisville Rd, Carriage House, Frankfort, KY 40601, receive competitive bids for the revenue bonds herein described. To be considered, bids must be submitted on an Official Bid Form and must be delivered to the Corporation at the address indicated on the date of sale no later than the hour indicated. Bids may be submitted manually or by facsimile or electronically via PARITY. Bids will be considered by the Corporation and may be accepted without further action by the Corporation's Board of Directors.

Subject to a Permitted Adjustment* increasing or decreasing the issue by up to $75,000.

### CLINTON COUNTY SCHOOL DISTRICT FINANCE CORPORATION

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

### STATUTORY AUTHORITY, PURPOSE OF ISSUE AND SECURITY

These Bonds are authorized pursuant to KRS 162.120 through 162.300, 162.385, and KRS 58.180 and are issued in accordance with a Resolution of the Corporation's Board of Directors. Said Bonds are revenue bonds and constitute a limited indebtedness of the Corporation payable from rental revenues derived by the Corporation from the Board under the Lease identified below. Said Bonds are being issued to finance roof, gutter, downspout and bleacher replacement at Clinton County High School (the "Project") and are secured by a lien upon and a pledge of the revenues from the rental of the school building property to the Board under the Lease on a year to year basis; the first rental period ending June 30, 2022; provided, however, said lien and pledge are on parity with a similar lien and pledge securing the Corporation's School Building Revenue Bonds previously issued to finance the school building(s) which constitute the Project (the "Parity Bonds").

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

The rental of the school building Project property from the Corporation to the Board is to be effected under a certain Lease Agreement by and between the Corporation and the Board (the "Lease"), whereunder the school building Project property is leased to the Board for the initial period ending June 30, 2022, with an option in the Board to renew the Lease each year at rentals sufficient to provide for the principal and interest requirements on the Bonds as they become due, plus the costs of insurance, maintenance, depreciation, and bond issuance and administration expenses; the Board being legally obligated only for the initial rental period and for one year at a time thereafter each time the Lease is renewed.

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

Although the Board is obligated to pay the Corporation annual rentals in the full amount of the principal and interest requirements for the Bonds for each year in which the Lease is renewed, the Board has entered into the Lease in reliance upon a certain Participation Agreement by and between the Board and the Kentucky School Facilities Construction Commission (the "Commission"). Under the terms of the Participation Agreement, the Commission has agreed to pay annually directly to the Paying Agent for the Bonds a stated Agreed Participation equal to approximately 100% of the annual debt service requirements for the Bonds herein identified until their retirement, subject to the constitutional restrictions limiting the commitment to the biennium; said annual amount is to be applied only to the principal and interest requirements of the Bonds so long as the Board renews the Lease. Under the Lease, the Board has pledged and assigned all of its rights under the Participation Agreement in and to the Agreed Participation to the Corporation in order to secure the Bonds and has agreed to pay that portion of the rentals in excess of said Agreed Participation for each year in which the Lease is renewed.

## KENTUCKY SCHOOL FACILITIES CONSTRUCTION COMMISSION

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

Pursuant to the provisions of the Act, the Regulations of the Kentucky Board of Education and the Commission, the Commission has determined that the Board is eligible for participation from the Commission in meeting the costs of construction of the Projects and has entered into a Participation Agreement with the Board whereunder the Commission agrees to pay an annual Agreed Participation equal to approximately 100% of the annual debt service requirements for the Bonds herein identified each year until their retirement; provided, however, that the contractual commitment of the Commission to pay the annual Agreed Participation is limited to the biennial budget period of the Commonwealth, with the first such biennial period terminating on June 30, 2022; the right is reserved in the Commission to terminate its commitment to pay the Agreed Participation after the initial biennial period and every two years thereafter. The obligation of the Commission to make payments of the Agreed Participation shall be automatically renewed each two years for a period of two years unless the Commission shall give notice of its intention not to participate not less than sixty days prior to the end of the biennium; however, by the execution of the Participation Agreement, the Commission has expressed its present intention to continue to pay the Agreed Participation in each successive biennial budget period until the retirement of all of the Bonds, but such execution does not obligate the Commission to do so.

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

## ADDITIONAL PARITY BONDS

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

**BOND MATURITIES, PRIOR REDEMPTION PROVISIONS AND PAYING AGENT**

All such Bonds shall be in denominations in multiples of $5,000 within the same maturity, bear interest from February 23, 2022, payable on August 1, 2022, and semi annually thereafter and shall mature as to principal on February 1 in each of the years as follows:

| Year | Amount* | Year | Amount* |
|---|---|---|---|
| 2023 | $30,000 | 2033 | $35,000 |
| 2024 | 30,000 | 2034 | 40,000 |
| 2025 | 35,000 | 2035 | 40,000 |
| 2026 | 35,000 | 2036 | 40,000 |
| 2027 | 35,000 | 2037 | 40,000 |
| 2028 | 35,000 | 2038 | 40,000 |
| 2029 | 35,000 | 2039 | 40,000 |
| 2030 | 35,000 | 2040 | 45,000 |
| 2031 | 35,000 | 2041 | 45,000 |
| 2032 | 35,000 | 2042 | 45,000 |

*Subject to a Permitted Adjustment of the amount of Bonds awarded of up to $75,000 which may be applied in any or all maturities.

The Bonds maturing on or after February 1, 2031 are subject to redemption at the option of the Corporation prior to their stated maturity on any date falling on or after February 1, 2030, in any order of maturities (less than all of a single maturity to be selected by lot), in whole or in part, upon notice of such prior redemption being given by the Paying Agent in accordance with DTC requirements not less than thirty (30) days prior to the date of redemption, upon terms of the face amount, plus accrued interest, but without redemption premium.

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

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

**BIDDING CONDITIONS AND RESTRICTIONS**

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

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

(C) The minimum bid shall be not less than $735,000 (98% of par) plus accrued interest. Interest rates shall be in multiples of 1/8 or 1/20 of 1% or both. Only one interest rate shall be permitted per Bond, and all Bonds of the same maturity shall bear the same rate. Interest rates must be on an ascending scale, in that the interest rate stipulated in any year may not be less than that stipulated for any preceding maturity. There is no limit on the number of different interest rates.

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

(E) The determination of the best purchase bid for said Refunding Bonds shall be made on the basis of all bids submitted for exactly $750,000 principal amount of Refunding Bonds offered for sale under the terms and conditions herein specified, but the Corporation may adjust the principal amount of Bonds upward or downward by $75,000 (the "Permitted Adjustment") which may be awarded to such best bidder may be a minimum of $825,000 or a maximum of $675,000. In the event of such Permitted Adjustment, no rebidding or recalculation of a submitted bid will be required or permitted and the Underwriter's Discount on the Bonds as submitted by the successful bidder shall be held constant. The Underwriter's Discount shall be defined as the difference between the purchase price of the Bonds submitted by the bidder and the price at which the Bonds will be issued to the public, calculated from information provided by the bidder, divided by the par amount of the Bonds bid. The price of which such adjusted principal amount of Bonds will be sold will be the same price per $5,000 of Bonds as the price per $5,000 for the $750,000 of Bonds bid.

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

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

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

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

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

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

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

(d) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is February 2, 2022.

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

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

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

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

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

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

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

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

## STATE SUPPORT OF EDUCATION

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

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

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

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

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

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

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

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

KRS 160.460 provides that as of July 1, 1994 all real property located in the Commonwealth subject to local taxation shall be assessed at $57,158 to be applied to fair cash value.

## BIENNIAL BUDGET FOR PERIOD ENDING JUNE 30, 2022

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

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

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

## POTENTIAL LEGISLATION

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

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

## CONTINUING DISCLOSURE

As a result of the 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, Clinton County Board of Education, 1273 KY Highway 90 West, Albany, Kentucky 42602 (606-387-6480).

## TAX EXEMPTION; BANK QUALIFIED

Bond Counsel is of the opinion that the Bonds are "qualified tax-exempt obligations" within the meaning of the Internal Revenue Code of 1986, as amended, and therefore advises as follows:

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

(B) The interest income from the Bonds is excludable from the gross income of the recipient thereof for Federal income tax purposes under existing law and interest on the Bonds will not be a specific item of tax preference for purposes of 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, 2022, the 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 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.

**CLINTON COUNTY SCHOOL**
**DISTRICT FINANCE CORPORATION**

**by/s/Dr. Paula Little**
**Secretary**

# APPENDIX D

**Clinton County School District Finance Corporation**
**School Building Revenue Bonds**
**Series of 2022**

---

**Official Bid Form**

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

The Clinton County School District Finance Corporation ("Corporation" or "Issuer"), will until 1:00 P.M., E.S.T., on February 2, 2022, receive in the office of the Executive Director of the Kentucky School Facilities Construction Commission, 700 Louisville Rd, Carriage House, Frankfort, KY 40601, (telephone 502-564-5582; fax 888-979-6152) competitive bids for its $750,000 School Building Revenue Bonds, Series of 2022, dated February 23, 2022; maturing February 1, 2023 through 2042 ("Bonds").

We hereby bid for said $750,000* principal amount of Bonds, the total sum of $_______________ (not less than $735,000) plus accrued interest from February 1, 2022 payable August 1, 2022 and semiannually thereafter at the following annual rates, (rates on ascending scale in multiples of 1/8 or 1/20 of 1%; number of interest rates unlimited) and maturing as to principal on February 1 in the years as follows:

| Year | Amount* | Rate | Year | Amount* | Rate |
|---|---|---|---|---|---|
| 2023 | $ 30,000 | ________% | 2033 | $ 35,000 | ________% |
| 2024 | 30,000 | ________% | 2034 | 40,000 | ________% |
| 2025 | 35,000 | ________% | 2035 | 40,000 | ________% |
| 2026 | 35,000 | ________% | 2036 | 40,000 | ________% |
| 2027 | 35,000 | ________% | 2037 | 40,000 | ________% |
| 2028 | 35,000 | ________% | 2038 | 40,000 | ________% |
| 2029 | 35,000 | ________% | 2039 | 40,000 | ________% |
| 2030 | 35,000 | ________% | 2040 | 45,000 | ________% |
| 2031 | 35,000 | ________% | 2041 | 45,000 | ________% |
| 2032 | 35,000 | ________% | 2042 | 45,000 | ________% |

* Subject to Permitted Adjustment

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 at the time of acceptance of the best bid.

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

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

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

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

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

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

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

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

(d) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is February 2, 2022.

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

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

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

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

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

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

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

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

If we are the successful bidder, we agree to accept and make payment for the Bonds in Federal Funds on or about February 23, 2022 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 February 23, 2022 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 Clinton County School District Finance Corporation for $____________ amount of Bonds at a price of $____________ as follows:

| Year | Amount | Rate | Year | Amount | Rate |
|---|---|---|---|---|---|
| 2023 | ____,000 | ____% | 2033 | ____,000 | ____% |
| 2024 | ____,000 | ____% | 2034 | ____,000 | ____% |
| 2025 | ____,000 | ____% | 2035 | ____,000 | ____% |
| 2026 | ____,000 | ____% | 2036 | ____,000 | ____% |
| 2027 | ____,000 | ____% | 2037 | ____,000 | ____% |
| 2028 | ____,000 | ____% | 2038 | ____,000 | ____% |
| 2029 | ____,000 | ____% | 2039 | ____,000 | ____% |
| 2030 | ____,000 | ____% | 2040 | ____,000 | ____% |
| 2031 | ____,000 | ____% | 2041 | ____,000 | ____% |
| 2032 | ____,000 | ____% | 2042 | ____,000 | ____% |

Dated: February 2, 2022

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