

DATED JANUARY 14, 2022

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

RATING
Moody's: " "

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

\$1,300,000*
TRIMBLE COUNTY SCHOOL DISTRICT FINANCE CORPORATION
SCHOOL BUILDING REVENUE BONDS,
SERIES OF 2022

Dated with Delivery: February 15, 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		Interest	Reoffering	Maturing		Interest	Reoffering
1-Feb	Amount	Rate	Yield	1-Feb	Amount	Rate	Yield
2023	\$55,000	%	%	2033	\$65,000	%	%
2024	\$55,000	%	%	2034	\$65,000	%	%
2025	\$55,000	%	%	2035	\$65,000	%	%
2026	\$55,000	%	%	2036	\$70,000	%	%
2027	\$55,000	%	%	2037	\$70,000	%	%
2028	\$60,000	%	%	2038	\$75,000	%	%
2029	\$60,000	%	%	2039	\$75,000	%	%
2030	\$60,000	%	%	2040	\$75,000	%	%
2031	\$60,000	%	%	2041	\$80,000	%	%
2032	\$60,000	%	%	2042	\$85,000	%	%

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 Trimble 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 Trimble County Board of Education.

The Trimble County (Kentucky) School District Finance Corporation will until January 25, 2022, at 12:00 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 \$130,000.**

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

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

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

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



**TRIMBLE COUNTY, KENTUCKY
BOARD OF EDUCATION**

Allie Wright, Chairperson
Jennifer Aponte, Vice-Chair
Amanda Edmondson, Member
McKenzie Harper, Member
Suzy Turner, Member

Jessica Wilcoxson, Superintendent/Secretary

**TRIMBLE COUNTY SCHOOL DISTRICT
FINANCE CORPORATION**

Allie Wright, President
Jennifer Aponte, Vice-President
Amanda Edmondson, Member
McKenzie Harper, Member
Suzy Turner, Member

Jessica Wilcoxson, Secretary
Phillip Harmon, 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 Trimble 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.

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**OFFICIAL STATEMENT
Relating to the Issuance of**

\$1,300,000*

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

The Bonds are being issued to finance renovations to Trimble County Junior/Senior High School Gymnasium (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 Trimble 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 Trimble 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 15, 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:

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

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
2010-REF	\$4,445,000	\$515,000	\$3,658,634	\$786,366	3.000%	2022
2012	\$1,250,000	\$755,000	\$0	\$1,250,000	2.000% - 3.125%	2032
2015	\$1,425,000	\$1,060,000	\$0	\$1,425,000	2.500% - 3.500%	2035
2016-REF	\$5,040,000	\$3,955,000	\$3,054,224	\$1,985,776	2.000%	2027
TOTALS:	\$12,160,000	\$6,285,000	\$6,712,858	\$5,447,142		

AUTHORITY

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

- i) the issuance of approximately \$1,300,000 of Bonds subject to a permitted adjustment of \$130,000;
- 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 15, 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 Project financed from the Bond proceeds from the Corporation to the Board. The Bonds are secured by a pledge of revenue on and from the Project; provided, however, said lien and pledge are on parity with the liens and pledges securing the Corporation's outstanding School Building Revenue Bonds issued to improve the building in which the Project is located.

The Lease; Pledge of Rental Revenues

The Board has leased the school Project securing the Bonds for an initial period from February 15, 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. The plan for financing the Project will require the Commission to pay one hundred percent (100%) of the debt service of the Bonds.

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

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 renovations to Trimble County Junior/Senior High School Gymnasium (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	Series 2022 School Building Rev Bonds (100% SFCC)			Total Local Bond Payments
		Principal Portion	Interest Portion	Total Payment	
2022	\$557,832				\$557,832
2023	\$491,879	\$55,000	\$30,011	\$85,011	\$491,879
2024	\$489,079	\$55,000	\$30,675	\$85,675	\$489,079
2025	\$491,028	\$55,000	\$30,125	\$85,125	\$491,028
2026	\$492,678	\$55,000	\$29,300	\$84,300	\$492,678
2027	\$494,029	\$55,000	\$28,475	\$83,475	\$494,029
2028	\$487,936	\$60,000	\$27,513	\$87,513	\$487,936
2029		\$60,000	\$26,463	\$86,463	\$0
2030		\$60,000	\$25,263	\$85,263	\$0
2031		\$60,000	\$24,063	\$84,063	\$0
2032		\$60,000	\$22,713	\$82,713	\$0
2033		\$65,000	\$21,363	\$86,363	\$0
2034		\$65,000	\$19,738	\$84,738	\$0
2035		\$65,000	\$18,113	\$83,113	\$0
2036		\$70,000	\$16,325	\$86,325	\$0
2037		\$70,000	\$14,400	\$84,400	\$0
2038		\$75,000	\$12,300	\$87,300	\$0
2039		\$75,000	\$10,050	\$85,050	\$0
2040		\$75,000	\$7,800	\$82,800	\$0
2041		\$80,000	\$5,363	\$85,363	\$0
2042		\$85,000	\$2,763	\$87,763	\$0
TOTALS:	\$3,504,461	\$1,300,000	\$402,811	\$1,702,811	\$3,504,461

Note: Numbers rounded to the nearest \$1.00.

ESTIMATED USE OF BOND PROCEEDS

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

Sources:	
Par Amount of Bonds	\$1,300,000.00
Total Sources	\$1,300,000.00
Uses:	
Deposit to Construction Fund	\$1,249,150.00
Underwriter's Discount (2%)	26,000.00
Cost of Issuance	24,850.00
Total Uses	\$1,300,000.00

DISTRICT STUDENT POPULATION

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

<u>Year</u>	<u>Average Daily Attendance</u>	<u>Year</u>	<u>Average Daily Attendance</u>
2000-01	1,374.1	2010-11	1,346.5
2001-02	1,387.9	2011-12	1,314.7
2002-03	1,376.6	2012-13	1,292.2
2003-04	1,388.7	2013-14	1,265.8
2004-05	1,429.8	2014-15	1,257.2
2005-06	1,433.6	2015-16	1,225.2
2006-07	1,467.2	2016-17	1,165.3
2007-08	1,459.9	2017-18	1,127.9
2008-09	1,426.4	2018-19	1,104.2
2009-10	1,355.7	2019-20	1,040.0
		2020-21	1,040.0

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 Trimble County School District for certain preceding school years.

<u>Year</u>	<u>Capital Outlay Allotment</u>	<u>Year</u>	<u>Capital Outlay Allotment</u>
2000-01	137,410.0	2010-11	134,647.0
2001-02	138,790.0	2011-12	131,465.0
2002-03	137,660.0	2012-13	129,217.0
2003-04	138,870.0	2013-14	126,576.0
2004-05	142,980.0	2014-15	125,721.0
2005-06	143,360.0	2015-16	122,523.0
2006-07	146,720.0	2016-17	116,530.0
2007-08	145,990.0	2017-18	112,790.0
2008-09	142,636.0	2018-19	110,420.0
2009-10	135,573.0	2019-20	104,000.0
		2020-21	103,995.8

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

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

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

LOCAL SUPPORT

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

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

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

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

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

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

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

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

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

Local Tax Rates, Property Assessments and Revenue Collections

Tax Year	Combined Equivalent Rate	Total Property Assessment	Property Revenue Collections
2000-01	56.5	341,633,667	1,930,230
2001-02	56.1	359,887,898	2,018,971
2002-03	56.5	374,727,227	2,117,209
2003-04	56.5	396,213,214	2,238,605
2004-05	59.1	405,408,936	2,395,967
2005-06	59.6	428,128,693	2,551,647
2006-07	61.1	447,680,361	2,735,327
2007-08	59.6	458,086,960	2,730,198
2008-09	58.7	483,763,537	2,839,692
2009-10	58.7	479,282,329	2,813,387
2010-11	64.5	498,965,799	3,218,329
2011-12	81.3	559,986,309	4,552,689
2012-13	63.1	552,597,999	3,486,893
2013-14	79.4	568,633,957	4,514,954
2014-15	68.4	566,228,209	3,873,001
2015-16	74.3	581,339,009	4,319,349
2016-17	71.2	604,719,716	4,305,604
2017-18	74.8	602,278,951	4,505,047
2018-19	75.2	607,768,146	4,570,416
2019-20	79.8	640,998,185	5,115,166
2020-21	80.9	672,715,751	5,442,270

OVERLAPPING BOND INDEBTEDNESS

The following table shows any other overlapping bond indebtedness of the Trimble 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
County of Trimble			
Pollution Control/Abatement Revenue	322,500,000	0	322,500,000
KACo Leasing Trust Program	75,000,000	0	75,000,000
City of Bedford			
Sewer Revenue	801,000	546,000	255,000
City of Milton			
Water & Sewer Revenue	597,000	392,000	205,000
Special Districts			
Trimble County Library Taxing District	1,500,000	180,500	1,319,500
Trimble County Water District #1	3,588,000	644,960	2,943,040
Totals:	403,986,000	1,763,460	402,222,540

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.

	<u>Base Funding</u>	<u>Local Tax Effort</u>	<u>Total State & Local Funding</u>
2020-21 SEEK	3,579,957	5,442,270	9,022,227
2019-20 SEEK	3,857,645	5,115,166	8,972,811
2018-19 SEEK	4,296,036	4,570,416	8,866,452
2017-18 SEEK	4,371,945	4,505,047	8,876,992
2016-17 SEEK	4,516,670	4,305,604	8,822,274
2015-16 SEEK	4,908,909	4,319,349	9,228,258
2014-15 SEEK	5,061,884	3,873,001	8,934,885
2013-14 SEEK	4,914,201	4,514,954	9,429,155
2012-13 SEEK	5,216,733	3,486,893	8,703,626
2011-12 SEEK	5,368,619	4,552,689	9,921,308
2010-11 SEEK	5,357,175	3,218,329	8,575,504
2009-10 SEEK	5,413,915	2,813,387	8,227,302
2008-09 SEEK	6,489,796	2,839,692	9,329,488
2007-08 SEEK	6,682,582	2,730,198	9,412,780
2006-07 SEEK	6,177,106	2,735,327	8,912,433
2005-06 SEEK	5,880,266	2,551,647	8,431,913
2004-05 SEEK	5,650,251	2,395,967	8,046,218
2003-04 SEEK	5,276,591	2,238,605	7,515,196
2002-03 SEEK	4,965,459	2,117,209	7,082,668
2001-02 SEEK	4,783,103	2,018,971	6,802,074
2000-01 SEEK	4,559,323	1,930,230	6,489,553

- (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 \$0.8090 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

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

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

Financial information regarding the Board may be obtained from Superintendent, Trimble County Board of Education, 116 Wentworth Avenue, Bedford, Kentucky 40006, Telephone (502) 255-3201.

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 excludable 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.

APPENDIX A

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

Demographic and Economic Data

TRIMBLE COUNTY, KENTUCKY

Bedford, the county seat of Trimble County had an estimated 2021 population of 577. Trimble County had a population of 8,464 in 2021.

The Economic Framework

Trimble County has a labor force of 3,952 people, with an unemployment rate of 4.90%. The top 5 jobs by occupation are as follows: education, training/library - 170 (15.26%); office and administrative support - 169 (15.17%); executive, managers, and administrators - 113 (10.14%); construction and extraction - 95 (8.53%); and sales - 66 (5.92%).

Education

The Trimble County School System provides primary and secondary education to Bedford and Trimble County.

LOCAL GOVERNMENT

Structure

The City of Bedford is governed by a mayor and four commissioners. The mayor is elected to a four-year term, while the council members each serve two-year terms. Trimble County is governed by a county judge/executive and four magistrates. Each county official is elected to a four-year term.

Property Taxes

All property in Kentucky, except items exempted by the state constitution, is taxed by the state. Property which also may be taxed by local jurisdictions includes land and buildings, finished goods inventories, automobiles, trucks, office furniture and office equipment. Local taxing jurisdictions in Kentucky include counties, cities, and school districts. All property in Kentucky is assessed at 100 percent of fair cash value.

LABOR MARKET STATISTICS

The Bedford Labor Market Area includes Trimble County and the adjoining Kentucky counties of Carroll, Gallatin, Henry, Jefferson, Oldham, Owen, Shelby and the Indiana counties of Floyd, Jefferson, Ripley, Scott and Switzerland.

POPULATION

<u>Area</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Bedford	580	578	572
Trimble County	8,525	8,482	8,452

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

POPULATION PROJECTIONS

<u>Area</u>	<u>2025</u>	<u>2030</u>
Trimble County	9,807	10,022

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

EDUCATION

Public Schools

Trimble County

Total Enrollment (2019-2020)	1,115
Pupil-Teacher Ratio (2019-20205)	18.0-1

Vocational Training

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

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

Bluegrass State Skills Corporation

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

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

<u>Vocational School</u>	<u>Location</u>	<u>Cumulative Enrollment 2019-2020</u>
Carroll County ATC	Carrollton, KY	464
Shelby County ATC	Shelbyville, KY	598
Boone County ATC	Hebron, KY	215
Bullitt County ATC	Shepherdsville, KY	498
Nelson County ATC	Bardstown, KY	604
Harrison County ATC	Cynthiana, KY	478

Colleges and Universities

<u>Name</u>	<u>Location</u>	<u>Enrollment (Fall 2020)</u>
Bellarmine University	Louisville, KY	3,331
Galen College of Nursing	Louisville, KY	2,126
Sullivan University	Louisville, KY	3,331
University of Louisville	Louisville, KY	21,670
Kentucky State University	Frankfort, KY	2,171
Midway University	Midway, KY	1,702
Georgetown College	Georgetown, KY	1,484
Thomas More College	Crestview Hills, KY	2,238
Northern Kentucky University	Highland Heights, KY	15,678
Transylvania University	Lexington, KY	949
University of Kentucky	Lexington, KY	29,402

FINANCIAL INSTITUTIONS

<u>Instituion</u>	<u>Total Assets</u>	<u>Total Deposits</u>
Bedford Loan & Deposit Bank	\$93,463,000	\$73,423,000

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

EXISTING INDUSTRY

<u>Firm</u>	<u>Product</u>	<u>Total Employed</u>
Tompkinsville		
Anderson Forest Products, Inc.	Manufacturer of pallets, reels, wood, chips & plastic reels	118
Froedge Machine & Supply Co.	Machine Shop	45
Roy Anderson Lumber Co.	Green hardwood lumber	155
Stephens Manufacturing Co.	Steel bulk cement sites	115

Source: Kentucky Directory of Manufacturers (1/8/2020).

APPENDIX B

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

Audited Financial Statement ending June 30, 2020

TRIMBLE COUNTY SCHOOL DISTRICT
BASIC FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION,
AND INDEPENDENT AUDITOR'S REPORTS

Year Ended June 30, 2020

TRIMBLE COUNTY SCHOOL DISTRICT

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Heartland CPAs and Advisors PLLC

INDEPENDENT AUDITOR'S REPORT

Kentucky State Committee for School District Audits
Members of the Board of Education
Trimble County School District
Bedford, Kentucky

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Trimble County School District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the accompanying 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Independent Auditor's Contract*. 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 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 on the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Emphasis of Matter

As discussed in Note 1 to the financial statements, during the year ended June 30, 2020, the District adopted Governmental Accounting Standards Board Statement 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 to 8, budgetary comparison information on pages 54 to 55, schedule of proportionate share of the net pension and net OPEB liabilities on pages 56 to 60 and schedule of contributions on pages 61 to 65 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining financial statements, school schedules 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 accounting standards generally accepted in the United States of America. In our opinion, the combining financial statements, school schedules 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 November 10, 2020, on our consideration of Trimble 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 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 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 Trimble County School District's internal control over financial reporting and compliance.

Heartland CPAs and Advisors, PLLC

Heartland CPAs and Advisors, PLLC
Elizabethtown, Kentucky
November 10, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

**TRIMBLE COUNTY SCHOOL DISTRICT
BEDFORD, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

FINANCIAL HIGHLIGHTS

- The ending cash balance for the District was \$2,460,803. This is an increase of \$371,107 over the 2018-2019 fiscal year.
- The General Fund had \$11,761,825 in revenues, which primarily consisted of the state program (SEEK), property, franchise, motor vehicle and utility taxes, Medicaid reimbursement, interest on investments and state on-behalf benefits. Expenditures totaled \$11,292,030 excluding inter-fund transfers and including on-behalf payments.
- The Board of Education adopted the four percent (4%) tax rate, which resulted in rates per \$100 of assessed value of 75.50 cents for real estate, 75.50 cents for tangible property, 55.40 cents for motor vehicles and the Board of Education continued the 3% utility tax.
- Total local taxes collected were \$5,231,000 which include property, delinquent, omitted property, franchise (watercraft), motor and utility taxes. This is an increase of \$471,488 over the 2018-2019 fiscal year.
- The general fund transferred \$21,840 to the Special Revenue Fund for the technology (KETS) grant match and \$34,383.00 to the Food Service Fund to erase the year-end negative balance.
- The District, through routine debt service, reduced bond debt through the Debt Service Fund. Total principal payments for the 2020 fiscal year were \$835,000 and interest payments were \$194,583.
- The District reduced the KISTA bond debt through the General Fund. Total principal payments for the FY-20 fiscal year were \$21,585 and the District paid an additional \$6,006.78 in interest payments.
- The District recorded \$3,388,788 in on-behalf payments in the 2020 fiscal year. On-behalf payments are revenue from the state on-behalf of District employees' retirement contributions, health insurance, administration fees, technology and debt service with a like amount of expenses recorded.
- The school district provided tuition reimbursement to students who attended the Jefferson Community & Technical College for dual credit classes at a cost of \$11,189.
- The school district received a \$5,000 donation from North American Stainless for the Industrial Maintenance/Engineering Program at the Trimble County Junior/Senior High School.
- The school district spent \$91,263 on technology related equipment and software. The district purchased 203 additional Chromebooks in the 2020 fiscal year and now maintains a 1:1 student to Chromebook ratio in all grades.
- The District partnered with four (4) other school districts to create the iLead Academy at a cost of \$95,000 per year. The iLead Academy is the state's first regional career academy.

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 government-wide financial statements can be found on pages 9 and 10.

The statement of net position presents information on all of the District's assets, liabilities, deferred outflows and deferred inflows with the difference between 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.

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

The basic governmental fund financial statements can be found on pages 11 through 19.

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 through 53.

DISTRICT-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 \$6,775,133 as of June 30, 2020.

A portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and construction in progress), less any related debt used to acquire those assets that is still outstanding. The District used 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, 2020 and 2019
(Table 1)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Current and Other Assets	\$ 2,687,512	\$ 2,303,872	\$ 61,428	\$ 29,788	\$ 2,748,940	\$ 2,333,660
Capital Assets	19,335,576	20,235,537	76,879	92,756	19,412,455	20,328,293
Total Assets	22,023,088	22,539,409	138,307	122,544	22,161,395	22,661,953
Deferred Outflows	1,640,646	1,537,909	192,938	188,980	1,833,584	1,726,889
Long-term Debt	14,380,633	15,359,708	779,219	756,393	15,159,852	16,116,101
Other Liabilities	1,043,962	999,782	6,956	5,215	1,050,918	1,004,997
Total Liabilities	15,424,595	16,359,490	786,175	761,608	16,210,770	17,121,098
Deferred Inflows	1,464,006	1,033,118	103,944	114,031	1,567,950	1,147,149
Net Position						
Net investment in capital assets	12,051,817	12,135,688	76,879	92,756	12,128,696	12,228,444
Restricted	90,977	105,040			90,977	105,040
Unrestricted	(5,367,661)	(5,556,018)	(635,753)	(656,871)	(6,003,414)	(6,212,889)
Total Net Position	\$ 6,775,133	\$ 6,684,710	\$ (558,874)	\$ (564,115)	\$ 6,216,259	\$ 6,120,595

Comments on Budget Comparisons

- The District's total General Fund revenues for the fiscal year ended June 30, 2020, net of inter-fund transfers were 11,761,825.
- General fund budget compared to actual revenue varied from line item to line item with the ending actual balance being \$1,173,407 more than budgeted.
- General fund budget expenditures to actual expenditures varied from line item to line item with the actual balance being \$1,341,872 less than budgeted.

The following Table 2 presents a summary of changes in net position for the fiscal years ended June 30, 2020 and 2019.

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
REVENUES:						
Program revenues:						
Charges for services	\$ 56,601	\$ 16,663	\$ 138,512	\$ 179,472	\$ 195,113	\$ 196,135
Operating grants and contributions	1,208,932	1,367,316	716,086	681,527	1,925,018	2,048,843
Capital grants	695,680	747,468	-	-	695,680	747,468
General revenues:						
Property taxes	4,461,932	4,018,860	-	-	4,461,932	4,018,860
Motor vehicle taxes	374,659	351,118	-	-	374,659	351,118
Utility taxes	394,798	389,923	-	-	394,798	389,923
Investment earnings	152,101	63,229	147	778	152,248	64,007
State and formula grants	2,883,021	3,045,052	-	-	2,883,021	3,045,052
Miscellaneous	68,607	70,448	-	-	68,607	70,448
Total revenues	10,296,331	10,070,077	854,745	861,777	11,151,076	10,931,854
EXPENSES						
Program Activities						
Instruction	3,932,540	3,574,298	-	-	3,932,540	3,574,298
Student support	653,945	765,885	-	-	653,945	765,885
Instructional staff support	792,579	818,191	-	-	792,579	818,191
District administrative support	753,748	738,080	-	-	753,748	738,080
School administrative support	652,747	666,413	-	-	652,747	666,413
Business support	648,006	649,821	-	-	648,006	649,821
Plant operation and maintenance	1,370,514	1,350,549	-	-	1,370,514	1,350,549
Student transportation	970,685	974,766	-	-	970,685	974,766
Community service activities	182,754	178,610	-	-	182,754	178,610
Other	6,007	-	-	-	6,007	-
Interest costs	208,000	228,206	-	-	208,000	228,206
Business-type Activities:						
Food service	-	-	864,431	950,312	864,431	950,312
After school care	-	-	19,456	49,084	19,456	49,084
Total expenses	10,171,525	9,944,819	883,887	999,396	11,055,412	10,944,215
Transfers	(34,383)	(23,819)	34,383	23,819	-	-
Change in net position	\$ 90,423	\$ 101,439	\$ 5,241	\$ (113,800)	\$ 95,664	\$ (12,361)

Governmental Activities

Instruction comprises 39% of governmental program expenses. Support services expenses make up 57% of government expenses. The remaining expense for community services, interest and other expense accounts for the remaining 4% of total government expense.

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.

(Table 3)
Governmental Activities
Total Cost of Services **Net Cost of Services**

	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Instruction	\$ 3,932,540	\$ 3,574,298	\$ 2,927,056	\$ 2,432,294
Support Services	5,842,224	5,963,705	5,743,972	5,883,203
Community services	182,754	178,610	20,957	17,137
Facilities acquisition	-	-	(217,159)	(267,004)
Other	6,007	-	6,007	-
Interest costs	<u>208,000</u>	<u>228,206</u>	<u>(270,521)</u>	<u>(252,258)</u>
Total Expenses	<u>\$ 10,171,525</u>	<u>\$ 9,944,819</u>	<u>\$ 8,210,312</u>	<u>\$ 7,813,372</u>

Business-Type Activities

The business-type activities include the food service and after school care operations. These programs had total revenues of \$854,745 and expenses of \$883,887 for fiscal year 2020. Of the revenues, \$138,512 was charges for services, \$716,086 was from State and Federal grants and \$147 was from investment earnings. The General Fund also transferred \$34,383 to the Food Service Fund. Business activities receive no support from tax revenues. The School District will continue to monitor the charges and costs of this activity. If it becomes necessary, the School District will increase the charges for this activity.

The School District's Funds

Information about the School District's major funds starts on page 11. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$14.7 million and expenditures and other financing uses of \$14.4 million.

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.

For the General Fund, revenues were budgeted at \$10.8 million with actual amounts of 11.8 million. Budgeted expenditures of \$12.6 million compare with actual expenditures of \$11.2 million. This was primarily due not spending budgeted contingency funds.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2020 the School District had \$19.43 million invested in land, land improvements, buildings, vehicles and equipment and \$19.3 million in governmental activities. Table 4 shows fiscal year 2020 and 2019 balances.

(Table 4)
Capital Assets at June 30, 2020 and 2019
(Net of Depreciation)

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Land and land improvements	\$ 3,506,192	\$ 3,744,170	\$ -	\$ -	\$ 3,506,192	\$ 3,744,170
Construction in progress	-	203,046	-	-	-	203,046
Buildings and improvements	15,169,702	15,723,530	-	-	15,169,702	15,723,530
Technology	61,117	62,408	-	-	61,117	62,408
Vehicles	427,482	336,592	-	-	427,482	336,592
General equipment	171,083	165,791	76,879	92,756	247,962	258,547
Total	\$ 19,335,576	\$ 20,235,537	\$ 76,879	\$ 92,756	\$ 19,412,455	\$ 20,328,293

Table 5 shows changes in capital assets for the years ended June 30, 2020 and 2019.

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Beginning balance	\$ 20,235,537	\$ 21,001,953	\$ 92,756	\$ 110,843	\$ 20,328,293	\$ 21,112,796
Additions	285,830	235,537	-	-	285,830	235,537
Retirements	(206,886)	(3,351)	-	(1,402)	(206,886)	(4,753)
Depreciation	(978,905)	(998,602)	(15,877)	(16,685)	(994,782)	(1,015,287)
Ending balance	\$ 19,335,576	\$ 20,235,537	\$ 76,879	\$ 92,756	\$ 19,412,455	\$ 20,328,293

Debt

At June 30, 2019, the School District had \$7.4 million in bonds outstanding, of this amount \$3.7 million is to be paid from KSFCC funding provided by the State of Kentucky. A total of \$850 thousand is due within one year.

DISTRICT CHALLENGES FOR THE FUTURE AND BUDGETARY IMPLICATIONS

In Kentucky the public school fiscal year is July 1 – June 30; other programs, i.e. some federal programs operate on a different fiscal calendar, but are reflected in the district overall budget. By law the budget must have a minimum 2% contingency. The district adopted a budget with that met the required contingency for the FY 2020-21 school year.

Many of the program grants are continuation programs that we have become reliant on to service our students. However, decreases in the grants and the added burden of health insurance costs and matching retirement for employees paid from the federal grants have significantly reduced the dollars available for teacher salaries and other program support.

Questions regarding this report should be directed to Phillip Harmon, Finance Officer, at 502-255-3201, phillip.harmon@trimble.kyschools.us or by mail at 114 Wentworth Avenue, Bedford, KY 40006.

BASIC FINANCIAL STATEMENTS

TRIMBLE COUNTY SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2020

Assets	Governmental Activities	Business- Type Activities	Total
<u>Current Assets</u>			
Cash and cash equivalents	\$ 2,427,546	\$ 33,257	\$ 2,460,803
Inventory		25,884	25,884
Receivables:			
Accounts		2,287	2,287
Taxes-current	71,637		71,637
Taxes-delinquent	31,561		31,561
Other receivables	10,460		10,460
Intergovernmental-Indirect Federal	146,308		146,308
Total Current Assets	2,687,512	61,428	2,748,940
<u>Noncurrent Assets</u>			
Non-depreciable capital assets	422,720		422,720
Capital assets, net of accumulated depreciation	18,912,856	76,879	18,989,735
Total Noncurrent Assets	19,335,576	76,879	19,412,455
Total Assets	22,023,088	138,307	22,161,395
Deferred Outflows of Resources			
Deferred amount on debt refundings	156,381		156,381
CERS Pension	893,923	136,441	1,030,364
CERS OPEB	370,151	56,497	426,648
TRS OPEB MIF	220,191		220,191
Total Deferred Outflows of Resources	1,640,646	192,938	1,833,584
Liabilities			
<u>Current Liabilities</u>			
Accounts payable	15,496	6,956	22,452
Unearned revenue	92,354		92,354
Bond obligations	850,000		850,000
Capital leases	22,073		22,073
Compensated absences	14,212		14,212
Interest payable	49,827		49,827
Total Current Liabilities	1,043,962	6,956	1,050,918
<u>Noncurrent Liabilities</u>			
Bond obligations	6,590,140		6,590,140
Capital leases	159,388		159,388
Net pension liability - CERS	4,120,128	628,865	4,748,993
Net OPEB liability - CERS	985,068	150,354	1,135,422
Net OPEB liability - TRS MIF	2,398,000		2,398,000
Compensated absences	127,909		127,909
Total Noncurrent Liabilities	14,380,633	779,219	15,159,852
Total Liabilities	15,424,595	786,175	16,210,770
Deferred Inflows of Resources			
CERS Pension	297,308	45,379	342,687
CERS OPEB	383,698	58,565	442,263
TRS OPEB MIF	783,000		783,000
Total Deferred Inflows of Resources	1,464,006	103,944	1,567,950
Net Position			
Net investment in capital assets	12,051,817	76,879	12,128,696
Restricted	90,977		90,977
Unrestricted	(5,367,661)	(635,753)	(6,003,414)
Total Net Position	\$ 6,775,133	\$ (558,874)	\$ 6,216,259

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

TRIMBLE COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
Year Ended June 30, 2020

	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges For Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-Type Activities	Total
FUNCTIONS/PROGRAMS							
Governmental Activities:							
Instruction	\$ 3,932,540	\$ 56,601	\$ 948,883	\$ -	\$ (2,927,056)	\$ -	\$ (2,927,056)
Support services:							
Student	653,945		899		(653,046)		(653,046)
Instruction staff	792,579		74,309		(718,270)		(718,270)
District administrative	753,748		3,044		(750,704)		(750,704)
School administrative	652,747				(652,747)		(652,747)
Business	648,006				(648,006)		(648,006)
Plant operation and maintenance	1,370,514		20,000		(1,350,514)		(1,350,514)
Student transportation	970,685				(970,685)		(970,685)
Community service activities	182,754		161,797		(20,957)		(20,957)
Facilities acquisition and construction				217,159	217,159		217,159
Other	6,007				(6,007)		(6,007)
Interest on long-term debt	208,000			478,521	270,521		270,521
Total Governmental Activities	10,171,525	56,601	1,208,932	695,680	(8,210,312)	-	(8,210,312)
Business-Type Activities:							
Food service	864,431	116,744	713,541			(34,146)	(34,146)
After School Care	19,456	21,768	2,545			4,857	4,857
Total Business-Type Activities	883,887	138,512	716,086	-	-	(29,289)	(29,289)
Total Primary Government	\$ 11,055,412	\$ 195,113	\$ 1,925,018	\$ 695,680	(8,210,312)	(29,289)	(8,239,601)
			General Revenues:				
			Taxes:				
			Property taxes		4,461,932		4,461,932
			Motor vehicle taxes		374,659		374,659
			Utility taxes		394,798		394,798
			Investment earnings		152,101	147	152,248
			State and formula grants		2,883,021		2,883,021
			Miscellaneous		68,607		68,607
			Transfers		(34,383)	34,383	-
			Total general revenues and transfers		8,300,735	34,530	8,335,265
			Change in net position		90,423	5,241	95,664
			Net position - beginning		6,684,710	(564,115)	6,120,595
			Net position - ending		\$ 6,775,133	\$ (558,874)	\$ 6,216,259

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

FUND FINANCIAL STATEMENTS

TRIMBLE COUNTY SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2020

	General Fund	Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash and cash equivalents	\$ 2,386,844	\$ -	\$ 40,702	\$ 2,427,546
Due from other funds	38,620			38,620
Receivables:				
Taxes - current	71,637			71,637
Taxes - delinquent	31,561			31,561
Other receivables	9,570	855	35	10,460
Intergovernmental - Indirect Federal	5,543	140,765		146,308
Total Assets	\$ 2,543,775	\$ 141,620	\$ 40,737	\$ 2,726,132
Liabilities and Fund Balances:				
Liabilities				
Accounts payable	\$ 15,496	\$ -	\$ -	\$ 15,496
Due to other funds		38,620		38,620
Unearned revenue		92,354		92,354
Total Liabilities	15,496	130,974	-	146,470
Fund Balances				
Restricted	58,387	10,646	21,944	90,977
Assigned	21,047		18,793	39,840
Unassigned	2,448,845			2,448,845
Total Fund Balances	2,528,279	10,646	40,737	2,579,662
Total Liabilities and Fund Balances	\$ 2,543,775	\$ 141,620	\$ 40,737	\$ 2,726,132

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

TRIMBLE COUNTY SCHOOL DISTRICT

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

June 30, 2020

Total fund balance per fund financial statements	\$ 2,579,662
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets are not reported in this fund financial statement because they are not current financial resources, but they are reported in the statement of net position.	19,335,576
Governmental funds record debt refundings as other financing uses when the issues are refunded. Unamortized losses on refundings are reported on the statement of net position as deferred outflows of resources.	156,381
Governmental funds do not record deferred outflows of resources for pensions and OPEB but those are reported in the statement of net position as deferred outflows of resources.	1,484,265
Governmental funds do not record deferred inflows of resources for pensions and OPEB but those are reported in the statement of net position as deferred inflows of resources.	(1,464,006)
Certain liabilities are not reported in this fund financial statement because because they are not due and payable, but they are presented in the statement of net position:	
Bonds payable (net of discounts/premiums)	(7,440,140)
Capital leases payable	(181,461)
Interest payable	(49,827)
Compensated absences	(142,121)
Net pension liability - CERS	(4,120,128)
Net OPEB liability - CERS	(985,068)
Net OPEB liability - TRS MIF	(2,398,000)
Net position for governmental activities	<u>\$ 6,775,133</u>

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

TRIMBLE COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS

Year Ended June 30, 2020

	General Fund	Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
From local sources:				
Taxes:				
Property	\$ 4,178,931	\$ -	\$ 283,001	\$ 4,461,932
Motor vehicle	337,161		37,498	374,659
Utilities	394,798			394,798
Tuition	11,608			11,608
Earnings on investments	43,509	132		43,641
Other local revenues	72,607	38,501	40,993	152,101
Intergovernmental - State	6,657,387	411,710	695,680	7,764,777
Intergovernmental - Indirect Federal	65,824	656,780		722,604
Intergovernmental - Direct Federal		132,856		132,856
Total Revenues	11,761,825	1,239,979	1,057,172	14,058,976
Expenditures:				
Instruction	6,346,034	1,015,833	72,408	7,434,275
Support services:				
Student	485,370	899	204	486,473
Instruction staff	707,995	74,309	5,896	788,200
District administrative	606,420	3,044		609,464
School administrative	644,094			644,094
Business	602,448			602,448
Plant operation and maintenance	1,068,407	20,000		1,088,407
Student transportation	799,187			799,187
Community service activities	4,483	161,797		166,280
Other non-instruction	27,592			27,592
Debt service:				
Principal			835,000	835,000
Interest			194,583	194,583
Total Expenditures	11,292,030	1,275,882	1,108,091	13,676,003
Excess (Deficit) of Revenues over Expenditures	469,795	(35,903)	(50,919)	382,973
Other Financing Sources (Uses):				
Proceeds from disposal of capital assets	3,400			3,400
Transfers in		81,536	564,174	645,710
Transfers out	(69,627)	(59,696)	(550,770)	(680,093)
Total Other Financing Sources (Uses)	(66,227)	21,840	13,404	(30,983)
Net Change in Fund Balances	403,568	(14,063)	(37,515)	351,990
Fund Balance, July 1, 2019	2,124,711	24,709	78,252	2,227,672
Fund Balance, June 30, 2020	\$ 2,528,279	\$ 10,646	\$ 40,737	\$ 2,579,662

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

TRIMBLE COUNTY SCHOOL DISTRICT

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

Year Ended June 30, 2020

Net change in total fund balances per fund financial statements	\$ 351,990
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported as expenditures in this fund financial statement because they use current financial resources, but they are presented as assets in the statement of activities and depreciated over their estimated economic lives. The difference is the amount by which depreciation expense exceeds capital outlays for the year.	(896,121)
Bond payments are recognized as expenditures of current financial resources in the fund financial statement but are reductions of liabilities in the statement of net position.	835,000
Capital lease payments are recognized as expenditures of current financial resources in the fund financial statement but are reductions of liabilities in the statement of net position.	21,585
In the statement of activities, only the gain (loss) on sale of capital assets is reported, whereas in the governmental funds, the proceeds for the sale increased financial resources.	(3,840)
The difference between actuarial pension and OPEB amounts and actual amounts are recorded as adjustments in the statement of activities.	(179,426)
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.	<u>(38,765)</u>
Change in net position of governmental activities	<u>\$ 90,423</u>

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

TRIMBLE COUNTY SCHOOL DISTRICT

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

June 30, 2020

	Food Service Fund	After School Care Fund	Total
Assets			
<u>Current Assets</u>			
Cash and cash equivalents	\$ 7,161	\$ 26,096	\$ 33,257
Accounts receivable	901	1,386	2,287
Inventory	25,884		25,884
Total Current Assets	33,946	27,482	61,428
<u>Noncurrent Assets</u>			
Capital assets, net of accumulated depreciation	76,879		76,879
Total Noncurrent Assets	76,879	-	76,879
Total Assets	110,825	27,482	138,307
Deferred Outflows of Resources			
CERS Pension	128,404	8,037	136,441
CERS OPEB	53,169	3,328	56,497
Total Deferred Outflows of Resources	181,573	11,365	192,938
Liabilities			
<u>Current Liabilities</u>			
Accounts payable	6,776	180	6,956
Total Current Liabilities	6,776	180	6,956
<u>Noncurrent Liabilities</u>			
Net pension liability - CERS	591,822	37,043	628,865
Net OPEB liability - CERS	141,497	8,857	150,354
Total Noncurrent Liabilities	733,319	45,900	779,219
Total Liabilities	740,095	46,080	786,175
Deferred Inflows of Resources			
CERS Pension	42,706	2,673	45,379
CERS OPEB	55,115	3,450	58,565
Total Deferred Inflows of Resources	97,821	6,123	103,944
<u>Net Position</u>			
Net investment in capital assets	76,879		76,879
Unrestricted	(622,397)	(13,356)	(635,753)
Total Net Position	\$ (545,518)	\$ (13,356)	\$ (558,874)

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

TRIMBLE COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

PROPRIETARY FUNDS

Year Ended June 30, 2020

	Food Service Fund	After School Care Fund	Total
Operating Revenues:			
Lunchroom sales	\$ 107,655	\$ -	\$ 107,655
Other operating revenues	9,089	21,768	30,857
Total Operating Revenues	116,744	21,768	138,512
Operating Expenses:			
Salaries and wages	358,168	18,416	376,584
Materials and supplies	438,926	367	439,293
Depreciation	15,877		15,877
Other operating expenses	51,460	673	52,133
Total Operating Expenses	864,431	19,456	883,887
Operating loss	(747,687)	2,312	(745,375)
Non-Operating Revenues (Expenses):			
Federal grants	612,052		612,052
Donated commodities	53,491		53,491
State grants	6,206		6,206
State on-behalf payments	41,792	2,545	44,337
Interest income	147		147
Total Non-Operating Revenues (Expenses) before Transfers	713,688	2,545	716,233
Transfers in	34,383		34,383
Changes in net position	384	4,857	5,241
Net Position, July 1, 2019	(545,902)	(18,213)	(564,115)
Net Position June 30, 2020	\$ (545,518)	\$ (13,356)	\$ (558,874)

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

TRIMBLE COUNTY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

Year Ended June 30, 2020

	Food Service Fund	After School Care Fund	Total
Cash Flows from Operating Activities			
Cash received from:			
Lunchroom sales	\$ 110,914	\$ -	\$ 110,914
Other activities	9,089	20,382	29,471
Cash paid to/for:			
Employees	(305,465)	(18,001)	(323,466)
Supplies	(410,908)	(187)	(411,095)
Other activities	(51,460)	(673)	(52,133)
Net Cash Used by Operating Activities	(647,830)	1,521	(646,309)
Cash flows from Non-Capital Financing Activities			
Federal grants	612,052		612,052
State grants	6,206		6,206
Transfers in	34,383		34,383
Net Cash Provided by Non-Capital Financing Activities	652,641	-	652,641
Cash Flows from Capital and Related Financing Activities			
Purchase of capital assets			-
Net Cash Provided by Capital and Related Financing Activities	-	-	-
Cash Flows from Investing Activities			
Receipt of interest income	147		147
Net increase in cash and cash equivalents	4,958	1,521	6,479
Balances, beginning of year	2,203	24,575	26,778
Balances, end of year	\$ 7,161	\$ 26,096	\$ 33,257
Reconciliation of operating income (loss) to net cash used by operating activities:			
Operating income (loss)	\$ (747,687)	\$ 2,312	\$ (745,375)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:			
Depreciation	15,877		15,877
State on-behalf payments	41,792	2,545	44,337
Donated commodities	53,491		53,491
GASB 68 pension expense	14,501	(1,258)	13,243
GASB 75 OPEB expense	(3,590)	(872)	(4,462)
Change in assets and liabilities:			
Accounts receivable	3,259	(1,386)	1,873
Inventory	(16,259)		(16,259)
Accounts payable	1,561	180	1,741
Due to other funds	(10,775)		(10,775)
Net cash used by operating activities	\$ (647,830)	\$ 1,521	\$ (646,309)
Schedule of non-cash transactions:			
Donated commodities received from federal government	\$ 53,491	\$ -	\$ 53,491
State on-behalf payments	\$ 41,792	\$ 2,545	\$ 44,337
CERS Pensions	\$ 14,501	\$ (1,258)	\$ 13,243
CERS OPEB	\$ (3,590)	\$ (872)	\$ (4,462)

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

TRIMBLE COUNTY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

June 30, 2020

	Private Purpose Trust Funds	Agency Fund
	<u> </u>	<u> </u>
Assets		
Cash and cash equivalents	\$ 9,340	\$ 166,775
Receivables	350	2,699
	<u> </u>	<u> </u>
Total Assets	<u>9,690</u>	<u>\$ 169,474</u>
Liabilities		
Accounts payable	\$ 5,000	\$ 76
Due to student groups		169,398
	<u> </u>	<u> </u>
Total Liabilities	<u>5,000</u>	<u>\$ 169,474</u>
Net Position Held in Trust	<u>\$ 4,690</u>	

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

TRIMBLE COUNTY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
Year Ended June 30, 2020

	Private Purpose Trust Funds
Additions	
Net interest and investment gains (losses)	\$ 67
Contributions	4,100
	<hr/> 4,167
Deductions	
Community services	5,000
	<hr/> 5,000
Change in net position	(833)
Net Position, July 1, 2019	<hr/> 5,523
Net Position, June 30, 2020	<hr/> <hr/> \$ 4,690

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

TRIMBLE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Trimble County School District (the "District") have been prepared to conform with Accounting Principles Generally Accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

A. REPORTING ENTITY

The Trimble 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 Trimble County School District. 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.

For financial reporting purposes, the accompanying financial statements include all of the operations over which the District is financially accountable. The District is financially accountable for organizations that make up its legal entity, as well as legally separate organizations that meet certain criteria. In accordance with GASB 14, "The Financial Reporting Entity," as amended by GASB 39, "Determining Whether Certain Organizations Are Component Units", the criteria for inclusion in the reporting entity involve those cases where the District or its officials appoint a voting majority of an organization's governing body, and is either able to impose its will on the organization or there is a potential for the organization to provide specific financial benefits to or to impose specific financial burdens on the District or the nature and significance of the relationship between the District and the organization is such that exclusion would cause the District's financial statements to be incomplete. Applying this definition, District management has determined that the component unit reportable within the accompanying financial statements is the Trimble County Board of Education Finance Corporation, (the "Corporation"). The financial statements presented herein do not include funds of groups and organizations, which although associated with the school system, have not originated within the Board itself such as Boosters, Parent-Teacher Associations, etc.

Blended Component Unit – Trimble County School District Finance Corporation – In a prior year, the Board of Education resolved to authorize the establishment of the Trimble 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. Therefore, the financial activities of the Corporation have been blended (reported as if it were part of the District) with those of the District. The Corporation does not publish individual component unit financial statements.

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT 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.

TRIMBLE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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 net position presents the financial condition of the governmental and business-type activities of the District at year-end. 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 Governmental Funds are accounted for on the "flow of current financial resources" measurement focus. This measurement focus is based on the concept of accountability, which includes measuring interperiod equity whether current year revenues were sufficient to pay for current year services. The Proprietary Funds are accounted for on an "economic resources" measurement focus. Accordingly, the Statement of Revenues, Expenses and Changes in Fund Net Position for the Proprietary Funds reports increases and decreases in total economic net worth. The private purpose trust fund is reported using the economic resources measurement focus.

Governmental Funds

Governmental Funds are those through which most District functions are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities (except those accounted for in the Proprietary Fund and Fiduciary Funds) are accounted for through Governmental Funds. The measurement focus is upon determination of changes in financial resources rather than upon determination of net income.

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

TRIMBLE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

- (B) The Special Revenue Fund accounts for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances are returned to the grantor at the close of the specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally-funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report. This is a major fund.
- (C) The District Activity Fund is a Special Revenue Fund type and is used to account for funds received at the school level.
- (D) 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 Funds).
 - 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.
- (E) The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal and interest and related costs; and for the payment of interest on notes payable, as required by Kentucky Law.

Proprietary Funds

Proprietary Funds are used to account for ongoing organizations and activities, which are operated and financed in a manner similar to those found in the private sector. The measurement focus is upon the determination of net income. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a Proprietary Fund's principal ongoing operations. Operating expenses include salaries, benefits, supplies and other items. All items not meeting this definition are reported as nonoperating revenues and expenses. The District has two Proprietary Funds.

- (A) The Food Service Fund is used to account for school food service activities, including the National School Lunch and Breakfast Programs, which are conducted in cooperation with the U.S. Department of Agriculture (USDA). Amounts have been recorded for in-kind contribution of commodities from the USDA and for on-behalf payments for retirement and health insurance paid by the State of Kentucky. This is a major fund.
- (B) The After School Care Fund accounts for the after school operations of the District. Amounts have been recorded for on-behalf payments for retirement and health insurance paid by the State of Kentucky.

TRIMBLE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fiduciary Funds

Fiduciary Funds are used to account for assets held by the District on behalf of outside related organizations or on behalf of other funds within the District.

- A. The Agency Fund accounts for activities of student groups and other types of activities requiring clearing accounts. These funds are accounted for in accordance with the Uniform Program of Accounting for School Activity Funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.
- B. The Private Purpose Trust Funds are used to report trust arrangements under which principal and income benefit individuals, private organizations or other governments. Revenues consist of donations, student activities and interest income. Expenditures represent instruction and community services.

BASIS OF ACCOUNTING

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

Modified Accrual

Under the modified accrual basis, revenues are recognized in the accounting period in which they become susceptible to accrual, i.e., both available and measurable. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Significant revenues susceptible to accrual include ad valorem taxes, reimbursable-type grants and interest on investments. The District considers all revenues (with the exception of the expenditure-driven grants) as available if they are collected within sixty (60) days after year-end. The expenditure driven grants are considered available if received within one year from the balance sheet date. Property tax revenue is recognized when taxes are received, except at year end when revenue is recognized for taxes received by the District within sixty (60) days subsequent to fiscal year end. Expenditures are recognized in the accounting period in which the liability is incurred. However, exceptions include the amount of unmatured principal and interest on general long-term debt, compensated absences, claims and judgments and certain prepaids which are recognized when due/paid.

In applying the susceptible to accrual concept to revenues from Federal and State sources, the legal contractual requirements of the numerous individual programs are used as guidance. Revenue from grants and entitlements is recognized when all eligibility requirements have been satisfied. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before the District will receive any amounts; therefore, revenues are recognized based upon the occurrence of expenditures. In the other type, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed legal and contractual requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met. In all cases, monies received before the revenue recognition criteria have been met are reported as unearned revenue.

TRIMBLE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Accrual

Under the accrual basis of accounting, revenues are recognized in the period earned and expenses are recognized in the period incurred.

Revenue Recognition

State Revenue Sources – Revenues from State sources for current operations are primarily from the Support Education Excellence in Kentucky (“SEEK”), administered by the Kentucky Department of Education (“KDE”). The District files reports on average daily attendance (“ADA”) student membership with the KDE. The KDE accumulates information from these reports and calculates the allocation of SEEK funds to the District. After review and verification of ADA reports and supporting documentation, the KDE may adjust subsequent fiscal period allocations of SEEK funding. Normally, such adjustments are treated as reductions of revenue in the year the reduction is made, as amounts are not significant.

Property Taxes – On an accrual basis, property tax revenue anticipated to be collected is recognized in the fiscal year for which it is levied. Delinquent taxes collected in subsequent periods are recognized as revenue during the fiscal year in which they are received.

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, and then unrestricted resources as they are needed.

C. BUDGETARY POLICIES

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. All budget appropriations lapse at year-end.

D. ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded to reserve a portion of an applicable appropriation, is utilized for budgetary control purposes. Encumbrances are not the equivalent of expenditures, and accordingly, amounts assigned for encumbrances at the governmental fund level indicate that portion of the fund balance segregated for expenditure upon vendor performance.

TRIMBLE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

E. CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, cash equivalents are considered to be demand deposits, money market funds, and other investments with an original maturity of 90 days or less.

F. INVENTORIES

Inventories are valued at cost, which approximates market. The food service fund uses the specific identification method. The District's inventories include food and commodities. USDA commodities received from the Federal government are recorded at the value established by the Federal government using the average cost method.

G. PREPAID ITEMS

Expenditures for insurance and similar services extending over more than one accounting period are not allocated between or among accounting periods in the governmental funds and are instead accounted for as expenditures in the period of acquisition (Purchase method).

H. CAPITAL ASSETS

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds. All capital assets greater than \$5,000 are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District does not possess any infrastructure. Improvements are capitalized; the cost of, normal maintenance and repairs that do not add to the value of the asset or materially extend an assets' life are not. All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives for both general capital assets and proprietary fund assets:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Land improvements	20 years
Buildings and improvements	25-50 years
Technology equipment	5 years
Vehicles	5-10 years
General equipment	5-15 years
Food service equipment	5-12 years

TRIMBLE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

I. LONG-TERM DEBT

In the fund-level financial statements, governmental funds report the face amount of debt issued, as well as any premiums (discounts) as other financing sources (uses). Debt issuance costs are reported as debt service expenditures. In the government-wide financial statements, long-term debt is reported as liabilities in the statement of net position. Bond premiums/discounts are amortized over the life of the bonds and shown as an offset of bonds payable while deferred amounts on advance refundings are amortized over the shorter of the remaining life of the refunded bonds or the life of the new bonds both in a systematic and rational method, which approximates the effective-interest method and shown as deferred outflows of resources.

J. COMPENSATED ABSENCES

Compensated absences are payments to employees for accumulated sick leave. These amounts also include the related employer's share of applicable taxes and retirement contributions. District employees may accumulate unused sick leave up to a specified amount depending on their date of hire. Sick leave is payable to employees upon termination or retirement at 30% of the current rate of pay on the date of termination or retirement. The District uses the termination method to calculate the compensated absences amounts. The entire compensated absence liability is reported on the government-wide financial statements. The current portion is the amount estimated to be used in the following year. An expenditure is recognized in the governmental fund as payments come due each period, for example, as a result of employee resignations and retirements. Compensated absences not recorded at the fund level represent a reconciling item between the fund level and government-wide presentations.

K. ACCOUNTING 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 financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

L. PENSION AND OPEB PLANS

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

TRIMBLE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

M. NET POSITION

Net position is divided into three components:

1. Net investment in capital assets – consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
2. Restricted net position – consist of net position that is restricted by the District's creditors (for example, through debt covenants), by grantors (federal, state and local) and by other contributors.
3. Unrestricted – all other net position is reported in this category.

N. IMPACT OF RECENTLY ISSUED ACCOUNTING PRINCIPLES

Recently Issued and Adopted Accounting Pronouncements

In May 2020, the GASB issued Statement 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. This statement was effective upon issuance. For the postponement dates, see individual standard descriptions below.

Recently Issued Accounting Pronouncements

In January 2017, the GASB issued Statement 84, *Fiduciary Activities*. This statement was effective for periods beginning after December 15, 2018, but was delayed by one year with the issuance of GASB 95. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

In June 2017, the GASB issued Statement 87, *Leases*. This statement is effective for periods beginning after December 15, 2019, but was delayed by eighteen months with the issuance of GASB 95. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

In June 2018, the GASB issued Statement 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. This statement is effective for periods beginning after December 15, 2019, but was delayed by one year with the issuance of GASB 95. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

In August 2018, the GASB issued Statement 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*. This statement is effective for periods beginning after December 15, 2018, but was delayed by one year with the issuance of GASB 95. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

In May 2019, the GASB issued Statement 91, *Conduit Debt Obligations*. This statement is effective for periods beginning after December 15, 2020, but was delayed by one year with the issuance of GASB 95. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

In January 2020, the GASB Issued Statement 92, *Omnibus 2020*. This statement is effective for periods beginning after June 15, 2020, but was delayed by one year with the issuance of GASB 95. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

TRIMBLE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

In March 2020, the GASB issued Statement 93, *Replacement of Interbank Offered Rates*. This statement is effective, except for paragraphs 11b, 13, and 14 for reporting periods beginning after June 15, 2020. The requirement in paragraph 11b is effective for reporting periods ending after December 31, 2021. The requirements in paragraphs 13 and 14 are effective for fiscal years periods beginning after June 15, 2021. These dates were delayed by one year with the issuance of GASB 95. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

In March 2020, the GASB issued Statement 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This statement is effective for periods beginning after June 15, 2022. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

In June 2020, the GASB issued Statement 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The requirements in (1) paragraph 4 of the Statement as it applies to defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans and (2) paragraph 5 of the Statement are effective immediately. The requirements in paragraphs 6–9 of the Statement are effective for fiscal years beginning after June 15, 2021. All other requirements of the Statement are effective for reporting periods beginning after June 15, 2021. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

NOTE 2 – PROPERTY TAXES

Property Tax Revenues – Property taxes are normally 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 usual collection date is the period from November 1 through December 31. Property tax bills paid prior to December 1 receive a two percent discount. Property taxes received after December 31, are considered to be delinquent and the County Attorney can file a lien against the property.

The property tax rates assessed for the year ended June 30, 2020, to finance operations were \$.755 per \$100 valuation for real property, \$.755 per \$100 valuation for business personal property and \$.554 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 and cablevision services, electric power, water, and natural, artificial and mixed gas.

TRIMBLE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE 3 – DEPOSITS

Deposits – Custodial Credit Risk – Deposits. Custodial credit risk 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 June 30, 2020, \$2,620,857 of the District's bank balance of \$3,035,680 was exposed to custodial credit risk. The bank balance not covered by depository insurance was collateralized by securities held by the pledging financial institution.

NOTE 4 – INTERFUND ACTIVITIES

The following transfers were made during the year:

From Fund	To Fund	Purpose	Amount
General	Special Revenue	Grants	\$ 21,840
General	Nonmajor Governmental	Debt Payments	13,404
General	Food Service	Operations	34,383
Special Revenue	Special Revenue	Internal	59,696
Nonmajor Governmental	Nonmajor Governmental	Operations	13,112
Nonmajor Governmental	Nonmajor Governmental	Debt Payments	537,658

At June 30, 2020, the Special Revenue Fund owed the General Fund \$38,620 for expenditures.

TRIMBLE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE 5 – CAPITAL ASSETS

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

Governmental Activities	July 1, 2019	Additions	Deductions	June 30, 2020
Capital Assets Not Being Depreciated:				
Land	\$ 422,720	\$ -	\$ -	\$ 422,720
Construction in progress	203,046		(203,046)	-
Total Capital Assets Not Being Depreciated	625,766	-	(203,046)	422,720
Depreciable Assets:				
Land improvements	4,902,025			4,902,025
Buildings and improvements	25,802,513			25,802,513
Technology equipment	848,702	49,867	(37,781)	860,788
Vehicles	2,142,448	210,963	(34,368)	2,319,043
General equipment	440,149	25,000	(6,175)	458,974
Total Capital Assets Being Depreciated at Historical Cost	34,135,837	285,830	(78,324)	34,343,343
Less Accumulated Depreciation For:				
Land improvements	1,580,575	237,978		1,818,553
Buildings and improvements	10,078,983	553,828		10,632,811
Technology equipment	786,294	47,318	(33,941)	799,671
Vehicles	1,805,856	120,073	(34,368)	1,891,561
General equipment	274,358	19,708	(6,175)	287,891
Total accumulated depreciation	14,526,066	978,905	(74,484)	15,430,487
Total Other Capital Assets, net	19,609,771	(693,075)	(3,840)	18,912,856
Governmental Activities Capital Assets - Net	\$ 20,235,537	\$ (693,075)	\$ (206,886)	\$ 19,335,576

Depreciation was charged to governmental functions as follows:

Function	Amount
Instruction	\$ 289,297
Student support	166,913
Instructional staff	864
District administration	159,858
School administration	23,349
Plant	221,858
Transportation	116,766
	<u>\$ 978,905</u>

TRMBLE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE 5 – CAPITAL ASSETS – CONTINUED

Business-Type Activities	July 1, 2019	Additions	Deductions	June 30, 2020
Depreciable Assets:				
Food service equipment	\$ 502,672	\$ -	\$ -	\$ 502,672
Total Capital Assets Being Depreciated at Historical Cost	502,672	-	-	502,672
Less Accumulated Depreciation For:				
Food service equipment	409,916	15,877	-	425,793
Total accumulated depreciation	409,916	15,877	-	425,793
Business-Type Activities Capital Assets - Net	\$ 92,756	\$ (15,877)	\$ -	\$ 76,879

NOTE 6 – RISK MANAGEMENT

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

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 7 – LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the year ended June 30, 2020, is as follows:

	July 1, 2019	Additions	Reductions	June 30, 2020	Due Within 1 Year
Governmental Activities:					
Bonds Payable:					
Revenue bonds	\$ 8,280,000	\$ -	\$ (835,000)	\$ 7,445,000	\$ 850,000
Add Premium	18,564		(2,062)	16,502	-
Less Discount	(22,786)		1,424	(21,362)	-
Total Bonds Payable	8,275,778	-	(835,638)	7,440,140	850,000
Other Liabilities:					
Capital leases	203,046		(21,585)	181,461	22,073
Compensated absences	116,774	79,764	(54,417)	142,121	14,212
Total Other Liabilities	319,820	79,764	(76,002)	323,582	36,285
Total Governmental Activities Long-Term Liabilities	\$ 8,595,598	\$ 79,764	\$ (911,640)	\$ 7,763,722	\$ 886,285

TRIMBLE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE 7 – LONG-TERM LIABILITIES – CONTINUED

The debt service fund is primarily responsible for paying the bond obligations through funding from the SEEK capital outlay and FSPK funds. The general fund is primarily responsible for paying compensated absences and capital leases.

Bond Liabilities

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

Issue Date	Proceeds	Interest Rates
2010R	\$ 4,445,000	1.0% - 3.0%
2012	1,250,000	1.0% - 3.125%
2015	1,425,000	1.0% - 3.5%
2016R	5,040,000	2.0%

The District, through the General Fund (including utility taxes and the Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund) is obligated to make payments in amounts sufficient to satisfy debt service requirements on bonds issued by the Trimble 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. The District has “participation agreements” with the Kentucky School Facilities Construction Commission. The Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting school construction needs. The table below sets forth the amount to be paid by the District and the Commission for each year until maturity of all bond issues. The liability for the total bond amount remains with the District and, as such, the total principal outstanding has been recorded in the financial statements. The bonds may be called prior to maturity and redemption premiums are specified in each issue. Assuming no bonds are called prior to scheduled maturity, the minimum obligations of the District, including amounts to be paid by the Commission, at June 30, 2020, for debt service (principal and interest) are as follows:

Year	Principal	Interest	Participation	District's Portion
2021	\$ 850,000	\$ 173,906	\$ 476,324	\$ 547,582
2022	890,000	151,476	483,824	557,652
2023	760,000	124,531	392,653	491,878
2024	770,000	108,681	389,602	489,079
2025	790,000	92,288	391,259	491,029
2026-2030	2,735,000	227,613	1,487,970	1,474,643
2031-2035	650,000	55,725	705,725	-
	<u>\$ 7,445,000</u>	<u>\$ 934,220</u>	<u>\$ 4,327,357</u>	<u>\$ 4,051,863</u>

Capital Lease Liabilities

The following is an analysis of the leased property under capital lease by class:

Classes of Property – Buses Gross amount of assets \$203,046, leased in FY 2019.

These assets are included in depreciable capital assets and depreciated in the statement of activities.

TRIMBLE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE 7 – LONG-TERM LIABILITIES – CONTINUED

Payment requirements are as follows: 2021 \$27,517, 2022 \$24,223, 2023 \$24,198, 2024 \$24,146, 2025 \$24,140 and thereafter \$83,8101 for a total of \$208,044. The amount representing interest is \$26,583 with the present value of net minimum lease payments of \$181,461.

NOTE 8 – PENSION PLANS

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

TRS

Benefits Provided

For Members Before July 1, 2008:

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

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

Participants that retire before age 60 with less than 27 years of service receive reduced retirement benefits. Non-university members with an account established prior to July 1, 2002 receive monthly payments equal to two (2) percent (service prior to July 1, 1983) and two and one-half (2.5) percent (service after July 1, 1983) of their final average salaries for each year of credited service. New members (including second retirement accounts) after July 1, 2002 will receive monthly benefits equal to 2% of their final average salary for each year of service if, upon retirement, their total service less than ten years. New members after July 1, 2002 who retire with ten or more years of total service will receive monthly benefits equal to 2.5% of their final average salary for each year of service, including the first ten years. In addition, members who retire July 1, 2004 and later with more than 30 years of service will have their multiplier increased for all years over 30 from 2.5% to 3.0% to be used in their benefit calculation. Effective July 1, 2008, the System has been amended to change the benefit structure for members hired on or after that date.

The final average salary is the member's five (5) highest annual salaries except members at least age fifty-five (55) with twenty-seven (27) or more years of service may use their three (3) highest annual salaries. For all members, the annual allowance is reduced by 5% per year from the earlier of age 60 or the date the member would have completed 27 years of service. The minimum annual service allowance for all members is \$440 multiplied by credited service. The System also provides disability benefits for vested members at the rate of sixty percent (60%) of the final average salary. Cost of living increases are one and one-half percent (1.5%) annually. Additional ad hoc increases and any other benefit amendments must be authorized by the General Assembly.

TRIMBLE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE 8 – PENSION PLANS – CONTINUED

For Members On or After July 1, 2008:

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

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

The annual retirement allowance for non-university members is equal to: (a) one and seven tenths percent (1.7%) of final average salary for each year of credited service if their service is 10 years or less; (b) two percent (2.0%) of final average salary for each year of credited service if their service is greater than 10 years but no more than 20 years; (c) two and three tenths percent (2.3%) of final average salary for each year of credited service if their service is greater than 20 years but no more than 26 years; (d) two and one half percent (2.5%) of final average salary for each year of credited service if their service is greater than 26 years but no more than 30 years; (e) three percent (3.0%) of final average salary for years of credited service greater than 30 years.

The annual retirement allowance for university members is equal to: (a) one and one-half percent (1.5%) of final average salary for each year of credited service if their service is 10 years or less; (b) one and seven tenths percent (1.7%) of final average salary for each year of credited service if their service is greater than 10 years but no more than 20 years; (c) one and eighty five hundredths percent (1.85%) of final average salary for each year of credited service if their service is greater than 20 years but less than 27 years; (d) two percent (2.0%) of final average salary for each year of credited service if their service is greater than or equal to 27 years.

The final average salary is the member's five (5) highest annual salaries except members at least age fifty-five (55) with twenty-seven (27) or more years of service may use their three (3) highest annual salaries. For all members, the annual allowance is reduced by 6% per year from the earlier of age 60 or the date the member would have completed 27 years of service.

Contributions

Contribution rates are established by Kentucky Revised Statutes. The State contributes 100 percent of school districts' contractually required contributions, which are actuarially determined. Employees are required to contribute 12.855 percent of their annual salary. The school districts' contractually required contribution rate for the year ended June 30, 2020, was 13.105 percent of salaries for members in the plan before July 1, 2008 and 14.105 percent of salaries for members who started their account after June 30, 2008. The District made no contributions to the pension plan for the year ended June 30, 2020. 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.

TRIMBLE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE 8 – PENSION PLANS – CONTINUED

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

At June 30, 2020, the District reported no net pension liability because it did not have a proportionate share of the net pension liability. There was no amount recognized by the District as its proportionate share of the net pension liability. The related State share of the net pension liability was \$20,924,592.

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2019, the District's proportion was .1534 percent.

For the year ended June 30, 2020, the District recognized pension expense of negative \$2,187,515 and revenue of negative \$2,187,515 (\$1,574,689 in the governmental funds and negative \$3,762,204 in government-wide activities) for support provided by the State. At June 30, 2020, the District reported no deferred outflows of resources and no deferred inflows of resources related to TRS.

Actuarial Assumptions

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

Inflation	3.00 percent
Salary increases	3.50 – 7.30 percent, including inflation
Investment rate of return	7.50 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study prepared for the period July 1, 2010 – June 30, 2015, submitted to and adopted by the Board on September 19, 2016.

TRIMBLE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE 8 – PENSION PLANS – CONTINUED

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.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	40%	4.2%
International Equity	22%	5.2%
Fixed Income	15%	1.2%
Other	8%	3.3%
Real Estate	6%	3.8%
Private Equity	7%	6.3%
Cash	2%	0.9%
	100%	

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 67. It was assumed that Plan member contributions will be made at the current contribution rates and that Employer contributions will be made at the Actuarially Determined Contribution rates for all fiscal years in the future. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity Of The Net Pension Liability To Changes In The Discount Rate

The District has no proportional share of the net pension liability. The following presents the sensitivity of the System's net pension liability calculated using the discount rate of 7.50 percent, as well as what the System’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

<u>Description</u>	<u>1% Decrease (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
System's net pension liability (in thousands)	\$ 17,269,491	\$ 14,294,885	\$ 10,373,915

TRIMBLE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE 8 – PENSION PLANS – CONTINUED

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position, which has been determined on the same basis as that used by the plan, is available in the separately issued TRS financial report. The financial statements are prepared on the accrual basis of accounting. Member contributions and employer matching contributions are recognized in the fiscal year due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

CERS

Benefits Provided

The system provides for retirement, disability, and death benefits to system members. Retirement benefits may be extended to beneficiaries of members under certain circumstances. Prior to July 1, 2009, cost-of-living adjustments (COLA) were provided annually equal to the percentage increase in the annual average of the consumer price index for all urban consumers for the most recent calendar year, not to exceed 5% in any plan year. Effective July 1, 2009, and on July 1 of each year thereafter through June 30, 2014, the COLA is limited to 1.5% provided the recipient has been receiving a benefit for at least 12 months prior to the effective date of the COLA. If the recipient has been receiving a benefit for less than 12 months prior to the effective date of the COLA, the increase shall be reduced on a pro-rata basis for each month the recipient has not been receiving benefits in the 12 months preceding the effective date of the COLA. The Kentucky General Assembly reserves the right to suspend or reduce the COLA if, in its judgment, the welfare of the Commonwealth so demands. No COLA has been granted since July 1, 2011.

Contributions

For the fiscal year ended June 30, 2020, plan members who began participating prior to September 1, 2008, were required to contribute 5% of their annual creditable compensation. Participating employers were required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 78.545(33), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last preceding July 1 of a new biennium. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the Board. The school districts' contractually required contribution rate for the year ended June 30, 2020, was 19.30 percent of annual creditable compensation. Contributions to the pension plan from the District were \$337,294.

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

At June 30, 2020, the District reported a liability of \$4,748,993 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2019, the District's proportion was 0.067524 percent, which was a decrease of .001977 percent from its proportion measured as of June 30, 2018.

TRIMBLE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE 8 – PENSION PLANS – CONTINUED

For the year ended June 30, 2020, the District recognized pension expense of \$605,896. At June 30, 2020, the District reported its proportionate share of the CERS deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 121,256	\$ 20,066
Changes in actuarial assumptions	480,652	
Difference between projected and actual investment earnings	91,162	167,718
Changes in proportion and differences between employer contributions and proportionate share of contributions		154,903
Contributions paid to CERS subsequent to the measurement date	337,294	
	\$ 1,030,364	\$ 342,687

The amount reported as deferred outflows for District contributions subsequent to the measurement date of \$337,294 will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Pension Expense
2021	\$ 217,544
2022	90,777
2023	36,631
2024	5,431
	\$ 350,383

Actuarial Assumptions

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

Inflation	2.30 percent
Salary increases	3.30 percent to 10.30%, varies by service, including inflation
Investment rate of return	6.25 percent, net of pension plan investment expense, including inflation

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

TRIMBLE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE 8 – PENSION PLANS – CONTINUED

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2013 – June 30, 2018 and adopted by the Board on April 18, 2019.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	18.8%	4.30%
Non-U.S. Equity	18.8%	4.80%
Private Equity	10.0%	6.65%
Specialty Credit/High Yield	15.0%	2.60%
Core Bonds	13.5%	1.35%
Cash	1.0%	20.00%
Real Estate	5.0%	4.85%
Opportunistic	3.0%	2.97%
Real Return	15.0%	4.10%
	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability as of the Measurement Date was 6.25%. The projection of cash flows used to determine the discount rate assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 25 year closed amortization period of the unfunded actuarial accrued liability. The discount rate determination does not use a municipal bond rate. The target asset allocation and best estimates of arithmetic nominal rates of return for each major asset class are summarized in the CERS Comprehensive Annual Financial Report.

TRIMBLE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE 8 – PENSION PLANS – CONTINUED

Sensitivity Of The District's Proportionate Share Of The Net Pension Liability To Changes In The Discount Rate

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

Description	1% Decrease (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
District's proportionate share of the net pension liability	\$ 5,939,643	\$ 4,748,993	\$ 3,756,598

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position, which has been determined on the same basis as that used by the plan, is available in the separately issued CERS financial report. The financial statements are prepared on the accrual basis of accounting. Member contributions and employer matching contributions are recognized in the fiscal year due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS

Plan Descriptions

The Trimble County School District participates in the Teachers' Retirement System of the State of Kentucky (TRS), a component unit of the Commonwealth of Kentucky which includes certified employees and the County Employees' Retirement System (CERS), a component unit of the Commonwealth of Kentucky which includes all other employees, both of which are cost-sharing multiple-employer defined benefit plans. TRS, which qualifies as a special funding situation for the Life Insurance Fund under GASB 75, and CERS provide other post-employment benefits to plan members and beneficiaries. TRS is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the Kentucky Revised Statutes (KRS). Under the provisions of KRS Section 61.645, the Board of Trustees of Kentucky Retirement Systems (KERS) administers the CERS. The TRS and CERS issue a publicly available financial reports that include financial statements and required supplementary information. TRS' report may be obtained at www.trs.ky.gov. CERS' report may be obtained at www.kyret.ky.gov.

TRS

General Information about the OPEB Plan

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 www.trs.ky.gov.

TRIMBLE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

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 Fund

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.

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

At June 30, 2020, the District reported a liability of \$2,398,000 for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the District's proportion was .148071 percent, which was a decrease of .008699 percent from its proportion measured as of June 30, 2018.

TRIMBLE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

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	\$ 2,398,000
State proportionate share of the net OPEB liability associated with the District	<u>1,936,000</u>
Total	<u><u>\$ 4,334,000</u></u>

For the year ended June 30, 2020, the District recognized OPEB expense of \$45,000 and revenue of \$115,192 for support provided by the Commonwealth. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 580,000
Changes in actuarial assumptions	64,000	
Difference between projected and actual investment earnings	10,000	
Changes in proportion and differences between employer contributions and proportionate share of contributions		203,000
Contributions paid to TRS subsequent to the measurement date	<u>146,191</u>	
	<u>\$ 220,191</u>	<u>\$ 783,000</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$146,191 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 Ending June 30	OPEB Expense Amount
2021	\$ (136,000)
2022	(136,000)
2023	(131,000)
2024	(132,000)
2025	(106,000)
Thereafter	<u>(68,000)</u>
	<u><u>\$ (709,000)</u></u>

TRIMBLE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

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

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

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

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

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

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

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

TRIMBLE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

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.

Sensitivity Of The District's Proportionate Share Of The Net OPEB Liability To Changes In The Discount Rate

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:

Description	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
District's proportionate share of the net OPEB liability	\$ 2,840,000	\$ 2,398,000	\$ 2,027,000

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.

Description	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 1,952,000	\$ 2,398,000	\$ 2,946,000

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 Fund

Plan description – Life Insurance Fund – TRS administers the life insurance fund 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.

TRIMBLE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

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 Commonwealth.

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

At June 30, 2020, the District did not report a liability for its proportionate share of the collective net OPEB liability for life insurance benefits because the State of Kentucky provides the OPEB support directly to TRS on behalf of the District. The amount recognized by the District as its proportionate share of the OPEB liability was \$0 and the Commonwealth's total portion of the net OPEB liability that was associated with the District was \$45,000.

For the year ended June 30, 2020, the District recognized OPEB expense of \$1,902 and revenue of \$1,902 for support provided by the Commonwealth. At June 30, 2020, the District reported no deferred outflows of resources and deferred inflows of resources related to the OPEB.

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

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

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

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

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

TRIMBLE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

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

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity	40.0%	4.3%
International Equity	23.0%	5.2%
Fixed Income	18.0%	1.2%
Real Estate	6.0%	3.8%
Private Equity	5.0%	6.3%
Other	6.0%	3.2%
Cash (LIBOR)	2.0%	0.9%
	100%	

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.

Sensitivity Of The Net OPEB Liability To Changes In The Discount Rate

The District has no proportional share of the net OPEB liability. The following presents the sensitivity of the System’s net pension liability calculated using the discount rate of 7.50 percent, as well as what the System’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
System's net OPEB liability (in thousands)	\$ 45,921	\$ 31,072	\$ 18,868

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

CERS

Plan description – The Kentucky Retirement Systems’ Insurance Fund (Insurance Fund) was established to provide hospital and medical insurance for eligible members receiving benefits from CERS. The eligible non-Medicare retirees are covered by the Department of Employee Insurance (DEI) plans. KRS submits the premium payments to DEI. 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.

TRIMBLE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

Benefits provided – For members participating prior to July 1, 2003, KRS pays a percentage of the monthly premium for single coverage based upon the service credit accrued at retirement. Members participating on or after July 1, 2003, and before September 1, 2008, are required to earn at least 10 years of service credit in order to be eligible for insurance benefits at retirement. Members participating on or after September 1, 2008 are required to earn at least 15 years of service credit in order to be eligible for insurance benefits at retirement. The monthly health insurance contribution will be \$10 for each year of earned service increased by the CPI prior to July 1, 2009, and by 1.5% annually from July 1, 2009.

Contributions – For the fiscal year ended June 30, 2020, plan members who began participating prior to September 1, 2008, were required to contribute 0% of their annual creditable compensation. Those members who began participating on, or after, September 1, 2008 and before January 1, 2014 were required to contribute 1% of their annual creditable compensation. Those members who began participating on, or after, January 1, 2014 were required to contribute 1% of their annual creditable compensation but their contribution is not credited to their account and is not refundable. Participating employers were required to contribute at an actuarially determined rate. Per Kentucky Revised Statute Section 78.545(33), normal contribution and past service contribution rates shall be determined by the Board on the basis of an annual valuation last preceding July 1 of a new biennium. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the Board. The school districts' contractually required contribution rate for the year ended June 30, 2020, was 4.76 percent of annual creditable compensation. Contributions to the pension plan from the District were \$83,188.

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

At June 30, 2020, the District reported a liability of \$1,135,422 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. The District's proportion of the 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 school districts, actuarially determined. At June 30, 2019, the District's proportion was 0.675060 percent, which was a decrease of .01993 percent from its proportion measured as of June 30, 2018.

TRIMBLE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

For the year ended June 30, 2020, the District recognized OPEB expense of \$116,621. At June 30, 2020, the District reported its proportionate share of the CERS deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 342,583
Changes in actuarial assumptions	335,981	2,247
Difference between projected and actual investment earnings	7,479	57,909
Changes in proportion and differences between employer contributions and proportionate share of contributions		39,524
Contributions paid to CERS subsequent to the measurement date	83,188	
	<u>\$ 426,648</u>	<u>\$ 442,263</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$83,188 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 Ending June 30	OPEB Expense Amount
2021	\$ (16,360)
2022	(16,360)
2023	(326)
2024	(31,024)
2025	(29,089)
Thereafter	(5,644)
	<u>\$ (98,803)</u>

TRIMBLE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

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

Investment rate of return	6.25%, net of OPEB plan investment expense, including inflation.
Projected salary increases	3.30% to 10.30%, varies by service
Inflation rate	2.30%
Real Wage Growth	2.00%
Healthcare Trend Rate:	
Pre-65	Initial trend starting at 7.00% at January 1, 2020, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years.
Post-65	Initial trend starting at 5.00% at January 1, 2020, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 10 years.
Municipal Bond Index Rate	3.13%
Discount Rate	5.68%

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2013 – June 30, 2018 and adopted by the Board on April 18, 2019.

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

TRIMBLE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

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
U.S. Equity	18.8%	4.30%
Non-U.S. Equity	18.8%	4.80%
Private Equity	10.0%	6.65%
Specialty Credit/High Yield	15.0%	2.60%
Core Bonds	13.5%	1.35%
Cash	1.0%	20.00%
Real Estate	5.0%	4.85%
Opportunistic	3.0%	2.97%
Real Return	15.0%	4.10%
	100%	

The projection of cash flows used to determine the discount rate of 5.68% assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 26 years (closed) amortization period of the unfunded actuarial accrued liability. The discount rate determination used an expected rate of return of 6.25%, and a municipal bond rate of 3.13%, as reported in Fidelity Index’s “20 –Year Municipal GO AA Index” as of June 28, 2019. However, the cost associated with the implicit employer subsidy was not included in the calculation of the System’s actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the System’s trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy. The target asset allocation and best estimates of arithmetic nominal rates of return for each major asset class are summarized in the CAFR.

Sensitivity Of The District's Proportionate Share Of The Net OPEB Liability To Changes In The Discount Rate

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

Description	1% Decrease (4.68%)	Current Discount Rate (5.68)	1% Increase (6.68%)
District's proportionate share of the net OPEB liability	\$ 1,520,996	\$ 1,135,422	\$ 817,732

TRIMBLE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE 9 – OTHER POST-EMPLOYMENT BENEFIT PLANS – CONTINUED

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

DEFERRED COMPENSATION

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Sections 457, 401(k) and 403(b). The Plans, available to all employees, permits them to defer a portion of their salary until future years. This deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, allows entities with little or no administrative involvement who do not perform the investing function for these plans to omit plan assets and related liabilities from their financial statements. The District, therefore, does not show these assets and liabilities on these financial statements.

TRIMBLE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE 10 – FUND BALANCES

Nonspendable fund balances are those that cannot be spent on future obligations. At June 30, 2020, there were no nonspendable fund balances.

Restricted fund balances arise when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. At June 30, 2020, the District had \$58,387 restricted for compensated absences in the General Fund, \$10,646 restricted for grants in the Special Revenue Fund, \$14,486 restricted for capital projects in the SEEK Capital Outlay Fund and \$7,458 restricted for capital projects in the FSPK Fund.

Committed fund balances are those amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, which, for the District is the Board of Education. The Board of Education must approve by majority vote the establishment (and modification or rescinding) of a fund balance commitment. The District had no commitments at June 30, 2020.

Assigned fund balances are those amounts that are constrained by the government's *intent* to be used for specific purposes, but are neither restricted nor committed. The Board of Education allows program supervisors to complete purchase orders which result in the encumbrance of funds. Assigned fund balance also includes (a) all remaining amounts (except for negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed and (b) amounts in the general fund that are intended to be used for a specific purpose. The assigned fund balances were \$21,047 for site-based carryforward in the General Fund and \$18,793 for school activities in the District Activity Fund at June 30, 2020.

Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

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

NOTE 11 – COMMITMENTS AND CONTINGENCIES

The District receives funding from Federal, State and Local government agencies and private contributions. These funds are to be used for designated purposes only. For government agency grants, if based 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.

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

TRIMBLE COUNTY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED

June 30, 2020

NOTE 11 – COMMITMENTS AND CONTINGENCIES – CONTINUED

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.

NOTE 12 – DEFICIT OPERATING BALANCES

The Food Service Fund and After School Care Fund had a deficit net position at June 30, 2020 in the amount of \$545,518 and \$13,356. The deficit net position is a result of the recording of the net pension and net OPEB liabilities for CERS as part of GASB Statement 68 and 75. The following funds had operations that resulted in a current year deficit of revenues over expenditures resulting in a corresponding reduction of fund balance/net position:

<u>Fund</u>	<u>Amount</u>
Special Revenue Fund	\$ 14,063
District Activity Fund	37,515

NOTE 13 – ON-BEHALF PAYMENTS

The District receives on-behalf payments from the Commonwealth of Kentucky for items including pension, technology, health care costs, operating costs and debt service. The amounts received and funds where these items were recorded for the fiscal year ended June 30, 2020 were as follows:

<u>Description</u>	<u>Amount</u>
Health	\$ 1,036,888
Life	1,949
Admin	16,101
HRA	104,650
TRS Pension	1,574,689
TRS OPEB	117,094
Technology	93,523
Debt Service	478,521
Less: Federal Reimbursement	<u>(34,627)</u>
Total on-behalf	<u>\$ 3,388,788</u>

Recorded as follows:

General Fund	\$ 2,865,930
Food Service Fund	41,792
After School Care Fund	2,545
Debt Service Fund	<u>478,521</u>
	<u>\$ 3,388,788</u>

REQUIRED SUPPLEMENTARY INFORMATION

TRIMBLE COUNTY SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL

GENERAL FUND

Year Ended June 30, 2020

	<u>Original</u>	<u>Final</u>	<u>Actual</u>
Revenues:			
From local sources:			
Taxes:			
Property	\$ 3,952,191	\$ 4,142,599	\$ 4,178,931
Motor vehicle	323,583	311,433	337,161
Utilities	390,000	390,000	394,798
Tuition	18,000	18,000	11,608
Earnings on investments	35,000	50,000	43,509
Other local revenues	32,500	37,500	72,607
Intergovernmental - State	5,765,593	5,573,886	6,657,387
Intergovernmental - Indirect Federal	65,000	65,000	65,824
Total Revenues	<u>10,581,867</u>	<u>10,588,418</u>	<u>11,761,825</u>
Expenditures:			
Instruction	5,770,576	5,840,476	6,346,034
Support services:			
Student	509,433	400,880	485,370
Instruction staff	529,531	528,726	707,995
District administrative	571,661	560,503	606,420
School administrative	616,500	615,563	644,094
Business	523,263	517,263	602,448
Plant operation and maintenance	1,069,099	1,103,027	1,068,407
Student transportation	909,009	875,223	799,187
Community service activities	5,595	5,595	4,483
Facilities acquisition and construction	17,500	17,500	
Other non-instruction	1,741,708	2,169,146	27,592
Total Expenditures	<u>12,263,875</u>	<u>12,633,902</u>	<u>11,292,030</u>
Excess (Deficit) of Revenues over Expenditures	(1,682,008)	(2,045,484)	469,795
Other Financing Sources (Uses):			
Proceeds from disposal of capital assets	1,000	1,000	3,400
Transfers out	(17,193)	(21,840)	(69,627)
Total Other Financing Sources (Uses)	<u>(16,193)</u>	<u>(20,840)</u>	<u>(66,227)</u>
Net Change in Fund Balances	(1,698,201)	(2,066,324)	403,568
Fund Balance, July 1, 2019	<u>1,698,201</u>	<u>2,066,324</u>	<u>2,124,711</u>
Fund Balance, June 30, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,528,279</u>

TRIMBLE COUNTY SCHOOL DISTRICT

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL**

SPECIAL REVENUE FUND

Year Ended June 30, 2020

	<u>Original</u>	<u>Final</u>	<u>Actual</u>
Revenues:			
Earnings on investments	\$ 150	\$ 133	\$ 132
Other local revenues		60,962	38,501
Intergovernmental - State	384,371	419,244	411,710
Intergovernmental - Indirect Federal	661,305	691,340	656,780
Intergovernmental - Direct Federal	<u>125,000</u>	<u>125,000</u>	<u>132,856</u>
Total Revenues	<u>1,170,826</u>	<u>1,296,679</u>	<u>1,239,979</u>
Expenditures:			
Instruction	984,513	1,031,609	1,015,833
Support services:			
Student	500	517	899
Instruction staff	73,689	74,308	74,309
District administrative		12,264	3,044
Plant operation and maintenance		20,000	20,000
Community service activities	<u>129,317</u>	<u>179,821</u>	<u>161,797</u>
Total Expenditures	<u>1,188,019</u>	<u>1,318,519</u>	<u>1,275,882</u>
Excess (Deficit) of Revenues over Expenditures	(17,193)	(21,840)	(35,903)
Other Financing Sources (Uses):			
Transfers in	17,193	133,672	81,536
Transfers out		<u>(111,832)</u>	<u>(59,696)</u>
Total Other Financing Sources (Uses)	<u>17,193</u>	<u>21,840</u>	<u>21,840</u>
Net Change in Fund Balances	-	-	(14,063)
Fund Balance, July 1, 2019	<u>-</u>	<u>-</u>	<u>24,709</u>
Fund Balance, June 30, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,646</u>

TRIMBLE COUNTY SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE CERS NET PENSION LIABILITY

June 30, 2020

Last 10 Years *

	<u>2020</u>		<u>2019</u>		<u>2018</u>
Proportion of the net pension liability	0.067524%		0.069501%		0.069528%
Proportionate share of the net pension liability	\$ 4,748,993	\$	4,232,824	\$	4,069,689
Covered payroll	\$ 1,712,498	\$	1,783,854	\$	1,732,654
Proportionate share of the net pension liability as percentage of covered payroll	277.3%		237.3%		234.9%
Plan fiduciary net position as a percentage of the total pension liability	50.45%		53.54%		53.30%
	<u>2017</u>		<u>2016</u>		<u>2015</u>
Proportion of the net pension liability	0.084021%		0.087741%		0.092517%
Proportionate share of the net pension liability	\$ 4,136,868	\$	3,772,457	\$	3,632,000
Covered payroll	\$ 2,010,639	\$	2,269,020	\$	2,127,378
Proportionate share of the net pension liability as percentage of covered payroll	205.7%		166.3%		170.7%
Plan fiduciary net position as a percentage of the total pension liability	55.50%		59.97%		66.80%

* Fiscal year 2015 was the first year of implementation, therefore, only six years are shown.

TRIMBLE COUNTY SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE CERS NET OPEB LIABILITY

June 30, 2020

Last 10 Years *

	2020	2019	2018
Proportion of the net OPEB liability	0.675060%	0.694990%	0.695280%
Proportionate share of the net OPEB liability	\$ 1,135,422	\$ 1,233,941	\$ 1,397,751
Covered payroll	\$ 1,712,498	\$ 1,783,854	\$ 1,732,654
Proportionate share of the net OPEB liability as percentage of covered payroll	66.30%	69.17%	80.67%
Plan fiduciary net position as a percentage of the total OPEB liability	60.44%	57.62%	52.39%

* Fiscal year 2018 was the first year of implementation, therefore, only three years are shown.

TRIMBLE COUNTY SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE TRS NET PENSION LIABILITY

June 30, 2020

Last 10 Years *

	2020	2019	2018
Proportion of the net pension liability	0.153400%	0.162600%	0.168900%
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -
State proportionate share of the net pension liability associated with the District	20,924,592	21,291,346	45,521,426
Total	<u>\$ 20,924,592</u>	<u>\$ 21,291,346</u>	<u>\$ 45,521,426</u>
Covered payroll	\$ 4,937,267	\$ 5,432,376	\$ 5,702,207
District's proportionate share of the net pension liability as percentage of covered payroll	0.0%	0.0%	0.0%
Plan fiduciary net position as a percentage of the total pension liability	58.80%	59.30%	39.80%
	2017	2016	2015
Proportion of the net pension liability	0.186500%	0.189400%	0.185100%
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -
State proportionate share of the net pension liability associated with the District	55,014,161	44,075,090	38,045,147
Total	<u>\$ 55,014,161</u>	<u>\$ 44,075,090</u>	<u>\$ 38,045,147</u>
Covered payroll	\$ 5,983,676	\$ 5,977,019	\$ 5,777,947
District's proportionate share of the net pension liability as percentage of covered payroll	0.0%	0.0%	0.0%
Plan fiduciary net position as a percentage of the total pension liability	35.20%	42.50%	45.59%

* Fiscal year 2015 was the first year of implementation, therefore, only six years are shown.

TRIMBLE COUNTY SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE TRS NET OPEB LIABILITY
- MEDICAL INSURANCE FUND

June 30, 2020

Last 10 Years *

	2020	2019	2018
Proportion of the net OPEB liability	0.148071%	0.156770%	0.162621%
District's proportionate share of the net OPEB liability	\$ 2,398,000	\$ 2,922,000	\$ 3,192,000
State proportionate share of the net OPEB liability associated with the District	1,936,000	2,518,000	2,607,000
Total	<u>\$ 4,334,000</u>	<u>\$ 5,440,000</u>	<u>\$ 5,799,000</u>
Covered payroll	\$ 4,937,267	\$ 5,432,377	\$ 5,702,207
District's proportionate share of the net OPEB liability as percentage of covered payroll	48.57%	53.79%	55.98%
Plan fiduciary net position as a percentage of the total OPEB liability	32.60%	25.50%	21.20%

* Fiscal year 2018 was the first year of implementation, therefore, only three years are shown.

TRIMBLE COUNTY SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE TRS NET OPEB LIABILITY
- LIFE INSURANCE FUND

June 30, 2020

Last 10 Years *

	2020	2019	2018
Proportion of the net OPEB liability	0.144770%	0.153204%	0.158874%
District's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -
State proportionate share of the net OPEB liability associated with the District	45,000	43,000	35,000
Total	\$ 45,000	\$ 43,000	\$ 35,000
Covered payroll	\$ 4,937,267	\$ 5,432,377	\$ 5,702,207
District's proportionate share of the net OPEB liability as percentage of covered payroll	0.0%	0.0%	0.0%
Plan fiduciary net position as a percentage of the total OPEB liability	73.40%	75.00%	80.00%

* Fiscal year 2018 was the first year of implementation, therefore, only three years are shown.

TRIMBLE COUNTY SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS TO CERS PENSION

June 30, 2020

Last 10 Years *

	2020	2019	2018
Contractually required contribution (actuarially determined)	\$ 337,294	\$ 277,767	\$ 258,302
Contribution in relation to the actuarially determined contributions	337,294	277,767	258,302
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll	\$ 1,747,638	\$ 1,712,498	\$ 1,783,854
Contributions as a percentage of covered payroll	19.30%	16.22%	14.48%
	2017	2016	2015
Contractually required contribution (actuarially determined)	\$ 241,705	\$ 249,721	\$ 289,300
Contribution in relation to the actuarially determined contributions	241,705	249,721	289,300
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll	\$ 1,732,654	\$ 2,010,639	\$ 2,269,020
Contributions as a percentage of covered payroll	13.95%	12.42%	12.75%

* Fiscal year 2015 was the first year of implementation, therefore, only six years are shown.

TRIMBLE COUNTY SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS TO TRS PENSION

June 30, 2020

Last 10 Years *

	2020	2019	2018
Contractually required contribution (actuarially determined)	\$ -	\$ -	\$ -
Contribution in relation to the actuarially determined contributions	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 4,873,045	\$ 4,937,267	\$ 5,432,376
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%
	2017	2016	2015
Contractually required contribution (actuarially determined)	\$ -	\$ -	\$ -
Contribution in relation to the actuarially determined contributions	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 5,702,207	\$ 5,983,676	\$ 5,977,019
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%

* Fiscal year 2015 was the first year of implementation, therefore, only six years are shown.

TRIMBLE COUNTY SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS TO CERS OPEB

June 30, 2020

Last 10 Years *

	2020	2019	2018
Contractually required contribution (actuarially determined)	\$ 83,188	\$ 90,077	\$ 83,841
Contribution in relation to the actuarially determined contributions	83,188	90,077	83,841
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll	\$ 1,747,638	\$ 1,712,498	\$ 1,783,854
Contributions as a percentage of covered payroll	4.76%	5.26%	4.70%

* Fiscal year 2018 was the first year of implementation, therefore, only three years are shown.

TRIMBLE COUNTY SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS TO TRS MEDICAL INSURANCE FUND

June 30, 2020

Last 10 Years *

	2020	2019	2018
Contractually required contribution (actuarially determined)	\$ 146,191	\$ 148,118	\$ 162,971
Contribution in relation to the actuarially determined contributions	146,191	148,118	162,971
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll	\$ 4,873,045	\$ 4,937,267	\$ 5,432,377
Contributions as a percentage of covered payroll	3.00%	3.00%	3.00%

* Fiscal year 2018 was the first year of implementation, therefore, only three years are shown.

TRIMBLE COUNTY SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS TO TRS - LIFE INSURANCE FUND

June 30, 2020

Last 10 Years *

	2020	2019	2018
Contractually required contribution (actuarially determined)	\$ -	\$ -	\$ -
Contribution in relation to the actuarially determined contributions	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 4,873,045	\$ 4,937,267	\$ 5,432,377
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%

* Fiscal year 2018 was the first year of implementation, therefore, only three years are shown.

TRIMBLE COUNTY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2020

CERS PENSION

Changes of benefit terms. There were no changes in benefit terms for 2015 through 2020.

Changes of assumptions (as of June 30 of the year measurement date):

2014 – The assumed investment rate of return was decreased from 7.75% to 7.50%. The assumed rate of inflation was reduced from 3.50% to 3.25%. The assumed rate of wage inflation was reduced from 1.00% to 0.75%. Payroll growth assumption was reduced from 4.50% to 4.00%. The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted. The assumed rates of Retirement, Withdrawal and Disability were updated to more accurately reflect experience.

2015 and 2016 – No changes.

2017 – The assumed investment return was changed from 7.50% to 6.25%. The price inflation assumption was changed from 3.25% to 2.30%, which also resulted in a 0.95% decrease in the salary increase assumption at all years of service. The payroll growth assumption (applicable for the amortization unfunded actuarial accrued liabilities) was changed from 4.00% to 2.00%.

2018 – No changes.

2019 – Salary rates were increased from 3.05% average to 3.30 percent to 10.30%, varies by service. Annual rates of retirement, disability, withdrawal and mortality were updated based on the 2018 experience study and the percent of disabilities assumed to occur in the line of duty was updated from 0% to 2% for non-hazardous members.

CERS OPEB

Changes of benefit terms. There were no changes in benefit terms for 2018 to 2020.

Changes of assumptions (as of June 30 of the year measurement date):

2017 – The assumed investment return was changed from 7.50% to 6.25%. The price inflation assumption was changed from 3.25% to 2.30%, which also resulted in a 0.95% 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 4.00% to 2.00%. 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 – No changes

2019 – The discount rate was changed from 5.85% to 5.68% . Annual salary increases and annual rates of retirement, disability, withdrawal and mortality were updated based on the 2018 experience study and the percent of disabilities assumed to occur in the line of duty was updated from 0% to 2% for non-hazardous members.

TRIMBLE COUNTY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2020

TRS PENSION

Changes of benefit terms. There were no changes in benefit terms for 2015 through 2020.

Changes of assumptions (as of June 30 of the year measurement date):

2014 – In the 2011 valuation and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Tables rather than the 1994 Group Annuity Mortality Table, which was used prior to 2011. In the 2011 valuation, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience. In the 2011 valuation, the Board adopted an interest smoothing methodology to calculate liabilities for purposes of determining the actuarially determined contributions. Beginning with the 2014 valuation, the interest smoothing methodology is no longer used. In 2014, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 5.16% to 5.23%.

2015 – The calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 5.23% to 4.88%. In the 2016 valuation, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience.

2016 – The Assumed Salary Scale, Price Inflation, and Wage Inflation were adjusted to reflect a decrease. In addition, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 4.88% to 4.20%.

2017 – The calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 4.20% to 4.49%.

2018 – The calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 4.49% to 7.50%.

2019 – No changes

TRS OPEB

Changes of benefit terms.

2018 – MIF – 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.

LIF – No changes

2019 and 2020 – No changes for MIF or LIF

Changes of assumptions (as of June 30 of the year measurement date):

2017 – No changes for MIF or LIF

2018 – MIF updated the health care trend rates. No changes for the LIF

2019 – No changes for MIF or LIF

SUPPLEMENTARY INFORMATION

TRIMBLE COUNTY SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

June 30, 2020

	District Activity Fund	SEEK Capital Outlay Fund	FSPK Fund	Construction Fund	Debt Service Fund	Total Nonmajor Governmental Funds
Assets:						
Cash and cash equivalents	\$ 18,758	\$ 14,486	\$ 7,458	\$ -	\$ -	\$ 40,702
Receivables - other	35					35
Total Assets	<u>\$ 18,793</u>	<u>\$ 14,486</u>	<u>\$ 7,458</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,737</u>
Liabilities and Fund Balances:						
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances						
Restricted		14,486	7,458			21,944
Assigned	18,793					18,793
Total Fund Balances	<u>18,793</u>	<u>14,486</u>	<u>7,458</u>	<u>-</u>	<u>-</u>	<u>40,737</u>
Total Liabilities and Fund Balances	<u>\$ 18,793</u>	<u>\$ 14,486</u>	<u>\$ 7,458</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,737</u>

TRIMBLE COUNTY SCHOOL DISTRICT

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**

Year Ended June 30, 2020

	District Activity Fund	SEEK Capital Outlay Fund	FSPK Fund	Construction Fund	Debt Service Fund	Total Nonmajor Governmental Funds
Revenues						
From local sources:						
Property taxes	\$ -	\$ -	\$ 283,001	\$ -	\$ -	\$ 283,001
Motor vehicle tax			37,498			37,498
Other local revenue	40,993					40,993
Intergovernmental - State		103,996	113,163		478,521	695,680
Total Revenues	40,993	103,996	433,662	-	478,521	1,057,172
Expenditures						
Instruction	72,408					72,408
Support services:						
Student	204					204
Instruction staff	5,896					5,896
Debt service:						
Principal					835,000	835,000
Interest					194,583	194,583
Total Expenditures	78,508	-	-	-	1,029,583	1,108,091
Excess (Deficit) of Revenues over Expenditures	(37,515)	103,996	433,662	-	(551,062)	(50,919)
Other Financing Sources (Uses)						
Transfers in			13,112		551,062	564,174
Transfers out		(103,996)	(446,774)			(550,770)
Total Other Financing Sources (Uses)	-	(103,996)	(433,662)	-	551,062	13,404
Net Change in Fund Balances	(37,515)	-	-	-	-	(37,515)
Fund Balance, July 1, 2019	56,308	14,486	7,458	-	-	78,252
Fund balance, June 30, 2020	\$ 18,793	\$ 14,486	\$ 7,458	\$ -	\$ -	\$ 40,737

TRIMBLE COUNTY SCHOOL DISTRICT

COMBINING STATEMENT OF FIDUCIARY NET POSITION

AGENCY FUNDS

June 30, 2020

	Bedford Elementary School	Milton Elementary School	Trimble County JR/SR High School	Total Agency Fund
Assets				
Cash and cash equivalents	\$ 12,891	\$ 7,599	\$ 146,285	\$ 166,775
Receivables		2,699		2,699
Total Assets	\$ 12,891	\$ 10,298	\$ 146,285	\$ 169,474
Liabilities				
Accounts payable	\$ -	\$ 76	\$ -	\$ 76
Due to student groups	12,891	10,222	146,285	169,398
Total Liabilities	\$ 12,891	\$ 10,298	\$ 146,285	\$ 169,474

TRIMBLE COUNTY SCHOOL DISTRICT

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

AGENCY FUNDS

YEAR ENDED JUNE 30, 2020

SCHOOL	CASH BALANCE July 1, 2019	RECEIPTS	DISBURSE- MENTS	CASH BALANCE June 30, 2020	RECEIVABLES June 30, 2020	ACCOUNTS PAYABLE June 30, 2020	DUE TO STUDENT GROUPS June 30, 2020
Bedford Elementary School	\$ 5,339	\$ 26,095	\$ 18,543	\$ 12,891	\$ -	\$ -	\$ 12,891
Milton Elementary School	4,170	13,458	10,029	7,599	2,699	76	10,222
Trimble Co. JR/SR High School	143,318	300,385	297,418	146,285	-	-	146,285
	<u>\$ 152,827</u>	<u>\$ 339,938</u>	<u>\$ 325,990</u>	<u>\$ 166,775</u>	<u>\$ 2,699</u>	<u>\$ 76</u>	<u>\$ 169,398</u>

TRIMBLE COUNTY SCHOOL DISTRICT

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

TRIMBLE COUNTY JR/SR HIGH SCHOOL

YEAR ENDED JUNE 30, 2020

NAME OF ACTIVITY	CASH BALANCE July 1, 2019	RECEIPTS	DISBURSE- MENTS	CASH BALANCE June 30, 2020	RECEIVABLES June 30, 2020	ACCOUNTS PAYABLE June 30, 2020	DUE TO STUDENT GROUPS June 30, 2020
START UP MONEY	\$ -	\$ 4,550	\$ 4,550	\$ -	\$ -	\$ -	\$ -
DIST. ACTIVITY FUND SWEEP	-	31,384	31,384	-	-	-	-
GENERAL	547	1,309	780	1,076	-	-	1,076
ALL CLASS FEES	-	4,180	4,180	-	-	-	-
TRANSPORTATION	35,159	-	12,802	22,357	-	-	22,357
A.P. EXAMS	700	574	990	284	-	-	284
PSAT TEST	-	260	260	-	-	-	-
CHARITIES/CASUAL	429	60	429	60	-	-	60
PARKING PASSES	-	530	530	-	-	-	-
CBI COM. BASE INSTRUCTION	405	-	-	405	-	-	405
CHROMBOOKS	250	24,454	24,669	35	-	-	35
CLASS OF 2023	639	-	-	639	-	-	639
CLASS OF 2022	-	1,759	159	1,600	-	-	1,600
CLASS OF 2021	953	1,117	-	2,070	-	-	2,070
CLASS OF 2020	1,430	31,574	33,004	-	-	-	-
POLLINATOR CLUB	438	1,000	-	1,438	-	-	1,438
SR. HIGH LIBRARY	-	587	-	587	-	-	587
JR. HIGH LIBRARY	17	12	29	-	-	-	-
SENIORS	3,937	-	3,937	-	-	-	-
PEP CLUB	315	-	70	245	-	-	245
GRIT	1,245	-	1,245	-	-	-	-
JR. HIGH YOUNG HISTORIANS	211	-	211	-	-	-	-
7TH GRADE FIELD TRIP	84	-	-	84	-	-	84
8TH GRADE FIELD TRIP	-	2,055	2,055	-	-	-	-
COLUMBUS TRIP	3,392	16,565	18,467	1,490	-	-	1,490
JR/SR/ HIGH STLP	349	150	175	324	-	-	324
STUDENT ADVISORY TEAM	1,549	-	1,549	-	-	-	-
INCENTIVE TRIPS (JR/SR)	415	4,657	3,707	1,365	-	-	1,365
JR. HIGH FUNDRAISERS	167	-	167	-	-	-	-
JR/SR HIGH FCA	776	40	152	664	-	-	664
JR/SR HIGH ACADEMIC TEAM	366	810	1,134	42	-	-	42
ART CLUB	1,107	391	34	1,464	-	-	1,464
SR. HIGH BETA	2,060	5,860	4,929	2,991	-	-	2,991
GREENHOUSE/FFA	3,621	52	2,963	710	-	-	710
FFA	1,041	10,728	9,861	1,908	-	-	1,908
BAND	138	13,634	12,959	813	-	-	813
FBLA	895	430	437	888	-	-	888
SOURCES OF STRENGHT	-	325	-	325	-	-	325
HISTORY CLUB	1,122	720	360	1,482	-	-	1,482
SCIENCE CLUB	2,270	-	2,270	-	-	-	-
SPANISH CLUB	658	-	-	658	-	-	658
SMILE CLUB	755	-	-	755	-	-	755
Y-CLUB	11	12,752	12,727	36	-	-	36
SR. HIGH YEARBOOK	-	3,811	2,643	1,168	-	-	1,168
DRAMA	1,897	390	1,841	446	-	-	446
IED TECH CLASS	-	560	560	-	-	-	-
JR. STUDENT COUNCIL	-	230	-	230	-	-	230
STAFF INCENTIVE	464	309	220	553	-	-	553
ATHLETIC DRINK MACHINE	921	618	90	1,449	-	-	1,449
SERVE TEAM	-	2,227	-	2,227	-	-	2,227
PRIN OF AG, ANIMAL SCIENCE	-	-	-	-	-	-	-
ART & DRAWING/PAINTING	-	-	-	-	-	-	-
BUSINESS	-	294	294	-	-	-	-
BIOLOGY/ANATOMY	-	-	-	-	-	-	-
FORENSICS/GENETICS	-	-	-	-	-	-	-
FLOWER & GIFT FUND	132	429	35	526	-	-	526
BLUE & GOLD FIELD TRIP	740	-	740	-	-	-	-
SPEECH AND DEBATE CLASS	45	-	45	-	-	-	-
STUDENT INCENTIVES	1,313	3,233	3,980	566	-	-	566
ATHLETICS	9,770	19,329	25,222	3,877	-	-	3,877
ATHLETIC CONCESSIONS	781	21,562	20,738	1,605	-	-	1,605
COACHES CARDS	-	510	480	30	-	-	30
JV BOYS DISTRICTS 2020	-	755	755	-	-	-	-
SR. HIGH DISTRICTS	-	10,226	10,226	-	-	-	-
JR. HIGH COMPETITIONS	-	-	-	-	-	-	-
SR. HIGH COMPETITIONS	-	6,956	1,394	5,562	-	-	5,562
SR. HIGH CHEER	3,890	5,234	6,865	2,259	-	-	2,259
SR. HIGH FOOTBALL	1,883	13,017	6,683	8,217	-	-	8,217

TRIMBLE COUNTY SCHOOL DISTRICT

SCHEDULE OF ASSETS, CASH RECEIPTS AND DISBURSEMENTS, AND LIABILITIES

TRIMBLE COUNTY JR/SR HIGH SCHOOL

YEAR ENDED JUNE 30, 2020

NAME OF ACTIVITY	CASH BALANCE July 1, 2018	RECEIPTS	DISBURSE- MENTS	CASH BALANCE June 30, 2019	RECEIVABLES June 30, 2019	ACCOUNTS PAYABLE June 30, 2019	DUE TO STUDENT GROUPS June 30, 2019
SR. HIGH BOYS BASKETBALL	2,494	15,083	8,211	9,366	-	-	9,366
SR. HIGH GIRLS BASKETBALL	660	10,648	7,709	3,599	-	-	3,599
CROSS COUNTRY	2,386	7,187	5,819	3,754	-	-	3,754
TRACK	3,807	6,142	6,231	3,718	-	-	3,718
SR. HIGH SOFTBALL	9,509	9,224	6,909	11,824	-	-	11,824
SR. HIGH BASEBALL	6,875	6,071	9,457	3,489	-	-	3,489
BOYS TENNIS	932	340	-	1,272	-	-	1,272
GIRLS TENNIS	714	340	105	949	-	-	949
BOYS GOLF	306	371	677	-	-	-	-
GIRLS GOLF	8	759	767	-	-	-	-
SR. HIGH VOLLEYBALL	4,383	16,688	11,721	9,350	-	-	9,350
RELAY FOR LIFE	-	1,414	1,414	-	-	-	-
JR. HIGH ATHLETICS	225	-	225	-	-	-	-
JR. HIGH CHEERLEADING	6,519	7,957	12,661	1,815	-	-	1,815
JR. HIGH SOFTBALL	3,960	200	367	3,793	-	-	3,793
JR. HIGH VOLLEYBALL	3,066	4,879	3,623	4,322	-	-	4,322
JR. HIGH GIRLS' BASKETBALL	3,324	1,845	1,957	3,212	-	-	3,212
JR. HIGH BOYS' BASKETBALL	2,788	3,876	2,350	4,314	-	-	4,314
JR. HIGH FOOTBALL	427	10,367	8,650	2,144	-	-	2,144
JR. HIGH BETA CLUB	1,398	8,711	6,255	3,854	-	-	3,854
JR. HIGH YEARBOOK	-	1,887	1,887	-	-	-	-
JR. HIGH BASEBALL	250	-	250	-	-	-	-
TOTALS	143,318	376,198	373,231	146,285	-	-	146,285
TRANSFERS	-	(75,813)	(75,813)	-	-	-	-
TOTALS	\$ 143,318	\$ 300,385	\$ 297,418	\$ 146,285	\$ -	\$ -	\$ 146,285

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TRIMBLE COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2020

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR / PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS THROUGH ENTITY IDENTIFYING NUMBER</u>	<u>PROVIDED TO SUBRECIPIENTS</u>	<u>TOTAL FEDERAL EXPENDITURES</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Child Nutrition Cluster -				
Passed Through State Department of Education:				
National School Lunch	10.555	7750002-19 7750002-20		\$ 75,714 325,727
School Breakfast Program	10.553	7760005-19 7760005-20		36,280 174,167
Non-Cash Assistance (Commodities)				
National School Lunch Program	10.555	057502-02		53,491
TOTAL CHILD NUTRITION CLUSTER				<u>665,379</u>
<u>OTHER U.S. DEPARTMENT OF AGRICULTURE PROGRAMS</u>				
Passed Through State Department of Education:				
State Administrative Expenses for Child Nutrition	10.560	7700001-19		164
TOTAL U.S. DEPT. OF AGRICULTURE				<u>665,543</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Special Education Cluster -				
Passed Through State Department of Education:				
Special Education - Grants to States	84.027	3810002-18 3810002-19		3,795 246,074
				<u>249,869</u>
Special Education - Preschool Grants	84.173	3800002-18 3800002-19		2,069 10,414
				<u>12,483</u>
TOTAL SPECIAL EDUCATION CLUSTER				<u>262,352</u>
<u>OTHER U.S. DEPARTMENT OF EDUCATION PROGRAMS</u>				
Passed Through State Department of Education				
Title I Grants to Local Educational Agencies	84.010	3100002-18 3100002-19		2,797 356,434
				<u>359,231</u>
Career and Technical Education - Basic Grants to States	84.048	3710002-18 3710002-19		388 11,944
				<u>12,332</u>
Supporting Effective Instruction - State Grants	84.367	3230002-17 3230002-18		321 54,091
				<u>54,412</u>
Student Support and Academic Enrichment Program	84.424	3420002-18 3420002-19		763 23,412
				<u>24,175</u>
TOTAL U.S. DEPARTMENT OF EDUCATION				<u>712,502</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Drug-Free Communities Support Program Grants	93.276	Direct		132,856
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				<u>132,856</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ -</u>	<u>\$ 1,510,901</u>

The accompanying notes are an integral part of this schedule.

TRIMBLE COUNTY SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2020

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Trimble County School District under programs of the federal government for the year ended June 30, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Trimble County School District, it is not intended to and does not present the financial position, changes in net position or cash flows of Trimble 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 presented where available.

NOTE C – FOOD DISTRIBUTION

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

NOTE D – INDIRECT COST RATE

The District has elected to not use the 10 percent de minimum indirect cost rate allowed under the Uniform Guidance.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**TRIMBLE COUNTY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020**

Section I – Summary of Auditor’s Results

Financial Statements:

Type of auditor’s report issued (unmodified):

Internal control over financial reporting:

- Material weakness(es) identified? _____yes ___X___no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____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 200.516(a)? _____yes ___X___no

Identification of major programs:

CFDA Number	Federal Program or Cluster
----------------	----------------------------

DEPARTMENT OF AGRICULTURE

10.553/10.555	Child Nutrition Cluster
---------------	-------------------------

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

Auditee qualified as low-risk auditee? _____yes ___X___no

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

TRIMBLE COUNTY SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

June 30, 2020

There were no prior year findings.

**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***



HCA

Heartland CPAs and Advisors PLLC

**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**

State Committee for School District Audits
Members of the Board of Education
Trimble County School District
Bedford, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the requirements prescribed by the Kentucky State Committee for School District Audits in the *Independent Auditor's Contract*, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Trimble County School District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Trimble County School District's basic financial statements, and have issued our report thereon dated November 10, 2020.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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 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 Trimble County School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. In addition, the results of our tests disclosed no instances of material noncompliance of specific state statutes or regulations identified in the *Independent Auditor's Contract*.

We noted certain matters that we reported to management of Trimble County School District in a separate letter dated November 10, 2020.

Purpose of this Report

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



Heartland CPAs and Advisors, PLLC
Elizabethtown, Kentucky
November 10, 2020

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



HCA

Heartland CPAs and Advisors PLLC

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

Kentucky State Committee for School District Audits
Members of the Board of Education
Trimble County School District
Bedford Kentucky

Report on Compliance for Each Major Federal Program

We have audited Trimble 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 Trimble County School District's major federal programs for the year ended June 30, 2020. Trimble 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 the 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 Trimble County School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the requirements prescribed by the Kentucky State Committee for School District Audits in Appendices I and II of the Independent Auditor's Contract. 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 Trimble 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 Trimble County School District's compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of Trimble 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 Trimble 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 in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major 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 Trimble County School District's internal control over compliance.

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



Heartland CPAs and Advisors, PLLC
Elizabethtown, Kentucky
November 10, 2020

MANAGEMENT LETTER AND COMMENTS



HCA

Heartland CPAs and Advisors PLLC

Kentucky State Committee for School District Audits
Members of the Board of Education of
Trimble County School District
Bedford, Kentucky

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

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiencies. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. Any uncorrected comments from the prior year have been included in the memorandum. A separate report dated November 10, 2020, contains our report on the District's internal control. This letter does not affect our report dated November 10, 2020, on the financial statements of the Trimble County School District.

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

This report is intended solely for the information and use of management, the members of the Trimble County Board of Education, others within the District, the Kentucky Department of Education, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Heartland CPAs and Advisors, PLLC

Heartland CPAs and Advisors, PLLC
 Elizabethtown, Kentucky
 November 10, 2020

TRIMBLE COUNTY SCHOOL DISTRICT

COMMENTS

June 30, 2020

PRIOR YEAR UNCORRECTED COMMENTS

MILTON ELEMENTARY SCHOOL

NEGATIVE BALANCE

We noted during review of the Annual Financial Report that the Misc From STI account ended the 2019-2020 fiscal year with a balance of \$(136.94). Redbook states that if an activity account ends the year with a negative balance (after taking receivable and accounts payable into consideration), the general activity account must cover the deficit by June 30.

MANAGEMENT RESPONSE

The negative cash balance was cleared in July 2020. The district finance officer advised the school bookkeeper to clear any future negative balances before the close of the fiscal year.

CURRENT YEAR COMMENTS

BEDFORD ELEMENTARY SCHOOL

FUNDRAISER APPROVAL FORMS

We noted that the deposit made on 12/11/2019 in the amount of \$684.10 included a Multiple Receipt Form (F-SA-6) for the receipt of a \$684.10 check from School Mall into the School Mall Fund. However, there was not a Fundraiser Approval Form (F-SA-2A) on file for this fundraiser. Therefore, we were unable to determine if this fundraiser was approved or if these funds were properly deposited into or expensed from the correct account.

We noted that the deposit made on 11/25/2019 in the amount of \$315.00 included a Multiple Receipt Form (F-SA-6) for the receipt of a \$315.00 from students to purchase yearbooks into the Yearbook Fund. However, there was not a Fundraiser Approval Form (F-SA-2A) on file for this fundraiser. Therefore, we were unable to determine if this fundraiser was approved or if these funds were properly deposited into or expensed from the correct account.

MANAGEMENT RESPONSE

The district finance officer discussed with the school principal and bookkeeper to ensure all fundraisers are board approved and all required forms are completed and kept on file. The principal and bookkeeper will continue to attend all district Redbook trainings.

IMPROPER FORM

We noted that the deposit made on 3/13/20 in the amount of \$100.00 included a Multiple Receipt Form (F-SA-6) for the receipt of a \$100.00 collected from students for dance admittance and deposited into the Beta Club Fund. Redbook states that pre-numbered tickets shall be used with all events for which admission is charged (including athletic events, dances, concerts, plays, prom, or season passes). The Requisition and Report of Ticket Sales (Form F-SA-1) is to be used to report and reconcile the number of tickets sold and the funds collected.

MANAGEMENT RESPONSE

The district finance officer discussed with the school principal and bookkeeper to ensure pre-numbered tickets are used for all events for which admission is charged and that the correct forms are filled out. The principal and bookkeeper will continue to attend all district Redbook trainings.

MILTON ELEMENTARY SCHOOL

PURCHASE ORDER FORM

We noted that check #1197, dated 06/22/2020, written to Colonial Flowers from the Coca Cola Fund in the amount of \$30.00 had in attached invoice that was dated 6/07/2020. The attached Purchase Order Form was dated as being submitted and approved on 6/22/2020. Redbook requires that purchases be approved before they are made.

MANAGEMENT RESPONSE

The district finance officer discussed with the school principal and bookkeeper to ensure all purchases are approved before being made. The principal and bookkeeper will continue to attend all district Redbook trainings.

MISSING DOCUMENTATION

Upon review of receipts, we noted a deposit on 9/13/2019 in the amount of \$3,419.40 included book fair checks in total of \$2,776.70. There was no Multiple Receipt Form, sales collection form, or fundraiser approval form (F-SA-2A) on file. Therefore, we were unable to determine if this fundraiser was approved or if these funds were deposited into the correct account.

MANAGEMENT RESPONSE

The district finance officer discussed with the school principal and bookkeeper to ensure all fundraisers are board approved and all forms are completed and kept on file. The principal and bookkeeper will continue to attend all district Redbook trainings.

UNTIMELY DEPOSIT

We noted that the deposit made on 9/13/2019, in the amount of \$3,419.40 included a multiple receipt form for Chromebook Tech Fees in the amount of \$75.00 dated 08/26/2019. Redbook requires that deposits in less than \$100.00 be made weekly.

MANAGEMENT RESPONSE

The district finance officer discussed with the school principal and bookkeeper to ensure all deposits are made according to Redbook guidelines.

MULTIPLE RECEIPT FORM

We noted that the deposit dated 5/29/2020 included a Multiple Receipt Form (F-SA-6) that did not have the date filled out for the person remitting the money. Redbook requires F-SA-6 Multiple Receipt Forms to be completely filled out. We are unable to determine if this deposit was timely.

MANAGEMENT RESPONSE

The district finance officer discussed with the school principal and bookkeeper to ensure all forms are completed in their entirety. The principal and bookkeeper will continue to attend all district Redbook trainings.

SEGREGATION OF DUTIES

We noted during the review of the Internal Control Questionnaire, completed by the school's bookkeeper, that the bookkeeper is performing the following duties: photocopies checks/records receipts, records revenue in the accounting system and takes the deposit to the bank. Redbook requires the person that photocopies checks/records receipts and records revenue in the accounting system to be different from the person that takes the deposit to the bank.

MANAGEMENT RESPONSE

The district finance officer discussed the segregation of duties with the school principal and bookkeeper. The school bookkeeper will no longer make the bank deposits. Those duties have been assigned to a different employee.

TRIMBLE COUNTY HIGH SCHOOL

SEGREGATION OF DUTIES

We noted during the review of the Internal Control Questionnaire, completed by the school's bookkeeper, that the bookkeeper is performing the following duties: photocopies checks/records receipts, records revenue in the accounting system and takes the deposit to the bank. Redbook requires the person that photocopies checks/records receipts and records revenue in the accounting system to be different from the person that takes the deposit to the bank.

MANAGEMENT RESPONSE

The district finance officer discussed the segregation of duties with the Jr/Sr high school principal. The bookkeeper will no longer make the daily deposits. Those duties have been assigned to a different employee.

INVENTORY CONTROL WORKSHEET

We noted that the Inventory Control Worksheets (F-SA-5) that were on file for the Jr. High Football concessions were completed for the months of August-September and February-March. However, they only had one inventory control worksheet on file for each period. Redbook requires inventory control worksheets to be completed on a monthly basis to document the flow of inventory.

We noted that the Inventory Control Worksheets (F-SA-5) that were on file for the Jr. High Volleyball concessions were completed for the months of August-September. However, they only had one inventory control worksheet on file for the entire period. Redbook requires inventory control worksheets to be completed on a monthly basis to document the flow of inventory.

We noted that the Inventory Control Worksheets (F-SA-5) that were on file for the Sr. High Volleyball concessions were completed for the months of August-September. However, they only had one inventory control worksheet on file for the entire period. Redbook requires inventory control worksheets to be completed on a monthly basis to document the flow of inventory.

We noted that the Inventory Control Worksheets (F-SA-5) that were on file for the Sr. High Boys and Girls Basketball concessions were completed for the months of November-December. However, they only had one inventory control worksheet on file for the entire period. Redbook requires inventory control worksheets to be completed on a monthly basis to document the flow of inventory. We also noted that the ending inventory amount was \$10,402.74 at the end of December. There was not an explanation for the remaining inventory.

MANAGEMENT RESPONSE

The district finance officer discussed the inventory control worksheets with the Jr/Sr high school principal. The school athletic director is to ensure the inventory control worksheets are completed on a monthly basis for each school sport operating concessions. The Athletic Director will also attend all district Redbook trainings.

APPENDIX C

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

Continuing Disclosure Undertaking Agreement

CONTINUING DISCLOSURE UNDERTAKING AGREEMENT

This Continuing Disclosure Undertaking Agreement ("Agreement") made and entered into as of the 15th day of February, 2022 by and between the Board of Education of Trimble County, Kentucky School District ("Board"); the Trimble County School District Finance Corporation, an agency and instrumentality of the Board ("Corporation") and the Registered and Beneficial Owners of the Bonds hereinafter identified as third party beneficiaries to this Agreement. For the purposes of this Agreement "Beneficial Owner" means the person or entity treated as the owner of the Bonds for federal income tax purposes and "Registered Owner" means the person or entity named on the registration books of the bond registrar.

WITNESSETH:

WHEREAS, the Corporation has acted as issuing agency for the Board pursuant to the provisions of Section 162.385 of the Kentucky Revised Statutes ("KRS") and the Corporation's Bond Resolution in connection with the authorization, sale and delivery of \$1,300,000 of the Corporation's School Building Revenue Bonds, Series of 2022, dated February 15, 2022 ("Bonds"), which Bonds were offered for sale under the terms and conditions of a Final Official Statement ("FOS") prepared by RSA Advisors, LLC, Lexington, Kentucky ("Municipal Advisor") and approved by the authorized representatives of the Board and the Corporation, and

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

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

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

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

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

1. ANNUAL FINANCIAL INFORMATION

The Board agrees to provide the annual financial information contemplated by Rule 15c2-12(b)(5)(i) relating to the Board for its fiscal years ending June 30 of each year, commencing with the fiscal year ending June 30, 2022, to (a) the Municipal Securities Rulemaking Board ("MSRB"), or any successor thereto for purposes of its Rule, through the continuing disclosure service portal provided by the MSRB's Electronic Municipal Market Access ("EMMA") system as described in 1934 Act Release No. 59062, or any similar system that is acceptable to the Securities and Exchange Commission and (b) the State Information Depository ("SID"), if any (the Commonwealth of Kentucky has not established a SID as of the date of this Agreement) within nine (9) months of the close of each fiscal year.

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

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

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

2. MATERIAL EVENTS NOTICES

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

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

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

- (A) Debt obligation;
- (B) Derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or
- (C) Guarantee of paragraph (A) or (B) above.

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

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

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

3. SPECIAL REQUESTS FOR INFORMATION

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

4. DISCLAIMER OF LIABILITY

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

5. FINAL OFFICIAL STATEMENT

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

6. DURATION OF THE AGREEMENT

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

7. AMENDMENT; WAIVER

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

- (a) If the amendment or waiver relates to the provisions of Section 1, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;
- (b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- (c) The amendment or waiver either (i) is approved by the holders of the Bonds in the same manner as provided in the Bond Resolution for amendments to the Bond Resolution with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Registered Owners or Beneficial Owners of the Bonds.

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

8. DEFAULT

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

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

**BOARD OF EDUCATION OF
TRIMBLE COUNTY, KENTUCKY**

Attest:

Chairman

Secretary

**TRIMBLE COUNTY SCHOOL
DISTRICT FINANCE CORPORATION**

Attest:

President

Secretary

APPENDIX D

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

Official Terms and Conditions of Bond Sale

OFFICIAL TERMS AND CONDITIONS OF BOND SALE

\$1,300,000*

**Trimble County School District Finance Corporation
School Building Revenue Bonds, Series of 2022
Dated as of February 15, 2022**

SALE: January 25, 2022 AT 12:00 P.M., E.S.T.

As published on PARITY®, a nationally recognized electronic bidding system, the Trimble County School District Finance Corporation ("Corporation") will until January 25, 2022, at the hour of 12:00 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 \$130,000.

**TRIMBLE 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 Trimble 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 renovations to Trimble County Jr./Sr. High School Gym (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 subordinate to a similar lien and pledge securing the Corporation's School Building Revenue Bonds previously issued to finance improvements to 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 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 15, 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:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2023	\$ 55,000	2033	\$ 65,000
2024	55,000	2034	65,000
2025	55,000	2035	65,000
2026	55,000	2036	70,000
2027	55,000	2037	70,000
2028	60,000	2038	75,000
2029	60,000	2039	75,000
2030	60,000	2040	75,000
2031	60,000	2041	80,000
2032	60,000	2042	85,000

*Subject to a Permitted Adjustment of the amount of Bonds awarded of up to \$130,000 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 \$1,274,000 (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 \$1,300,000 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 \$130,000 (the "Permitted Adjustment") which may be awarded to such best bidder may be a minimum of \$1,170,000 or a maximum of \$1,430,000. 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 \$1,300,000 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 January 25, 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 Board and issuing agencies acting on behalf of the Board offering for public sale municipal securities in excess of \$1,000,000, the Corporation and the Board will enter into a written agreement for the benefit of all parties who may become Registered or Beneficial Owners of the Bonds whereunder said Corporation and Board will agree to comply with the provisions of the Municipal Securities Disclosure Rules set forth in Securities and Exchange Commission Rule 15c2-12 by filing annual financial statements and material events notices with the Electronic Municipal Market Access (EMMA) System maintained by the Municipal Securities Rule Making Board.

Financial information regarding the Board may be obtained from Superintendent, Trimble County Board of Education, 116 Wentworth Avenue, Bedford, Kentucky 40006 (502-255-3201).

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.

**TRIMBLE COUNTY SCHOOL DISTRICT
FINANCE CORPORATION**

By /s/ Jessica Wilcoxson
Secretary

APPENDIX E

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

Official Bid Form

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

The Trimble County School District Finance Corporation ("Corporation" or "Issuer"), will until 12:00 P.M., E.S.T., on January 25, 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 \$1,300,000 School Building Revenue Bonds, Series of 2022, dated February 15, 2022; maturing February 1, 2023 through 2042 ("Bonds").

We hereby bid for said \$1,300,000* principal amount of Bonds, the total sum of \$ _____ (not less than \$1,274,000) plus accrued interest from February 15, 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:

<u>Year</u>	<u>Amount*</u>	<u>Rate</u>	<u>Year</u>	<u>Amount*</u>	<u>Rate</u>
2023	\$ 55,000	_____ %	2033	\$ 65,000	_____ %
2024	55,000	_____ %	2034	65,000	_____ %
2025	55,000	_____ %	2035	65,000	_____ %
2026	55,000	_____ %	2036	70,000	_____ %
2027	55,000	_____ %	2037	70,000	_____ %
2028	60,000	_____ %	2038	75,000	_____ %
2029	60,000	_____ %	2039	75,000	_____ %
2030	60,000	_____ %	2040	75,000	_____ %
2031	60,000	_____ %	2041	80,000	_____ %
2032	60,000	_____ %	2042	80,000	_____ %

* Subject to Permitted Adjustment

We understand this bid may be accepted for as much as \$1,430,000 of Bonds or as little as \$1,170,000 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 January 25, 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 December 1 in accordance with the maturity schedule setting the actual size of the issue.

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

It is understood that the Corporation will furnish the final approving Legal 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 15, 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 15, 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 Trimble County School District Finance Corporation for \$ _____ amount of Bonds at a price of \$ _____ as follows:

<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Year</u>	<u>Amount</u>	<u>Rate</u>
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: January 25, 2022

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