

PRELIMINARY OFFICIAL STATEMENT

DATED MARCH 14, 2022

NEW ISSUE

Electronic Bidding via Parity®
NOT 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).

\$19,035,000*

BOONE COUNTY SCHOOL DISTRICT FINANCE CORPORATION
SCHOOL BUILDING REVENUE BONDS,
SERIES 2022

Dated with Delivery: APRIL 12, 2022

Due: as shown below

Interest on the Bonds is payable each October 1 and April 1, beginning October 1, 2022. The Bonds will mature as to principal on April 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.

Table with 10 columns: Maturing 1-Apr, Amount*, Interest Rate, Reoffering Yield, CUSIP, Maturing 1-Apr, Amount*, Interest Rate, Reoffering Yield, CUSIP. Rows list maturities from 2023 to 2032 with corresponding amounts and rates.

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 Boone 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 Boone County Board of Education.

The Boone County (Kentucky) School District Finance Corporation will until March 22, 2022, at 11:00 A.M., E.D.S.T., receive competitive bids for the Bonds at the office of the Executive Director of the Kentucky School Facilities Construction Commission, 700 Louisville Road, Carriage House, Frankfort, Kentucky 40601.

*As set forth in the "Official Terms and Conditions of Bond Sale," the principal amount of Bonds sold to the successful bidder is subject to a Permitted Adjustment by increasing or decreasing the amount not to exceed \$1,905,000.

PURCHASER'S OPTION: The Purchaser of the Bonds, within 24 hours of the sale, may specify to the Municipal 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.

**BOONE COUNTY, KENTUCKY
BOARD OF EDUCATION**

Julia Pile, Chairperson
Karen Byrd, Member
Keith Collins, Member
Jesse Parks, Member
Dr. Maria Brown, Member

Matthew Turner, Superintendent
Karen Evans, Secretary

**BOONE COUNTY SCHOOL DISTRICT
FINANCE CORPORATION**

Julia Pile, President
Karen Byrd, Secretary
Keith Collins, Member
Jesse Parks, Member
Dr. Maria Brown, Member

Linda Schild, Treasurer

BOND COUNSEL

Keating Muething & Klekamp PLL
Cincinnati, Ohio

MUNICIPAL ADVISOR

RSA Advisors, LLC
Lexington, Kentucky

PAYING AGENT AND REGISTRAR

U.S. Bank Trust Company, National Association
Cincinnati, Ohio

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 Boone County School District Finance Corporation School Building Revenue Bonds, Series 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**

\$19,035,000*

**BOONE COUNTY SCHOOL DISTRICT FINANCE CORPORATION
SCHOOL BUILDING REVENUE BONDS,
SERIES 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 Boone County School District Finance Corporation (the "Corporation") School Building Revenue Bonds, Series 2022 (the "Bonds").

The Bonds are being issued to finance renovations to Jones Middle School and Boone County High School (the "Projects").

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

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

Copies of the Bond Resolution authorizing the issuance of the Bonds and the Lease Agreement, dated April 12, 2022, may be obtained at the office of Keating Muething & Klekamp PLL, Bond Counsel, One East 4th Street, Suite 1400, Cincinnati, OH 45202.

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 Sections 157.611 through 157.640 of the Kentucky Revised Statutes as repealed, amended, and reenacted by the 1990 Regular Session of said General Assembly (the "Act") for the purpose of assisting local school districts in meeting their capital construction needs. The Commission is the successor agency to the Kentucky School Building Authority.

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 §§ 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 State Board of Education and of the Commission, the Commission has determined that the Board is eligible for participation from the Commission in meeting the costs of the Projects and has entered into the Participation Agreement with the Board whereunder the Commission agrees to pay an Agreed Participation equal to approximately 4% of the debt service requirements each year to be applied only to the payment of the principal and interest requirements on the Bonds; 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 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 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 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 will be reviewed and supplemented during the General Assembly's 2021 regular session. Such budget became effective beginning July 1, 2021. The Office of the State Budget Director makes available on its website monthly updates to the General Fund receipts and other Funds of the commonwealth. When published, the updates can be found at www.osbd.ky.gov.

OUTSTANDING BONDS

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

Bond Series	Original Principal	Current Principal Outstanding	Principal Assigned to Board	Principal Assigned to Commission	Approximate Interest Rate Range	Final Maturity
2010-QSCB	\$11,085,000	\$11,085,000	\$11,085,000	\$0	5.750%	2027
2012-REF	\$27,700,000	\$12,180,000	\$27,700,000	\$0	2.625% - 2.750%	2024
2012B-REF	\$12,170,000	\$4,105,000	\$10,755,803	\$1,414,197	2.500% - 2.625%	2024
2013	\$5,975,000	\$4,855,000	\$4,912,158	\$1,062,842	3.000% - 3.250%	2033
2014-REF	\$11,905,000	\$7,465,000	\$11,905,000	\$0	3.000%	2025
2015-REF	\$12,375,000	\$8,240,000	\$11,711,931	\$663,069	3.000%	2026
2016-REF	\$32,425,000	\$27,820,000	\$32,425,000	\$0	2.000% - 3.000%	2027
2016	\$10,120,000	\$9,030,000	\$10,120,000	\$0	3.000% - 3.250%	2036
2016B	\$31,850,000	\$28,515,000	\$29,998,575	\$1,851,425	2.000% - 3.250%	2036
2017-REF	\$10,150,000	\$8,010,000	\$9,580,557	\$569,443	3.000%	2029
2017B-REF	\$12,765,000	\$11,665,000	\$11,097,144	\$1,667,856	3.000%	2031
2018	\$13,490,000	\$12,995,000	\$13,490,000	\$0	3.000% - 3.625%	2038
2020	\$33,340,000	\$33,065,000	\$32,522,884	\$817,116	2.000% - 3.000%	2040
2021	\$9,705,000	\$9,655,000	\$9,705,000	\$0	2.000%	2031
TOTALS:	\$235,055,000	\$188,685,000	\$227,009,052	\$8,045,948		

AUTHORITY

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

- i) the issuance of approximately \$19,035,000 of Bonds subject to a permitted adjustment of \$1,905,000;
- 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 April 12, 2022, will bear interest from that date as described herein, payable semi-annually on October 1 and April 1 of each year, commencing October 1, 2022, and will mature as to principal on April 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 Trust Company, National Association, Cincinnati, Ohio, 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 October 1 and April 1 of each year, beginning October 1, 2022 (Record Date is 15th day of month preceding interest due date).

Redemption

The Bonds maturing on or after April 1, 2031 are subject to redemption at the option of the Corporation prior to their stated maturity on any date falling on or after April 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
April 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 acquired and constructed from the Bond proceeds from the Corporation to the Board.

Mortgage Lien

The Bonds are secured by a statutory mortgage lien and a pledge of revenues on and from the site of the Project.

The Lease

The Board has leased the school Project securing the Bonds for an initial period from April 12, 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 April 1, 2042, the final maturity date of the Bonds.

STATE INTERCEPT

Under the terms of the Lease, and any renewal thereof, the Board has agreed so long as the Bonds remain outstanding, and in conformance with the intent and purpose of Section 157.627(5) of the Act and KRS 160.160(5), in the event of a failure by the Board to pay the rentals due under the 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 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.

COMMISSION'S PARTICIPATION

The Commission has determined that the Board is eligible for an average annual participation equal to approximately \$47,938 from the Commission's appropriation by the Kentucky General Assembly which will be used to meet a portion of the debt service of the Bonds. The plan for financing the Project will require the Commission to pay approximately four percent (4%) 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.

THE PROJECTS

After payment of the Bond issuance costs, the Board plans to deposit the net Bond proceeds to finance renovations to Jones Middle School and Boone County High School (the "Projects").

The Board has reported construction bids have been let for the Projects 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 Projects 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. The plan of financing provides for the Board to meet approximately 97% of the debt service of the Bonds.

Fiscal Year Ending June 30	Current Local Bond Payments	----- Series 2022 School Building Revenue Bonds -----					Total Local Bond Payments
		Principal Portion	Interest Portion	Total Payment	Local Portion	SFCC Portion	
2023	\$21,389,068	\$200,000	\$383,276	\$583,276	\$535,338	\$47,938	\$21,924,406
2024	\$21,386,761	\$210,000	\$391,356	\$601,356	\$553,419	\$47,937	\$21,940,180
2025	\$19,741,338	\$300,000	\$387,156	\$687,156	\$639,219	\$47,937	\$20,380,557
2026	\$19,738,559	\$305,000	\$381,156	\$686,156	\$638,219	\$47,937	\$20,376,778
2027	\$18,318,968	\$310,000	\$375,056	\$685,056	\$637,119	\$47,937	\$18,956,087
2028	\$12,764,795	\$1,020,000	\$368,856	\$1,388,856	\$1,340,919	\$47,938	\$14,105,714
2029	\$12,748,992	\$1,045,000	\$348,456	\$1,393,456	\$1,345,518	\$47,938	\$14,094,510
2030	\$11,616,482	\$1,065,000	\$327,556	\$1,392,556	\$1,344,619	\$47,937	\$12,961,101
2031	\$11,616,780	\$1,085,000	\$306,256	\$1,391,256	\$1,343,319	\$47,937	\$12,960,099
2032	\$7,897,559	\$1,105,000	\$284,556	\$1,389,556	\$1,341,619	\$47,938	\$9,239,178
2033	\$7,912,081	\$1,130,000	\$262,456	\$1,392,456	\$1,344,518	\$47,938	\$9,256,600
2034	\$7,415,958	\$1,150,000	\$239,856	\$1,389,856	\$1,341,919	\$47,937	\$8,757,877
2035	\$7,419,946	\$1,175,000	\$216,856	\$1,391,856	\$1,343,919	\$47,938	\$8,763,864
2036	\$7,431,140	\$1,200,000	\$193,356	\$1,393,356	\$1,345,419	\$47,937	\$8,776,559
2037	\$6,578,622	\$1,220,000	\$169,356	\$1,389,356	\$1,341,418	\$47,938	\$7,920,041
2038	\$3,921,819	\$1,250,000	\$143,431	\$1,393,431	\$1,345,494	\$47,937	\$5,267,313
2039	\$3,938,628	\$1,275,000	\$116,869	\$1,391,869	\$1,343,931	\$47,938	\$5,282,559
2040	\$2,748,400	\$1,300,000	\$89,775	\$1,389,775	\$1,341,838	\$47,937	\$4,090,238
2041		\$1,330,000	\$60,525	\$1,390,525	\$1,342,587	\$47,938	\$1,342,587
2042		\$1,360,000	\$30,600	\$1,390,600	\$1,342,662	\$47,938	\$1,342,662
TOTALS:	\$204,585,896	\$19,035,000	\$5,076,764	\$24,111,764	\$23,153,013	\$958,751	\$227,738,909

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	<u>\$19,035,000.00</u>
Total Sources	\$19,035,000.00
Uses:	
Deposit to Construction Fund	\$18,533,310.00
Underwriter's Discount (2%)	380,700.00
Cost of Issuance	<u>120,990.00</u>
Total Uses	\$19,035,000.00

DISTRICT STUDENT POPULATION

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

Year	Average Daily Attendance	Year	Average Daily Attendance
2000-01	12,067.6	2010-11	18,014.6
2001-02	12,463.2	2011-12	17,791.1
2002-03	12,877.2	2012-13	18,037.6
2003-04	13,135.4	2013-14	18,232.8
2004-05	14,688.3	2014-15	18,399.6
2005-06	15,368.2	2015-16	18,595.7
2006-07	15,972.5	2016-17	18,758.3
2007-08	16,379.3	2017-18	18,746.5
2008-09	16,829.7	2018-19	18,723.1
2009-10	16,858.1	2019-20	18,718.0
		2020-21	18,587.1

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 \$3,827 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 Boone 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	1,206,760.0	2010-11	1,801,458.0
2001-02	1,246,320.0	2011-12	1,779,107.0
2002-03	1,287,720.0	2012-13	1,803,760.0
2003-04	1,313,540.0	2013-14	1,823,283.0
2004-05	1,468,830.0	2014-15	1,839,955.0
2005-06	1,536,820.0	2015-16	1,859,570.0
2006-07	1,597,250.0	2016-17	1,875,830.0
2007-08	1,637,930.0	2017-18	1,874,650.0
2008-09	1,682,969.0	2018-19	1,872,313.0
2009-10	1,685,809.0	2019-20	1,871,800.0
		2020-21	1,858,912.70

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

<u>Tax Year</u>	<u>Combined Equivalent Rate</u>	<u>Total Property Assessment</u>	<u>Property Revenue Collections</u>
2000-01	53.1	7,737,010,893	41,083,528
2001-02	55.1	8,022,999,321	44,206,726
2002-03	55.5	7,913,937,519	43,922,353
2003-04	55.5	9,032,451,412	50,130,105
2004-05	62.2	9,712,886,132	60,414,152
2005-06	64	10,367,112,210	66,349,518
2006-07	60.5	10,768,919,539	65,151,963
2007-08	64	11,870,223,370	75,969,430
2008-09	61.4	12,412,043,004	76,209,944
2009-10	61.4	12,415,820,080	76,233,135
2010-11	66	12,473,734,320	82,326,647
2011-12	70.7	12,595,865,161	89,052,767
2012-13	71	12,527,246,643	88,943,451
2013-14	75	12,519,676,011	93,897,570
2014-15	76.7	12,664,486,928	97,136,615
2015-16	79.1	13,179,554,404	104,250,275
2016-17	76.9	13,559,009,716	104,268,785
2017-18	76	13,981,439,561	106,258,941
2018-19	78.7	14,456,917,025	113,775,937
2019-20	80.1	15,157,711,449	121,413,269
2020-21	78.1	16,541,925,681	129,192,440

OVERLAPPING BOND INDEBTEDNESS

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

<u>Issuer</u>	<u>Original Principal Amount</u>	<u>Amount of Bonds Redeemed</u>	<u>Current Principal Outstanding</u>
County of Boone			
General Obligation	37,905,000	20,571,842	17,333,158
Multi-Family Housing Revenue	6,435,000	0	6,435,000
Residential Revenue	8,290,000	0	8,290,000
Manufacturing Facility Revenue	1,600,000	1,060,000	540,000
Pollution Control Refunding Revenue	111,995,000	0	111,995,000
Refinancing Revenue	12,110,000	9,385,000	2,725,000
City of Florence			
General Obligation	24,130,000	9,000,000	15,130,000
Office Building Public Corp.	2,615,000	1,510,000	1,105,000
Senior Citizens Housing Revenue	8,225,000	4,485,000	3,740,000
Housing Facilities Revenue	8,825,000	3,985,000	4,840,000
Refunding	2,115,000	1,185,000	930,000
City of Union			
General Obligation	375,000	117,488	257,512

City of Walton			
General Obligation	2,000,000	915,000	1,085,000
Water & Sewer Revenue	742,000	698,000	44,000
Public Project Revenue	1,269,087	147,789	1,121,298
Special Districts			
Bellevue/McVille Fire Dept.	678,445	389,000	289,445
Boone County Water District	1,480,000	1,280,000	200,000
Burlington Fire Protection District	2,675,500	2,018,914	656,586
Kenton County Airport Board	32,935,000	0	32,935,000
Point Pleasant Fire District	1,400,000	362,644	1,037,356
Union Community Ambulance District	2,090,177	2,718,148	627,971
Union Fire Protection District	3,638,632	721,389	2,917,243
Walton Fire District	7,325,569	2,132,399	5,193,170
Boone-Florence Water Commission	29,990,000	10,345,000	19,645,000
Totals:	310,844,410	71,771,671	239,072,739

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>SEEK</u>	<u>Base Funding</u>	<u>Local Tax Effort</u>	<u>Total State & Local Funding</u>
2000-01	23,802,763	41,083,528	64,886,291
2001-02	24,455,575	44,206,726	68,662,301
2002-03	28,439,157	43,922,353	72,361,510
2003-04	28,620,931	50,130,105	78,751,036
2004-05	31,311,345	60,414,152	91,725,497
2005-06	35,737,476	66,349,518	102,086,994
2006-07	38,738,500	65,151,963	103,890,463
2007-08	43,620,847	75,969,430	119,590,277
2008-09	45,160,476	76,209,944	121,370,420
2009-10	42,824,275	76,233,135	119,057,410
2010-11	47,929,501	82,326,647	130,256,148
2011-12	50,766,111	89,052,767	139,818,878
2012-13	51,797,653	88,943,451	140,741,104
2013-14	52,794,640	93,897,570	146,692,210
2014-15	55,734,220	97,136,615	152,870,835
2015-16	56,946,386	104,250,275	161,196,661
2016-17	57,982,340	104,268,785	162,251,125
2017-18	57,144,125	106,258,941	163,403,066
2018-19	57,972,899	113,775,937	171,748,836
2019-20	54,494,718	121,413,269	175,907,987
2020-21	47,737,018	129,192,440	176,929,458

- (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 \$0.7810 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, at the time the Bonds referred to herein are offered for public sale, outstanding municipal securities in excess of \$1,000,000, the Corporation and the Board will enter into a written agreement for the benefit of the holders 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, as amended (the "Rule"), by filing certain financial information, operating data and reportable event notices with the Electronic Municipal Market Access (EMMA) System maintained by the Municipal Securities Rule Making Board. The specific nature of the information to be contained in such filings with EMMA is set forth in Appendix C - "FORM OF CONTINUING DISCLOSURE AGREEMENT" to the Preliminary Official Statement.

The Board and the Corporation have previously entered into continuing disclosure undertakings pursuant to the Rule. While the Board and the Corporation are current with the filings required by such undertakings, certain filings were made beyond the required filing dates. As a result, the Board has filed Material Event Notices indicating its failure to file on a timely basis the following information:

- (1) A failure to file annual financial information in a timely manner.

The Annual Financial Information for FY ending June 30, 2018, was filed thirteen (13) days after the deadline (December 1). The Operating Data for FY ending June 30, 2018, was filed nine (9) days after the deadline (December 1). The Annual Financial Information for FY ending June 30, 2020, was filed sixteen (16) days after the deadline (December 1). The Operating Data for FY ending June 30, 2020, was filed one (1) day after the deadline (December 1).

The Board has adopted new procedures to assure timely and complete filings in the future with regard to the Rule.

TAX EXEMPTION; NOT BANK QUALIFIED

Bond Counsel is of the opinion that:

(A) Interest on the Bonds is exempt from income taxation and the Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and all of its political subdivisions.

(B) Interest on the Bonds is excludable from gross income under the Internal Revenue Code of 1986, as amended (the "Code"). Furthermore, interest on the Bonds is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations.

(C) The Bonds are tax-exempt obligations qualified under Section 265(b)(3) of the Code.

The Corporation has covenanted to comply with the applicable provisions of the Code, and such compliance by the Corporation is necessary to maintain the federal income tax status described above. No opinion is expressed regarding other federal tax consequences arising with respect to Bonds.

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>.

According to the United States Centers for Disease Control and Prevention, as of June 10, 2021, nearly 64% of the total United States population had received at least one dose of a vaccine, and 42.5% of the population is considered fully vaccinated. For the United States population over the age of 65, the percentages are approximately 86.5% and 75.7%, respectively.

As of April 5, 2021, all Kentuckians age 12 and older are eligible to receive a vaccine. As of June 11, 2021, over two million Kentuckians have been immunized.

LITIGATION

There is no litigation presently pending against the Corporation or the District, nor to the knowledge of the officials of the Corporation or the District is there any litigation threatened, which questions or affects the validity of the Bonds or any proceedings or transactions relating to the issue, sale and delivery thereof.

APPROVAL OF LEGALITY

Legal matters incident to the authorization and issuance of the Bonds are subject to the approving legal opinion of Keating Muething & Klekamp PLL, Cincinnati, Ohio, Kentucky, 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.

MUNICIPAL ADVISOR

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

APPENDIX A

Boone County School District Finance Corporation School Building Revenue Bonds Series 2022

Demographic and Economic Data

BOONE COUNTY, KENTUCKY

Boone County was formed in 1799. It is located in the Outer Bluegrass region of the state. The elevation in the County ranges from 455 to 964 feet above sea level. The county seat is Burlington. The largest city in the county is Florence. Boone County is in the Northern Kentucky Area.

The Bluegrass region was the most quickly settled part of the state and now is home to about half the state's population. The Northern Kentucky Area, covering a total land area of 559 square miles, is composed of Boone, Campbell, and Kenton Counties; and is ideally situated along and adjacent to the south bank of the Ohio River, immediately south of Cincinnati, Ohio. These three counties are a part of the Cincinnati Metropolitan Statistical Area. Boone County had an estimated 2021 population of 136,735.

The Northern Kentucky Area forms the northern apex of an industrial triangle anchored by Louisville on the southwest and Lexington on the southeast. Within the triangle are more than one-third of the state's population and nearly one-half of its manufacturing jobs. The interstate highway system places these three metropolitan areas within less than two hours driving from each other.

The Economic Framework

In 2021, Boone County had a labor force of 70,543 people with an unemployment rate of 3.4%. The top 5 jobs by occupation were as follows: production workers - 10,958 (16.23%); sales - 7,943 (11.77%); office and administrative support - 7,659 (11.35%); executive managers and administrators - 5,459 (8.09%); and material moving - 4,726 (7.00%).

Transportation

Major highways serving Boone, Campbell, and Kenton Counties include Interstates 71, 75, 275, and 471; U.S. Highways 42/127, 25, and 27. The Greater Cincinnati-Northern Kentucky International Airport, located in Boone County, Kentucky, provides commercial airline service. The airport is a major hub for Delta Airlines. The Southern Railway System and CSX Transportation provide main line rail service to the area. Several barge and towing companies provide barge transportation on the Ohio River. The Port of Cincinnati extends 30 miles along both banks of the Ohio River.

Power and Fuel

Electric power is provided to Boone, Campbell, and Kenton Counties by Duke Energy Kentucky, E. ON US/KU, East Kentucky Power Cooperative and Owen Electric Cooperative, Inc. Natural gas service is provided to major portions of the three-county area by Duke Energy Kentucky.

LABOR MARKET STATISTICS

The Labor Market Area includes Boone, Campbell, Gallatin, Grant, Kenton and Pendleton counties in Kentucky. The Labor Market Area is supplemented by the Ohio counties of Hamilton, Butler, Clermont and Warren; and Dearborn County in Indiana.

Population

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Boone County	129,185	130,611	131,533	132,758	133,687

Source: Kentucky State Data Center, University of Louisville.

Population Projections

	<u>2025</u>	<u>2030</u>	<u>2035</u>
Boone County	150,928	163,722	177,141

Source: Kentucky Data Center, University of Louisville.

EDUCATION

Public Schools

	<u>Boone County</u>	<u>Walton-Verona Independent</u>
Total Enrollment (2020-21)	20,082	1,731
Pupil-Teacher Ratio (2020-21)	15.0 - 1	16.0 - 1

Vocational - Technical Schools

<u>Institution</u>	<u>Location</u>	<u>Enrollment (2019-2020)</u>
Kenton County Academies of Innovation	Ft. Mitchell, KY	508
Campbell County ATC	Alexandria, KY	382
Boone County ATC	Hebron, KY	215
Carroll County ATC	Carrollton, KY	464
Harrison County ATC	Cynthiana, KY	478
Mason County ATC	Maysville, KY	219

Colleges and Universities

In 2021, 42.04% of the population in Boone County had an Associate's degree or higher. 93.44% had a high school degree or higher.

<u>Top 5 Universities within 50 miles</u>	<u>Number of Graduates</u>
University of Cincinnati (Main Campus)	9,779
Miami University - Oxford	5,472
Northern Kentucky University	2,938
Xavier University	1,769
Cincinnati State Technical & Community College	1,086

Source: Kentucky Cabinet for Economic Development

EXISTING INDUSTRY

Firm	Product	Total Employed
<i>Alexandria</i>		
Tyson-Hillshire Brands	Little Smokies (cocktails), hot dogs, sliced lunch meat	758
<i>Covington</i>		
Club Chef LLC	Processor of fresh cut produce	525
Fidelity Investments	Financial Services that support Fidelity's core mutual fund, brokerage & retirement operations	4,500
<i>Erlanger</i>		
DHL Express	Airfreight delivery service, international hub & distribution facility	2,800
Wild Flavors Inc.	Headquarters, administration, research & development, pilot plants, manufacturing & ADM Global IT Service Center	506
<i>Florence</i>		
Citicorp Credit Services	Financial services customer service center	2,485
Mazak Corporation	Machine tools, general machining & assembly, administration, warehouse, engineering, technology center, North American Headquarters	676
Mubea Inc	Automotive component parts	1,017
Novolex	Paper bags & administrative work	578
Robert Bosch Automotive Steering	Steering gears for car & light truck market	1,200
SFC Global Supply Chain	Frozen pizzas	750
Southern Graphic Systems	Color separation, packaging artwork production, prepress, image carrier manufacturing	147
<i>Hebron</i>		
CVG1 – Amazon	Distribution center	1,000
CVG2 – Amazon	Wholesale distribution, returns facility	2,000
CVG3 – Amazon	Distribution center	1,000
Pomeroy	Headquarters, computer service & sales	615
Toyota North American KY	Parts warehouse/distribution center/hub	600
<i>Independence</i>		
Cengage Distribution Center	Book distribution center	800
FedEx Ground Package System Inc.	Distribution center, package sorting center	700
<i>Richwood</i>		
Radial Inc.	E-commerce distribution & fulfillment	541
<i>Walton</i>		
Radial Inc.	Distribution & logistics	554

Source: Kentucky Cabinet for Economic Development (1/1/2020).

APPENDIX B

**Boone County School District Finance Corporation
School Building Revenue Bonds
Series 2022**

Audited Financial Statement ending June 30, 2021

Boone County School District

**Financial Statements
With Supplementary Information
Year Ended June 30, 2021
With Independent Auditors' Report**

BOONE COUNTY SCHOOL DISTRICT

June 30, 2021

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BOONE COUNTY SCHOOL DISTRICT

June 30, 2021

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BOONE COUNTY SCHOOL DISTRICT

June 30, 2021

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Independent Auditors' Report

To the Members of the Board of Education
Boone County School District
Florence, 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 Boone County School District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Boone County School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

Opinions

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

Correction of Error

As discussed in Note 20 to the financial statements, an error related to the amount reported as district wide net position has been corrected. Accordingly, amounts for prior periods were restated and an adjustment has been made to the net position as of June 30, 2020 to correct the error. Our opinion is not modified with respect to this matter.

**Independent Auditors' Report
(Continued)**

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (unaudited), budgetary comparison and pension liability and OPEB liability and contributions information on pages 3-7, 51-53, and 64-73 as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Boone County School District's basic financial statements. The combining and individual nonmajor fund financial statements and statement of receipts and disbursements of bonds 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 and individual nonmajor fund financial statements, the statement of receipts and disbursements of bonds and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the statement of receipts and disbursements of bonds and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2021 on our consideration of the Boone 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 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 Boone County School District's internal control over financial reporting and compliance.



Crestview Hills, Kentucky
November 15, 2021

BOONE COUNTY SCHOOL DISTRICT

Management's Discussion and Analysis (MD&A) Year Ended June 30, 2021

As management of the Boone County School District (District), we offer readers of the District's financial statement this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

FINANCIAL HIGHLIGHTS

Boone County Schools' student enrollment was 20,953 students in the 2020-21 fiscal year. Over the last ten years the District's membership has grown by over 10%. These students are housed in 25 schools including 4 high schools and a STEAM high school, 6 middle schools and 14 elementary schools. More than half of these schools exceed their student capacity level.

In the most recent years student growth has occurred at moderate levels. To accommodate the growth, the District completed construction of and opened a new elementary school. The District proceeded with plans to convert a donated building, formerly the Toyota Engineering Facility, to a STEAM high school. Bonds are issued as the District modifies its facilities consistent with a long-range facilities plan that is established with community input and in keeping with Kentucky Department of Education (KDE) stringent compliance regulations.

The Kentucky Education & Workforce Development Cabinet awarded Boone County Board of Education \$6,840,000 to construct and operate a regional STEAM academy, Ignite Institute, which will support workforce training and education. Commitments from private industry will provide financial support as well as training and employment opportunities.

The General Fund recognized \$162 million in revenue consisting primarily of local property, occupational license, utilities, and motor vehicle taxes and the state program (SEEK) allocation. An additional \$55.3 million representing payments made on the District's behalf, by the State, for teachers' retirement contribution and employees' health insurance was recognized as revenue. The following shows recent trends in general fund revenues on a per pupil basis (adjusted average daily attendance). Current year's revenues show a decrease in the amount collected.

2020-2021	\$8,409
2019-2020	\$8,311
2018-2019	\$8,415

The District administered over \$18 million in Federal, State and local grants and other programs during the year. An additional \$8.3 million was administered in the Child Nutrition programs.

The state's guaranteed base level of support (SEEK) was \$4,000 per pupil. Funding for Boone County Schools, after adjustments and local effort, was adjusted to \$2,717, an increase of \$194 per pupil. Per pupil funding is based on prior year adjusted average daily attendance factored with a current year growth rate. The comparative statewide average was \$4,011.

Boone County Board of Education recognized \$9.7 million in utility taxes and \$19.3 million in occupational license taxes, indicative of a relatively stable economy in Boone County. These permissive taxes account for 18% of general fund revenues providing some relief in the funding gap created by the state's funding formula. Without permissive tax revenues, the Boone County Board of Education would face severe funding deficits, further reducing the per pupil expenditures to a level lowest in the state.

BOONE COUNTY SCHOOL DISTRICT

Management's Discussion and Analysis (MD&A) Year Ended June 30, 2021 (Continued)

FINANCIAL HIGHLIGHTS (CONTINUED)

General Fund expenditures were \$217.4 million. Salaries and related costs total \$191.8 million or 89% of the general operating expenditures. Included in this amount is \$55.3 million in retirement contributions and insurance benefits paid by the state on the District's behalf.

The success the District has achieved as one of the top performing large school districts in the state is partially credited to the commitment from the city and county governments as well and the business partnerships in the form of donations and other support to our schools. The District has also made a more aggressive effort to obtain competitive grants that will allow the District to achieve and maintain the status of a premier school district.

As of the year ended June 30, 2021, the Boone County Board of Education sustained a stable financial status attributed to conservative spending practices. It is evident the Board has effectively and efficiently managed the resources and at the same time continues to make progress toward education proficiency.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) district-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.

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

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

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

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

The district-wide financial statements can be found on pages 8 and 9 of this report.

BOONE COUNTY SCHOOL DISTRICT

Management's Discussion and Analysis (MD&A) Year Ended June 30, 2021 (Continued)

FINANCIAL HIGHLIGHTS (CONTINUED)

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

The basic governmental fund financial statements can be found on pages 10 through 16 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found on pages 17 through 47 of this report.

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 \$76,642,899 as of June 30, 2021.

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

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

BOONE COUNTY SCHOOL DISTRICT
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2021
(Continued)

DISTRICT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Net Position for the periods ending June 30, 2021 and 2020

The following is a summary of net position for the fiscal years ended June 30, 2021 and 2020.

	<u>2021</u>	<u>2020</u>
Current assets	\$ 96,113,134	\$ 105,339,794
Noncurrent assets	<u>332,621,664</u>	<u>321,072,546</u>
Total assets	<u>428,734,798</u>	<u>426,412,340</u>
Deferred outflows	<u>49,641,852</u>	<u>34,594,529</u>
Current liabilities	30,202,115	27,859,951
Noncurrent liabilities	<u>344,325,518</u>	<u>330,675,200</u>
Total liabilities	<u>374,527,633</u>	<u>358,535,151</u>
Deferred inflows	<u>25,936,282</u>	<u>21,814,311</u>
Net position		
Investment in capital assets (net of debt)	138,425,162	120,748,247
Restricted	(96,563,323)	(70,532,333)
Unrestricted	<u>36,050,896</u>	<u>30,441,493</u>
Total net position	<u>\$ 77,912,735</u>	<u>\$ 80,657,407</u>

Comments on General Fund Budget Comparisons

- The District's total revenues in the General Fund for the fiscal year ended June 30, 2021, were \$215,837,005, net of inter-fund transfers and sale of assets, of \$664,611 and \$96,652, respectively.
- General Fund budgeted revenue compared to actual revenue varied slightly from line item to line item with the ending actual balance being \$8,961,048 more than budget or approximately 4.3% of General Fund Budget.
- General Fund actual expenditures were \$202,232,852, net of inter-fund transfers of \$5,446,364.
- General Fund actual expenditures were less than budgeted expenditures by \$24,974,314.

BOONE COUNTY SCHOOL DISTRICT

**Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2021
(Continued)**

DISTRICT-WIDE FINANCIAL ANALYSIS (Continued)

The following table presents a summary of revenues and expenses for the fiscal years ended June 30, 2021 and 2020.

	<u>2021</u>	<u>2020</u>
Revenues		
Program revenues		
Charges for services	\$ 934,983	\$ 3,149,743
Operating grants	28,207,694	26,375,330
Capital grants	<u>-</u>	<u>(5,639,989)</u>
Total grant revenues	<u>29,142,677</u>	<u>23,885,084</u>
General Revenues		
Taxes	137,928,735	121,321,411
Grants and entitlements	23,877,923	35,128,130
Earnings on investments	159,714	955,808
Miscellaneous	<u>18,226,319</u>	<u>28,179,499</u>
Total general revenues	<u>180,192,691</u>	<u>185,584,848</u>
Total revenues	<u>209,335,368</u>	<u>209,469,932</u>
Expenses		
Instructional	89,492,395	76,852,208
Student support services	15,212,511	14,816,470
Staff support	10,419,963	15,745,497
District administration	6,585,752	6,737,064
School administration	15,125,766	15,063,651
Business support	6,653,620	6,516,327
Plant operations	26,164,115	26,673,540
Student transportation	16,091,677	16,577,177
Food service operation	8,926,312	10,818,014
Day care	151,255	150,725
Maker space startup	-	-
Other	11,404,086	4,347,645
Interest on long-term debt	<u>5,878,588</u>	<u>5,810,000</u>
Total expenses	<u>212,106,040</u>	<u>200,108,318</u>
Change in net position	<u>\$ (2,770,672)</u>	<u>\$ 9,361,614</u>

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 \$8,657,794 in contingency (3.6%). The cash balance for the beginning of the fiscal year was \$98,402,628.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

Questions regarding this report should be directed to Mr. Matthew Turner, Superintendent (859) 282-2375 or to his representative Mrs. Linda Schild, Finance Officer (859) 282-2938 or by mail to: Central Office, 8330 U.S. Highway 42, Florence, Kentucky 41042.

BOONE COUNTY SCHOOL DISTRICT

**Statement of Net Position – District Wide
For Year Ended June 30, 2021**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Current:			
Cash and cash equivalents	\$ 83,010,320	\$ 1,566,768	\$ 84,577,088
Accounts receivable	7,238,942	1,525,500	8,764,442
Interfund receivable	2,189,699	-	2,189,699
Prepaid expenses	484,964	-	484,964
Inventories for consumption	-	96,941	96,941
Total current	<u>92,923,925</u>	<u>3,189,209</u>	<u>96,113,134</u>
Noncurrent:			
Construction in progress	28,828,189	-	28,828,189
Nondepreciated capital assets:			
Land	13,720,372	-	13,720,372
Depreciated capital assets:			
Land improvements	15,049,976	-	15,049,976
Buildings and improvements	446,233,020	76,617	446,309,637
Furniture and equipment	46,215,771	5,297,619	51,513,390
Less: accumulated depreciation	<u>(218,206,521)</u>	<u>(4,593,379)</u>	<u>(222,799,900)</u>
Total noncurrent	<u>331,840,807</u>	<u>780,857</u>	<u>332,621,664</u>
Total assets	<u>424,764,732</u>	<u>3,970,066</u>	<u>428,734,798</u>
Deferred outflows	<u>48,459,609</u>	<u>1,182,243</u>	<u>49,641,852</u>
Liabilities and Net Position			
Liabilities			
Current:			
Current portion of bonds payable	16,858,660	-	16,858,660
Accounts payable	2,970,462	-	2,970,462
Accrued interest	1,491,454	-	1,491,454
Accrued sick leave	237,517	-	237,517
Accrued payroll and related expenses	4,623,890	-	4,623,890
Unearned revenues	1,860,700	-	1,860,700
Interfund payable	889,134	1,270,298	2,159,432
Total current	<u>28,931,817</u>	<u>1,270,298</u>	<u>30,202,115</u>
Noncurrent:			
Accrued sick leave	2,487,657	70,666	2,558,323
Interfund payable	30,267	-	30,267
MIF net OPEB liability	70,145,166	1,773,873	71,919,039
CERS net pension liability	88,531,485	2,238,841	90,770,326
Bond obligations	<u>179,047,563</u>	<u>-</u>	<u>179,047,563</u>
Total noncurrent	<u>340,242,138</u>	<u>4,083,380</u>	<u>344,325,518</u>
Total liabilities	<u>369,173,955</u>	<u>5,353,678</u>	<u>374,527,633</u>
Deferred inflows	<u>25,296,565</u>	<u>639,717</u>	<u>25,936,282</u>
Net Position			
Invested in capital assets, net of related debt	137,644,305	780,857	138,425,162
Restricted	(94,941,380)	(1,621,943)	(96,563,323)
Unrestricted	<u>36,050,896</u>	<u>-</u>	<u>36,050,896</u>
Total net position	<u>\$ 78,753,821</u>	<u>\$ (841,086)</u>	<u>\$ 77,912,735</u>

BOONE COUNTY SCHOOL DISTRICT

**Statement of Activities – District Wide
For Year Ended June 30, 2021**

Function/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instructional	\$ 89,492,395	\$ -	\$ 9,900,853	\$ -	\$ (79,591,542)	\$ -	\$ (79,591,542)
Student support services	15,212,511	-	703,085	-	(14,509,426)	-	(14,509,426)
Staff support services	10,419,963	-	848,651	-	(9,571,312)	-	(9,571,312)
District administration	6,585,752	-	2,173,170	-	(4,412,582)	-	(4,412,582)
School administration	15,125,766	-	-	-	(15,125,766)	-	(15,125,766)
Business support services	6,653,620	-	647,453	-	(6,006,167)	-	(6,006,167)
Plant operation and maintenance	26,164,115	-	305,155	-	(25,858,960)	-	(25,858,960)
Student transportation	16,091,677	782,151	1,880,851	-	(13,428,675)	-	(13,428,675)
Food service operations	109,744	-	109,744	-	-	-	-
Day care operations	21,084	-	21,084	-	-	-	-
Community service operations	2,396,333	46	954,720	-	(1,441,567)	-	(1,441,567)
Facility acquisition and construction	8,848,078	-	-	-	(8,848,078)	-	(8,848,078)
Other	28,847	-	-	-	(28,847)	-	(28,847)
Interest on long-term debt	5,878,588	-	-	-	(5,878,588)	-	(5,878,588)
Total governmental activities	<u>203,028,473</u>	<u>782,197</u>	<u>17,544,766</u>	<u>-</u>	<u>(184,701,510)</u>	<u>-</u>	<u>(184,701,510)</u>
Business-type activities							
Food service	8,926,312	152,786	10,643,011	-	-	1,869,485	1,869,485
Daycare	151,255	-	19,917	-	-	(131,338)	(131,338)
Total business-type activities	<u>9,077,567</u>	<u>152,786</u>	<u>10,662,928</u>	<u>-</u>	<u>-</u>	<u>1,738,147</u>	<u>1,738,147</u>
Total school district	<u>\$ 212,106,040</u>	<u>\$ 934,983</u>	<u>\$ 28,207,694</u>	<u>\$ -</u>	<u>(184,701,510)</u>	<u>1,738,147</u>	<u>(182,963,363)</u>
			General revenues:				
			Taxes		137,928,735	-	137,928,735
			State and federal sources		23,877,923	-	23,877,923
			Investment earnings		158,649	1,065	159,714
			Miscellaneous		18,144,459	147,052	18,291,511
			Special items:				
			Gain on sale of assets		(65,192)	-	(65,192)
			Fund transfer		564,183	(564,183)	-
			Total general and special revenues		<u>180,608,757</u>	<u>(416,066)</u>	<u>180,192,691</u>
			Change in net position		<u>(4,092,753)</u>	<u>1,322,081</u>	<u>(2,770,672)</u>
			Net position - beginning		<u>82,820,574</u>	<u>(2,163,167)</u>	<u>80,657,407</u>
			Net position adjustment (Note 20)		<u>26,000</u>	<u>-</u>	<u>26,000</u>
			Net position - ending		<u>\$ 78,753,821</u>	<u>\$ (841,086)</u>	<u>\$ 77,912,735</u>

The accompanying notes are an integral part of these financial statements

BOONE COUNTY SCHOOL DISTRICT
Balance Sheet – Governmental Funds
As of June 30, 2021

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Construction Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Current:					
Cash and cash equivalents	\$ 49,685,428	\$ (19,312)	\$ 29,632,161	\$ 3,712,043	\$ 83,010,320
Interfund receivable	2,111,089	55,252	23,358	-	2,189,699
Accounts receivable	4,283,836	2,891,106	-	64,000	7,238,942
Prepaid expenses	484,964	-	-	-	484,964
Total assets	<u>\$ 56,565,317</u>	<u>\$ 2,927,046</u>	<u>\$ 29,655,519</u>	<u>\$ 3,776,043</u>	<u>\$ 92,923,925</u>
Liabilities and Fund Balances					
Liabilities					
Current:					
Accounts payable	\$ 70,135	\$ -	\$ 2,899,685	\$ 642	\$ 2,970,462
Unearned revenue	-	1,860,700	-	-	1,860,700
Interfund payable	-	889,134	-	-	889,134
Accrued payroll and related expenses	4,623,890	-	-	-	4,623,890
	<u>4,694,025</u>	<u>2,749,834</u>	<u>2,899,685</u>	<u>642</u>	<u>10,344,186</u>
Noncurrent:					
Accrued sick leave	350,000	-	-	-	350,000
Interfund payable	-	-	-	30,267	30,267
Total noncurrent	<u>350,000</u>	<u>-</u>	<u>-</u>	<u>30,267</u>	<u>380,267</u>
Total liabilities	<u>5,044,025</u>	<u>2,749,834</u>	<u>2,899,685</u>	<u>30,909</u>	<u>10,724,453</u>
Fund Balances					
Restricted:					
Capital projects	-	-	26,755,834	-	26,755,834
Debt service	-	-	-	313,544	313,544
Grants	-	177,212	-	-	177,212
Other	-	-	-	3,113,068	3,113,068
Committed:					
Other	1,217,619	-	-	-	1,217,619
Assigned:					
Site based carryforward	1,548,257	-	-	-	1,548,257
Purchase obligations	1,150,674	-	-	-	1,150,674
New school openings	7,005,740	-	-	-	7,005,740
Future land purchase	1,000,000	-	-	-	1,000,000
Unassigned	<u>39,599,002</u>	<u>-</u>	<u>-</u>	<u>318,522</u>	<u>39,917,524</u>
Total fund balances	<u>51,521,292</u>	<u>177,212</u>	<u>26,755,834</u>	<u>3,745,134</u>	<u>82,199,472</u>
Total liabilities and fund balances	<u>\$ 56,565,317</u>	<u>\$ 2,927,046</u>	<u>\$ 29,655,519</u>	<u>\$ 3,776,043</u>	<u>\$ 92,923,925</u>

The accompanying notes are an integral part of these financial statements

BOONE COUNTY SCHOOL DISTRICT

**Reconciliation of the Balance Sheet
Governmental Funds to the Statement of Net Position
As of June 30, 2021**

Total governmental fund balance		\$ 82,199,472
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		
Construction in process	28,828,189	
Cost of capital assets	521,219,139	
Accumulated depreciation	<u>(218,206,521)</u>	331,840,807
Deferred outflows related to CERS	15,247,619	
Deferred outflows for CERS contributions made after the measurement date	7,047,379	
Deferred outflows for MIF contributions made after the measurement date	4,366,123	
Deferred outflows related to MIF	20,088,767	
Deferred outflows for bond refinancing	<u>1,709,721</u>	48,459,609
Deferred inflows related to CERS	(1,715,082)	
Deferred inflows related to MIF	<u>(23,581,483)</u>	(25,296,565)
Long-term liabilities (including bonds payable) are not due and payable in the current period and therefore are not reported as liabilities in the funds.		
Long-term liabilities at year end consist of:		
Bonds payable		(195,584,738)
Bond premium		(321,485)
Accrued interest on bonds		(1,491,454)
Net pension liability		(88,531,485)
Net OPEB liability		(70,145,166)
Accrued sick leave		<u>(2,375,174)</u>
Total net position - governmental		<u>\$ 78,753,821</u>

The accompanying notes are an integral part of these financial statements

BOONE COUNTY SCHOOL DISTRICT

**Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2021**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Construction Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues					
Taxes	\$ 113,115,847	\$ -	\$ -	\$ 24,812,888	\$ 137,928,735
Earnings on investments	147,894	-	2,618	8,137	158,649
State sources	101,399,689	6,988,292	-	3,958,574	112,346,555
Federal sources	1,044,126	9,764,949	-	864,911	11,673,986
Other sources	890,712	791,525	(380,745)	3,737,036	5,038,528
	<u>216,598,268</u>	<u>17,544,766</u>	<u>(378,127)</u>	<u>33,381,546</u>	<u>267,146,453</u>
Total revenues					
Expenditures					
Instructional	128,372,647	10,379,927	-	5,104,646	143,857,220
Student support services	14,172,951	703,085	-	302,644	15,178,680
Staff support services	9,146,726	848,651	-	414,774	10,410,151
District administration	4,411,851	2,173,170	-	-	6,585,021
School administration	14,682,307	-	-	425,383	15,107,690
Business support services	5,768,694	647,453	-	-	6,416,147
Plant operation and maintenance	17,040,188	305,155	-	830,501	18,175,844
Student transportation	12,651,562	1,880,851	-	-	14,532,413
Food service operation	-	109,744	-	-	109,744
Day care operations	-	21,084	-	-	21,084
Community service operations	1,422,046	954,720	-	19,417	2,396,183
Facility acquisition and construction	10,244	-	34,680,212	-	34,690,456
Other	-	-	-	28,847	28,847
Debt service:					
Principal	-	-	-	16,393,660	16,393,660
Interest	-	-	-	6,090,015	6,090,015
	<u>207,679,216</u>	<u>18,023,840</u>	<u>34,680,212</u>	<u>29,609,887</u>	<u>289,993,155</u>
Total expenditures					
Excess (deficit) of revenues over expenditures	<u>8,919,052</u>	<u>(479,074)</u>	<u>(35,058,339)</u>	<u>3,771,659</u>	<u>(22,846,702)</u>
Other financing sources (uses)					
Loan and bond proceeds	-	-	9,705,000	-	9,705,000
Bond premium	-	-	329,728	-	329,728
Bond issuance cost	-	-	(74,170)	-	(74,170)
Proceeds from sale of assets	96,652	-	-	-	96,652
Operating transfers in	664,611	554,000	8,298,846	25,504,387	35,021,844
Operating transfers out	(5,446,364)	(677)	-	(29,010,620)	(34,457,661)
	<u>(4,685,101)</u>	<u>553,323</u>	<u>18,259,404</u>	<u>(3,506,233)</u>	<u>10,621,393</u>
Total other financing sources (uses)					
Net change in fund balance	4,233,951	74,249	(16,798,935)	265,426	(12,225,309)
Fund balance, July 1, 2020	47,287,341	102,963	43,554,769	3,453,708	94,398,781
Fund balance adjustment (Note 20)	-	-	-	26,000	26,000
Fund balance, June 30, 2021	<u>\$ 51,521,292</u>	<u>\$ 177,212</u>	<u>\$ 26,755,834</u>	<u>\$ 3,745,134</u>	<u>\$ 82,199,472</u>

The accompanying notes are an integral part of these financial statements

BOONE 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, 2021**

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

Net changes-governmental funds \$ (12,225,309)

Governmental funds report capital outlays as expenditures because they use current financial resources. However in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceed depreciation expense for the year.

Depreciation expense	(14,510,939)	
Capital outlays	26,356,124	
Retirement of capital assets	<u>(161,844)</u>	
		11,683,341

Bond and capital lease proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.

Bond principal paid	16,393,660	
Bond proceeds	(9,705,000)	
Bond premium	(329,728)	
Amortization of bond refinancing	(246,367)	
Amortization of bond premium	8,243	
Capital lease principal paid	6,989	

Deferred outflows related to pensions		4,134,131
Deferred outflows related to other post-retirement employee benefits		10,857,816

Deferred inflows related to pensions		1,437,676
Deferred inflows related to other post-retirement employee benefits		(5,508,423)

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.

(20,599,782)

Changes in net position of governmental activities \$ (4,092,753)

The accompanying notes are an integral part of these financial statements

BOONE COUNTY SCHOOL DISTRICT

**Statement of Net Position
– Proprietary Funds
As of June 30, 2021**

	Food Service	Daycare Fund	Total
Assets			
Current			
Cash and cash equivalents	\$ 1,545,684	\$ 21,084	\$ 1,566,768
Accounts receivable	1,525,500	-	1,525,500
Inventories for consumption	96,941	-	96,941
Total current	<u>3,168,125</u>	<u>21,084</u>	<u>3,189,209</u>
Noncurrent			
Buildings and Improvements	76,617	-	76,617
Furniture and Fixtures	5,297,619	-	5,297,619
Less: accumulated depreciation	<u>(4,593,379)</u>	<u>-</u>	<u>(4,593,379)</u>
Total noncurrent	<u>780,857</u>	<u>-</u>	<u>780,857</u>
Total assets	<u>3,948,982</u>	<u>21,084</u>	<u>3,970,066</u>
Deferred outflows	<u>1,151,001</u>	<u>31,242</u>	<u>1,182,243</u>
Liabilities and Net Position			
Liabilities			
Current			
Accounts payable	-	-	-
Interfund payable	1,245,399	24,899	1,270,298
Total current	<u>1,245,399</u>	<u>24,899</u>	<u>1,270,298</u>
Noncurrent			
MIF net OPEB liability	1,727,000	46,873	1,773,873
CERS net pension liability	2,179,681	59,160	2,238,841
Accumulated sick leave	68,799	1,867	70,666
Total noncurrent	<u>3,975,480</u>	<u>107,900</u>	<u>4,083,380</u>
Total liabilities	<u>5,220,879</u>	<u>132,799</u>	<u>5,353,678</u>
Deferred inflows	<u>622,811</u>	<u>16,906</u>	<u>639,717</u>
Net Position			
Invested in assets, net of debt	780,857	-	780,857
Restricted	<u>(1,524,564)</u>	<u>(97,379)</u>	<u>(1,621,943)</u>
Total net position	<u>\$ (743,707)</u>	<u>\$ (97,379)</u>	<u>\$ (841,086)</u>

The accompanying notes are an integral part of these financial statements

BOONE COUNTY SCHOOL DISTRICT

**Statement of Revenues, Expenses, and Changes in Net Position –
Proprietary Funds
Year Ended June 30, 2021**

	<u>Food Service</u>	<u>Daycare Fund</u>	<u>Total</u>
Operating revenues			
Lunchroom sales	\$ 152,786	\$ -	\$ 152,786
Other operating revenues	25,017	122,035	147,052
Total operating revenues	<u>177,803</u>	<u>122,035</u>	<u>299,838</u>
Operating expenses			
Salaries and benefits	5,370,455	149,355	5,519,810
Contract services	133,945	172	134,117
Materials and supplies	3,287,689	1,703	3,289,392
Depreciation	134,223	-	134,223
Other operating expenses	-	25	25
Total operating expenses	<u>8,926,312</u>	<u>151,255</u>	<u>9,077,567</u>
Operating loss	<u>(8,748,509)</u>	<u>(29,220)</u>	<u>(8,777,729)</u>
Nonoperating revenues (expenses)			
Federal grants	8,574,303	-	8,574,303
State grants	1,344,583	19,917	1,364,500
Donated commodities and other donations	724,125	-	724,125
Transfers out	(564,183)	-	(564,183)
Interest income	1,065	-	1,065
Total nonoperating revenues	<u>10,079,893</u>	<u>19,917</u>	<u>10,099,810</u>
Change in net position	1,331,384	(9,303)	1,322,081
Total net position, July 1, 2020	<u>(2,075,091)</u>	<u>(88,076)</u>	<u>(2,163,167)</u>
Total net position, June 30, 2021	<u>\$ (743,707)</u>	<u>\$ (97,379)</u>	<u>\$ (841,086)</u>

The accompanying notes are an integral part of these financial statements

BOONE COUNTY SCHOOL DISTRICT

**Statement of Cash Flows – Proprietary Funds
Year Ended June 30, 2021**

	Food Service Fund	Daycare Fund	Total
Cash flows from operating activities			
Cash received from lunchroom sales	\$ 152,786	\$ -	\$ 152,786
Cash received from other activities	1,216,858	156,183	1,373,041
Cash payments to employees for services	(5,370,455)	(149,355)	(5,519,810)
Cash payments to suppliers for goods and services	(4,854,784)	(5,661)	(4,860,445)
Cash transfers	(564,183)	-	(564,183)
Net cash used in operating activities	<u>(9,419,778)</u>	<u>1,167</u>	<u>(9,418,611)</u>
Cash flows from noncapital financing activities			
Non-operating revenues received	<u>10,643,011</u>	<u>19,917</u>	<u>10,662,928</u>
Net cash provided by noncapital financing activities	<u>10,643,011</u>	<u>19,917</u>	<u>10,662,928</u>
Cash flows from investing activities			
Interest on investments	<u>1,065</u>	-	<u>1,065</u>
Net cash flows provided by investing activities	<u>1,065</u>	-	<u>1,065</u>
Net decrease in cash and cash equivalents	1,224,298	21,084	1,245,382
Cash and cash equivalents - beginning	<u>321,386</u>	-	<u>321,386</u>
Cash and cash equivalents - ending	<u>\$ 1,545,684</u>	<u>\$ 21,084</u>	<u>\$ 1,566,768</u>
Reconciliation of operating loss to net cash used in operating activities			
Operating income (loss)	\$ (8,748,509)	\$ (29,220)	\$ (8,777,729)
Adjustments to reconcile operating loss to net cash used in operating activities			
Depreciation	134,223	-	134,223
Transfers	(564,183)	-	(564,183)
Changes in assets and liabilities:			
Decrease in accounts receivable	(1,525,500)	-	(1,525,500)
(Decrease) increase in accounts payable	-	(3,815)	(3,815)
(Decrease) increase in accumulated sick leave	(6,679)	54	(6,625)
(Increase) decrease in interfund receivables	52,349	-	52,349
Increase in due to other funds	1,245,399	24,899	1,270,298
(Increase) in deferred outflows	(291,156)	(10,587)	(301,743)
Increase in deferred inflows	48,121	3,103	51,224
(Decrease) in MIF net OPEB liability	(32,930)	4,594	(28,336)
Increase in CERS net pension liability	222,407	12,139	234,546
Decrease in inventories	46,680	-	46,680
Net cash used in operating activities	<u>\$ (9,419,778)</u>	<u>\$ 1,167</u>	<u>\$ (9,418,611)</u>
Schedule of non-cash transactions:			
Donated commodities received from federal government	\$ 724,125	\$ -	\$ 724,125
On behalf payments	<u>\$ 1,248,450</u>	<u>\$ -</u>	<u>\$ 1,248,450</u>

The accompanying notes are an integral part of these financial statements

BOONE COUNTY SCHOOL DISTRICT

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

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

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

Boone County School District Finance Corporation - The Board authorized the establishment of the Boone 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 58.180) as an agency of the District for financing the costs of school building facilities. The Board Members of the Boone County Board of Education also comprise the Corporation's Board of Directors.

Basis of Presentation

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

The district-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 district-wide statements and the statements for governmental funds.

BOONE COUNTY SCHOOL DISTRICT

Notes to the Financial Statements (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

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

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

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

The District has the following funds:

I. Governmental Fund Types

- (A) The General Fund is the primary operating fund of the District. It accounts for financial resources used for general types of operations. This is a budgeted fund and any unrestricted fund balances are considered as resources available for use. This is a major fund of the District.
- (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 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 on page 74. This is a major fund of the District.
- (C) Special Revenue Activity Fund is used to support co-curricular activities and are not raised and expended by student groups. District activity funds accounted for in the District bank account are not subject to the Redbook and may be expended with more flexibility than school activity funds but must meet the "educational purpose" standard for all District expenditures.

BOONE COUNTY SCHOOL DISTRICT

Notes to the Financial Statements (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

I. Governmental Fund Types (continued)

- (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 Fund (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. The District is committed to construction contracts in the amount of \$26,755,830 for ongoing projects.
- (E) The Activity Funds account for activities of student groups and other types of activities requiring clearing accounts. These funds are accounted for in accordance with Uniform Program of Accounting for School Activity Funds.

II. Debt Service Fund

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

III. Proprietary Fund (Enterprise Fund)

The School Food Service Fund is used to account for school food service activities, including the National School Lunch Program, which is conducted in cooperation with the U.S. Department of Agriculture (USDA). The Food Service fund is a major fund of the District.

The Daycare Fund is used to support the daycare programs at the individual schools. These funds are used to support the resources needed to actively manage these programs.

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

BOONE COUNTY SCHOOL DISTRICT

Notes to the Financial Statements (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

The District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The GASB is responsible for establishing GAAP for state and local government through its pronouncements (Statements and Interpretations).

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

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

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

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

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

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

Taxes

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

BOONE COUNTY SCHOOL DISTRICT

Notes to the Financial Statements (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgetary Process

Budgetary Basis of Accounting: The District's budgetary process accounts for certain transactions on a basis other than GAAP of the United States of America. 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).

Cash and Cash Equivalents

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

Inventories

Supplies and materials are charged to expenditures when purchased, except for inventories in the Proprietary Fund, which are capitalized at the lower of cost or market.

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 district-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 district-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of one thousand dollars, with the exception of computers, digital cameras and real property, for which there is no threshold. 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 asset's life are not.

BOONE COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

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>
Buildings and improvements	25-50 years
Land improvements	20 years
Technology equipment	5 years
Vehicles	5-10 years
General equipment	10 years
Food service equipment	10-12 years
Furniture and fixtures	7 years
Other	10 years

Accumulated Unpaid Sick Leave Benefits

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

Interfund Balances

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

Accrued Liabilities and Long-Term Obligations

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

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

BOONE COUNTY SCHOOL DISTRICT

Notes to the Financial Statements (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Reserves

Beginning with fiscal year 2012 the District implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on the District's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable fund balance - amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;

Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance – amounts constrained to specific purposes by the District itself, using its decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the District takes the action to remove or change the constraint.

Assigned fund balance – amounts the District intends to use for specific purpose (such as encumbrances); intent can be expressed by the District or by an official or body to which the District delegates the authority.

Unassigned fund balance – amounts that are available for purpose; positive amounts are reported only in the General fund.

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

Encumbrances are not liabilities and are not recorded as expenditures until receipt of material or service. Encumbrances remaining open at the end of the fiscal year are automatically re-budgeted in the following fiscal year. Encumbrances are considered a managerial assignment of fund balance in the governmental funds balance sheet.

Net Position

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

Operating Revenues and Expenses

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

BOONE COUNTY SCHOOL DISTRICT

Notes to the Financial Statements (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Activity

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

Pensions

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

Postemployment Benefits Other than Pensions (OPEB)

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

NOTE 2 ESTIMATES

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

NOTE 3 CASH AND CASH EQUIVALENTS

The District maintains its cash in bank deposit accounts which, at times, exceed federally insured limits. The amounts exceeding the federally insured limits are covered by a collateral agreement and the collateral is held by the pledging banks' trust departments in the District's name. The District has not experienced any losses in such accounts and the District believes it is not exposed to any significant credit risk on cash and cash equivalents.

BOONE COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 4 CAPITAL ASSETS

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

<u>Governmental Activities</u>	Balance June 30, 2020	Additions	Deductions	Balance June 30, 2021
Land	\$ 13,720,372	\$ -	\$ -	\$ 13,720,372
Land improvements	15,049,976	50,472	50,472	15,049,976
Buildings and improvements	440,661,330	5,571,690	-	446,233,020
Technology equipment	18,498,598	99,753	7,459,055	11,139,296
Vehicles	30,293,325	145,553	1,368,357	29,070,521
General equipment	5,760,997	268,440	23,483	6,005,954
Construction work in progress	8,607,973	25,649,976	5,429,760	28,828,189
Totals at historical cost	<u>532,592,571</u>	<u>31,785,884</u>	<u>14,331,127</u>	<u>550,047,328</u>
Less: accumulated depreciation				
Land improvements	4,823,350	209,866	-	5,033,216
Buildings and improvements	165,801,853	12,146,645	-	177,948,498
Technology equipment	18,121,790	210,933	7,355,464	10,977,259
Vehicles	19,427,496	1,670,868	1,363,388	19,734,976
General equipment	4,260,616	272,627	20,671	4,512,572
Total accumulated depreciation	<u>212,435,105</u>	<u>14,510,939</u>	<u>8,739,523</u>	<u>218,206,521</u>
Governmental activities capital assets - net	<u>\$ 320,157,466</u>	<u>\$ 17,274,945</u>	<u>\$ 5,591,604</u>	<u>\$ 331,840,807</u>
<u>Business - Type Activities</u>				
General equipment	\$ 4,565,407	\$ -	\$ -	\$ 4,565,407
Buildings and improvements	76,617	-	-	76,617
Vehicles	59,800	-	-	59,800
Technology equipment	893,244	-	220,832	672,412
Totals at historical cost	<u>5,595,068</u>	<u>-</u>	<u>220,832</u>	<u>5,374,236</u>
Less: accumulated depreciation				
General equipment	3,671,232	127,222	-	3,798,454
Buildings and improvements	60,309	5,277	-	65,586
Vehicles	59,800	-	-	59,800
Technology equipment	888,647	1,724	220,832	669,539
Total accumulated depreciation	<u>4,679,988</u>	<u>134,223</u>	<u>220,832</u>	<u>4,593,379</u>
Business - type activities capital assets - net	<u>\$ 915,080</u>	<u>\$ (134,223)</u>	<u>\$ -</u>	<u>\$ 780,857</u>

BOONE COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 4 CAPITAL ASSETS (CONTINUED)

Depreciation expense by function for the fiscal year ended June 30, 2021 was as follows:

	<u>Governmental</u>	<u>Business-Type</u>
Instruction	\$ 4,357,934	\$ -
Student support services	33,831	-
Staff support services	9,812	-
District administration	731	-
School administration	18,076	-
Business support services	237,473	-
Plant operation and maintenance	8,148,115	-
Food service	-	134,223
Student transportation	1,704,817	-
Community services	150	-
Total	<u>\$ 14,510,939</u>	<u>\$ 134,223</u>

NOTE 5 ACCUMULATED UNPAID SICK LEAVE BENEFITS

Upon providing proof of qualification as an annuitant from the Kentucky Teacher's Retirement System, certified and classified employees will receive from the District an amount equal to 30% of the value of accumulated sick leave. At June 30, 2021 this amount totaled approximately \$2,435,239 for those employees with twenty-seven or more years of experience.

NOTE 6 COMMITMENTS UNDER CAPITAL LEASES

The District is the lessee of buses under capital leases that expired in 2021. The assets and liabilities under capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The assets are depreciated over the lower of their related lease terms or their estimated productive lives. Depreciation of assets under capital leases is included in depreciation expense.

There are no future minimum lease payments under capital leases as of June 30, 2021, as all capital leases have expired in the current year.

NOTE 7 LEASE OBLIGATIONS AND BONDED DEBT

The amount shown in the accompanying financial statements as lease obligations represents the District's future obligations to make lease payments relating to the bonds issued.

BOONE COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 7 LEASE OBLIGATIONS AND BONDED DEBT (CONTINUED)

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

<u>Issue Date</u>	<u>Proceeds</u>	<u>Rates</u>
June 1, 2010	\$ 11,085,000	5.750%
June 1, 2010	4,105,000	1.000% - 3.200%
September 1, 2010	23,810,000	1.500% - 2.500%
April 1, 2011	16,590,000	2.000% - 5.000%
February 1, 2012	27,700,000	2.000% - 2.750%
September 1, 2012	12,170,000	2.000% - 2.625%
March 1, 2013	5,975,000	2.000% - 3.250%
September 1, 2014	11,905,000	2.000% - 3.000%
March 1, 2015	12,375,000	2.000% - 3.000%
February 1, 2016	32,425,000	0.850% - 2.550%
April 1, 2016	10,120,000	1.000% - 3.250%
November 1, 2016	31,850,000	2.000% - 3.250%
February 1, 2017	10,150,000	3.000%
December 1, 2017	12,765,000	2.000% - 3.000%
August 1, 2018	13,490,000	3.000% - 3.625%
April 28, 2020	33,340,000	2.000% - 3.000%
March 18, 2021	9,705,000	2.000%

The District, through the General Fund (including utility taxes and the Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund) is obligated to make lease payments in amounts sufficient to satisfy debt service requirements on bonds issued by the Kenton County Fiscal Court and the Boone County School District Finance Corporation to construct school facilities.

The District entered into "participation agreements" with the School Facility Construction Commission (Commission). The Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting school construction needs. Note 18 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 has been recorded in the financial statements.

All issues 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, 2021 for debt service (principal and interest) are reported in Note 18.

NOTE 8 RETIREMENT PLANS

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

BOONE COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 8 RETIREMENT PLANS (CONTINUED)

General information about the County Employees Retirement System Non-Hazardous

Plan description

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

Benefits provided

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

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

Cost of living adjustments are provided at the discretion of the General Assembly. Retirement is based on a factor of the number of years’ service and hire date multiplied by the average of the highest five years’ earnings. Reduced benefits are based on factors of both of these components. Participating employees become eligible to receive the health insurance benefit after at least 180 months of service. Death benefits are provided for both death after retirement and death prior to retirement. Death benefits after retirement are \$5,000 in lump sum. One month’s service is required for death benefits prior to retirement and the employee must have suffered a duty-related death. The decedent’s beneficiary will receive the higher of the normal death benefit and \$10,000 plus 75% of the decedent’s monthly average rate of pay. If the surviving spouse remarries, the monthly rate will be recalculated to 25% of the decedent’s monthly average. Any dependent child will receive 50% of the decedent’s monthly final rate of pay up to 75% for all dependent children. Five years’ service is required for nonservice-related disability benefits.

BOONE COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 8 RETIREMENT PLANS (CONTINUED)

Contributions

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

	<u>Required contribution</u>
Tier 1	5%
Tier 2	5% + 1% for insurance
Tier 3	5% + 1% for insurance

The contribution requirement for CERS for the year ended June 30, 2021, was \$8,904,887, which consisted of \$7,225,598 from the District and \$1,679,289 from the employees. Total contributions for the year ended June 30, 2020 and 2019 were \$8,979,757 and \$7,191,697, respectively. The contributions have been contributed in full for fiscal years 2021, 2020 and 2019.

General information about the Teachers' Retirement System of the State of Kentucky

Plan description

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

Benefits provided

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

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

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

BOONE COUNTY SCHOOL DISTRICT

Notes to the Financial Statements (Continued)

NOTE 8 RETIREMENT PLANS (CONTINUED)

Benefits provided

Effective July 1, 2008, the System has been amended to change the benefit structure for employees hired on or after that date. Final average salary is defined as the member's five (5) highest annual salaries for those with less than 27 years of service. Employees at least age 55 with 27 or more years of service may use their three (3) highest annual salaries to compute the final average salary. TRS also provides disability benefits for vested employees at the rate of sixty (60) percent of the final average salary. A life insurance benefit, payable upon the death of a member, is \$2,000 for active contributing employees and \$5,000 for retired or disabled employees.

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

Contributions

Contribution rates are established by Kentucky Revised Statutes. Non-university employees are required to contribute 12.855% of their salaries to the System. University employees are required to contribute 10.400% of their salaries. KRS 161.580 allows each university to reduce the contribution of its employees by 2.215%; therefore, university employees contribute 8.185% of their salary to TRS. The contribution requirement for TRS for the year ended June 30, 2021, was \$16,982,979, which consisted of \$3,447,968 from the District and \$13,535,011 from the employees. Total contributions for the year ended June 30, 2020 and 2019 were \$16,710,770 and \$15,945,169, respectively. The contributions have been contributed in full for fiscal years 2021, 2020 and 2019.

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

Medical Insurance Plan

Plan description

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

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

BOONE COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 8 RETIREMENT PLANS (CONTINUED)

Funding policy

In order to fund the post-retirement healthcare benefit, 6.59% of the gross annual payroll of employees before July 1, 2008 is contributed. 3.75% is paid by member contributions, 0.16% is credited to the Commonwealth, and 3.00% is contributed by the employer. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan.

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

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

District's proportionate share of the CERS net pension liability	\$ 90,770,326
Commonwealth's proportionate share of the TRS net pension liability associated with the District	<u>455,108,537</u>
	<u><u>\$ 545,878,863</u></u>

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

The District's proportion of the net pension liability for CERS was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2021, the District's proportion was 1.183459% percent.

BOONE COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 8 RETIREMENT PLANS (CONTINUED)

For the year ended June 30, 2021, the District recognized pension expense of \$15,080,499 related to CERS. The District also recognized a reduction of expense of \$83,439,936 and a reduction of revenue of \$83,439,936 for TRS support provided by the Commonwealth due to a change in assumptions. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 2,263,525	\$ -
Net difference between projected and actual earnings on pension plan investments	3,934,589	1,663,177
Changes of assumptions	3,544,428	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	5,890,669	95,278
District contributions subsequent to the measurement date	<u>7,225,599</u>	<u>-</u>
Total	<u><u>\$ 22,858,810</u></u>	<u><u>\$ 1,758,455</u></u>

\$7,225,599 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2022	\$ 6,390,026
2023	5,107,459
2024	1,465,018
2025	912,253
2026	-

Actuarial assumptions

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

	<u>CERS</u>	<u>TRS</u>
Inflation	2.30%	3.00%
Projected salary increases	3.30%	3.5 - 7.3%
Investment rate of return, net of investment expense and inflation	6.25%	7.50%

BOONE COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 8 RETIREMENT PLANS (CONTINUED)

Actuarial assumptions (Continued)

For CERS, mortality rates used for active members for 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 a 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 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.

For TRS, 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 were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2015 adopted by the Board on November 19, 2016.

For CERS, the long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years. The most recent analysis, performed for the period covering fiscal years 2008 through 2013, is outlined in a report dated April 30, 2014. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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

BOONE COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 8 RETIREMENT PLANS (CONTINUED)

Actuarial assumptions (Continued)

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

<u>Asset Class</u>	<u>TRS Target Allocation</u>	<u>TRS Long-Term Expected Real Rate of Return</u>	<u>CERS Target Allocation</u>	<u>CERS Long-Term Expected Real Rate of Return</u>
US equity	40.0%	4.60%	18.8%	4.50%
International Equity	22.0%	22.00%	18.8%	5.25%
Core bonds			13.5%	-0.25%
Private equity	7.0%	7.70%	10.0%	6.65%
High yield			15.0%	3.90%
Fixed income	15.0%	0.00%		
Additional categories	7.0%	2.50%		
Real estate	7.0%	4.30%	5.0%	5.30%
Opportunistic			3.0%	2.25%
Real return			15.0%	3.95%
Cash	2.0%	-0.50%	1.0%	-0.75%
Total	<u>100%</u>		<u>100%</u>	

Discount rate

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

For TRS, the discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at statutorily required rates, adjusted by 95% 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.

BOONE COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 8 RETIREMENT PLANS (CONTINUED)

Sensitivity of CERS and TRS proportionate share of net pension liability to changes in the discount rate

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
CERS	5.25%	6.25%	7.25%
District's proportionate share of net pension liability	\$ 111,939,563	\$ 90,770,326	\$ 73,241,392
TRS	6.50%	7.50%	8.50%
District's proportionate share of net pension liability	-	-	-

Pension plan fiduciary net position

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

NOTE 9 OPEB PLANS

General information about the Teachers' Retirement System OPEB Plan

Plan description

Teaching-certified employees of the Boone County School 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 provided 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 Statues and therefore is included in the Commonwealth's financial statements. TRS issues a publicly available financial report that can be obtained at <https://trs.ky.gov/financial-reports-information>.

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

Medical Insurance Plan

Plan description

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

BOONE COUNTY SCHOOL DISTRICT

Notes to the Financial Statements (Continued)

NOTE 9 OPEB PLANS (CONTINUED)

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 and three quarters 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.

General information about the County Employees Retirement System Non-Hazardous OPEB Plan

Plan description

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

Benefits

CERS provides health insurance, death and disability benefits to Plan employees and beneficiaries. Employees are vested in the plan after five years' service. For retirement purposes, employees are grouped into three tiers, based on hire date. See Note 8 for tier classifications.

Contributions

Required contributions by the employee are based on the tier disclosed in Note 8.

BOONE COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 9 OPEB PLANS (CONTINUED)

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

At June 30, 2021, the Boone County School District reported a liability of \$71,919,040 for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020, the District's proportion was 1.72% percent for TRS, which was an increase of 0.04% from its proportion measured as of June 30, 2019, and 1.18% percent for CERS, which was an increase of 0.12% from its proportion measured as of June 30, 2019.

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

District's proportionate share of the CERS net OPEB liability	\$ 28,569,040
District's proportionate share of the TRS net OPEB liability	43,350,000
State's proportionate share of the net OPEB liability associated with the District	<u>34,725,000</u>
	<u><u>\$ 106,644,040</u></u>

BOONE COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 9 OPEB PLANS (CONTINUED)

For the year ended June 30, 2021, the District recognized OPEB expense of \$10,718,447 and revenue of \$2,429,993 for support provided by the State. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual performance	\$ 4,773,287	\$ 23,257,015
Net difference between projected and actual earnings on OPEB plan investments	2,943,520	582,952
Change of assumptions	7,597,324	30,219
Changes in proportion and differences between employer contributions and proportionate share of contributions	5,282,654	307,641
District contributions subsequent to the measurement date	<u>4,476,536</u>	<u>-</u>
Total	<u><u>\$ 25,073,321</u></u>	<u><u>\$ 24,177,827</u></u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$4,476,536 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Year ended June 30:	
2022	\$ (283,167)
2023	106,850
2024	(453,170)
2025	(337,817)
2026	(1,899,737)
Thereafter	(714,001)

BOONE COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 9 OPEB PLANS (CONTINUED)

Actuarial assumptions

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	TRS	CERS
Investment rate of return	8.00%, net of OPEB plan investment expense, including inflation.	6.25%
Projected salary increases	3.50 - 7.20%, including inflation	3.30% to 11.55%, varies by service
Inflation rate	3.00%	2.30%
Real Wage Growth	0.50%	
Wage Inflation	3.50%	
Healthcare cost trend rates		
Under 65	7.25% for FY 2020 decreasing to an ultimate rate of 5.00% by FY 2029	Initial trend starting at 7.00% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years
Ages 65 and Older	5.25% for FY 2020 decreasing to an ultimate rate of 5.00% by FY 2022	Initial trend starting at 5.00% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 10 years
Medicare Part B Premiums	6.49% for FY 2020 with an ultimate rate of 5.00% by 2031	
Municipal Bond Index Rate	2.19%	2.45%
Discount Rate	8.00%	5.34%
Single Equivalent Interest Rate	8.00%, net of OPEB plan investment expense, including inflation	

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

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

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.

For TRS, 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.

BOONE COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 9 OPEB PLANS (CONTINUED)

Actuarial assumptions (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
Global Equity	58.0%	5.4%
Fixed Income	9.0%	0.0%
Real Estate	6.5%	4.3%
Private Equity	8.5%	7.7%
Other Additional Categories	17.0%	2.5%
Cash (LIBOR)	1.0%	-0.5%
Total	<u>100.0%</u>	

Discount rate

For TRS, 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.

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

BOONE COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 9 OPEB PLANS (CONTINUED)

The following table presents the District's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate, 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 or 1-percentage-point higher than the current rate:

	<u>1% Decrease (7.00%)</u>	<u>Current Discount Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
TRS			
Districts' net OPEB liability	\$ 52,394,000	\$ 43,350,000	\$ 35,799,000
	<u>1% Decrease (4.34%)</u>	<u>Current Discount Rate (5.34%)</u>	<u>1% Increase (6.34%)</u>
CERS			
Districts' net OPEB liability	\$ 36,702,829	\$ 28,569,040	\$ 21,888,488

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:

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
TRS			
Districts' net OPEB liability	\$ 34,359,000	\$ 43,350,000	\$ 54,427,000
	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
CERS			
Districts' net OPEB liability	\$ 22,119,578	\$ 28,569,040	\$ 36,395,614

OPEB plan fiduciary net position

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

Life Insurance Plan

Plan description

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

BOONE COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 9 OPEB 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 funded by the Life Insurance Fund (LIF) is payable upon the death of the member to the member's estate or to a party designated by the member.

Contributions

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

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

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

District's proportionate share of the net OPEB liability	\$	-
State's proportionate share of the net OPEB liability associated with the District		<u>1,050,000</u>
	\$	<u><u>1,050,000</u></u>

For the year ended June 30, 2020, the District recognized OPEB expense of \$-0- and revenue of \$50,559 for support provided by the State.

Actuarial assumptions

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

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

BOONE COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 9 OPEB PLANS (CONTINUED)

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.

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%	4.6%
International Equity	23.0%	5.6%
Fixed Income	18.0%	0.0%
Real Estate	6.0%	4.3%
Private Equity	5.0%	7.7%
Other Additional Categories	6.0%	2.5%
Cash (LIBOR)	2.0%	-0.5%
Total	<u>100.0%</u>	

** As the LIF investment policy is to change, the above reflects the pension allocation and returns that achieve the target 8.0% long-term rate of return*

BOONE COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 9 OPEB PLANS (CONTINUED)

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.

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

	<u>1% Decrease (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
Districts' net OPEB liability	\$ -	\$ -	\$ -

OPEB plan fiduciary net position

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

NOTE 10 CONTINGENCIES

Grant Fund Approval

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

NOTE 11 INSURANCE AND RELATED ACTIVITIES

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

BOONE COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 12 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 errors and omissions, and general liability coverage, the District participates in the Kentucky School Boards Insurance Trust Liability Insurance Fund. These public entity risk pools operate as common risk management and insurance programs for all school districts and other tax supported educational agencies of Kentucky who are members of the Kentucky School Boards Association. The District pays an annual premium to each fund for coverage. The Liability Insurance fund pays insurance premiums of the participating members established by the insurance carrier. The Trust can terminate coverage if it is unable to obtain acceptable excess general liability coverage and for any reason by giving ninety (90) days' notice. In the event the Trust terminated coverage, any amount remaining in the Fund (after payment of operational and administrative costs and claims for which coverage was provided) would be returned to the member on a pro rata basis.

The District is self-insured for unemployment insurance benefits. The District reimburses the state for any claims paid. The District purchases workers' compensation insurance through the Kentucky School Boards Insurance Trust. 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 13 DEFICIT OPERATING/FUND BALANCES

The District's Food Service Fund and Day Care Fund currently have deficit fund balances of \$1,988,444 and \$97,379, respectively. However, the following funds have operations that resulted in a current year deficit of revenues over expenditures, resulting in a corresponding reduction of fund balance:

Day Care Fund	\$	9,303
Camp Ernst Middle School		7,778
Building Fund		346,966
Capital Outlay Fund		214,531
Construction Fund		16,798,935
Conner Middle School		17,859
North Pointe Elementary		1,080
A.M. Yealey Elementary		7,669
R.A. Jones Middle School		1,795
Erpenbeck Elementary		1,088
Thornwilde Elementary		7,846
Stephens Elementary		10,946
Shirley Mann Elementary		2,084

NOTE 14 COBRA

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

BOONE COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 15 CONTINGENT LIABILITY

The District is a participant in the Kentucky School Board Insurance Trust in which the District purchases general liability and workers' compensation insurance. On June 4, 2014, the Franklin Circuit Court issued an order that former members of the Kentucky School Board Insurance Trust Workers' Compensation Fund as well as Property and Liability Fund, be assessed a portion of deficits in the trusts. During the fiscal year, the District paid \$159,843 and \$-0- respectively against those assessments. As of June 30, 2021, all contingent liabilities for the Workers' Compensation Fund and the Property and Liability Fund have been paid.

NOTE 16 TRANSFER OF FUNDS

The following transfers were made during the year.

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
Food Service Fund	General Fund	Indirect Cost	\$ 564,184
General Fund	Special Revenue Fund	Operating	554,000
General Fund	District Activity Fund	Operating	364,745
General Fund	Construction Fund	Construction	1,808,090
General Fund	Ignite Institute Fund	Ignite	2,719,528
Special Revenue Fund	General Fund	Indirect Cost	677
District Activity Fund	School Activity Fund	Operating	47,344
School Activity Fund	District Activity Fund	Sweep	1,194,034
Capital Outlay Fund	Construction Fund	Construction	1,963,208
Capital Outlay Fund	General Fund	NPE Playground	99,750
Building Fund	Construction Fund	Construction	4,527,548

NOTE 17 ON-BEHALF PAYMENTS

For the year ended June 30, 2021 total payments of \$58,164,492 were made for life insurance, health insurance, TRS matching and administrative fees by the Commonwealth of Kentucky on behalf of the District. These payments were recognized as on-behalf payments and recorded in the appropriate revenue and expense accounts on the statement of activities.

General Fund	\$ 55,342,893
Debt Service	729,988
Day Care	19,917
Food Service	1,248,450
Ignite Institute	<u>823,244</u>
Total On-Behalf	<u><u>\$ 58,164,492</u></u>

BOONE COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 18 SCHEDULE OF LONG-TERM OBLIGATIONS

2006-Ref, 2010 - QCSB, 2010B - Ref, 2011, 2012, 2012B - Ref, 2013, 2014, 2015 - Ref, 2016, 2016 -
Ref, 2016B, 2017R, 2017B - Ref, 2018, 2020, 2021

FISCAL YEAR	BOONE COUNTY SCHOOL DISTRICT			KY SCHOOL FACILITIES CONSTRUCTION COMMISSION			TOTAL REQUIREMENTS
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL	
2021-2022	\$ 16,294,881	\$ 5,095,490	\$ 21,390,371	\$ 563,779	\$ 166,210	\$ 729,989	\$ 22,120,360
2022-2023	16,664,970	4,724,099	21,389,069	578,690	151,298	729,988	22,119,057
2023-2024	17,069,416	4,317,349	21,386,765	594,244	135,744	729,988	22,116,752
2024-2025	15,903,891	3,837,448	19,741,339	454,769	119,519	574,288	20,315,627
2025-2026	16,346,249	3,392,312	19,738,561	467,411	106,878	574,289	20,312,850
2026-2027	15,362,061	2,956,910	18,318,971	456,599	94,124	550,723	18,869,694
2027-2028	10,243,533	2,521,264	12,764,797	416,467	81,990	498,457	13,263,254
2028-2029	10,491,671	2,257,322	12,748,993	428,329	70,129	498,458	13,247,451
2029-2030	9,634,469	1,982,015	11,616,484	375,531	57,742	433,273	12,049,757
2030-2031	9,888,455	1,728,327	11,616,782	386,545	46,727	433,272	12,050,054
2031-2032	6,433,398	1,464,161	7,897,559	211,602	35,308	246,910	8,144,469
2032-2033	6,637,058	1,275,023	7,912,081	217,942	28,967	246,909	8,158,990
2033-2034	6,341,650	1,074,310	7,415,960	153,350	22,229	175,579	7,591,538
2034-2035	6,541,894	878,053	7,419,947	158,106	17,473	175,579	7,595,526
2035-2036	6,761,863	669,269	7,431,132	163,137	12,441	175,578	7,606,710
2036-2037	6,128,456	450,167	6,578,623	146,544	7,545	154,089	6,732,712
2037-2038	3,626,315	295,505	3,921,820	48,685	4,514	53,199	3,975,019
2038-2039	3,759,854	178,774	3,938,628	50,146	3,054	53,200	3,991,828
2039-2040	2,668,350	80,051	2,748,401	51,650	1,550	53,200	2,801,600
Various*	2,862,778	-	2,862,778	-	-	-	2,862,778
	<u>\$ 189,661,212</u>	<u>\$ 39,177,846</u>	<u>\$ 228,839,058</u>	<u>\$ 5,923,526</u>	<u>\$ 1,163,441</u>	<u>\$ 7,086,967</u>	<u>\$ 235,926,025</u>

*Expected interest income to be earned on qualified school construction bond escrow account

A summary of the changes in the principal of the outstanding bond obligations, the capital leases and the sick leave liability for the District during the year ended June 30, 2021 is as follows:

Governmental Activities	Balance July 1, 2020	Additions	Payments	Balance June 30, 2021
Bond Obligations	<u>\$ 202,273,398</u>	<u>\$ 9,705,000</u>	<u>\$ 16,393,660</u>	<u>\$ 195,584,738</u>
Bond premiums	<u>\$ -</u>	<u>\$ 329,728</u>	<u>\$ 8,243</u>	<u>\$ 321,485</u>
Capital Leases	<u>\$ 6,989</u>	<u>\$ -</u>	<u>\$ 6,989</u>	<u>\$ -</u>
Sick Leave	<u>\$ 3,215,035</u>	<u>\$ 61,108</u>	<u>\$ 480,303</u>	<u>\$ 2,795,840</u>

NOTE 19 COVID-19 PANDEMIC

The COVID-19 outbreak in the United States has caused disruption through limited district activities. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the disruption. At this time, the District is uncertain on the disruption's impact on its operating results.

BOONE COUNTY SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 20 CORRECTION OF AN ERROR

During the year ended June 30, 2021, the beginning net position of the Statement of Activities and Statement of Revenues, Expenditures and Changes in Fund balances – Governmental Funds was corrected for a fund balance amount that should have been accounted for in the prior year in relation to GASB 84 implementation. The adjustment resulted in a \$26,000 reduction to the beginning net position on the Statement of Activities and Statement of Revenues, Expenditures and Changes in Fund balances – Governmental Funds.

NOTE 21 SUBSEQUENT EVENTS

Subsequent events were considered through November 15, 2021, which represents the release date of our report.

SUPPLEMENTARY
INFORMATION

BOONE COUNTY SCHOOL DISTRICT

**Combining Balance Sheet – Nonmajor Governmental Funds
As of June 30, 2021**

	<u>Capital Outlay Fund</u>	<u>Building Fund</u>	<u>District Activity Fund</u>	<u>Debt Service Fund</u>	<u>School Activity Fund</u>	<u>Ignite Institute</u>	<u>Total Non-major Government Funds</u>
Assets							
Current:							
Cash and cash equivalents	\$ -	\$ -	\$ 1,120,495	\$ 313,544	\$ 2,023,512	\$ 254,492	\$ 3,712,043
Accounts receivable	-	-	-	-	-	64,000	64,000
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,120,495</u>	<u>\$ 313,544</u>	<u>\$ 2,023,512</u>	<u>\$ 318,492</u>	<u>\$ 3,776,043</u>
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ 672	\$ -	\$ -	\$ (30)	\$ 642
Interfund payable	-	-	30,267	-	-	-	30,267
Total liabilities	<u>-</u>	<u>-</u>	<u>30,939</u>	<u>-</u>	<u>-</u>	<u>(30)</u>	<u>30,909</u>
Fund Balances:							
Unassigned	-	-	-	-	-	318,522	318,522
Restricted:							
Debt service fund	-	-	-	313,544	-	-	313,544
Other	-	-	1,089,556	-	2,023,512	-	3,113,068
Total fund balances	<u>-</u>	<u>-</u>	<u>1,089,556</u>	<u>313,544</u>	<u>2,023,512</u>	<u>318,522</u>	<u>3,745,134</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,120,495</u>	<u>\$ 313,544</u>	<u>\$ 2,023,512</u>	<u>\$ 318,492</u>	<u>\$ 3,776,043</u>

BOONE COUNTY SCHOOL DISTRICT

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual – General Fund
Year Ended June 30, 2021**

	<u>Capital Outlay Fund</u>	<u>Building Fund</u>	<u>District Activity Fund</u>	<u>Debt Service Fund</u>	<u>School Activity Fund</u>	<u>Ignite Institute</u>	<u>Total Nonmajor Government Funds</u>
Revenues:							
Taxes	\$ -	\$ 24,812,888	\$ -	\$ -	\$ -	\$ -	\$ 24,812,888
Earnings on investments	-	-	621	7,516	-	-	8,137
State sources	1,858,913	546,429	-	729,988	-	823,244	3,958,574
Federal sources	-	-	-	864,911	-	-	864,911
Other sources	-	-	50,291	-	3,259,603	427,142	3,737,036
Total revenues	<u>1,858,913</u>	<u>25,359,317</u>	<u>50,912</u>	<u>1,602,415</u>	<u>3,259,603</u>	<u>1,250,386</u>	<u>33,381,546</u>
Expenditures:							
Instructional	-	-	1,371,551	-	1,341,854	2,391,241	5,104,646
Student support services	-	-	1,044	-	101,729	199,871	302,644
Staff support services	-	-	81,187	-	207,183	126,404	414,774
School administration	-	-	37,667	-	78,125	309,591	425,383
Plant operation and maintenance	-	-	93,788	-	-	736,713	830,501
Community service operations	-	-	-	-	19,417	-	19,417
Other	10,486	-	-	-	18,361	-	28,847
Debt service:							
Principal	-	-	-	16,393,660	-	-	16,393,660
Interest	-	-	-	6,090,015	-	-	6,090,015
Total expenditures	<u>10,486</u>	<u>-</u>	<u>1,585,237</u>	<u>22,483,675</u>	<u>1,766,669</u>	<u>3,763,820</u>	<u>29,609,887</u>
Excess (deficit) of revenues over expenditures	<u>1,848,427</u>	<u>25,359,317</u>	<u>(1,534,325)</u>	<u>(20,881,260)</u>	<u>1,492,934</u>	<u>(2,513,434)</u>	<u>3,771,659</u>
Other Financing Sources (Uses)							
Operating transfers in	-	-	1,606,123	21,178,736	-	2,719,528	25,504,387
Operating transfers out	(2,062,958)	(25,706,283)	-	-	(1,241,379)	-	(29,010,620)
Total other financing sources(uses)	<u>(2,062,958)</u>	<u>(25,706,283)</u>	<u>1,606,123</u>	<u>21,178,736</u>	<u>(1,241,379)</u>	<u>2,719,528</u>	<u>(3,506,233)</u>
Net change in fund balance	(214,531)	(346,966)	71,798	297,476	251,555	206,094	265,426
Fund balance, July 1, 2020	214,531	346,966	1,017,758	16,068	1,745,957	112,428	3,453,708
Fund balance adjustment (Note 20)	-	-	-	-	26,000	-	26,000
Fund balance, June 30, 2021	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,089,556</u>	<u>\$ 313,544</u>	<u>\$ 2,023,512</u>	<u>\$ 318,522</u>	<u>\$ 3,745,134</u>

BOONE COUNTY SCHOOL DISTRICT

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual – General Fund
Year Ended June 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget Favorable (Unfavorable)</u>
Revenues				
Taxes	\$ 101,787,578	\$ 101,787,578	\$ 113,115,847	\$ 11,328,269
Earnings on investments	800,000	800,000	147,894	(652,106)
State sources	102,438,887	102,438,887	101,399,689	(1,039,198)
Federal sources	1,000,000	1,000,000	1,044,126	44,126
Other sources	2,372,018	2,372,018	1,651,975	(720,043)
	<u>208,398,483</u>	<u>208,398,483</u>	<u>217,359,531</u>	<u>8,961,048</u>
Total revenues				
Expenditures				
Instructional	152,744,552	153,105,725	128,372,647	24,733,078
Student support services	10,948,888	10,907,627	14,172,951	(3,265,324)
Staff support services	7,318,837	7,086,480	9,146,726	(2,060,246)
District administration	6,331,371	6,325,853	4,411,851	1,914,002
School administration	11,762,991	11,570,221	14,682,307	(3,112,086)
Business support services	4,845,259	4,846,498	5,768,694	(922,196)
Plant operation and maintenance	18,223,123	18,087,555	17,040,188	1,047,367
Student transportation	14,311,612	14,313,839	12,651,562	1,662,277
Community service operations	25,610	26,439	1,422,046	(1,395,607)
Facility acquisition and construction	74,772	74,772	10,244	64,528
Other	11,512,879	11,754,885	5,446,364	6,308,521
	<u>238,099,894</u>	<u>238,099,894</u>	<u>213,125,580</u>	<u>24,974,314</u>
Total expenditures				
Net change in fund balance	(29,701,411)	(29,701,411)	4,233,951	33,935,362
Fund balance, July 1, 2020	-	-	47,287,341	47,287,341
Fund balance, June 30, 2021	<u>\$ (29,701,411)</u>	<u>\$ (29,701,411)</u>	<u>\$ 51,521,292</u>	<u>\$ 81,222,703</u>

BOONE COUNTY SCHOOL DISTRICT

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual – Special Revenue Fund
Year Ended June 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Favorable (Unfavorable)
Revenues				
State sources	\$ -	\$ 7,186,544	\$ 6,988,292	\$ (198,252)
Federal sources	577,264	16,027,902	9,764,949	(6,262,953)
Other sources	554,000	647,917	1,345,525	697,608
	<u>1,131,264</u>	<u>23,862,363</u>	<u>18,098,766</u>	<u>(5,763,597)</u>
Expenditures				
Instructional	1,092,887	15,738,386	10,379,927	5,358,459
Student support services	-	990,278	703,085	287,193
Staff support services	32,159	1,606,829	848,651	758,178
District administration	-	2,173,170	2,173,170	-
Business support services	-	25,282	647,453	(622,171)
Plant operation and maintenance	-	315,919	305,155	10,764
Student transportation	-	1,942,757	1,880,851	61,906
Food service operation	-	59,883	109,744	(49,861)
Day care operations	-	19,300	21,084	(1,784)
Community service operations	-	932,342	954,720	(22,378)
Other	6,218	53,218	677	52,541
	<u>1,131,264</u>	<u>23,857,364</u>	<u>18,024,517</u>	<u>5,832,847</u>
Net change in fund balance	-	4,999	74,249	69,250
Fund balance, July 1, 2020	-	404,414	102,963	(301,451)
Fund balance, June 30, 2021	<u>\$ -</u>	<u>\$ 409,413</u>	<u>\$ 177,212</u>	<u>\$ (232,201)</u>

BOONE COUNTY SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balances
Bond and Interest Redemption Funds
For the Year Ended June 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Revenues				
Earnings on investments	\$ -	\$ -	\$ 2,618	\$ 2,618
Other sources	-	27,377,314	17,878,659	(9,498,655)
Total revenues	-	27,377,314	17,881,277	(9,496,037)
Expenditures				
Facility acquisition and construction	-	27,377,314	34,680,212	7,302,898
Total expenditures	-	27,377,314	34,680,212	7,302,898
Net change in fund balance	-	-	(16,798,935)	(16,798,935)
Fund balance, July 1, 2020	-	128,588,959	43,554,769	(85,034,190)
Fund balance, June 30, 2021	<u>\$ -</u>	<u>\$ 128,588,959</u>	<u>\$ 26,755,834</u>	<u>\$ (101,833,125)</u>

BOONE COUNTY SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balances
Bond and Interest Redemption Funds
For the Year Ended June 30, 2021**

	<u>Issue of 2006 - Ref</u>	<u>Issue of 2010</u>	<u>Issue of 2010 - QCSB</u>	<u>Issue of 2010B - Ref</u>	<u>Issue of 2011</u>	<u>Issue of 2012</u>	<u>Issue of 2012B - Ref</u>	<u>Issue of 2013</u>	<u>Issue of 2014</u>
Cash at July 1, 2020	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:									
Transfers and miscellaneous deposits	2,410,822	660,480	1,121,048	4,248,563	540,800	3,162,556	1,328,825	286,413	929,575
Disbursements:									
Bonds paid	2,365,000	640,000	483,660	4,085,000	520,000	2,765,000	1,160,000	130,000	655,000
Interest coupons	45,822	20,480	637,388	163,563	20,800	397,556	168,825	156,413	274,575
Total disbursements	2,410,822	660,480	1,121,048	4,248,563	540,800	3,162,556	1,328,825	286,413	929,575
Excess of receipts over disbursements	-	-	-	-	-	-	-	-	-
Cash at June 30, 2021	-	-	-	-	-	-	-	-	-
Fund Balance at June 30, 2021	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

	<u>Issue of 2015 - Ref</u>	<u>Issue of 2016</u>	<u>Issue of 2016 - Ref</u>	<u>Issue of 2016B</u>	<u>Issue of 2017R</u>	<u>Issue of 2017B Ref</u>	<u>Issue of 2018</u>	<u>Issue of 2020</u>	<u>Total</u>
Cash at July 1, 2020	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:									
Transfers and miscellaneous deposits	1,064,500	458,313	1,575,250	1,524,275	930,050	491,250	603,469	1,147,486	22,483,675
Disbursements:									
Bonds paid	785,000	175,000	745,000	675,000	650,000	120,000	165,000	275,000	16,393,660
Interest coupons	279,500	283,313	830,250	849,275	280,050	371,250	438,469	872,486	6,090,015
Total disbursements	1,064,500	458,313	1,575,250	1,524,275	930,050	491,250	603,469	1,147,486	22,483,675
Excess of receipts over disbursements	-	-	-	-	-	-	-	-	-
Cash at June 30, 2021	-	-	-	-	-	-	-	-	-
Fund Balance at June 30, 2021	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

BOONE COUNTY SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balance
Boone County High School Activity Fund
For the Year Ended June 30, 2021**

	Fund Balance July 1, 2020	Receipts	Disbursements	Fund Balance June 30, 2021
Abbey Zimmer Scholarship	\$ 9,409	\$ 2,895	\$ 3,000	\$ 9,304
Academic team	209	331	455	85
Advanced Placement	10,418	5,215	11,232	4,401
Agendas	-	2,150	2,145	5
Archery	1,009	3,095	2,206	1,898
Art Club	241	-	-	241
Art Department	-	773	773	-
Athletic Concessions	2,373	-	-	2,373
Athletic Fees	6,046	4,706	2,600	8,152
Athletics	12,039	74,044	65,597	20,486
Background check	20	320	330	10
Backpack Food Program	3,375	-	2,778	597
Band Activities	-	-	-	-
Band trip	477	-	-	477
Baseball	13,884	7,567	7,833	13,618
Basketball - Boys	5,906	8,285	7,320	6,871
Basketball - Girls	3,333	11,574	7,296	7,611
BCHSKYA	31	-	-	31
Bowling Team	6,271	1,423	1,662	6,032
Broadway Art Scholarship	1,955	10,785	11,045	1,695
Cheerleaders - JV & Varsity	3,571	31,657	29,912	5,316
Chick Fila Leaders	268	-	-	268
Choral Music	(2,725)	6,310	1,990	1,595
Citigroup Scholarship	4,354	10,500	6,771	8,083
Class of 1955 scholarship	20	2,000	2,000	20
Class of current	7,577	11,613	12,443	6,747
Conservation Grant	16	500	401	115
Cross Country - Boys	937	400	605	732
Cross Country - Girls	448	1,340	1,447	341
Dance Team	704	-	667	37
Digital Arts	-	763	763	-
Dr. Edward P & Mary	692	17,086	17,000	778
Drink Machine	-	-	-	-
English department	45	-	-	45
Family and Consumer Science	186	209	209	186
FASFF	41	48	-	89
FBLA	102	138	240	-
FCA	16	-	-	16
FCCLA	443	-	284	159
Fine Arts Department	-	763	763	-
Football	-	19,663	19,663	-
Forensic Team	2,518	2,872	5,088	302
French Club	6	-	-	6
General	2,661	546	2,157	1,050
General Fees	244	42,702	42,946	-
German Club	233	-	-	233
German National Honor	22	-	-	22
Go Pantry	-	-	-	-

BOONE COUNTY SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balance
Boone County High School Activity Fund (Continued)
For the Year Ended June 30, 2021**

	Fund Balance July 1, 2020	Receipts	Disbursements	Fund Balance June 30, 2021
Golf - Boys	\$ 214	\$ 900	\$ 1,007	\$ 107
Golf - Girls	893	400	183	1,110
Grace Kelly Girls Club	261	-	-	261
Guidance Department	3,369	1,048	-	4,417
Library	-	19	-	19
Logan's Heroes	1,142	-	58	1,084
Marching Band	9,101	1,761	3,590	7,272
Men of Boone	250	-	-	250
Music Honor Society	146	-	-	146
Nancy Lambers Bresser	-	-	-	-
National Honor Society	40	387	427	-
Newspaper	937	-	-	937
Parking	-	2,165	2,165	-
Pep Club	175	-	30	145
Photography Club	60	-	-	60
Physical Education Department	-	24	-	24
Rebels for a Cause	13	1,150	78	1,085
Science Department	1,468	6,748	6,687	1,529
Service Learning	2	-	-	2
Soccer - Boys	1,633	5,684	4,860	2,457
Soccer - Girls	7,426	12,974	14,363	6,037
Softball	5,160	3,691	3,354	5,497
Spanish Club	30	-	-	30
Special Ed Department	230	750	340	640
Spiri-Demic Store	(1,506)	7,156	5,650	-
Spotlighters	3,508	-	521	2,987
Spring Musical	(666)	666	-	-
Stipulation Free	166	-	114	52
Student Council	471	390	558	303
Student Enrichment	1,301	-	100	1,201
Summer enrichment	-	4,650	4,650	-
Swimming	3,170	4,844	4,797	3,217
Tennis - Boys	363	500	154	709
Tennis - Girls	2,172	620	668	2,124
Testing Committee	584	1,200	977	807
Textbook rental	-	17,236	17,189	47
Track - Boys	1,072	1,696	989	1,779
Track - Girls	1,026	2,300	3,099	227
Volleyball	4,835	459	3,518	1,776
Women of Boone	246	-	-	246
Wrestling	2,894	1,814	275	4,433
Yearbook	4,148	10,216	6,339	8,025
Youth Service Center	802	2,500	1,033	2,269
Total	\$ 156,511	\$ 376,221	\$ 359,394	\$ 173,338

BOONE COUNTY SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balance
Conner High School Activity Fund
For the Year Ended June 30, 2021**

	<u>Fund Balance July 1, 2020</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Fund Balance June 30, 2021</u>
2001 Scholarship	\$ -	\$ 2,500	\$ 2,500	\$ -
Academic Team	720	541	545	716
Agenda Book	-	4,674	4,669	5
Archery Club	6,725	2,454	2,048	7,131
Art	-	3,000	3,000	-
Art Club	675	-	-	675
Athletic	26,312	63,441	66,040	23,713
Athletic Fees	16,773	15,028	9,112	22,689
Background Check	20	230	220	30
Band	5,989	314	438	5,865
Baseball	21,289	33,856	33,902	21,243
Basketball/Boys	12,975	21,070	17,484	16,561
Basketball/Girls	20,511	19,993	22,009	18,495
Bowling	84	198	-	282
Character Counts	3,237	-	-	3,237
Cheerleaders	3,831	18,719	17,876	4,674
Chick Fil A Leader	-	-	-	-
Choir Fee	-	1,035	1,035	-
Choirs	3,195	1,233	855	3,573
CHS Scholarship	20	5,409	500	4,929
CITI 2020-2021	6,667	100	6,767	-
Citi 2020-2021	2,307	6,747	4,837	4,217
Citi 2021-2022	-	10,500	-	10,500
Citi Reserve Account	2,763	3,566	4,367	1,962
Clearing	-	450	450	-
Cougarettes	683	-	683	-
Cougars for a Cause	589	8	-	597
Cougars in the Community	222	400	-	622
Cross Country	9,313	2,032	3,236	8,109
CTE	-	754	754	-
Culinary Creations	4,649	-	-	4,649
Dallas Willoughby	2,000	1,500	3,500	-
District Basketballs	-	5,165	5,165	-
District Football	-	1,694	1,694	-
District Softball	-	2,145	2,145	-
Drinks/Snack - Student Account	4,285	2,063	576	5,772
Drug Free Club	109	-	-	109
Earth Club	738	-	-	738
English	1,381	588	-	1,969
F.B.L.A	1,803	2,587	1,667	2,723
F.C.C.L.A.	5,918	-	-	5,918
F.F.A.	2,030	1,722	(213)	3,965
Fees	-	53,108	53,019	89
FFA Scholarship	-	49,169	-	49,169
Field Trips	709	-	500	209
Football	12,037	46,793	40,492	18,338
Fund the Field	-	-	-	-
Future Educators of America	149	-	60	89
Gay/Straight Alliance	49	-	-	49
General	10,435	1,296	1,385	10,346
Gerald Ryle Scholars	-	1,500	1,500	-
Golf/Boys	548	4,114	4,594	68

BOONE COUNTY SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balance
Conner High School Activity Fund (Continued)
For the Year Ended June 30, 2021**

	Fund Balance July 1, 2020	Receipts	Disbursements	Fund Balance June 30, 2021
Golf/Girls	\$ 284	\$ 122	\$ 145	\$ 261
Gordy Beil Scholarship	75	-	-	75
Greenhouse	2,781	790	760	2,811
Greg Miller Athletic Scholarship	5,000	500	500	5,000
Guidance	13,388	27,375	24,855	15,908
Hispanic Honor Society	1,293	816	1,090	1,019
Instrument Rental Fee	-	210	210	-
Inventory/Replacement	-	558	-	558
John Hoffman Scholarship	17,495	-	1,500	15,995
Junior Class	15,406	14,420	13,936	15,890
Larosa's Holiday To	-	-	-	-
Latin Club	286	-	286	-
Leadership League	116	-	-	116
Marching Band	10,172	3,730	5,444	8,458
MDHRoom	1,322	-	475	847
Men/Woman of Conner	121	330	322	129
Musical Theatre	2,440	-	-	2,440
National Honor Society	2,706	1,600	2,357	1,949
Orchestra	202	33	-	235
Parking	-	4,430	4,430	-
Postage	193	195	-	388
Project Learning	157	-	-	157
Scholarships	5,214	4,500	9,714	-
Science	-	15,362	15,360	2
Senior Class	7,671	4,538	11,679	530
Shawn Garnett Mem Fund	376	-	376	-
Skills USA	400	-	-	400
Soccer District	-	1,694	1,694	-
Soccer/Boys	8,916	9,624	10,295	8,245
Soccer/Girls	687	28,167	15,594	13,260
Social Studies	-	1,529	1,529	-
Soft Drinks - Faculty Account	810	337	524	623
Softball	3,792	4,339	4,069	4,062
Stock Purchase	189	616	799	6
Student Government	1,484	-	-	1,484
Swimming	1,240	1,567	1,870	937
Teachers Helping Teachers	71	307	370	8
Tennis/Boys	845	60	170	735
Tennis/Girls	306	95	251	150
Textbooks	-	49,827	49,702	125
The Cougar Crew	263	-	-	263
Track	3,537	2,400	3,270	2,667
Tri-M	74	-	74	-
Video Production	1,141	8,139	-	9,280
Volleyball	2,522	4,208	5,062	1,668
Walking Club	78	-	-	78
Wrestling	7,324	5,235	4,403	8,156
YFSC	2,848	1,397	934	3,311
Total	\$ 314,965	\$ 590,746	\$ 513,460	\$ 392,251

BOONE COUNTY SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balance
Randall K. Cooper High School Activity Fund
For the Year Ended June 30, 2021**

	Fund Balance July 1, 2020	Receipts	Disbursements	Fund Balance June 30, 2021
1st Financial Scholarship	\$ -	\$ 250	\$ 250	\$ -
33rd District Athletics	-	3,341	3,341	-
Academic Team	1,329	212	515	1,026
After School Calculus	163	-	-	163
Ambassadors	35	-	-	35
AP Biology	5	-	-	5
AP Government Field	20	-	(20)	40
Archery club	4,289	7,041	7,234	4,096
Art Club	75	4	79	-
Athletic Administration	6,781	39,696	36,594	9,883
Athletic Fees	2,823	15,453	14,131	4,145
Autism Fundraiser	405	-	-	405
Band	22,936	-	2,509	20,427
Baseball	4,696	8,250	5,391	7,555
Basketball Boys	700	8,099	5,459	3,340
Basketball Girls	7,748	4,640	6,290	6,098
Biology club	81	-	-	81
Bowling Team	2,484	-	1,453	1,031
Cheerleading	10,236	37,668	25,463	22,441
Class 2022	347	-	-	347
Class of 2020	5,124	-	5,124	-
Class of 2021	230	5,160	2,775	2,615
Cooper Can	132	230	182	180
Cooper Cuisine	1,559	36	455	1,140
Cooper Store	839	4,577	4,440	976
Cross Country Boys	1,640	-	1,359	281
Cross Country Girls	2,880	1,417	1,630	2,667
Dance Team	1,707	12,545	5,710	8,542
Diversity	1	-	-	1
Drama	2,883	33,491	19,333	17,041
English Field Trip	182	-	-	182
FBLA	(1,865)	1,903	-	38
FCCLA	989	3,650	4,246	393
FFA	11	1,296	1,306	1
FFA Greenhouse	2,173	-	262	1,911
FMP	704	559	1,248	15
Football	8,225	81,672	48,673	41,224
French Club	325	-	274	51
General	4,019	756	1,221	3,554
German Field Trip	25	-	-	25
German Honor Society	113	-	-	113
Girls Golf Tournament	1,650	1,950	2,700	900
Girl's Soccer School	-	4,500	4,500	-
Golf Boys	131	50	170	11
Golf Girls	2,218	4,108	3,025	3,301
Graduation DVD	1,123	840	770	1,193

BOONE COUNTY SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balance
Randall K. Cooper School Activity Fund (Continued)
For the Year Ended June 30, 2021**

	Fund Balance July 1, 2020	Receipts	Disbursements	Fund Balance June 30, 2021
Guidance	\$ 10,889	\$ 30,727	\$ 39,235	\$ 2,381
Interalliance	263	90	-	353
Junior Class	430	-	-	430
KY background checks	130	390	500	20
Nat. Art Honor Society	-	156	156	-
National Honor Society	1,695	2,593	1,786	2,502
OOTM II	1	-	-	1
Parking Passes	310	2,879	2,689	500
PEP Club	317	-	-	317
Room 150	36	45	-	81
Science Honor Society	66	-	-	66
Sew Copper	121	2,445	2,145	421
Ski Club	335	12	300	47
Soccer Boys	2,504	2,852	5,356	-
Soccer Girls	11,446	1,393	5,992	6,847
Softball	1,780	2,157	1,911	2,026
Spanish Club	46	-	-	46
Spanish Honor Society	2,085	-	-	2,085
Speech & Drama	4,160	2,884	2,489	4,555
St. Elizabeth Healthcare	599	10,000	9,558	1,041
Start Up Cash	-	385	385	-
Student Council	(2,179)	14,083	10,403	1,501
Student Fees	-	107,821	107,042	779
Susie Sommer Scholarship	-	500	500	-
Swimming	4,049	1,663	3,736	1,976
Table Tennis Club	121	-	-	121
Tennis Boys	285	1,330	1,614	1
Tennis Girls	435	1,226	1,232	429
Textbook	-	36,044	36,032	12
Track Boys	6,670	-	1,566	5,104
Track Girls	4,161	465	2,369	2,257
Vending	71	89	-	160
Vending Faculty	-	710	710	-
Vending Students	216	-	216	-
Volleyball	2,651	2,275	2,425	2,501
WL Exams	-	-	-	-
Wrestling	3,577	2,545	2,431	3,691
Yearbook	12,697	3,145	-	15,842
Total	\$ 172,138	\$ 514,298	\$ 460,870	\$ 225,566

BOONE COUNTY SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balance
Larry A. Ryle High School Activity Fund
For the Year Ended June 30, 2021**

	Fund Balance July 1, 2020	Receipts	Disbursements	Fund Balance June 30, 2021
Athletic Administration	\$ 5,255	\$ 52,516	\$ 48,069	\$ 9,702
Baseball	16,039	24,928	18,687	22,280
Regional Baseball	-	548	548	-
Boys Basketball	7,882	20,288	19,528	8,642
Girls Basketball	4,503	18,746	12,135	11,114
Regional Girls Basketball	-	1,168	1,168	-
Regional Bowling	-	280	280	-
Bowling	-	3,412	3,412	-
Athletic Gate Clearing	-	81,861	75,101	6,760
Cross Country	1,637	9,438	4,333	6,742
Athletic Fees	5,875	21,213	27,088	-
Football	2,026	60,596	62,622	-
Football Playoffs	-	3,304	3,304	-
Girls Golf	2,245	616	1,940	921
Boys Golf	142	280	50	372
District Soccer	-	556	556	-
Boys Soccer	10,217	34,705	29,844	15,078
Regional Boys Soccer	-	9,066	9,066	-
Regional Girls Soccer	-	1,242	1,242	-
Girls Soccer	9,240	10,040	4,730	14,550
Softball	1,222	7,932	5,352	3,802
Boys Tennis	1,908	436	1,079	1,265
Girls Tennis	-	1,406	1,406	-
Track	10,645	11,005	17,272	4,378
District Volleyball	-	1,295	1,295	-
Volleyball	2,575	11,024	6,052	7,547
Regional Swim & Dive	-	6,550	6,550	-
Swim & Dive Team	-	12,287	12,144	143
Wrestling	9,983	10,674	6,849	13,808
Regional Wrestling	3,294	2,751	5,344	701
Academic Team	553	-	240	313
Advanced Multimedia	2,400	-	-	2,400
Agenda	-	4,064	3,929	135
Archery	15,237	2,966	7,594	10,609
Art club	1,982	170	597	1,555
Art Department	806	-	196	610
Art Student Fees	-	1,470	1,365	105
Art Honor Society	280	10	-	290
Multicultural Society	254	-	-	254
Business Department	2,089	-	-	2,089
City of Union Grant	-	190,000	151,064	38,936
Cash Advance/Start Up	-	700	700	-
Cheerleading	5,754	69,730	50,956	24,528
Choral Music	1,511	100	-	1,611
Chorus Student Fees	-	150	135	15
Chickfila Leader Academy	-	1,373	931	442
Class of 2019	155	-	155	-
Class of 2020	6,540	155	6,695	-
Class of 2021	9,327	22,621	27,315	4,633
Class of 2022	-	32,456	18,560	13,896
DECA	1,115	9,408	8,202	2,321
Drama	3,884	2,590	6,474	-
Dance Team	2,423	10,922	7,560	5,785
Children, Inc.	500	-	-	500
English Department	125	-	-	125
English Honor Society	847	940	547	1,240
F.B.L.A	4,054	846	801	4,099
General Student Fees	-	44,698	43,225	1,473
FFA	403	5,287	3,293	2,397
FCCLA	2,496	830	1,239	2,087

BOONE COUNTY SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balance
Larry A. Ryle High School Activity Fund (Continued)
For the Year Ended June 30, 2021**

	Fund Balance July 1, 2020	Receipts	Disbursements	Fund Balance June 30, 2021
FCS	\$ 4,702	\$ 4,703	\$ 4,703	\$ 4,702
FCS Student Fees	-	1,611	1,491	120
FCS Catering	2,771	-	777	1,994
FCS Raider Threads	3,647	-	-	3,647
Fishing Club	-	50	50	-
Foreign Language	2	-	-	2
Forensics/Speech & Debate	5,710	3,215	5,236	3,689
French Honor Society	428	75	257	246
General	3,856	2,435	3,187	3,104
German Club	90	-	-	90
German Honor Society	268	170	235	203
Guidance Department	28,167	44,586	40,889	31,864
HOSA	516	1,690	1,020	1,186
Key Club	1,012	496	238	1,270
Library	-	430	25	405
Lock Fines	-	270	70	200
FMD Room	8,556	3,273	3,770	8,059
FMD Unified Sports	1,253	-	853	400
Math Honor Society	1,492	69	500	1,061
Math Department	10	-	10	-
Marching Band	14,153	21,430	13,250	22,333
MOS	1,320	-	-	1,320
National Honor Society	8,613	-	3,720	4,893
Ocial Smith Award	9,774	-	-	9,774
Odyssey of the Mind	2,158	-	-	2,158
Parking Fees	-	5,049	5,049	-
PCGB Donation	4,047	-	4,047	-
Physical Education	34	12	-	46
Campus Store	3,980	80	-	4,060
Raider Alliance Club	271	-	271	-
Raider Nation APP	3,900	-	3,500	400
Science Department	1,200	3,935	2,514	2,621
Science Student Fees	-	12,641	12,341	300
Science Honor Society	618	120	(60)	798
Glob. Issues Student Fees	-	154	132	22
SS Honor Society	171	-	99	72
Spanish Honor Society	-	435	435	-
Students For Life Club	73	-	-	73
Student Scholarships	12,557	75,255	31,664	56,148
Student Vending	2,523	1,085	1,245	2,363
Student Council	2,487	222	1,176	1,533
Summer School	9,300	18,425	26,375	1,350
Teacher Vending	1,014	3,703	3,927	790
Textbook Rental	-	33,490	32,450	1,040
Workbook/Digital Materials	-	2,863	2,713	150
Vocational Agriculture	3,336	1,405	950	3,791
Vo-Ag Student fees	-	293	263	30
Yearbook	6,013	5,040	4,443	6,610
Youth Services Center	149	-	51	98
Total	\$ 307,594	\$ 1,070,359	\$ 942,685	\$ 435,268

BOONE COUNTY SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balance
School Activity Funds
For the Year Ended June 30, 2021**

	Conner Middle School	Gray Middle School	Ockerman Middle School	R.A. Jones Middle School	Camp Ernst Middle School	Ballyshannon Middle School
Fund balances at July 1, 2020	\$ 109,929	\$ 59,938	\$ 38,616	\$ 31,640	\$ 75,014	\$ 43,629
Add: receipts	84,121	209,166	38,766	13,131	68,690	43,014
Less: disbursements	<u>(101,980)</u>	<u>(201,046)</u>	<u>(37,107)</u>	<u>(14,926)</u>	<u>(76,468)</u>	<u>(50,683)</u>
Fund balance at June 30, 2021	<u>\$ 92,070</u>	<u>\$ 68,058</u>	<u>\$ 40,275</u>	<u>\$ 29,845</u>	<u>\$ 67,236</u>	<u>\$ 35,960</u>
	A.M. Yealey Elementary	Burlington Elementary	Collins Elementary	Longbranch Elementary	North Pointe Elementary	
Fund balances at July 1, 2020	\$ 18,274	\$ 32,221	\$ 18,080	\$ 7,494	\$ 28,561	
Add: receipts	29,617	36,266	5,053	56,524	21,073	
Less: disbursements	<u>(36,766)</u>	<u>(35,888)</u>	<u>(2,370)</u>	<u>(53,934)</u>	<u>(22,153)</u>	
Fund balance at June 30, 2021	<u>\$ 11,125</u>	<u>\$ 32,599</u>	<u>\$ 20,763</u>	<u>\$ 10,084</u>	<u>\$ 27,481</u>	
	Goodridge Elementary	Kelly Elementary	New Haven Elementary	Ockerman Elementary	Stephens Elementary	
Fund balances at July 1, 2020	\$ 89,097	\$ 38,997	\$ 39,994	\$ 31,020	\$ 23,383	
Add: receipts	29,552	18,907	91,526	18,897	10,093	
Less: disbursements	<u>(29,476)</u>	<u>(17,783)</u>	<u>(69,930)</u>	<u>(17,846)</u>	<u>(21,039)</u>	
Fund balance at June 30, 2021	<u>\$ 89,173</u>	<u>\$ 40,121</u>	<u>\$ 61,590</u>	<u>\$ 32,071</u>	<u>\$ 12,437</u>	
	Erpenbeck Elementary	Florence Elementary	Shirley Mann Elementary	Thornwilde Elementary	Total	
Fund balances at July 1, 2020	\$ 59,603	\$ 29,201	\$ 17,904	\$ 28,210	\$ 820,805	
Add: receipts	59,257	9,275	114,688	44,569	1,002,185	
Less: disbursements	<u>(60,345)</u>	<u>(6,974)</u>	<u>(116,772)</u>	<u>(52,415)</u>	<u>(1,025,901)</u>	
Fund balance at June 30, 2021	<u>\$ 58,515</u>	<u>\$ 31,502</u>	<u>\$ 15,820</u>	<u>\$ 20,364</u>	<u>\$ 797,089</u>	

BOONE COUNTY SCHOOL DISTRICT

Schedule of District's Proportionate Share of the Net Pension Liability – TRS

Last 10 Fiscal Years*

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
District's proportion of the net pension liability	0%	0%	0%	0%	0%	0%	0%	*	*	*
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	*	*	*
State's proportionate share of the net pension liability associated with the District	455,108,537	429,864,664	404,018,757	817,224,215	865,705,447	669,277,382	554,477,174	*	*	*
Total	\$455,108,537	\$429,864,664	\$404,018,757	\$817,224,215	\$865,705,447	\$669,277,382	\$554,477,174	*	*	*
District's covered-employee payroll	\$103,463,849	\$99,077,449	\$96,090,393	\$92,888,014	\$87,536,568	\$85,576,799	\$84,319,614	*	*	*
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0%	0%	0%	0%	0%	0%	0%	*	*	*
Plan fiduciary net position as a percentage of the total pension liability	58.27%	58.76%	59.27%	39.83%	35.22%	42.49%	45.59%	*	*	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Changes of benefit terms: None

Changes of assumption: In the 2011 valuation and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Table 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.

Changes of assumption: In 2014, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 5.16% to 5.23%

Changes of assumption: In 2015, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 5.23% to 4.88%

Changes of assumption: In the 2016 valuation, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience. In the 2016 valuation, the Assumed Salary Scale, Price Inflation, and Wage Inflation were adjusted to reflect a decrease. In addition, the calculation for the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 4.88% to 4.20%.

Changes of assumption: In 2017, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 5.20% to 4.49%

Changes of assumption: In 2018, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 4.49% to 7.50%

BOONE COUNTY SCHOOL DISTRICT
Schedule of District Contributions – TRS

Last 10 Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 3,447,968	\$ 3,410,481	\$ 3,208,753	\$ 3,115,028	\$ 3,028,050	\$ 2,880,649	\$ 2,117,192	\$ 1,517,334	\$1,144,998	\$959,487
Contributions in relation to the contractually required contribution	<u>(3,447,968)</u>	<u>(3,410,481)</u>	<u>(3,208,753)</u>	<u>(3,115,028)</u>	<u>(3,028,050)</u>	<u>(2,880,649)</u>	<u>(2,117,192)</u>	<u>(1,517,334)</u>	<u>(1,144,998)</u>	<u>(959,487)</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 105,289,740	\$ 103,463,849	\$99,077,449	\$96,090,393	\$92,888,014	\$ 87,536,568	\$ 85,576,799	\$84,319,614	*	*
Contributions as a percentage of covered-employee payroll	3.27%	3.30%	3.24%	3.24%	3.26%	3.29%	2.47%	1.80%	*	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

BOONE COUNTY SCHOOL DISTRICT

Schedule of the District's Proportionate Share of the Net Pension Liability – CERS

Last 10 Fiscal Years*

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
District's proportion of net pension liability	1.183459%	1.056374%	1.046308%	1.061296%	1.058814%	1.053916%	1.050980%	*	*	*
District's proportionate share of the net pension liability	\$ 90,770,326	\$ 74,295,524	\$ 63,723,346	\$ 62,120,918	\$ 52,131,983	\$ 45,313,405	\$ 34,098,000	*	*	*
Total net pension liability	\$7,669,917,211	\$7,033,044,552	\$6,090,304,793	\$5,853,307,482	\$4,923,618,237	\$4,299,525,565	\$3,244,377,000	*	*	*
District's covered-employee payroll	\$ 30,306,885	\$ 26,647,709	\$ 25,931,627	\$ 25,831,625	\$ 25,264,462	\$ 24,601,259	\$ 24,096,211	*	*	*
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	299.50%	278.81%	245.74%	240.48%	206.35%	184.19%	141.51%	*	*	*
Plan fiduciary net position as a percentage of the total pension liability	47.81%	50.45%	53.54%	53.30%	55.50%	59.97%	66.80%	*	*	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Changes of benefit terms: The following changes were made by the Kentucky Legislature and reflected in the valuation performed as of June 30 listed below:

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

Changes of assumption: The following changes were made by the Kentucky Legislature and reflected in the valuation performed as of June 30 listed below:

2015: The assumed investment rate of return was decreased from 7.75% to 7.50%.

2015: The assumed rate of inflation was reduced from 3.50% to 3.25%.

2015: The assumed rate of wage inflation was reduced from 1.00% to 0.75%.

2015: Payroll growth assumption was reduced from 4.50% to 4.00%.

2015: 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).

2015: 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.

2015: The assumed rates of Retirement, Withdrawal and Disability were updated to more accurately reflect experience.

2017: The assumed investment rate of return was decreased from 7.5% to 6.25%.

2017: The assumed rate of inflation was reduced from 3.25% to 2.30%.

2017: The assumed rate of salary growth was reduced from 4.00% to 3.05%.

BOONE COUNTY SCHOOL DISTRICT
Schedule of District Contributions – CERS

Last 10 Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 7,225,599	\$ 7,292,836	\$ 5,723,896	\$ 4,973,632	\$ 4,825,467	\$ 4,310,381	\$ 4,347,033	\$ 4,551,883	\$4,747,527	\$3,860,040	*
Contributions in relation to the contractually required contribution	(7,225,599)	(7,292,836)	(5,723,896)	(4,973,632)	(4,825,467)	(4,310,381)	(4,347,033)	(4,551,883)	(4,747,527)	(3,860,040)	*
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	*
District's covered-employee payroll	\$30,031,586	\$30,306,885	\$26,647,709	\$25,931,627	\$25,831,625	\$25,264,462	\$24,601,259	\$24,096,211	*	*	*
Contributions as a percentage of covered-employee payroll	24.06%	24.06%	21.48%	19.18%	18.68%	17.06%	17.67%	18.89%	*	*	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

BOONE COUNTY SCHOOL DISTRICT

Schedule of District's Proportionate Share of the Net OPEB Liability – LIF

Last 10 Fiscal Years*

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
District's proportion of the collective trust OPEB liability	0%	0%	0%	0%	*	*	*	*	*	*	*
District's proportionate share of the collective net OPEB liability	\$ -	\$ -	\$ -	\$ -	*	*	*	*	*	*	*
State's proportionate share of the collective net OPEB liability (asset) associated with the District	1,050,000	920,000	815,000	622,000	*	*	*	*	*	*	*
Total net OPEB liability	\$ 1,050,000	\$ 920,000	\$ 815,000	\$ 622,000	*	*	*	*	*	*	*
District's covered-employee payroll	\$ 103,463,849	\$ 99,077,449	\$ 96,090,393	\$ 92,888,014	*	*	*	*	*	*	*
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	0.0%	0.0%	0.0%	0.0%	*	*	*	*	*	*	*
Plan fiduciary net position as a percentage of the total OPEB liability	71.57%	73.40%	74.97%	79.99%	*	*	*	*	*	*	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Changes of benefit terms - None.

Methods and assumptions used in the actuarially determined contributions - The actuarially determined contribution rates, as a percentage of payroll, used to determine the actuarially determined contribution amounts in the Schedule of Employer Contributions are calculated as the of the indicated valuation date. The following actuarial methods and assumptions (from the indicated actuarial valuations) were used to determine contribution rates reported in that schedule for the year ending June 30, 2020:

Valuation date	June 30, 2017
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll
Amortization period	27 years, Closed
Asset valuation method	Five-year smoothed value
Inflation	3.00%
Real wage growth	0.50%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% - 7.20%
Discount rate	7.50%

BOONE COUNTY SCHOOL DISTRICT
Schedule of District's Contributions – LIF

Last 10 Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	*	*	*	*	*	*	*
Contributions in relation to the contractually required contribution	-	-	-	-	*	*	*	*	*	*	*
Contribution deficiency	-	-	-	-	*	*	*	*	*	*	*
District's covered-employee payroll	\$ 105,289,740	\$ 103,463,849	\$ 99,077,449	\$ 96,090,393	*	*	*	*	*	*	*
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	*	*	*	*	*	*	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available. No changes were made to the assumptions or benefit terms.

BOONE COUNTY SCHOOL DISTRICT

Schedule of District's Proportionate Share of the Net OPEB Liability – MIF

Last 10 Fiscal Years*

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
District's proportion of the collective trust OPEB liability	1.717691%	1.675586%	1.588400%	2.850100%	*	*	*	*	*	*
District's proportionate share of the collective net OPEB liability	\$ 43,350,000	\$ 49,041,000	\$ 55,113,000	\$ 56,846,000	*	*	*	*	*	*
State's proportionate share of the collective net OPEB liability associated with the District	\$ 34,725,000	\$ 39,604,000	\$ 47,496,000	\$ 46,435,000	*	*	*	*	*	*
Total net OPEB liability	\$ 78,075,000	\$ 88,645,000	\$ 102,609,000	\$ 103,281,000	*	*	*	*	*	*
District's covered-employee payroll	\$ 30,306,885	\$ 26,647,709	\$ 25,931,627	\$ 25,831,625	*	*	*	*	*	*
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	143.0%	184.0%	212.5%	220.1%	*	*	*	*	*	*
Plan fiduciary net position as a percentage of the total OPEB liability	39.05%	32.58%	25.54%	21.18%	*	*	*	*	*	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Methods and assumptions used in the actuarially determined contributions - The actuarially determined contributions rates, as a percentage of payroll, used to determine the actuarially determined contribution amounts in the Schedule of Employer Contributions are calculated as the of the indicated valuation date. The following actuarial methods and assumptions (from the indicated actuarial valuations) were used to determine contribution rates reported in that schedule for the year ending June 30, 2020:

Valuation date	June 30, 2019
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll
Amortization period	21 years, Closed
Asset valuation method	Five-year smoothed value
Inflation	3.00%
Real wage growth	0.50%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% - 7.20%
Discount rate	8.00%
Health care cost trends	
Under 65	7.25% for FY 2020 decreasing to an ultimate rate of 5.00% by FY 2029
Ages 65 and older	5.25% for FY 2020 decreasing to an ultimate rate of 5.00% by FY 2022
Medicare Part B premiums	6.49% for FY 2020 with an ultimate rate of 5.00% by 2032
Under age 65 claims	The current premium charged by KEHP is used as the base cost and is used as the base cost and is projected forward using only the health care trend assumption (no implicit rate subsidy is recognized).

BOONE COUNTY SCHOOL DISTRICT
Schedule of District's Contributions – MIF

Last 10 Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 3,033,561	\$ 2,917,651	\$ 2,829,440	\$ 2,731,340	*	*	*	*	*	*
Contributions in relation to the contractually required contribution	<u>(3,033,561)</u>	<u>(2,917,651)</u>	<u>(2,829,440)</u>	<u>(2,731,340)</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>
Contribution deficiency	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>
District's covered-employee payroll	\$ 30,031,586	\$ 30,306,885	\$ 26,647,709	\$ 25,931,627	*	*	*	*	*	*
Contributions as a percentage of covered-employee payroll	10.10%	9.63%	10.62%	10.53%	*	*	*	*	*	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available. No changes were made to the assumptions or benefit terms.

Methods and assumptions used in the actuarially determined contributions - The actuarially determined contributions rates, as a percentage of payroll, used to determine the actuarially determined contribution amounts in the Schedule of Employer Contributions are calculated as the of the indicated valuation date. The following actuarial methods and assumptions (from the indicated actuarial valuations) were used to determine contribution rates reported in that schedule for the year ending June 30, 2020:

Valuation date	June 30, 2019
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll
Amortization period	21 years, Closed
Asset valuation method	Five-year smoothed value
Inflation	3.00%
Real wage growth	0.50%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% - 7.20%
Discount rate	8.00%
Health care cost trends	
Under 65	7.25% for FY 2020 decreasing to an ultimate rate of 5.00% by FY 2029
Ages 65 and older	5.25% for FY 2020 decreasing to an ultimate rate of 5.00% by FY 2022
Medicare Part B premiums	6.49% for FY 2020 with an ultimate rate of 5.00% by 2032
Under age 65 claims	The current premium charged by KEHP is used as the base cost and is used as the base cost and is projected forward using only the health care trend assumption (no implicit rate subsidy is recognized).

BOONE COUNTY SCHOOL DISTRICT

Schedule of the District's Proportionate Share of the Net OPEB Liability – MIF (CERS)

Last 10 Fiscal Years*

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
District's proportion of the collective trust OPEB liability	1.183132%	1.056109%	1.044627%	1.061296%	*	*	*	*	*	*
District's proportionate share of the collective net OPEB liability	\$28,569,040	\$17,763,278	\$ 18,576,280	\$21,335,680	*	*	*	*	*	*
State's proportionate share of the collective net OPEB liability associated with the District	\$ -	\$ -	\$ -	\$ -	*	*	*	*	*	*
Total net OPEB liability	\$28,569,040	\$17,763,278	\$ 18,576,280	\$21,335,680	*	*	*	*	*	*
District's covered-employee payroll	\$ 30,306,885	\$ 26,647,709	\$ 25,931,627	\$ 25,831,625	*	*	*	*	*	*
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	94.3%	66.7%	71.6%	82.6%	*	*	*	*	*	*
Plan fiduciary net position as a percentage of the total OPEB liability	51.67%	60.44%	57.62%	52.40%	*	*	*	*	*	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Changes in assumptions: None

2018: Updated health care trend rates were implemented.

BOONE COUNTY SCHOOL DISTRICT
Schedule of District Contributions – MIF (CERS)

	Last 10 Fiscal Years*										
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 1,442,975	\$ 1,401,604	\$ 1,218,835	\$ 1,222,231	*	*	*	*	*	*	*
Contributions in relation to the contractually required contribution	<u>(1,442,975)</u>	<u>(1,401,604)</u>	<u>(1,218,835)</u>	<u>(1,222,231)</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>
Contribution deficiency	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>
District's covered-employee payroll	\$ 30,031,586	\$ 30,306,885	\$ 26,647,709	\$ 25,931,627	*	*	*	*	*	*	*
Contributions as a percentage of covered-employee payroll	4.80%	4.62%	4.57%	4.71%	*	*	*	*	*	*	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available. No changes were made to the assumptions or benefit terms.

BOONE COUNTY SCHOOL DISTRICT

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021**

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Agreement Number</u>	<u>Federal Expenditures for FYE June 30, 2021</u>
U.S. Department of Education			
<i>Passed through Kentucky Department of Education</i>			
Special Education Cluster			
Special Education_Grants to States	84.027	3810002 19	\$ 7,220
Special Education_Grants to States	84.027	3810002 20	2,704,889
Special Education_Grants to States	84.027	3810002 21	1,159,339
Special Education_Preschool Grants	84.173	3800002 19	4,347
Special Education_Preschool Grants	84.173	3800002 20	129,768
Special Education_Preschool Grants	84.173	3800002 21	74,206
Total Special Education Cluster			<u>4,079,769</u>
Title I Grants to Local Educational Agencies	84.010A	3100002 19	74,143
Title I Grants to Local Educational Agencies	84.010A	3100002 20	167,412
Title I Grants to Local Educational Agencies	84.010A	3100002 21	1,699,989
Title I School Improvement Funds	84.010A	3100202-17	115,230
Title I School Improvement Funds	84.010A	3100202-18	224,055
Title I School Improvement Funds	84.010A	3100202-20	1,280
Total CFDA #84.010			<u>2,282,109</u>
Career and technical Education -Basic Grants to States	84.048	3710002 19	2,937
Career and technical Education -Basic Grants to States	84.048	3710002 20	10,441
Career and technical Education -Basic Grants to States	84.048	3710002 21	150,604
Total CFDA #84.048			<u>163,982</u>
English Language Acquisition State Grants	84.365	3300002 20	26,732
English Language Acquisition State Grants	84.365	3300002 21	93,543
Total CFDA #84.365			<u>120,275</u>
Title II Improving Teacher Quality State Grants	84.367	3230002 19	215,713
Title II Improving Teacher Quality State Grants	84.367	3230002 20	44,448
Title II Improving Teacher Quality State Grants	84.367	3230002 21	242
Total CFDA #84.367			<u>260,403</u>
Title IV-Part A Student Support & Academic Enrichment Grant	84.424A	3420002-21	28,282
Twenty-First Century Community Learning Centers	84.287C	3400002 19	15,528
CARES - Child Care Development Fund	93.575	Not provided	13,000
CRSSA Sustainment Funds	93.575	Not provided	8,084
Total CFDA #93.575			<u>21,084</u>
New Teacher Support	84.425D	Not provided	675
Governor's Emergency Education Relief Fund	84.425C	CARE 20	110,320
Elementary & Secondary School Emergency Relief Fund	84.425D	4200002 20	1,451,184
FY21 Elementary & Secondary School Emergency Relief Fund II	84.425D	4200002 21	994,419
Total CFDA #84.425			<u>2,556,597</u>
Coronavirus Relief Funds	21.019	Not provided	2,769,889
Last Mile Internet Fund	21.019	663G	159,637
Total CFDA #21.019			<u>2,929,526</u>
CDC 2020 School Health Profiles	93.079	Not provided	131
MOA - School Health Coordinator	93.981	Not provided	77,151
Total U.S. Department of Education			<u>12,534,837</u>
U.S. Department of Agriculture			
Child Nutrition Cluster			
<i>Passed through Kentucky Department of Education</i>			
National School Lunch Program	10.555	7750002 20	11,439
National School Lunch Program	10.555	7750002 21	1,217
School Breakfast Program	10.553	7760005 20	7,043
Summer Food Service Program for Children	10.559	7740023 20	591,827
Summer Food Service Program for Children	10.559	7740023 21	7,308,352
Summer Food Service Program for Children	10.559	7690024 20	60,751
Summer Food Service Program for Children	10.559	7690024 21	593,674
			<u>8,574,303</u>
<i>Passed through Kentucky Department of Agriculture</i>			
National School Lunch Program - Food Donation	10.555	Not provided	724,125
Total Child Nutrition Cluster			<u>9,298,428</u>
Total U.S. Department of Agriculture			<u>9,298,428</u>
Total Expenditures of Federal Awards			<u>\$21,833,265</u>

BOONE COUNTY SCHOOL DISTRICT

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021**

NOTE 1 BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Boone County School District under programs of the federal government for the year ended June 30, 2021 and is reported on the accrual basis of accounting. 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*. Because the schedule presents only a selected portion of the operations of Boone County School District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting in accordance with generally accepted accounting principles. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair value of the commodities disbursed. For the year ended June 30, 2021, the District reported food commodities expended in the amount of \$724,125.

NOTE 4 INDIRECT COST RATE

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

NOTE 5 SUBRECIPIENTS

The District did not have any subrecipients during the year ended June 30, 2021.

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

To the Members of the Board of Education
Boone County School District
Florence, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Boone County School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Boone County School District's basic financial statements, and have issued our report thereon dated November 15, 2021

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We noted other matters that we reported to management of the District on pages 82 to 91.

**INDEPENDENT AUDITORS' 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
(CONTINUED)**

Purpose of this Report

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

Barnes, Dennig & Co., Ltd.

Crestview Hills, Kentucky
November 15, 2021

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

Members of the Board of Education
Boone County School District
Florence, Kentucky

Report on Compliance for Each Major Federal Program

We have audited Boone 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 Boone County School District's major federal programs for the year ended June 30, 2021. Boone County School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Boone County School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 Boone 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 Boone County School District's compliance.

Opinion on Each Major Federal Program

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

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE
(CONTINUED)**

Report on Internal Control Over Compliance

Management of Boone 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 Boone County School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Boone 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 a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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



Crestview Hills, Kentucky
November 15, 2021

BOONE COUNTY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

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 noted
- 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 weaknesses? _____ Yes X None noted

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 Section 2 CFR Section 200.516(a)? _____ Yes X No

Identification of major programs

CFDA No.	Name of Federal Program or Cluster
10.553/10.555/10.559	Child Nutrition Cluster
84.425	Education Stabilization Fund
21.019	Coronavirus Relief Fund

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

Auditee qualified as low-risk auditee? X Yes _____ No

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters are reportable

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COST

No matters are reportable

BOONE COUNTY SCHOOL DISTRICT

**Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2021**

SECTION I – SUMMARY OF PRIOR YEAR AUDITOR’S RESULTS

No matters are reportable

SECTION II – PRIOR YEAR FINANCIAL STATEMENT FINDINGS

No matters are reportable

SECTION III – PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COST

No matters are reportable

BOONE COUNTY SCHOOL DISTRICT

Management Letter Comments Year Ended June 30, 2021

In planning and performing our audit of the financial statements of Boone County School District for the year ended June 30, 2021, we considered the District's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

This letter summarizes our comments and suggestions regarding those matters. A separate report dated November 15, 2021 contains our report on significant deficiencies and material weaknesses in the District's internal control structure. This letter does not affect our report dated November 15, 2021, on the financial statements of the Boone County School District.

CURRENT YEAR RECOMMENDATIONS

CENTRAL OFFICE

No matters are reportable

ACTIVITY FUNDS

Boone County High School

No matters are reportable

Conner High School

2021-01: Long outstanding checks

Criteria – Per best practices recommended by the Kentucky Department of Education, outstanding checks should not be carried longer than 12 months.

Condition – During the testing of Activity Funds, it was noted that one outstanding check was carried longer than 12 months.

Effect – Proper procedures over reporting were not properly followed.

Cause – Internal controls were not properly followed as designed by the District.

Recommendation – We recommend that the school bookkeeper and principal review all outstanding checks on a regular basis to ensure that there are no outstanding checks carried longer than 12 months.

Board Response – The school bookkeeper will review outstanding checks on a monthly basis and follow up/void those checks that over a year old.

Cooper High School

No matters are reportable

BOONE COUNTY SCHOOL DISTRICT

**Management Letter Comments
Year Ended June 30, 2021**

Larry A. Ryle High School

2021-02: Long outstanding checks

Criteria – Per best practices recommended by the Kentucky Department of Education, outstanding checks should not be carried longer than 12 months.

Condition – During the testing of Activity Funds, it was noted that there were outstanding checks carried longer than 12 months.

Effect – Proper procedures over reporting were not properly followed.

Cause – Internal controls were not properly followed as designed by the District.

Recommendation – We recommend that the school bookkeeper and principal review all outstanding checks on a regular basis to ensure that there are no outstanding checks carried longer than 12 months.

Board Response - The school bookkeeper will review outstanding checks on a monthly basis and follow up/void those checks that over a year old.

Boone County Adult High School

No matters are reportable

Ballyshannon Middle School

No matters are reportable

BOONE COUNTY SCHOOL DISTRICT

**Management Letter Comments
Year Ended June 30, 2021**

CURRENT YEAR RECOMMENDATIONS (Continued)

Camp Ernst Middle School

2021-03: Long outstanding checks

Criteria – Per best practices recommended by the Kentucky Department of Education, outstanding checks should not be carried longer than 12 months.

Condition – During the testing of Activity Funds, it was noted that there were outstanding checks carried longer than 12 months.

Effect – Proper procedures over reporting were not properly followed.

Cause – Internal controls were not properly followed as designed by the District.

Recommendation – We recommend that the school bookkeeper and principal review all outstanding checks on a regular basis to ensure that there are no outstanding checks carried longer than 12 months.

Board Response – The school bookkeeper will review outstanding checks on a monthly basis and follow up/void those checks that over a year old.

2021-04: Invoices not marked paid

Criteria – Per best practices recommended by the Kentucky Department of Education, invoices shall be marked paid and be stapled to the purchase order and check stub.

Condition – During the testing of Activity Funds, it was noted that one check did not have the invoice marked as paid.

Effect – Proper procedures over reporting were not properly followed.

Cause – Internal controls were not properly followed as designed by the District.

Recommendation – We recommend that invoices get marked paid after the check is printed. Invoices can also be marked with the check number and the date paid for more documentation in order to prevent paying the same invoice twice.

Board Response – The school bookkeeper and the principal will review all invoices upon check issuance to ensure that invoices are marked paid with the date the check was issued.

Conner Middle School

No matters are reportable

Gray Middle School

No matters are reportable

Ockerman Middle School

No matters are reportable

BOONE COUNTY SCHOOL DISTRICT

**Management Letter Comments
Year Ended June 30, 2021**

CURRENT YEAR RECOMMENDATIONS (Continued)

R.A. Jones Middle School

2021-05: Invoices not marked paid

Criteria – Per best practices recommended by the Kentucky Department of Education, invoices shall be marked paid and be stapled to the purchase order and check stub.

Condition – During the testing of Activity Funds, it was noted that one check did not have the invoice marked as paid.

Effect – Proper procedures over reporting were not properly followed.

Cause – Internal controls were not properly followed as designed by the District.

Recommendation – We recommend that invoices get marked paid after the check is printed. Invoices can also be marked with the check number and the date paid for more documentation in order to prevent paying the same invoice twice.

Board Response – The school bookkeeper and the principal will review all invoices upon check issuance to ensure that invoices are marked paid with the date the check was issued.

Burlington Elementary

No matters are reportable

Collins Elementary

No matters are reportable

Erpenbeck Elementary

2021-06: Long outstanding checks

Criteria – Per best practices recommended by the Kentucky Department of Education, outstanding checks should not be carried longer than 12 months.

Condition – During the testing of Activity Funds, it was noted that there were outstanding checks carried longer than 12 months.

Effect – Proper procedures over reporting were not properly followed.

Cause – Internal controls were not properly followed as designed by the District.

Recommendation – We recommend that the school bookkeeper and principal review all outstanding checks on a regular basis to ensure that there are no outstanding checks carried longer than 12 months.

Board Response – The school bookkeeper will review outstanding checks on a monthly basis and follow up/void those checks that over a year old.

BOONE COUNTY SCHOOL DISTRICT

**Management Letter Comments
Year Ended June 30, 2021**

CURRENT YEAR RECOMMENDATIONS (Continued)

Erpenbeck Elementary (continued)

2021-07: Invoices not marked paid

Criteria – Per best practices recommended by the Kentucky Department of Education, invoices shall be marked paid and be stapled to the purchase order and check stub.

Condition – During the testing of Activity Funds, it was noted that one check did not have the invoice marked as paid.

Effect – Proper procedures over reporting were not properly followed.

Cause – Internal controls were not properly followed as designed by the District.

Recommendation – We recommend that invoices get marked paid after the check is printed. Invoices can also be marked with the check number and the date paid for more documentation in order to prevent paying the same invoice twice.

Board Response – The school bookkeeper and the principal will review all invoices upon check issuance to ensure that invoices are marked paid with the date the check was issued.

Florence Elementary

2021-08: Untimely deposits

Criteria – Per best practices recommended by the Kentucky Department of Education, deposits should be completed daily, or at least on the last workday of the week.

Condition – During the testing of Activity Funds, it was noted that one deposit was not made in a timely manner.

Effect – Proper procedures over reporting were not properly followed.

Cause – Internal controls were not properly followed as designed by the District.

Recommendation – We recommend that deposits be made on a daily basis to avoid receipts being held at the school. If this is not feasible, at a minimum, deposits should be made weekly to ensure receipts are timely deposited into the school bank account.

Board Response – The school bookkeeper will work with the administrative team for the school to ensure that receipts are deposited on at least a weekly basis, if not more frequent, to avoid risks around undeposited school funds.

Goodridge Elementary

No matters are reportable.

Charles H. Kelly Elementary

No matters are reportable

BOONE COUNTY SCHOOL DISTRICT

**Management Letter Comments
Year Ended June 30, 2021**

CURRENT YEAR RECOMMENDATIONS (Continued)

Longbranch Elementary

No matters are reportable

Shirley Mann Elementary

No matters are reportable

New Haven Elementary

No matters are reportable

North Pointe Elementary

No matters are reportable

Ockerman Elementary

No matters are reportable

Stephens Elementary

2021-9: Long outstanding checks

Criteria – Per best practices recommended by the Kentucky Department of Education, outstanding checks should not be carried longer than 12 months.

Condition – During the testing of Activity Funds, it was noted that there were outstanding checks carried longer than 12 months.

Effect – Proper procedures over reporting were not properly followed.

Cause – Internal controls were not properly followed as designed by the District.

Recommendation – We recommend that the school bookkeeper and principal review all outstanding checks on a regular basis to ensure that there are no outstanding checks carried longer than 12 months.

Board Response – The school bookkeeper will review outstanding checks on a monthly basis and follow up/void those checks that over a year old

BOONE COUNTY SCHOOL DISTRICT

**Management Letter Comments
Year Ended June 30, 2021**

CURRENT YEAR RECOMMENDATIONS (Continued)

Thornwilde Elementary

2021-10: Long outstanding checks

Criteria – Per best practices recommended by the Kentucky Department of Education, outstanding checks should not be carried longer than 12 months.

Condition – During the testing of Activity Funds, it was noted that there were outstanding checks carried longer than 12 months.

Effect – Proper procedures over reporting were not properly followed.

Cause – Internal controls were not properly followed as designed by the District.

Recommendation – We recommend that the school bookkeeper and principal review all outstanding checks on a regular basis to ensure that there are no outstanding checks carried longer than 12 months.

Board Response – The school bookkeeper will review outstanding checks on a monthly basis and follow up/void those checks that over a year old

Yealey Elementary

No matters are reportable

FOOD SERVICE DEPARTMENT

No matters are reportable

BOONE COUNTY SCHOOL DISTRICT

**Management Letter Comments
Year Ended June 30, 2021**

STATUS OF PRIOR YEAR RECOMMENDATIONS

CENTRAL OFFICE

No matters are reportable

ACTIVITY FUNDS

Boone County High School

Statement of prior year deficiency: It was noted that three school activity fund accounts had a negative (deficit) balance at fiscal year-end.

Current year follow-up: No such instances noted.

Conner High School

Statement of prior year deficiency: It was noted that two checks did not include two signatures.

Current year follow-up: No such instances noted.

Cooper High School

Statement of prior year deficiency: It was noted that two school activity fund accounts had a negative (deficit) balance at fiscal year-end.

Current year follow-up: No such instances noted.

Larry A. Ryle High School

No matters are reportable

Boone County Adult High School

No matters are reportable

Camp Ernst Middle School

No matters are reportable

Conner Middle School

No matters are reportable

Gray Middle School

Statement of prior year deficiency: It was noted that four checks did not have an invoice that was marked paid.

Current year follow-up: No such instances noted.

BOONE COUNTY SCHOOL DISTRICT

**Management Letter Comments
Year Ended June 30, 2021**

STATUS OF PRIOR YEAR RECOMMENDATIONS (Continued)

Gray Middle School (continued)

Statement of prior year deficiency: It was noted that one check was outstanding for longer than 12 months.

Current year follow-up: No such instances noted.

Ockerman Middle School

Statement of prior year deficiency: It was noted that three checks did not have an invoice that was marked paid.

Current year follow-up: No such instances noted.

Statement of prior year deficiency: It was noted that one check issued did not have an associated purchase order that was filled out beforehand.

Current year follow-up: No such instances noted.

R.A. Jones Middle School

No matters are reportable

Burlington Elementary

Statement of prior year deficiency: It was noted that that large deposits were made once a month for multiple months.

Current year follow-up: No such instances noted.

Statement of prior year deficiency: It was noted that five checks were outstanding for longer than 12 months.

Current year follow-up: No such instances noted.

Collins Elementary

No matters are reportable

Erpenbeck Elementary

No matters are reportable

Florence Elementary

No matters are reportable

Goodridge Elementary

No matters are reportable

BOONE COUNTY SCHOOL DISTRICT

**Management Letter Comments
Year Ended June 30, 2021**

STATUS OF PRIOR YEAR RECOMMENDATIONS (Continued)

Charles H. Kelly Elementary

No matters are reportable

Longbranch Elementary

No matters are reportable

Shirley Mann Elementary

No matters are reportable

New Haven Elementary

No matters are reportable

North Pointe Elementary

No matters are reportable.

Ockerman Elementary

No matters are reportable

Stephens Elementary

No matters are reportable

Thornwilde Elementary

No matters are reportable

Yealey Elementary

No matters are reportable

FOOD SERVICE DEPARTMENT

No matters are reportable

APPENDIX C

**Boone County School District Finance Corporation
School Building Revenue Bonds
Series 2022**

Continuing Disclosure Undertaking Agreement

FORM OF CONTINUING DISCLOSURE AGREEMENT

Relating to:

\$19,035,000

BOONE COUNTY SCHOOL DISTRICT FINANCE CORPORATION

SCHOOL BUILDING REVENUE BONDS, SERIES 2022

Dated as of: April 12, 2022

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THIS CONTINUING DISCLOSURE AGREEMENT (the "Agreement") is made and entered into as of the 12th day of April, 2022, among RSA Advisors, LLC, as disclosure agent (the "Disclosure Agent"), the Board of Education of the Boone County School District (the "Board") and Boone County School District Finance Corporation (the "Issuer").

RECITALS

WHEREAS, the Issuer has issued or will issue its School Building Revenue Bonds, Series 2022 in the original aggregate principal amount of \$19,035,000 (the "Bonds") pursuant to a Bond Resolution adopted February 10, 2022 (the "Bond Resolution") by the Issuer to finance improvements to R .A, Jones Middle School and to Boone County High School (the "Project"); and

WHEREAS, the Bonds have been offered and sold pursuant to a Preliminary Official Statement, dated _____, and an Official Statement, dated _____, (the "Offering Document"); and _____ (the "Original Purchaser") has agreed to purchase the Bonds based on its competitive bid pursuant to the Issuer's Notice of Sale as to the Bonds; and

WHEREAS, the Disclosure Agent, the Board and the Issuer, wish to provide for the disclosure of certain information concerning the Bonds, the Project and other matters on an on-going basis as set forth herein for the benefit of the Bondholders, as hereinafter defined, in accordance with the provisions of Securities and Exchange Commission Rule 15c2-12, as amended from time to time (the "Rule");

NOW, THEREFORE, in consideration of the mutual promises and agreements made herein and in the Bond Resolution and the resolution of the Board adopted on February 10, 2022 (the "Board Resolution"), the receipt and sufficiency of which consideration is hereby mutually acknowledged, the parties hereto agree as follows:

SECTION 1. Definitions; Scope of this Agreement.

(A) All terms capitalized but not otherwise defined herein shall have the meanings assigned to those terms in the Bond Resolution, as amended and supplemented from time to time. The following capitalized terms shall have the following meanings:

"Annual Financial Information" shall mean a copy of the annual audited financial information prepared by the Board which shall include a balance sheet, a statement of revenue and expenditure and a statement of changes in fund balances. All such financial information shall be prepared using generally accepted accounting principles; provided, however, that the Board may change the accounting principles used for preparation of such financial information so long as the Board includes as information provided to the public, a statement in narrative form to the effect that different accounting principles are being used, stating the reason for such change and how to compare the financial information provided by the differing financial accounting principles. Any or all of the items listed above may be set forth in other documents, including Offering Documents of debt issues of the Issuer, the Board or related public entities, which have been transmitted to the MSRB, or may be included by specific reference to documents available to the public on the MSRB's Internet Website or filed with the SEC.

"Beneficial Owner" shall mean any person which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

"Bondholders" shall mean any holder of the Bonds and any Beneficial Owner thereof.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Event" shall mean any of the following events with respect to the Bonds:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;

- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service 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 security, or other material events affecting the tax-exempt status of the security;
- (vii) Modifications to rights of security holders, if material;
- (viii) Bond calls, if material, and tender offers (except for mandatory scheduled redemptions not otherwise contingent upon the occurrence of an event);
- (ix) Defeasances;
- (x) Release, substitution or sale of property securing repayment of the securities, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the obligated person (Note: For the purposes of this event, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the Huntington National Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person);
- (xiii) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (xv) Incurrence of a Financial Obligation of the Issuer or Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer or Obligated Person, any of which affect security holders, if material; and
- (xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer or Obligated Person, any of which reflect financial difficulties.

The cure, in the manner provided under the Bond Resolution, of any payment or nonpayment related default under the Bond Resolution;

The SEC requires tire listing of (i) through (xiv) although some of such events may not be applicable to the Bonds.

"Financial Obligation" shall mean (a) a debt obligation, (b) a 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) a guarantee of either (a) or (b). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Operating Data" shall mean an update of the Operating Data contained in the Offering Document under the headings "BOND DEBT SERVICE," "DISTRICT STUDENT POPULATION," "LOCAL SUPPORT," and "SEEK ALLOTMENT".

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

"SEC" shall mean the Securities and Exchange Commission.

"State" shall mean the Commonwealth of Kentucky.

"Turn Around Period" shall mean (i) five (5) business days, with respect to Annual Financial Information and Operating Data delivered by the Issuer or the Board to the Disclosure Agent; (ii) in a timely manner, but within ten (10) business days, with respect to Event occurrences disclosed by the Issuer to the Disclosure Agent; or (iii) two business days with respect to the failure, on the part of the Issuer, to deliver Annual Financial Information and Operating Data to the Disclosure Agent which period commences upon notification by the Issuer or the Board of such failure, or upon the Disclosure Agent's actual knowledge of such failure.

(B) This Agreement applies to the Bonds and any Additional Bonds issued under the Bond Resolution.

(C) The Disclosure Agent shall have no obligation to make disclosure about the Bonds or the Project except as expressly provided herein. The fact that the Disclosure Agent or any affiliate thereof may have any fiduciary or banking relationship with the Issuer or the Board, apart from the relationship created by the Bond Resolution, shall not be construed to mean that the Disclosure Agent has actual knowledge of any event or condition except as may be provided by written notice from the Issuer or the Board.

SECTION 2. Disclosure of Information.

(A) General Provisions. This Agreement governs the Issuer's and the Board's direction to the Disclosure Agent, with respect to information to be made public. In its actions under this Agreement, the Disclosure Agent is acting solely as the Issuer's agent and the Board's agent.

(B) Information Provided to the Public. Except to the extent this Agreement is modified or otherwise altered in accordance with SECTION 3 hereof, the Issuer and the Board shall make or cause to be made public the information set forth in subsections (1), (2) and (3) below:

(1) Annual Financial Information and Operating Data. Annual Financial Information and Operating Data at least annually not later than 270 days following the end of each fiscal year beginning with fiscal year ended June 30, 2022 and continuing with each fiscal year thereafter, for which the information is provided, taking into account the Turn Around Period.

(2) Events Notices. Notice of the occurrence of an Event, in a timely manner, within ten (10) business days of the occurrence of the Event.

(3) Failure to Provide Annual Financial Information. In a timely manner, notice of the failure of the Issuer or the Board to provide the Annual Financial Information and Operating Data by the date required herein.

(C) Information Provided by Disclosure Agent to Public.

(1) The Issuer and the Board direct the Disclosure Agent on their behalf to make public in accordance with subsection (D) of this SECTION 2 and within the time frame set forth in clause (3) below, and the Disclosure Agent agrees to act as the Issuer's and the Board's agent in so making public, the following:

- (a) the Annual Financial Information and Operating Data;
- (b) Event occurrences;
- (c) the notices of failure to provide information which the Issuer and the Board have agreed to make public pursuant to subsection (B)(3) of this SECTION 2;
- (d) such other information as the Issuer and the Board shall determine to make public through the Disclosure Agent and shall provide to the Disclosure Agent in the form required by subsection (C)(4) of this SECTION 2. If the Issuer and the Board choose to include any information in any Annual Financial Information report or in any notice of occurrence of an Event, in addition to that which is specifically required by this Agreement, neither the Issuer nor the Board shall have any obligation under this Agreement to update such information or include it in any future Annual Financial Information report or notice of occurrence of an Event; and

(2) The information which the Issuer and the Board have agreed to make public shall be in the following form:

- (a) as to all notices, reports and financial statements to be provided to the Disclosure Agent by the Issuer or the Board, in the form required by the Bond Resolution or other applicable document or agreement; and
- (b) as to all other notices or reports, in such form as the Disclosure Agent shall deem suitable for the purpose of which such notice or report is given.

(3) The Disclosure Agent shall make public the Annual Financial Information, the Operating Data, the Event occurrences and the failure to provide the Annual Financial Information within the applicable Turn Around Period. Notwithstanding the foregoing, Annual Financial Information, Operating Data and Events shall be made public on the same day as notice thereof is given to the Bondholders of outstanding Bonds, if required, and shall not be made public before the date of such notice. If on any such date, information required to be provided by the Issuer or the Board to the Disclosure Agent has not been provided on a timely basis, the Disclosure Agent shall make such information public as soon thereafter as it is provided to the Disclosure Agent.

(D) Means of Making Information Public.

(1) Information shall be deemed to be made public by the Issuer, the Board or the Disclosure Agent under this Section if it is transmitted to one or more of the following as provided in subsection (D)(2) of this SECTION 2:

- (a) to the Bondholders of outstanding Bonds, by the method prescribed by the Bond Resolution;
- (b) to the MSRB, in an electronic format as prescribed by the MSRB, accompanied by identifying information as prescribed by the MSRB; and/or
- (c) to the SEC, by (i) electronic facsimile transmissions confirmed by first class mail, postage prepaid, or (ii) first class mail, postage prepaid; provided that the Issuer or the Disclosure Agent is authorized to transmit information to a SEC by whatever means are mutually acceptable to the Disclosure Agent, the Issuer and the Board, and the SEC.

- (2) Information shall be transmitted to the following:
- (a) all Annual Financial Information and Operating Data shall be transmitted to the MSRB;
 - (b) notice of all Events and notice of a failure by the Issuer or the Board to provide Annual Financial Information on or before the date specified in SECTION 2(1) hereof shall be transmitted to the MSRB; and
 - (c) all information described in clauses (a) and (b) shall be made available to any Bondholder upon request, but need not be transmitted to the Bondholders who do not so request.
 - (d) to the extent the Issuer or the Board is obligated to file any Annual Financial Information or Operating Data with the MSRB pursuant to this Agreement, such Annual Financial Information or Operating Data may be set forth in the document or set of documents transmitted to the MSRB, or may be included by specific reference to documents available to the public on the MSRB's Internet Website or filed with the SEC.

Nothing in this subsection shall be construed to relieve the Disclosure Agent of its obligation to provide notices to the holders of all Bonds if such notice is required by the Bond Resolution.

If the Disclosure Agent receives more than four (4) requests for periodic or occurrence information from Bondholders during any calendar quarter, the Disclosure Agent may require the payment by requesting holders of a reasonable charge for duplication and transmission of the information and for the Disclosure Agent's administrative expenses incurred in providing the information.

Nothing in this Agreement shall be construed to require the Disclosure Agent to interpret or provide an opinion concerning the information made public. If the Disclosure Agent receives a request for an interpretation or opinion, the Disclosure Agent may refer such request to the Issuer or the Board, as applicable, for response.

(E) Disclosure Agent Compensation. The Issuer shall pay the Disclosure Agent annually on March 1 of each year the sum of \$400, plus out-of-pocket expenses of the Disclosure Agent for Disclosure Agent's services rendered in accordance with this Agreement. The Board shall pay to the Issuer as Supplemental Rent, as reimbursement for the costs of the Issuer hereunder, the sums herein set forth as provided, and subject to the limitations, in the Lease; provided, however, that the Disclosure Agent hereby waives its right to receive compensation hereunder for each year during which the Disclosure Agent serves as financial advisor for the Board.

(F) Indemnification of Disclosure Agent. In addition to any and all rights of the Disclosure Agent to reimbursement, indemnification and other rights pursuant to the Bond Resolution or under law or equity, the Issuer and the Board shall, to the extent permitted by law, indemnify and hold harmless the Disclosure Agent and its respective officers, directors, employees and agents from and against any and all claims, damages, losses, liabilities, reasonable costs and expenses whatsoever (including attorney fees) which such indemnified party may incur by reason of or in connection with the Disclosure Agent's performance under this Agreement; provided that neither the Issuer nor the Board shall be required to indemnify the Disclosure Agent for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by the willful misconduct or gross negligence of the Disclosure Agent in such disclosure of information hereunder. The obligations of the Issuer and Board under this Section shall survive resignation or removal of the Disclosure Agent and payment of the Bonds.

SECTION 3. Amendment or Waiver. Notwithstanding any other provision of this Agreement, the Issuer, the Board and the Disclosure Agent may amend this Agreement (and the Disclosure Agent shall agree to any amendment so requested by the Issuer and the Board) and any provision of this Agreement may be waived, if such amendment or waiver is supported by an opinion of nationally recognized counsel expert in federal securities laws acceptable to the Issuer, the Board and the Disclosure Agent to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

SECTION 4. Miscellaneous.

(A) Representations. Each of the parties hereto represents and warrants to each other party that it has (i) duly authorized the execution and delivery of this Agreement by the officer of such party whose signature appears on the execution pages hereto, (ii) that it has all requisite power and authority to execute and deliver, and perform this Agreement under its organizational documents and any corporate resolutions now in effect, (iii) that the execution and delivery of this Agreement, and performance of the terms hereof, does not and will not violate any law, regulation, ruling, decision, order, indenture, decree, agreement or instrument by which such party is bound, and (iv) such party is not aware of any litigation or proceeding pending, or, to the best of such party's knowledge, threatened, contesting or questioning its existence, or its power and authority to enter into this Agreement, or its due authorization, execution and delivery of this Agreement, or otherwise contesting or questioning the issuance of the Bonds.

(B) Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State; provided that, to the extent that the SEC, the MSRB or any other federal or state agency or regulatory body with jurisdiction over the Bonds shall have promulgated any rule or regulation governing the subject matter hereof, this Agreement shall be interpreted and construed in a manner consistent therewith.

(C) Severability. If any provision hereof shall be held invalid or unenforceable by a court of competent jurisdiction, the remaining provisions hereof shall survive and continue in full force and effect.

(D) Counterparts. This Agreement may be executed in one or more counterparts, each and all of which shall constitute one and the same instrument.

(E) Termination. This Agreement may be terminated by any party to this Agreement upon thirty days' written notice of termination delivered to the other party or parties to this Agreement; provided the termination of this Agreement is not effective until (i) the Issuer, or its successor, enters into a new continuing disclosure agreement with a disclosure agent who agrees to continue to provide, to the MSRB and the Bondholders of the Bonds, all information required to be communicated pursuant to the rules promulgated by the SEC or the MSRB, (ii) nationally recognized bond counsel or counsel expert in federal securities laws provides an opinion that the new continuing disclosure agreement is in compliance with all State and Federal Securities laws and (iii) notice of the termination of this Agreement is provided to the MSRB.

This Agreement shall terminate when all of the Bonds are or are deemed to be no longer outstanding by reason of redemption or defeasance or at maturity.

(F) Defaults: Remedies. A party shall be in default of its obligations hereunder if it fails to carry out or perform its obligations hereunder.

If a default occurs and continues beyond a period of thirty (30) days following notice of default given in writing to such defaulting party by any other party hereto or by a beneficiary hereof as identified in (G), the non-defaulting party or any such beneficiary may (and, at the request of the Original Purchaser or the holders of at least 25% aggregate principal amount of Outstanding Bonds, shall) take such action as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to compel performance hereunder. 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 to comply with this Agreement shall be an action to compel performance.

(G) Beneficiaries. This Agreement is entered into by the parties hereof and shall inure solely to the benefit of the Issuer, the Board, the Disclosure Agent, the Original Purchaser and Bondholders and shall create no rights in any other person or entity.

SECTION 5. Additional Disclosure Obligations. The Issuer and the Board acknowledge and understand that other state and federal laws, including but not limited to the Securities Act of 1933, the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder, may apply to the Issuer and the Board, and that under some circumstances compliance with this Agreement, without additional disclosures or other action, may not fully discharge all duties and obligations of the Issuer or the Board under such laws.

SECTION 6. Notices. Any notices or communications to or among any of the parties to this Agreement may be given as follows:

To the Issuer: Boone County School District Finance Corporation
8330 US Highway 42
Florence, Kentucky 41042
Attention: Secretary
Telephone: 859-283-3197
Fax: 859-282-2162

To the Board: Board of Education of Boone County School District
8330 US Highway 42
Florence, Kentucky 41042
Attention: Secretary
Telephone: 859-283-3197
Fax: 859-282-2162

To the Disclosure Agent: RSA Advisors, LLC
147 E. Third Street
Lexington, Kentucky 40508
Attn: Dwight Salsbury
Telephone: 859-977-6600

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

IN WITNESS WHEREOF, the Disclosure Agent, the Issuer and the Board have each caused their duly authorized officers to execute this Agreement, as of the day and year first above written.

BOONE COUNTY SCHOOL
DISTRICT FINANCE CORPORATION, Issuer

By: _____
President

Attest:

Secretary

BOARD OF EDUCATION OF BOONE
COUNTY SCHOOL DISTRICT

By: _____
Chairperson

Attest:

Secretary

RSA ADVISORS, LLC, Disclosure Agent

By: _____

Name: _____

Title: _____

APPENDIX D

**Boone County School District Finance Corporation
School Building Revenue Bonds
Series 2022**

Official Terms and Conditions of Bond Sale

OFFICIAL TERMS AND CONDITIONS OF BOND SALE

\$19,035,000*

**Boone County School District Finance Corporation
School Building Revenue Bonds, Series 2022
Dated as of April 12, 2022**

SALE: March 22, 2022 AT 11:00 A.M., E.D.S.T.

As posted in Bidcomp/Parity, a nationally recognized electronic bidding system, the Secretary of the Boone County School District Finance Corporation (the "Corporation" or the "Issuer") will, until March 22, 2022, at the hour of 11:00 A.M., prevailing Eastern Time, at the office of the Executive Director of the Kentucky School Facilities Construction Commission, 700 Louisville Road, Carriage House, Frankfort, Kentucky 40601, receive competitive bids for the revenue bonds (the "Bonds") herein described. To be considered, Bids must be submitted manually, by facsimile or electronically via PARITY® on an Official Bid Form and must be received by the Secretary on the date of sale no later than the hour indicated. Bids will be opened by the Secretary or an agent of the Corporation and may be accepted without further action by the Corporation's Board of Directors.

The Bonds shall be in denominations in multiples of \$5,000 within the same maturity, bear interest from April 12, 2022, payable semi-annually on October 1 and April 1 of each year, commencing October 1, 2022, and shall mature as to principal on April 1, 2023 and in each of the years thereafter as follows:

<u>MATURITY</u>	<u>AMOUNT*</u>	<u>MATURITY</u>	<u>AMOUNT*</u>
April 1, 2023	\$ 200,000	April 1, 2033	\$1,130,000
April 1, 2024	210,000	April 1, 2034	1,150,000
April 1, 2025	300,000	April 1, 2035	1,175,000
April 1, 2026	305,000	April 1, 2036	1,200,000
April 1, 2027	310,000	April 1, 2037	1,220,000
April 1, 2028	1,020,000	April 1, 2038	1,250,000
April 1, 2029	1,045,000	April 1, 2039	1,275,000
April 1, 2030	1,065,000	April 1, 2040	1,300,000
April 1, 2031	1,085,000	April 1, 2041	1,330,000
April 1, 2032	1,105,000	April 1, 2042	1,360,000

*Subject to Permitted Adjustment of the amount of Bonds awarded of up to \$1,905,000 which may be applied in any or all maturities.

STATUTORY AUTHORITY, PURPOSE OF ISSUE AND SECURITY

The 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.

The Bonds are being issued to finance the cost of constructing the renovations to Jones Middle School and to Boone County High School (the "Project") and are secured by a statutory mortgage lien upon and a pledge of the revenues from the rental of the school buildings to the Board under a Contract, Lease and Option (the "Lease") on a year to year basis; the first rental period ending June 30, 2022. The statutory mortgage lien securing the Bonds is limited in its application to the exact site of the Project constructed from the proceeds of the Bonds, real estate unoccupied by the Project is unencumbered. The Board has reserved the right to obtain the release of the statutory mortgage lien and revenue pledge on the site of the Project by effecting the redemption or defeasance of the proportionate part of the Bonds then outstanding as was expended on the site being released. Should the Board default in its obligations under the Lease or fail to renew the Lease, the Registered Owners of the Bonds have the right to have a receiver appointed to administer the Project under KRS 162.220; foreclosure and sale are not available as remedies.

The rental of the Project from the Corporation to the Board is to be effected under the Lease, whereunder the Project is leased to the Board for an 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 is legally obligated only for the initial rental period and for one year at a time thereafter each time 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 §§ 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.

REDEMPTION PROVISIONS

The Bonds maturing on or after April 1, 2031 are subject to redemption, at the option of the Corporation, prior to their stated maturities on any date falling on or after April 1, 2030, in such order of maturities as the Corporation may determine (less than all of a single maturity to be selected by lot), in whole or in part, upon notice of such redemption being given by the Paying Agent by regular United States Mail to the registered Owners of the Bonds so selected not less than thirty (30) days prior to the date of redemption, at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption.

ADDITIONAL PARITY BONDS FOR COMPLETION OF PROJECT

The Corporation has reserved the right and privilege of issuing additional bonds from time to time payable from the income and revenues of said Project and secured by the same statutory mortgage lien and pledge of revenues, but only if and to the extent the issuance of such additional parity bonds may be necessary to pay the costs, for which funds are not otherwise available, of completing the construction of said Project in accordance with the plans and specifications of the architect in charge of said Project, which plans have been completed, approved by the Board, State Department of Education, and filed in the office of the Secretary of the Corporation.

FORM OF BONDS AND PAYING AGENT

The Bonds are to be issued in fully registered form (both principal and interest). U.S. Bank Trust Company, National Association, Cincinnati, Ohio, the Bond Registrar and Paying Agent, shall remit interest on each semiannual due date to each Registered Owner of records of the 15th day of each month preceding the due date by regular United States Mail postmarked as of the interest due date. Principal shall be paid upon submission of matured Bond Certificates to the Paying Agent. Subsequent to the initial delivery of the Bonds, upon the submission of proper authentication, the Bond Registrar shall transfer ownership of Bonds within three (3) business days of receipt without expense to the Registered Owner.

BOONE COUNTY (KENTUCKY) 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 Boone County 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.

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.

STATUTORY AUTHORITY, PURPOSE OF ISSUE AND SECURITY

The 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.

The Bonds are (a) being issued to finance the cost of constructing renovations to Jones Middle School and to Boone County High School (the "Project"), and (b) secured by a statutory mortgage lien upon and a pledge of the revenues from the rental of the Project to the Board under a Contract, Lease and Option (the "Lease") on a year-to-year basis; the first rental period ending June 30, 2022. The statutory mortgage lien securing the Bonds is limited in its application to the exact site of the Project constructed from the proceeds of the Bonds; real estate unoccupied by the Project is unencumbered. The Board has reserved the right to obtain the release of the statutory mortgage lien and revenue pledge on the site of the Project by effecting the redemption or defeasance of the proportionate part of the Bonds then outstanding as was expended on the site being released. Should the Board default in its obligations under the Lease or fail to renew the Lease, the Registered Owners of the Bonds have the right to have a receiver appointed to administer the Project under KRS 162.220; foreclosure and sale are not available as remedies.

The rental of the Project from the Corporation to the Board is to be effected under the Lease, whereunder the Project is leased to the Board for an 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 is 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, the Board has agreed 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 to the Corporation and the Corporation and the Commission have 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.

FINAL OFFICIAL STATEMENT

The Corporation shall provide to the successful purchaser a Final Official Statement. Such Final Official Statement will be provided in electronic format to the successful bidder in sufficient time to meet the delivery requirements under Securities and Exchange Commission and Municipal Securities Rulemaking Board rules. The successful bidder shall be required to pay for any printing of the Final Official Statement.

BIDDING CONDITIONS AND RESTRICTIONS

(A) Bids must be made on the Official Bid Form, contained in the Preliminary Official Statement available from the undersigned or RSA Advisors, LLC, Lexington, Kentucky, by visiting www.rsamuni.com, and may be 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® 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® by telephone at (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 for the Bonds shall be not less than \$18,844,650 (99% of par), plus accrued interest. Interest rates shall be in multiples 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 for any maturity shall not be less than the interest rate for any preceding maturity. There is no limit on the number of different interest rates.

(D) The determination of the best purchase bid for each of the Bonds shall be made on the basis of all bids submitted for exactly \$19,035,000 principal amount of Bonds offered for sale hereunder; but the Corporation may adjust the principal amount of Bonds which may be awarded to such best bidder upward or downward by \$1,905,000 (the "Permitted Adjustment") to a minimum of \$17,130,000 or a maximum of \$20,940,000. In the event of such Permitted Adjustment, no rebidding or recalculation of a submitted bid will be required or permitted. The price at which such adjusted principal amount of Bonds will be sold will be the same price per \$5,000 of Bonds as the price per \$5,000 for the \$19,035,000 of Bonds bid.

(E) 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 the 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 March 22, 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).

(F) 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 the Bonds in accordance with the terms of any accepted proposal for the purchase of the Bonds.

(G) The successful bidder will be required to wire transfer to the order of the Corporation an amount equal to 2% of the amount of the principal amount of Bonds awarded by the close of business on the day following the award. Said good faith amount 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.

(H) The Bonds shall be delivered utilizing the Book-Entry-Only System administered by The Depository Trust Company.

(I) The purchaser shall be required to supply the Bond Registrar with the name, address, social security number or taxpayer identification number, principal amount and principal maturities for each person or entity in whose name Bonds are to be registered. Failure of a purchaser to fully designate the Registered Owners of Bonds shall result in the issuance of Bond Certificates by the Registrar in the purchaser's "street name" (to the extent a purchaser fails to designate).

(J) 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 Keating Muething & Klekamp PLL, Cincinnati, Ohio, which Opinion will be qualified in accordance with the section hereof on TAX EXEMPTION

(K) The successful bidder may require that a portion of the Bonds be term bonds maturing on one or more dates (the "Term Bonds"); provided, however, that the Term Bonds shall be subject to mandatory sinking fund redemption by lot at a redemption price of 100% of the principal amount thereof plus accrued interest to the date of redemption on April 1 of the years and in the principal amounts set forth in the final adjusted maturity schedule as seen on page 2 of the successful bid.

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

(M) As required by the Code, the purchaser of the Bonds will be required to certify to the Corporation as to certain of their activities regarding any reoffering to the public of the Bonds, including any reoffering prices.

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 (\$3,866) 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 100% of fair cash value.

CONTINUING DISCLOSURE

As a result of the Board and issuing agencies acting on behalf of the Board having, at the time the Bonds referred to herein are offered for public sale, outstanding municipal securities in excess of \$1,000,000, the Corporation and the Board will enter into a written agreement for the benefit of the holders 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, as amended (the "Rule"), by filing certain financial information, operating data and reportable event notices with the Electronic Municipal Market Access (EMMA) System maintained by the Municipal Securities Rule Making Board. The specific nature of the information to be contained in such filings with EMMA is set forth in Appendix C - "FORM OF CONTINUING DISCLOSURE AGREEMENT" to the Preliminary Official Statement.

The Board and the Corporation have previously entered into continuing disclosure undertakings pursuant to the Rule. As a result, the Board has filed Material Event Notices indicating its failure to file on a timely basis the following information:

- (1) A failure to file annual financial information in a timely manner.

The Annual Financial Information and Operating Data for FY ending June 30, 2018, was filed thirteen (13) days after the deadline, and the Operating Data Report was filed nine ((9) days late. (December 1).

The Annual Financial Information and Operating Data for FY ending June 30, 2020, was filed sixteen (16) days after the deadline, and the Operating Data Report was filed one (1) day late. (December 1).

The Board has adopted procedures to assure timely and complete filings in the future with regard to the Rule.

TAX EXEMPTION

Bond Counsel is of the opinion that:

(A) Interest on the Bonds is exempt from income taxation and the Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and all of its political subdivisions.

(B) Interest on the Bonds is excludable from gross income under the Internal Revenue Code of 1986, as amended (the "Code"). Furthermore, interest on the Bonds is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and is not included in adjusted current earnings in calculating the federal alternative minimum tax imposed on certain corporations.

The Corporation has covenanted to comply with the applicable provisions of the Code, and such compliance by the Corporation is necessary to maintain the federal income tax status described above. No opinion is expressed regarding other federal tax consequences arising with respect to Bonds.

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.

**BOONE COUNTY SCHOOL DISTRICT
FINANCE CORPORATION**

By /s/ _____
Secretary

APPENDIX E

**Boone County School District Finance Corporation
School Building Revenue Bonds
Series 2022**

Official Bid Form

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

Subject to the terms and conditions set forth in the Official Terms and Conditions of Bond Sale for \$19,035,000 principal amount of School Building Revenue Bonds, Series 2022, dated April 12, 2022 (the "Bonds"), offered for sale by the Boone County School District Finance Corporation (the "Corporation"), an agency and instrumentality acting on behalf of the Board of Education of the Boone County School District and in accordance with the Notice of Bond Sale, as posted in Bidcomp/Parity, a nationally recognized electronic bidding system, to all of which the undersigned agrees, the undersigned hereby submits the following offer to purchase said Bonds.

<u>MATURITY</u>	<u>AMOUNT*</u>	<u>INTEREST RATE</u>	<u>MATURITY</u>	<u>AMOUNT*</u>	<u>INTEREST RATE</u>
April 1, 2023	\$ 200,000	_____%	April 1, 2033	\$1,130,000	_____%
April 1, 2024	210,000	_____%	April 1, 2034	1,150,000	_____%
April 1, 2025	300,000	_____%	April 1, 2035	1,175,000	_____%
April 1, 2026	305,000	_____%	April 1, 2036	1,200,000	_____%
April 1, 2027	310,000	_____%	April 1, 2037	1,220,000	_____%
April 1, 2028	1,020,000	_____%	April 1, 2038	1,250,000	_____%
April 1, 2029	1,045,000	_____%	April 1, 2039	1,275,000	_____%
April 1, 2030	1,065,000	_____%	April 1, 2040	1,300,000	_____%
April 1, 2031	1,085,000	_____%	April 1, 2041	1,330,000	_____%
April 1, 2032	1,105,000	_____%	April 1, 2042	1,360,000	_____%

*Subject to permitted adjustment of the amount of the Bonds awarded of up to \$1,905,000 which may be applied in any or all maturities.

We understand this bid may be accepted for as much as \$20,940,000 of the Bonds or as little as \$17,130,000 of the Bonds, at the same price per \$5,000 Bond, with the variation in such amount occurring in any maturity of all maturities, which will be determined by the Corporation at the time of acceptance of the best bid.

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

If three (3) or more bids for the Bonds are received as a result of this competitive sale, the successful purchaser will be required to certify on or before the issue date the reasonably expected initial offering price to the public 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 March 22, 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).

It is understood that the Corporation will furnish the final, approving Legal Opinion of Keating Muething & Klekamp PLL, Bond Counsel, of Cincinnati, Ohio.

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 day following the award. Said good faith amount will be applied (without interest) to the purchase price when said Bonds are tendered for delivery.

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® 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, the 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® by telephone at (212) 404-8102. Notwithstanding the foregoing non-electronic bids may be submitted to the office of the Executive Director of the Kentucky School Facilities Construction Commission, 700 Louisville Road, Carriage House, Frankfort, Kentucky 40601 (Tel: 502-564-5582; Fax: 888-979-6152), via facsimile or by hand delivery utilizing this Official Bid Form. Bids must be received on the date of sale no later than the hour indicated in the Official Terms and Conditions of Bond Sale.

If we are the successful bidder, we agree to accept and make payment for the Bonds in Federal Funds within forty-five (45) days of the award and, upon acceptance by the Issuer's Financial Advisor, this Official Bid Form shall become the Bond Purchase Agreement.

Respectfully submitted,

Bidder

By _____
Authorized Officer

Address

Total interest cost from April 12, 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 Boone 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: March 22, 2022

RSA Advisors, LLC,
Municipal Advisor and Agent for Boone County
School District Finance Corporation