PRELIMINARY OFFICIAL STATEMENT

DATED AUGUST 30, 2022

NEW ISSUE **RATING**
Electronic Bidding via Parity® ***Moody's: " "***
Bank Interest Deduction Eligible
BOOK-ENTRY-ONLY SYSTEM

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).

$3,460,000*
CLAY COUNTY SCHOOL DISTRICT FINANCE CORPORATION
SCHOOL BUILDING REVENUE BONDS,
SERIES OF 2022

Dated with Delivery: SEPTEMBER 29, 2022 **Due: as shown below**

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

Maturing Sep 1	Amount*	Interest Rate	Reoffering Yield	CUISP	Maturing Sep 1	Amount*	Interest Rate	Reoffering Yield	CUISP
2023	$ 85,000	%	%		2033	$ 155,000	%	%	
2024	$ 90,000	%	%		2034	$ 165,000	%	%	
2025	$ 120,000	%	%		2035	$ 160,000	%	%	
2026	$ 130,000	%	%		2036	$ 175,000	%	%	
2027	$ 130,000	%	%		2037	$ 205,000	%	%	
2028	$ 130,000	%	%		2038	$ 270,000	%	%	
2029	$ 140,000	%	%		2039	$ 275,000	%	%	
2030	$ 140,000	%	%		2040	$ 330,000	%	%	
2031	$ 145,000	%	%		2041	$ 345,000	%	%	
2032	$ 150,000	%	%		2042	$ 120,000	%	%	

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

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

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

The Clay County (Kentucky) School District Finance Corporation will until September 8, 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, 229 West Main Street, Suite 102, 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 $345,000.**

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.

RSA advisors

CLAY COUNTY
BOARD OF EDUCATION

Mark Hoskins, Chairperson
Roy Glenn Allen, Vice - Chair
Robin Combs, Member
Leewood Cornet, Member
Anthony Lovett, Member

William Sexton, Superintendent/Secretary

CLAY COUNTY (KENTUCKY) SCHOOL DISTRICT
FINANCE CORPORATION

Mark Hoskins, Chairperson
Roy Glenn Allen, Vice - Chair
Robin Combs, Member
Leewood Cornet, Member
Anthony Lovett, Member

William Sexton, Secretary
Kristi Curry, Treasurer

BOND COUNSEL

Steptoe & Johnson PLLC
Louisville, Kentucky

MUNICIPAL ADVISOR

RSA Advisors, LLC
Lexington, Kentucky

PAYING AGENT AND REGISTRAR

U.S. Bank Trust Company, National Association
Louisville, Kentucky

BOOK-ENTRY-ONLY-SYSTEM

REGARDING USE OF THIS OFFICIAL STATEMENT

This Official Statement does not constitute an offering of any security other than the original offering of the Clay County School District Finance Corporation School Building Revenue Bonds, Series of 2022, identified on the cover page hereof. No person has been authorized by the Corporation or the Board to give any information or to make any representation other than that contained in the Official Statement, and if given or made such other information or representation must not be relied upon as having been given or authorized. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of the Bonds by any person in any jurisdiction in which it is unlawful to make such offer, solicitation or sale.

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

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

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

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OFFICIAL STATEMENT
Relating to the Issuance of

$3,460,000*

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

**Subject to Permitted Adjustment*

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and Appendices hereto, is to set forth certain information pertaining to the Clay County School District Finance Corporation (the "Corporation") School Building Revenue Bonds, Series of 2022 (the "Bonds").

The Bonds are being issued to finance Phase I site work for a new career and technical center building (the "Project").

The Bonds are revenue bonds and constitute a limited indebtedness of the Corporation. The Bonds will be secured by a lien and a pledge of the rental income derived by the Corporation from leasing the school building Projects (as hereinafter defined) to the Clay 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 Clay County Board of Education from its records, except for information expressly attributed to other sources. The presentation of financial and other information is not intended, unless specifically stated, to indicate future or continuing trends in the financial position or other affairs of the Board. No representation is made that past experience, as is shown by financial and other information, will necessarily continue or be repeated in the future.

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

Copies of the Bond Resolution authorizing the issuance of the Bonds and the Lease Agreement, dated September 29, 2022, may be obtained at the office of Steptoe & Johnson PLLC, Bond Counsel, 700 N. Hurstbourne Parkway, Suite 115, Louisville, Kentucky 40222.

BOOK-ENTRY-ONLY-SYSTEM

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

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

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

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

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

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

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

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

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

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

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

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

THE CORPORATION

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

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

KENTUCKY SCHOOL FACILITIES CONSTRUCTION COMMISSION; NO PARTICIPATION IN THIS ISSUE

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

The General Assembly of the Commonwealth adopted the State's Budget for the fiscal year ending June 30, 2024. Inter alia, the Budget provides $125,216,700 in FY 2022-23 and $126,719,600 in FY 2023-2024 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. It authorizes $85,000,000 in additional Offers of Assistance for the current biennium to be funded in the Budget for the biennium ending June 30, 2026.

The 1986, 1988, 1990, 1992, 1994, 1996, 1998, 2000, 2003, 2005, 2006, 2008, 2010, 2012, 2014, 2016, 2018, 2020 and 2022. Regular Sessions of the Kentucky General Assembly appropriated funds to be used for debt service of participating school districts. The appropriations for each biennium are shown in the following table:

Biennium	Appropriation
1986-88	$18,223,200
1988-90	14,050,700
1990-92	13,542,800
1992-94	3,075,300
1994-96	2,800,000
1996-98	4,996,000
1998-00	12,141,500
2000-02	8,100,000
2002-04	9,500,000
2004-06	14,000,000
2006-08	9,000,000
2008-10	10,968,000
2010-12	12,656,200
2012-14	8,469,200
2014-16	8,764,000
2016-18	23,019,400
2018-20	7,608,000
2020-22	2,946,900
2022-24	5,305,300
Total	$189,166,500

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, 2024

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.

The General Assembly adopted a budget for the biennial period ending June 30, 2024 which was approved and signed recently by the Governor. Such budget became effective July 1, 2022.

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
2012-REF	$ 5,095,000	$ 3,000,000	$ 5,095,000	$ 0	2.250% - 2.750%	2025
2014	$ 815,000	$ 540,000	$ 0	$ 815,000	3.000% - 4.125%	2034
2017-REF	$ 2,715,000	$ 1,685,000	$ 0	$ 2,715,000	2.000% - 2.500%	2028
2018	$ 1,670,000	$ 1,400,000	$ 0	$ 1,670,000	3.000% - 3.500%	2038
2020	$ 13,345,000	$ 13,255,000	$ 12,494,762	$ 850,238	2.000% - 2.875%	2040
Totals:	$ 23,640,000	$ 19,880,000	$ 17,589,762	$ 6,050,238		

AUTHORITY

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

i) the issuance of approximately $3,460,000 of Bonds subject to a permitted adjustment of $345,000;

ii) the advertisement for the public sale of the Bonds;

iii) the Official Terms and Conditions for the sale of the Bonds to the successful bidder; and,

iv) the President and Secretary of the Corporation to execute certain documents relative to the sale and delivery of the Bonds.

THE BONDS

General

The Bonds will be dated September 29, 2022, will bear interest from that date as described herein, payable semi-annually on March 1 and September 1 of each year, commencing March 1, 2023, and will mature as to principal on September 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, Louisville, Kentucky, the Bond Registrar and Paying Agent, shall remit interest on each semiannual due date to Cede & Co., as the nominee of The Depository Trust Company. Please see Book-Entry-Only-System. Interest on the Bonds will be paid at rates to be established upon the basis of competitive bidding as hereinafter set forth, such interest to be payable on March 1 and September 1 of each year, beginning March 1, 2023 (Record Date is 15th day of month preceding interest due date).

Redemption

The Bonds maturing on or after September 1, 2031, are subject to redemption at the option of the Corporation prior to their stated maturity on any date falling on or after September 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
September 1, 2030, and thereafter	100%

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

SECURITY

General

The Bonds are revenue bonds and constitute a limited indebtedness of the Corporation. The Bonds are payable as to both principal and interest solely from the income and revenues derived from the leasing of the school building Project financed from the Bond proceeds from the Corporation to the Board. The Bonds are secured by a pledge of revenue on and from the school building Project..

The Lease; Pledge of Rental Revenues

The Board has leased the school building Project securing the Bonds for an initial period from September 29, 2022, through June 30, 2023 with the option in the Board to renew said Lease from year to year for one year at a time, at annual rentals, sufficient in each year to enable the Corporation to pay, solely from the rental due under the Lease, the principal and interest on all of the Bonds as same become due. The Lease provides further that so long as the Board exercises its annual renewal options, its rentals will be payable according to the terms and provisions of the Lease until September 1, 2042, the final maturity date of the Bonds. Under the lease, the Corporation has pledged the rental revenue to the payment of the Bonds.

STATE INTERCEPT

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

THE PROJECT

After payment of the Bond issuance costs, the Board plans to deposit the net Bond proceeds to finance Phase I site work for a new career and technical center building (the "Project").

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

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

ESTIMATED BOND DEBT SERVICE

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

Fiscal Year Ending June 30	Current Local Bond Payments	Series 2022 School Building Revenue Bonds (100% Local) Principal	Interest	Total	Total Local Bond Payments
2023	$ 1,404,639		$ 48,095	$ 48,095	$ 1,452,734
2024	$ 1,377,428	$ 85,000	$ 112,910	$ 197,910	$ 1,575,339
2025	$ 1,348,878	$ 90,000	$ 110,832	$ 200,832	$ 1,549,710
2026	$ 1,051,265	$ 120,000	$ 108,282	$ 228,282	$ 1,279,547
2027	$ 1,044,008	$ 130,000	$ 105,200	$ 235,200	$ 1,279,207
2028	$ 1,045,909	$ 130,000	$ 101,963	$ 231,963	$ 1,277,871
2029	$ 1,049,285	$ 130,000	$ 98,648	$ 228,648	$ 1,277,933
2030	$ 1,040,744	$ 140,000	$ 95,068	$ 235,068	$ 1,275,812
2031	$ 1,046,820	$ 140,000	$ 91,218	$ 231,218	$ 1,278,037
2032	$ 1,045,781	$ 145,000	$ 87,155	$ 232,155	$ 1,277,936
2033	$ 1,042,668	$ 150,000	$ 82,803	$ 232,803	$ 1,275,470
2034	$ 1,043,673	$ 155,000	$ 78,111	$ 233,111	$ 1,276,784
2035	$ 1,040,871	$ 165,000	$ 72,948	$ 237,948	$ 1,278,818
2036	$ 1,052,577	$ 160,000	$ 67,505	$ 227,505	$ 1,280,082
2037	$ 1,045,048	$ 175,000	$ 61,723	$ 236,723	$ 1,281,771
2038	$ 1,018,902	$ 205,000	$ 54,970	$ 259,970	$ 1,278,872
2039	$ 799,365	$ 270,000	$ 46,285	$ 316,285	$ 1,115,650
2040	$ 803,702	$ 275,000	$ 36,065	$ 311,065	$ 1,114,767
2041		$ 330,000	$ 24,488	$ 354,488	$ 354,488
2042		$ 345,000	$ 11,408	$ 356,408	$ 356,408
2043		$ 120,000	$ 2,340	$ 122,340	$ 122,340
Totals:	$ 19,301,563	$ 3,460,000	$ 1,498,011	$ 4,958,011	$ 24,259,574

Notes: Numbers are rounded to the nearest $1.00;

ESTIMATED USE OF BOND PROCEEDS

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

Sources:	
Par Amount of Bonds	$3,460,000.00
Total Sources	$3,460,000.00
Uses:	
Deposit to Construction Fund	$3,349,110.00
Underwriter's Discount (2%)	69,200.00
Cost of Issuance	41,690.00
Total Uses	$3,460,000.00

DISTRICT STUDENT POPULATION

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

Year	Average Daily Attendance	Year	Average Daily Attendance
2000-01	3,708.3	2011-12	3,029.3
2001-02	3,552.6	2012-13	2,955.0
2002-03	3,580.0	2013-14	2,937.2
2003-04	3,511.2	2014-15	2,899.5
2004-05	3,488.0	2015-16	2,851.8
2005-06	3,412.4	2016-17	2,804.8
2006-07	3,346.9	2017-18	2,762.2
2007-08	3,258.4	2018-19	2,734.1
2008-09	3,204.2	2019-20	2,694.7
2009-10	3,136.3	2020-21	2,694.7
2010-11	3,017.2	2021-22	2,810.0

Source: Kentucky State Department of Education.

STATE SUPPORT

Support Education Excellence in Kentucky (SEEK). In determining the cost of the program to Support Education Excellence in Kentucky (SEEK), the statewide guaranteed base funding level is computed by dividing the amount appropriated by the prior year's statewide average daily attendance. The SEEK fund is a guaranteed amount of money per pupil in each school district of Kentucky. The current SEEK allotment is $4,000 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 Clay County School District for certain preceding school years.

Year	Capital Outlay Allotment	Year	Capital Outlay Allotment
2000-01	370,830.0	2011-12	302,928.0
2001-02	355,260.0	2012-13	295,497.0
2002-03	358,000.0	2013-14	293,721.0
2003-04	351,120.0	2014-15	289,953.0
2004-05	348,800.0	2015-16	285,175.0
2005-06	341,240.0	2016-17	280,480.0
2006-07	334,690.0	2017-18	276,220.0
2007-08	325,840.0	2018-19	273,409.3
2008-09	320,417.0	2019-20	269,470.0
2009-10	313,634.0	2020-21	269,470.1
2010-11	301,720.0	2021-22	280,998.0

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

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

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

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

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

LOCAL SUPPORT

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

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

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

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

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

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

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

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

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

Local Tax Rates, Property Assessments and Revenue Collections

Tax Year	Combined Equivalent Rate	Total Property Assessment	Property Revenue Collections
2000-01	54.7	429,389,882	2,348,763
2001-02	55.9	448,145,025	2,505,131
2002-03	55.5	459,064,997	2,547,811
2003-04	55.5	460,172,343	2,553,957
2004-05	61.7	488,498,289	3,014,034
2005-06	60	512,260,744	3,073,564
2006-07	61.6	523,527,256	3,224,928
2007-08	60	529,249,050	3,175,494
2008-09	66.9	539,050,625	3,606,249
2009-10	66.9	558,238,039	3,734,612
2010-11	66.2	549,189,301	3,635,633
2011-12	69.1	547,226,597	3,781,336
2012-13	74.5	558,560,488	4,161,276
2013-14	73.3	555,722,522	4,073,446
2014-15	74	550,194,975	4,071,443
2015-16	76.5	541,134,186	4,139,677
2016-17	73.7	538,964,433	3,972,168
2017-18	78.5	546,086,187	4,286,777
2018-19	80.5	549,173,261	4,420,845
2019-20	80.9	547,283,454	4,427,523
2020-21	81.9	561,391,417	4,597,796
2021-22	79.9	583,475,795	4,661,972

OVERLAPPING BOND INDEBTEDNESS

The following table shows any other overlapping bond indebtedness of the Clay County School District or other issuing agency within the County as reported by the State Local Debt Officer for the period ending June 30, 2022.

Issuer	Original Principal Amount	Amount of Bonds Redeemed	Current Principal Outstanding
County of Clay			
General Obligation	5,575,000	5,075,000	500,000
Refinancing Refunding Revenue	5,415,000	3,715,000	1,700,000
City of Manchester			
Water & Sewer Revenue	1,710,000	404,500	1,305,500
Refinancing Revenue	2,175,000	1,265,000	910,000

Special Districts			
Clay County Agriculture Ext. District	805,000	261,250	543,750
Clay County Public Health Taxing District	1,500,000	680,000	820,000
Hima-Sibert Water District	252,000	149,750	102,250
Totals:	17,432,000	11,550,500	5,881,500

Source: 2022 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.

SEEK	Base Funding	Local Tax Effort	Total State & Local Funding
2000-01	17,481,724	2,348,763	19,830,487
2001-02	17,289,398	2,505,131	19,794,529
2002-03	17,262,433	2,547,811	19,810,244
2003-04	17,606,249	2,553,957	20,160,206
2004-05	17,773,019	3,014,034	20,787,053
2005-06	18,155,273	3,073,564	21,228,837
2006-07	18,060,198	3,224,928	21,285,126
2007-08	19,072,229	3,175,494	22,247,723
2008-09	19,045,799	3,606,249	22,652,048
2009-10	16,442,680	3,734,612	20,177,292
2010-11	15,806,172	3,635,633	19,441,805
2011-12	17,047,515	3,781,336	20,828,851
2012-13	16,630,905	4,161,276	20,792,181
2013-14	16,422,360	4,073,446	20,495,806
2014-15	16,426,095	4,071,443	20,497,538
2015-16	16,529,630	4,139,677	20,669,176
2016-17	16,630,008	3,972,168	20,602,176
2017-18	16,659,116	4,286,777	20,945,893
2018-19	16,494,612	4,420,845	20,915,457
2019-20	16,157,588	4,427,523	20,585,111
2020-21	15,382,212	4,597,796	19,980,008
2021-22	16,735,710	4,661,972	21,397,682

(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 $0.7990 for FY 2021-22. 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. For example, on August 16, 2022, President Biden signed the Inflation Reduction Act of 2022 (the "Inflation Reduction Act"). The Inflation Reduction Act imposes a minimum tax of 15 percent of the adjusted financial statement income on certain corporations whose income exceeds stated thresholds for tax years beginning after December 31, 2022. Under the Inflation Reduction Act, interest on debt obligations otherwise exempt from federal income tax would be included in the calculation of adjusted financial statement income for corporations subject to the minimum tax. Prospective purchasers of the Bonds should consult their own tax advisers regarding any pending or proposed federal tax legislation.

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

CONTINUING DISCLOSURE

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

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

Financial information regarding the Board may be obtained from Superintendent, Clay County Board of Education, 128 Richmond Road, Manchester, Kentucky 40962, Telephone (606) 598-2168.

TAX EXEMPTION; BANK QUALIFIED

Bond Counsel is of the opinion that:

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

(B) The interest income from the Bonds is excludable from the gross income of the recipient thereof for Federal income tax purposes under existing law and will not be a specific item of tax preference for purposes of Federal income taxation. However, with respect to certain corporations, interest on the Series 2022 Bonds is taken into account in determining the annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

(C) As a result of designations and certifications by the Board and the Corporation, indicating the issuance of less than $10,000,000 of tax-exempt obligations during the calendar year ending December 31, 2022, the Bonds are "qualified tax-exempt obligations" within the meaning of the Internal Revenue Code of 1986, as amended.

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

Original Issue Premium

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

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

Original Issue Discount

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

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

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

COVID-19

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

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

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

ABSENCE OF MATERIAL LITIGATION

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

APPROVAL OF LEGALITY

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

NO LEGAL OPINION EXPRESSED AS TO CERTAIN MATTERS

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

BOND RATING

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

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.

APPROVAL OF OFFICIAL STATEMENT

The Corporation has approved and caused this "Official Statement" to be executed and delivered by its President. In making this "Official Statement" the Corporation relied upon information furnished to it by the Board of Education of the Clay County School District and does not assume any responsibility as to the accuracy or completeness of any of the information in this Official Statement except as to copies of documents denominated "Official Terms and Conditions" and "Bid Form." The financial information supplied by the Board of Education is represented by the Board of Education to be correct. The Corporation deems this preliminary Official Statement to be final for purposes of Securities Exchange Commission Rule 15c2-12(b)(1) as qualified by the cover hereof.

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

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

By /s/_______________________
President

By /s/_______________________
Secretary

APPENDIX A

Clay County School District Finance Corporation
School Building Revenue Bonds
Series of 2022

Demographic and Economic Data

CLAY COUNTY, KENTUCKY

Manchester, the county seat of Clay County, is situated in the southern portion of Kentucky's Eastern Coal Fields Region. Manchester is located 172 miles south of Cincinnati, Ohio; 119 miles north of Knoxville, Tennessee; and 166 miles southeast of Louisville, Kentucky. Clay County lies almost entirely within the Red Bird Purchase Unit of the Daniel Boone National Forest, and contains some of the most beautiful woodlands and ruggedly scenic areas in the state. Clay county covers a land area of 471 square miles and had an estimated 2021 population of 20,155 persons. Manchester had an estimated 2021 population of 2,155 persons.

The Economic Framework

In 2021, Clay County had a labor force of 5,914 people, with an unemployment rate of 5.9%. The top 5 jobs by occupation were as follows: office and administrative support - 634 (15.44%); education, training/library - 622 (15.15%); sales - 348 (8.48%); executive, managers and administrators - 328 (7.99%); and health diagnosing and treating practitioners - 215 (5.24%).

Transportation

The Daniel Boone Parkway (a limited-access toll road), U.S. 421 and Kentucky Route 80 are "AAA"-rated trucking highways serving Manchester. Interstate 75 is accessible 22 miles west of Manchester via the Daniel Boone Parkway. Fourteen common carrier trucking companies provide interstate and/or intrastate service to Manchester. CSX Transportation provides branch line rail service to Manchester. The nearest scheduled commercial airline service is available at the Blue Grass Airport, 99 miles northwest of Manchester near Lexington. The London-Corbin Airport, located 23 miles west of Manchester, maintains a 6,000-foot runway.

Power and Fuel

LG&E Energy Corp., an electric generation and transmission company, provides electric power to Manchester and portions of Clay County. Jackson Energy Cooperative Corporation, whose source of power is East Kentucky Power, serves the major portion of Clay County in addition to American Electric Power. Delta Natural Gas Company, whose sources of supply are Wiser Oil Company and Columbia Gas of Kentucky, provides natural gas service to Manchester.

Education

The Clay County Public School System provides primary and secondary education in Clay County. Ten institutions of higher learning are located within 65 miles of Manchester. The nearest vocational training is available at the Laurel Technical College in London, 17 miles west, and the Clay County Area Technology Center in Manchester.

LABOR MARKET STATISTICS

The Manchester Labor Market Area includes Clay County and the adjoining Kentucky counties of Bell, Jackson, Knox, Laurel, Leslie, Owsley, Perry, Rockcastle and Whitley. The table below lists the population as reported by the State Data Center.

Population

Description	2019	2020	2021
Clay County	20,043	19,809	20,155
Manchester	906	1,046	2,155

Population Projections

Description	2025	2030	2035
Clay County	19,168	18,038	16,862

LOCAL GOVERNMENT

Structure

Manchester is served by a mayor and six council members. The mayor is elected to a four-year term and the council members each serve two-year terms. Clay County is served by a county judge/executive and five magistrates. Each official is elected to a four-year term.

Planning and Zoning

Joint agency - Manchester-Clay County Planning Commission
Participating city - Manchester
Zoning enforced - Within corporate limits of Manchester
Subdivision regulations enforced - Within corporate limits of Manchester
Local codes enforced - Building and housing within corporate limits of Manchester
Mandatory state codes enforced - Kentucky Plumbing Code, National Electric Code, Kentucky Boiler regulations and Standards, Kentucky Building Code (modeled after BOCA code)

Local Fees and Licenses

Annual business license fees ranging from $5 to $100 are levied on most businesses in Manchester. Unloading licenses range from $7.50 to $25.00 annually, depending on vehicle weight. Manchester levies an insurance license fee based on four percent of the premium.

Clay County levies a 1.0% occupational license tax on wages, salaries, and commissions of individuals employed within the county and on net profits of businesses.

State and Local Property Taxes

The Kentucky Constitution requires the state to tax all classes of taxable property, and state statutes allow local jurisdictions to tax only a few classes. All locally taxed property is subject to county taxes and school district taxes (either a county school district or an independent school district). Property located inside the city limits may also be subject to city property taxes. Property assessments in Kentucky are at 100% fair cash value. Accounts receivable are taxed at 85% of face value. Special local taxing jurisdictions (fire protection districts, watershed districts, and sanitation districts) levy taxes within their operating areas (usually a small portion of community or county).

EDUCATION

Public Schools

	Clay County
Total Enrollment (2020-2021)	3,025
Pupil-Teacher Ratio	14.0 -1

Vocational Training

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

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

Bluegrass State Skills Corporation

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

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

Vocational School	Location	Cumulative Enrollment (2019-2020)
Clay County ATC	Manchester, KY	357
Knox County ATC	Barbourville, KY	449
Leslie County ATC	Hyden, KY	335
Jackson County ATC	McKee, KY	277
Corbin ATC	Corbin, KY	441
Bell County ATC	Pineville, KY	679
Lee County ATC	Beattyville, KY	298
Breathitt County ATC	Jackson, KY	508
Rockcastle County ATC	Mt. Vernon, KY	431
Knott County ATC	Hindman, KY	328
Pulaski County ATC	Somerset, KY	423
Madison County ATC	Richmond, KY	896
Letcher County ATC	Whitesburg, KY	529
Garrard County ATC	Lancaster, KY	386
Lincoln County ATC	Stanford, KY	363
Morgan County ATC	West Liberty, KY	479

Colleges and Universities

Name	Location	Enrollment (Fall 2020)
Alice Lloyd College	Pippa Passes, KY	574
Berea College	Berea, KY	1,688
Eastern Kentucky University	Richmond, KY	14,980
University of the Cumberlands	Williamsburg, KY	16,966

EXISTING INDUSTRY

Firm	Product	Total Employed
Fox Hollow Woodworks	Hardwood flooring, interior moldings, Doors & jams, stair systems, decorative blocks, Mantels arched openings and custom millwork	3
Kentucky Mountain Industries	Stamped appliance parts, plumbing fixtures and automotive parts	20
Manchester Enterprise	Newspaper publishing	5
Phillips Diversified Mfg. Inc.	Assembly	9

Source: Kentucky Cabinet for Economic Development (3/10/2020).

APPENDIX B

Clay County School District Finance Corporation
School Building Revenue Bonds
Series of 2022

Audited Financial Statement ending June 30, 2021

CLAY COUNTY SCHOOL DISTRICT

BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2021
With
REPORT OF INDEPENDENT AUDITORS

TABLE OF CONTENTS

Cloyd & Associates, PSC
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Kentucky State Committee for
School District Audits
Members of the Board of Education
Clay County School District
Manchester, 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 Clay 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 District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the audit requirements prescribed by the Kentucky State Committee for School District Audits in *Appendix I to the Auditor's Contract-General Audit Requirements* and *Appendix II to the Independent Auditor's Contract-State Audit Requirements.* Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Clay 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.

Emphasis of Matters

As discussed in Note 21 to the financial statements, during the year ended June 30, 2021, the District adopted new accounting guidance, GASB Statement No. 84, *Fiduciary Activities.* Our opinion is not modified with respect to this matter.

As discussed in Note 22 to the financial statements, the beginning capital assets depreciable was reduced by $125,590. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information and the pension and other postemployment benefits liability and contributions information per 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 Clay County School District's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by 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.

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The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, and the schedule of expenditures of federal awards, as required by the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report, dated November 10, 2021, on our consideration of Clay 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. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Clay County School District's internal control over financial reporting and compliance.

Cloyd & Associates, PSC

Cloyd & Associates, PSC
London, Kentucky
November 10, 2021

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The management of Clay County School District offers readers this narrative overview and analysis of the financial activities and educational programs of the District for the fiscal year ended June 30, 2021. We encourage readers to review the information presented here in conjunction with additional information found within the body of this audit.

This Management Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, issued June 1999; GASB Statement No. 37, Basic Financial Statement - and Management Discussion and Analysis - for State and Local Governments: Omnibus, an amendment to GASB Statements No. 21 and No. 34, issued in June 2001; and in GASB Statement No. 38, Certain Financial Statement Note Disclosures, issued in 2001. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

- The fund balance (prior fiscal year actual revenues less the prior fiscal year actual expenses) becomes the beginning balance for the next fiscal year. The General Fund beginning balance for fiscal year 2020-2021 was $9,800,650. The General Fund beginning balance increased by $1,463,621 in comparison to fiscal year 2019-2020.

- The grand total Net General Fund SEEK on the final SEEK calculation for 2020-2021 decreased by $898,884 due to a statewide shortfall in SEEK funds.

- During fiscal year 2020-2021, the school district received $280,696 from local taxpayers as a result of the recallable nickel levied by the local board of education on May 26, 2017. The recallable nickel generated an additional $953,477 from state equalization. The revenue generated from the recallable nickel was transferred to a restricted fund to be used for future construction projects.

- The Kentucky Department of Education approved for the school district to bill for Medicaid related services rendered during fiscal year 2020-2021. The school district received a total of $137,146 in Medicaid revenues during the fiscal year.

- The school district paid a total of $375,491 including $321,279 for principal and $54,212 for interest payments for the 2014, 2015, 2016, 2017, 2018, 2019 and 2020 Series KISTA bus leases.

- The school district paid the final installment of the total six installments due for the KSBIT workers' compensation assessment in the amount of $44,790 during fiscal year 2020-2021.

- The school district recorded $8,753,184 in revenues and expenses for on-behalf payments during 2020-2021. The on-behalf payments are payments made on behalf of the school district by various state entities including the employer's portion of health benefits, Kentucky Teacher Retirement System (KTRS), technology, and debt service.

- The school district ended the fiscal year with a fund balance of $12,685,592. The fund balance increased by $2,884,942 in comparison to the previous fiscal year.

- The school district received three award notifications totaling $20,065,236 in federal funds to use to prevent, prepare for, and respond to the coronavirus.

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 comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information to the basic financial statements themselves.

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

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

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

The government-wide financial statements outline functions of the District that are primarily 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 asset acquisitions and related debt are also supported by taxes and intergovernmental revenues.

The government-wide financial statements can be found on the table of contents of this report.

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment and construction in progress), less any related debt used to acquire those assets that are still outstanding. The District used these capital assets to provide services to its students; consequently, these assets are not available for future spending.

Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Net Position for the period ending June 30, 2021

Fiscal year 2021 government-wide net position compared to 2020 is as follows:

	2021	2020
Current and other assets	$ 26,399,949	$ 26,268,301
Capital assets	29,421,395	25,170,031
Total assets	$ 55,821,344	$ 51,438,332
Deferred outflow of resources	$ 5,324,170	$ 4,533,902
Current liabilities	$ 4,057,030	$ 24,118,632
Noncurrent liabilities	44,269,727	23,392,906
Total Liabilities	$ 48,326,757	$ 47,511,538
Deferred inflows of resources	$ 4,318,544	$ 4,201,628
Net investment in capital assets,	$ 6,469,241	$ 578,593
Restricted net position	8,681,999	(1,609,519)
Unrestricted net position	(6,651,027)	5,289,994
Total net position	$ 8,500,213	$ 4,259,068

Net Position may serve over time as a useful indicator of a government's financial position. In the case of the District, governmental assets exceeded liabilities by approximately $9,934,751; proprietary liabilities exceed assets by $1,434,538 and total assets exceeded liabilities by $8,500,213 at June 30, 2021.

The District had an overall decrease in unrestricted net position of $11,941,021, comprised of an decrease in governmental activities unrestricted net position of $11,941,021.

The following table presents a fund accounting comparison and summary of revenue and expense for Government Funds only for the fiscal years 2021 and 2020.

See table on next page

Total Revenue	40,678,151	38,149,964
Expenditures and other financing uses		
Instruction	20,613,705	20,305,601
Student support services	1,792,896	1,846,607
Instructional support	2,697,043	2,789,497
District administration	1,274,721	1,250,014
School Administration	1,891,028	1,842,022
Business operations	363,514	415,952
Plant operation and maintenance	2,707,647	2,863,937
Student transportation	2,202,954	2,657,076
Non-instructional	77,122	5,997
Community services	506,146	524,321
Debt service	2,323,960	1,887,203
Facilities acquisition and construction	5,709,254	1,879,060
Total expenditures	42,159,990	38,267,287
Excess revenues (expenditures)	$ (1,481,839)	$ (117,323)
Other financing sources (uses)		
Proceeds from sale of fixed assets	$ -	$ 23,715
Capital Lease proceeds	-	382,984
Bond principal proceedss	-	13,345,000
Transfers in	295,196	1,135,379
Transfers out	(295,196)	(1,135,379)
Total other financing sources (uses)	$ -	$ 13,751,699
Net change in fund balance	$ (1,481,839)	$ 13,634,376

On-behalf payments are included in the above amounts. On-behalf, as defined by the KDE, are payments the state makes on behalf of employees to the various agencies for health and life insurance, retirement, and administration fees. The on-behalf payments are allocated to expense as mandated by the KDE and are credited to revenues; therefore, have no effect on the District's level fund balance.

BUDGETARY IMPLICATION

In Kentucky the public-school fiscal year is July 1 through June 30; other programs, such as, some federal programs operate on a different fiscal calendar, but are reflected in the District's overall budget. By law, the budget must have a minimum 2% contingency. The District adopted a working budget with $9,361,347 in contingency. Significant variations in the actual results of operations and the final budget are primarily due to on-behalf payments that are included in the financial statements but are not budgeted by the District.

Comments on Budget Comparisons

- The District's total general fund revenues for the fiscal year ended June 30, 2021 were $27,429,256 excluding transfers, proceeds from the sale of assets and capital lease proceeds.

- General fund budgeted revenue compared to actual revenue varied from line item to line item with the ending actual balance being $707,828 less than budget or 2.51% less than the budget.

- The total cost of all general fund programs and services for the fiscal year ended June 30, 2021 was $24,613,154.

- General fund budgeted expenditures compared to actual expenditures varied from line item to line item with the ending actual balance being $13,222,470 less than budget or 34.95% less than budget.

Contacting the District's Financial Management

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

Questions regarding this report should be directed to the Superintendent (606) 598-2168, or to the Finance Officer (606) 598-2168 or by mail at 128 Richmond Road, Manchester, Kentucky 40962.

CLAY COUNTY SCHOOL DISTRICT

STATEMENT OF NET POSITION
June 30, 2021

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	$ 22,480,810	$ 639,806	$ 23,120,616
Accounts receivable:			
Taxes	90,340	-	90,340
Other	58,470	-	58,470
Intergovernmental - Federal	3,130,523	-	3,130,523
Capital Assets, net			
Nondepreciable	11,291,003	-	11,291,003
Depreciable	17,763,510	366,882	18,130,392
Total assets	54,814,656	1,006,688	55,821,344
DEFERRED OUTFLOW OF RESOURCES			
Deferred amounts from refunding bonds	140,339	-	140,339
Deferred outflows - OPEB KTRS	1,212,588	-	1,212,588
Deferred outflows - OPEB CERS	1,500,360	297,339	1,797,699
Deferred outflows - PENSION	1,814,040	359,504	2,173,544
	4,667,327	656,843	5,324,170
LIABILITIES			
Accounts payable	809,630	25,970	835,600
Accrued expenses	1,090,273	-	1,090,273
Advances from grantors	399,402	-	399,402
Current portion of capital lease obligations	321,705	-	321,705
Current maturities of bond obligations	1,390,000	-	1,390,000
Interest payable	20,050	-	20,050
Net OPEB liability - KTRS	5,603,000	-	5,603,000
Net OPEB liability -CERS	3,390,570	671,939	4,062,509
Net PENSION liability	10,772,770	2,134,934	12,907,704
Noncurrent portion of capital lease obligations	1,500,788	-	1,500,788
Noncurrent maturities of bond obligations	19,880,000	-	19,880,000
Noncurrent portion of accumulated sick leave	315,726	-	315,726
Total liabilities	45,493,914	2,832,843	48,326,757
DEFERRED INFLOW OF RESOURCES			
Deferred inflows - OPEB KTRS	2,715,000	-	2,715,000
Deferred inflows - OPEB CERS	835,713	165,620	1,001,333
Deferred inflows - PENSION	502,605	99,606	602,211
	4,053,318	265,226	4,318,544
NET POSITION			
Net investment in capital assets	6,102,359	366,882	6,469,241
Restricted for:			
Capital expenditures	10,347,218	-	10,347,218
Other	136,201	(1,801,420)	(1,665,219)
Unrestricted	(6,651,027)	-	(6,651,027)
Total net position	$ 9,934,751	$ (1,434,538)	$ 8,500,213

STATEMENT OF ACTIVITIES

Year ended June 30, 2021

		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
FUNCTIONS/PROGRAMS							
Governmental activities							
Instruction	$ 22,116,200	$ 209	$ 10,187,828	$ -	$ (11,928,163)	$ -	$ (11,928,163)
Student	1,792,896	-	821,599	-	(971,297)	-	(971,297)
Instructional support	2,697,043	-	1,807,518	-	(889,525)	-	(889,525)
District administration	1,301,034	-	492,959	-	(808,075)	-	(808,075)
School administration	1,895,147	-	657,279	-	(1,237,868)	-	(1,237,868)
Business support	364,565	-	328,940	-	(35,625)	-	(35,625)
Plant operations and maintenance	2,743,070	-	1,150,239	-	(1,592,831)	-	(1,592,831)
Student transportation	2,395,838	-	821,599	-	(1,574,239)	-	(1,574,239)
Community services	506,146	-	164,019	-	(342,127)	-	(342,127)
Other instructional	77,122	-	-	-	(77,122)	-	(77,122)
Interest on long-term debt	627,552	-	-	535,936	(91,616)	-	(91,616)
Total governmental activities	36,516,613	209	16,431,980	535,936	(19,548,488)	-	(19,548,488)
Business-type activities							
Food service	2,113,772	9,244	1,892,229	-	-	(212,299)	(212,299)
Total business-type activities	2,113,772	9,244	1,892,229	-	-	(212,299)	(212,299)
Total primary government	$ 38,630,385	$ 9,453	$ 18,324,209	$ 535,936	(19,548,488)	(212,299)	(19,760,787)
General revenues							
Taxes:							
Property					2,713,286	-	2,713,286
Motor vehicle					483,099	-	483,099
Utility					947,781	-	947,781
Other					366,858	-	366,858
Earnings on investments					104,370	412	104,782
State grants					17,289,166	-	17,289,166
Other local amounts					1,805,465	-	1,805,465
Total general revenues					23,710,025	412	23,710,437
Change in net position					4,161,537	(211,887)	3,949,650
Restated net position July 1, 2020					5,773,214	(1,222,651)	4,550,563
Net position as of June 30, 2021					$ 9,934,751	$ (1,434,538)	$ 8,500,213

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

CLAY COUNTY SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2021

	General Fund	Special Revenue Funds	Construction Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 11,263,457	$ -	$ 7,511,183	$ 3,706,170	$ 22,480,810
Accounts receivable:					
Taxes	90,340	-	-	-	90,340
Other	37,068	21,402	-	-	58,470
Intergovernmental	-	3,130,523	-	-	3,130,523
Interfund receivable	2,599,700	-	-	-	2,599,700
Total assets	$ 13,990,565	$ 3,151,925	$ 7,511,183	$ 3,706,170	$ 28,359,843
LIABILITIES AND FUND BALANCES					
Liabilities					
Interfund payable	$ -	$ 2,599,700	$ -	$ -	$ 2,599,700
Accounts payable	214,700	152,823	442,107	-	809,630
Accrued expenses	1,090,273	-	-	-	1,090,273
Advances from grantors	-	399,402	-	-	399,402
Total liabilities	1,304,973	3,151,925	442,107	-	4,899,005
Fund balances					
Restricted	-	-	7,069,076	3,706,170	10,775,246
Committed	100,000	-	-	-	100,000
Assigned	36,201	-	-	-	36,201
Unassigned	12,549,391	-	-	-	12,549,391
Total fund balances	12,685,592	-	7,069,076	3,706,170	23,460,838
Total liabilities and fund balances	$ 13,990,565	$ 3,151,925	$ 7,511,183	$ 3,706,170	$ 28,359,843

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

CLAY COUNTY SCHOOL DISTRICT

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2021

Total fund balances - governmental funds	$ 23,460,838
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds.	29,054,513
Deferred outflows of resources are not recorded in the government fund financials because they do not affect current resources but are recorded in the statement of net position.	4,667,327
Bonds payable are not reported in the governmental fund balance sheet because they are not due and payable in the current period, but they are presented in the statement of net position.	(21,270,000)
Capital leases payable are not reported in the governmental fund balance sheet because they are not due and payable in the current period, but they are presented in the statement of net position.	(1,822,493)
The long term portion of accumulated sick leave is not reported in the governmental fund balance sheet because it is not due and payable in the current period, but it is presented in the statement of net position.	(315,726)
Net OPEB obligation is not reported in the governmental fund balance sheet because it is not due and payable in the current period, but it is presented in the statement of net position.	(8,993,570)
Net pension obligation is not reported in the governmental fund balance sheet because it is not due and payable in the current period, but it is presented in the statement of net position.	(10,772,770)
Deferred inflows of resources are not recorded in the government fund financials because they do not affect current resources but are recorded in the statement of net position.	(4,053,318)
Interest payable is not reported in the governmental fund balance sheet because it is not due and payable in the current period, but it is presented in the statement of net position.	(20,050)
Total net position - governmental activities	$ 9,934,751

CLAY COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year ended June 30, 2021

	General Fund	Special Revenue Funds	Construction Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
From local sources					
Taxes					
Property	$ 2,151,894	$ -	$ -	561,392	$ 2,713,286
Motor vehicle	483,099	-	-	-	483,099
Utility	947,781	-	-	-	947,781
Other	366,858	-	-	-	366,858
Earnings on investments	97,750	-	6,247	373	104,370
Other local	268,737	1,242,348	-	294,590	1,805,675
Intergovernmental - State	22,975,991	1,331,050	-	2,712,360	27,019,401
Intergovernmental - Federal	137,146	7,100,535	-	-	7,237,681
Total revenues	27,429,256	9,673,933	6,247	3,568,715	40,678,151
Expenditures					
Current:					
Instruction	13,913,658	6,493,316	-	206,731	20,613,705
Student	1,476,301	316,595	-	-	1,792,896
Instructional support	915,203	1,781,644	-	196	2,697,043
District administration	1,274,362	359	-	-	1,274,721
School administration	1,891,028	-	-	-	1,891,028
Business support	116,870	246,644	-	-	363,514
Plant operations and maintenance	2,535,401	172,246	-	-	2,707,647
Student transportation	2,109,808	93,146	-	-	2,202,954
Non-instructional	29	-	-	77,093	77,122
Community services	5,003	501,143	-	-	506,146
Site improvement	-	-	5,709,254	-	5,709,254
Debt service	375,491	-	-	1,948,469	2,323,960
Total expenditures	24,613,154	9,605,093	5,709,254	2,232,489	42,159,990
Excess (deficit) of revenues over (under) expenditures	2,816,102	68,840	(5,703,007)	1,336,226	(1,481,839)
Other financing sources (uses)					
Transfers in	182,018	113,178	-	-	295,196
Transfers out	(113,178)	(182,018)	-	-	(295,196)
Total other financing sources (uses)	68,840	(68,840)	-	-	-
Net change in fund balance	2,884,942	-	(5,703,007)	1,336,226	(1,481,839)
Restated fund balance as of June 30, 2020	9,800,650	-	12,772,083	2,369,944	24,942,677
Fund balance as of June 30, 2021	$ 12,685,592	$ -	$ 7,069,076	$ 3,706,170	$ 23,460,838

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

CLAY COUNTY SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year ended June 30, 2021

Net change in total fund balances - governmental funds	$ (1,481,839)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Capital outlays are reported as expenditures in the governmental fund financial statements because they use current financial resources, but they are treated as assets in the statement of net position and depreciated over their estimated economic lives. The difference is the amount by which capital outlay exceeds depreciation expense for the year.	4,396,940
Amortization of deferred outflows or resources is not recognized in the governmental fund financial statements, but is a component of interest in the Statement of Activities.	(51,995)
Bond and capital lease payments are recognized as expenditures of current financial resources in the governmental fund financial statements, but are reductions of liabilities in the Statement of Net Position.	1,736,069
Calculated pension and OPEB expense is not recognized on the governmental fund financial statements, but is recognized as an expense on the Statement of Activities. while pension contributions are deferred on the Statement of Net Position	(427,454)
Accumulated sick leave is recognized by the amount earned in the statement of activities, but the governmental fund financial statements only recognize the obligations anticipated to be retired from existing financial resources.	(15,313)
Interest payments are recognized as expenditures of financial resources in the governmental fund financial statements, but are expensed as incurred in the Statement of Activities.	5,129
Change in net position - governmental activities	$ 4,161,537

CLAY COUNTY SCHOOL DISTRICT

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
June 30, 2021

	Food Service Fund
ASSETS	
Current assets	
Cash and cash equivalents	$ 639,806
Total current assets	639,806
Noncurrent assets	
Capital assets	1,642,330
Less accumulated depreciation	(1,275,448)
Total noncurrent assets	366,882
Total assets	1,006,688
Deferred outflow of resources	
Deferred outflows OPEB	297,339
Deferred outflows pension	359,504
Total deferred outflows	656,843
LIABILITIES	
Current liabilities	
Accounts payable	25,970
Noncurrent liabilities	
Net OPEB liability	671,939
Net pension liability	2,134,934
Total liabilities	2,832,843
Deferred inflow of resources	
Deferred inflows - OPEB	165,620
Deferred inflows - Penson	99,606
Total deferred inflows	265,226
NET POSITION	
Net investment in capital assets	366,882
Restricted for:	
Other	(1,801,420)
Unrestricted	-
Total net position	$ (1,434,538)

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

CLAY COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUNDS
Year ended June 30, 2021

	Food Service Fund
Operating revenues	
Lunchroom sales	$ 8,600
Other	644
Total operating revenues	9,244
Operating expenses	
Salaries and wages	647,821
Employee benefits	775,513
Materials and supplies	670,452
Depreciation	19,986
Total operating expenses	2,113,772
Operating loss	(2,104,528)
Nonoperating revenues	
Federal grants	1,420,170
State grants	405,087
Donated commodities	66,972
Interest income	412
Total nonoperating revenues/(expenses)	1,892,641
Change in net position	(211,887)
Net position as of June 30, 2020	(1,222,651)
Net position as of June 30, 2021	$ (1,434,538)

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

CLAY COUNTY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
Year ended June 30, 2021

	Food Service Fund
Cash flows from operating activities	
Cash received from:	
Lunchroom sales	$ 8,600
Other activities	644
Cash paid to/for:	
Employees	(1,248,470)
Supplies	(581,113)
Net cash used in operating activities	(1,820,339)
Cash flows from non-capital financing activities	
Grants received	1,825,257
Net cash used in non-capital financing activities	1,825,257
Cash flows from capital and related financing activities	
Purchase of capital assets	-
Net cash used in capital and related financing activities	-
Cash flows from investing activities	
Interest income	412
Net cash provided from investing activities	412
Net increase in cash and cash equivalents	5,330
Cash and cash equivalents as of June 30, 2020	634,476
Cash and cash equivalents as of June 30, 2021	$ 639,806
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
Operating income/ (loss)	$ (2,104,528)
Adjustments to reconcile change in net position to net cash used in operating activities:	
Decrease in accounts payable	22,367
Net change in pension and OPEB expense	174,864
Donated commodities	66,972
Depreciation	19,986
Net cash used in operating activities	$ (1,820,339)
Schedule of non-cash transactions:	
Depreciation	$ 19,986
Donated commodities	66,972
Total non-cash transactions	$ 86,958

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

1. REPORTING ENTITY

The Clay 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 Clay 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 activities relevant to the operation of the Clay County Board of Education. The basic financial statements presented herein do not include funds of groups and organizations, which, although associated with the school system, have not originated within the Board itself such as Band Boosters, Parent-Teacher Associations, etc. Such funds or groups have been considered as prospective component units under GASB Statement Number 39, *Determining Whether Certain Organizations Are Component Units*, and have been determined to have insignificant assets, liabilities, equity, revenue and expenditures to be considered component units. In addition, the Board has the ability to exert little control over the fiscal activities of the funds or groups.

The basic 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:

> <u>Clay County School District Finance Corporation</u> - In 1989, the Clay County Board of Education resolved to authorize the establishment of the Clay County School District Finance Corporation (a non-profit, non-stock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS Section 58.180) (the "Corporation") as an agency for the District for financing the costs of school building facilities. The members of the Board also comprise the Corporation's Board of Directors.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The District has elected to apply all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989 to its proprietary funds, unless those pronouncements conflict or contradict GASB pronouncements.

The following is a summary of the significant accounting policies:

Government-wide Financial Statements - The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the District that are governmental, which normally are supported by tax revenues, and those that are considered business-type activities, which rely significantly on fees and charges for support.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. 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 reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District. 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 fund balances. Proprietary funds and fiduciary funds are reported using the economic resources measurement focus. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

Accounting principles generally accepted in the United States of America require that the General Fund be reported as a major fund. All other governmental and proprietary funds whose assets, liabilities, revenues, or expenditures comprise at least 10% of the total for the relevant fund category and at least 5% of the corresponding total for all governmental and proprietary funds combined must also be reported as major funds.

The District has the following funds:

I. Government Fund Types

The General Fund is the main operating fund of the District. It accounts for all revenues and expenditures of the District not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund. This is a budgeted fund, and any fund balances are considered as resources available for use. This is a major fund of the District.

The Special Revenue (Grant) Funds account for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances are returned to the grantor at the close of the specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally-funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report. This is a major fund of the District.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

I. Government Fund Types - continued

Capital Projects 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). The Capital Projects Funds account for revenue and expenditures from three sources:

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

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

3. The Construction Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction. This is a major fund of the District.

The Student Activity Fund is used to account for activities of student groups.

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.

II. Proprietary Fund Types (Enterprise Fund)

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

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

Basis of Accounting

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

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

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

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 flow of current financial resources. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred except for (1) principal and interest on general long-term debt, which is recorded when due, and (2) the costs of accumulated unpaid vacation and sick leave, which are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by employees.

The fair value of donated commodities used during the year is reported in the statement of revenues, expenses, and changes in net position as an expense with a like amount reported as donated commodities revenue.

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

Property Taxes

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

The property tax rates assessed for the year ended June 30, 2021, to finance the General Fund operations were $.656 per $100 valuation for real property, $.656 per $100 valuation for business personal property and $.487 per $100 valuation for motor vehicles.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

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

Prepaid Assets

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

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 activity's column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets 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 $5,000. 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 capitalized.

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

Description	Estimated Lives
Buildings and improvements	25-50 years
Land improvements	20 years
Technology equipment	5 years
School buses	10 years
Other vehicles	5 years
Audio-visual equipment	15 years
Food service equipment	12 years
Furniture and fixtures	20 years
Rolling stock	15 years
Other general equipment	10 years

Interfund Receivables and Payables

The fund financial statements present interfund receivables and payables resulting from short-term interfund loans that are classified as "interfund receivables/payables." These amounts are eliminated in the government-wide 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.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

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 vesting method, in which leave amounts for both employees who are currently eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

The entire compensated absence liability includes the remaining amount. For governmental fund financial statements, the amount of accumulated vacation and sick leave of employees has been recorded as an assigned portion of fund balance. The balance of the liability is not recorded.

For governmental fund financial statements the current portion, if any, of unpaid accrued sick leave is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "accumulated sick leave payable" in the General Fund. The noncurrent portion of the liability is not reported.

Bonds and Related Premiums, Discounts, and Issuance Costs

In the government-wide financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premiums or discounts. Bond issuance costs are expensed when bonds are issued.

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance are recognized in the current period. The face amount of the debt is reported as other financing sources. Discounts related to debt issuance are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Budgetary Process

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

- Revenues are recorded on the modified accrual basis of accounting (budgetary) as opposed to when susceptible to accrual (GAAP).
- Expenditures are recorded on the modified accrual basis of accounting (budgetary) as opposed to when susceptible to accrual (GAAP).

Once the budget is approved by the Board, it can be amended. Budgetary receipts represent original estimates modified for adjustments, if any, during the fiscal year. Budgetary disbursements represent original appropriations adjusted for budget transfers and additional appropriations, if any, approved during the fiscal year.

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

Cash and Cash Equivalents

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

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

Receivables

The District recognizes revenues as receivables when they are measurable, and receipt is probable. Concentration of credit risk with respect to the receivables from federal and state governments is limited due to the historical stability of those institutions. Federal and state grants to be used or expended as specified by the grantor are recognized as revenue and recorded as receivables as qualifying expenditures are made.

Inventories

On government-wide and governmental fund financial statements inventories of supplies and materials are stated at cost and are expensed when used.

The school Food Service Fund inventory consists of food, supplies and U.S. Government commodities.

The Food Service Fund inventory is stated at cost and uses the specific identification method; the general fund inventory is stated at cost and uses the first-in, first-out method.

Accrued Liabilities and Long-Term Obligations

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

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, 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. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

Fund Balance Reserves

Fund balances are separated into five categories, as required by GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as follows:

Nonspendable fund balance is permanently nonspendable by decree of donor. Examples would be an endowment or that which may not be used for another purpose such as amounts used to prepay future expenses or already purchased inventory on hand.

Restricted fund balances arise when constraints placed on the use of resources are either externally imposed, by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Committed fund balances are those amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, which, for the District is the Board of Education. The Board of Education must approve by majority vote the establishment (and modification or rescinding) of a fund balance commitment.

Assigned fund balances are those amounts that are constrained by the government's *intent* to be used for specific purposes, but are neither restricted nor committed. The Board of Education allows program supervisors to complete purchase orders which result in the encumbrance of funds. Assigned fund balance also includes (a) all remaining amounts (except for negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed and (b) amounts in the general fund that are intended to be used for a specific purpose.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

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

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

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end, and outstanding encumbrances at year-end are appropriated in the next year. Encumbrances are considered a managerial assignment of fund balance at June 30, 2021, 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 School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Operating and Non-Operating Revenues and Expenses

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

Non-operating revenues are not generated directly from the primary activity of the proprietary funds. For the School District those revenues come in the form of grants (federal and state), donated commodities, and earnings from investments.

Contributions of Capital

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

Interfund Activity

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

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the District's management to make estimates and assumptions that affect reported

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED

amounts of assets, liabilities, fund balances, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Deferred Inflows and Deferred Outflows of Resources

Deferred inflows and deferred outflows are recorded on the government-wide and proprietary financial statements. The deferred outflows of resources presented were primarily created by differences in pension expectations, the prior refunding of revenue bonds, and deferral of pension contributions. Deferred inflows were primarily created by actuarial determinations of net pension liability changes.

Pension and Other Postemployment Benefits

For purposes of measuring the net liabilities, the deferred outflows of resources and deferred inflows of resources, and expense related to pensions and other postemployment benefits (OPEB), information about the fiduciary net position of the pension / OPEB plans, and additions to / deductions from the pension / OPEB plans' fiduciary net position have been determined on the same basis as they are reported by the pension / OPEB plans. For this purpose, revenues are recognized when earned. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The primary government's proportionate share of pension amounts was further allocated to proprietary funds based on the salaries paid by each proprietary fund. Plan investments are reported at fair value.

Postemployment Benefits Other Than OPEBs (OPEB)

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

3. CUSTODIAL CREDIT RISK - DEPOSITS

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2021, none of the District's bank balance was exposed to custodial credit risk because of coverage by Federal Depository insurance and by collateral agreements and collateral held by the pledging banks' trust departments in the District's name.

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

See table on next page

3. CUSTODIAL CREDIT RISK – DEPOSITS – CONTINUED

	Bank Balance	Book Balance
First National Bank & Trust of Manchester	$ 25,044,450	$ 23,120,616
	$ 25,044,450	$ 23,120,616

Breakdown per financial statements is as follows:

Governmental funds	$ 22,480,810
Proprietary funds	639,806
	$ 23,120,616

Cash is commingled in various bank accounts and short-term certificates of deposit. Due to the nature of the accounts and limitations imposed by bond issue requirements, construction projects, and Federal financial assistance programs, each cash account within the following funds is considered to be restricted:

Special Revenue Funds
SEEK Capital Outlay Fund
Facility Support Program (FSPK) Fund
School Construction Fund
School Food Service Fund
Agency Funds

4. INVESTMENT REPORTING UNDER GASB 72

Funds of the District are public funds and, therefore, their investment is limited by statute to certain obligations of the United States or similar government agencies, cash instruments, and certain pooled investment funds as provided by KRS 66.480. At June 30, 2021, the District holds only demand deposits and certificates of deposit considered to be cash equivalents. Consequently, the District does not have investment related credit risk or interest risk.

Investments reported on the financial statements are nonparticipating interest-earning investment contracts purchased from a bank in the form of a Certificate of Deposit. Therefore, under GASB Statement No 72, Fair Value Measurement & Application these types of investments are exempt from fair value measurements.

5. CAPITAL ASSETS

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

	June 30, 2020 Balance	Additions	Retirements	June 30, 2021 Balance
Governmental Activities				
Land & Land Improvei	$ 3,885,858	$ -	$ -	$ 3,885,858
Buildings	38,529,860	39,955	-	38,569,815
Technology	122,115	37,336	-	159,451
Vehicles	5,707,837	163,168	47,732	5,823,273
General Equipment	754,733	-	-	754,733
Construction Work in I	4,438,588	5,709,254	-	10,147,842
Total histc	53,438,991	5,949,713	47,732	59,340,972
Less accumulated depreciati	28,781,418	1,552,773	47,732	30,286,459
Governmental capital assets,	$ 24,657,573	$ 4,396,940	$ -	$ 29,054,513
Business-type Activities				
Buildings	$ 993,436	$ -	$ -	$ 993,436
Technology	-	-	-	-
Food service equipment	648,893	-	-	648,893
Total historical cost	1,642,329	-	-	1,642,329
Less accumulated depreciation	1,255,461	19,986	-	1,275,447
Business-type capital assets, net	$ 386,868	$ (19,986)	$ -	$ 366,882

Depreciation expense for business-type activities was entirely incurred in the operation of the School Food Services. Depreciation for governmental activities was charged to governmental functions as follows:

Instruction	$ 1,097,064
District administrative	26,313
School administrative	4,119
Business	1,051
Plant operation and maintenance	68,174
Student transportation	356,052
	$ 1,552,773

6. CAPITAL LEASE PAYABLE

The District has entered into a capital lease agreement for buses under which the buses will become the property of the District when all the terms of the lease agreement are met. The following schedule presents the capital lease activity for the year ended June 30, 2021:

Maturity	Interest Rates	Original Issue	Balance July 1, 2020	Debt Issued	Debt Paid	Balance June 30, 2021	Due Within One Year
March, 2024	2% - 3%	$ 519,250	$ 203,045	$ -	$ 53,174	$ 149,871	$ 54,499
March, 2025	1% - 2.625%	524,286	257,741	-	52,829	204,912	53,829
March, 2026	1% - 2.625%	436,349	257,491	-	43,182	214,309	43,981
March, 2027	2.55%	453,835	314,029	-	43,585	270,444	44,657
March, 2028	2.89%	433,036	339,902	-	40,286	299,616	41,441
March, 2029	2.89%	434,802	388,580	-	47,267	341,313	41,652
March, 2030	2.30%	382,984	382,984	-	40,956	342,028	41,646
		$ 3,184,542	$ 2,143,772	$ -	$ 321,279	$ 1,822,493	$ 321,705

The following presents a schedule by years of the future minimum lease payments under capital lease as of June 30, 2021.

Year	Principal	Interest	Total
2021-22	$ 321,705	$ 46,817	$ 368,522
2022-23	314,843	38,967	353,810
2023-24	314,437	30,961	345,398
2024-25	264,738	22,756	287,494
2025-26	214,302	15,791	230,093
2026-27	170,002	10,092	180,094
2027-28	116,948	5,582	122,530
2028-29	70,890	2,480	73,370
2029-30	34,628	693	35,321
Totals	$ 1,822,493	$ 174,139	$ 1,996,632
	Less: amounts representing interest		(174,139)
		Net Capital lease liability	$ 1,822,493

7. LONG-TERM OBLIGATIONS

The amounts shown in the accompanying basic financial statements as bond obligations represent the District's future obligations to make lease payments relating to the bonds issued by the Clay County School District Finance Corporation.

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

See table on next page

7. LONG-TERM OBLIGATIONS - CONTINUED

Issue Date		Proceeds	Rates
2010R	$	5,510,000	2.40%-2.60%
2012R	$	5,095,000	1.20%-2.75%
2014	$	815,000	1.20%-4.125%
2017R	$	2,715,000	2.00%-2.50%
2018	$	1,670,000	3.00%-3.50%
2020	$	13,345,000	2.00%-2.875%

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

In 1996, 2003, and 2008 the District entered into "participation agreements" with the Kentucky 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. The participation agreements generally provide for the Commission to assist the District in meeting bond obligations and are renewable, at the Commission's option, bi-annually. In 2008 the District also entered into an agreement with the Urgent Needs Trust Fund. The Urgent Needs Trust Fund was established by the 2003 Kentucky General Assembly for the purpose of assisting school districts that have urgent and critical construction needs. The Urgent Needs Trust Fund is administered by the School Facility Construction Commission. Should the Kentucky General Assembly choose to not fund the Commission in the future, the District would be responsible for meeting the full requirements of the bond issues. The following table sets forth the amount to be paid by the District and the Commission for each year until maturity of all bond issues.

The liability for the total bond amount remains with the District and, as such, the total principal outstanding has been recorded in the financial statements.

The bonds may be called prior to maturity and redemption premiums are specified in each issue. Assuming no bonds are called prior to scheduled maturity, the minimum obligations of the District, including amounts to be paid by the Commission at June 30, 2021 for debt service (principal and interest) are as follows:

See table on next page

7. LONG-TERM OBLIGATIONS - CONTINUED

	Clay County School District		Kentucky School Facility Construction Commission		Urgent Needs Trust Fund		Total	Total
Year	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021-22	$ 983,450	$ 414,445	$ 406,550	$ 129,385	$ -	$ -	$ 1,390,000	$ 543,830
2022-23	1,014,268	390,371	410,732	120,204	-	-	1,425,000	510,575
2023-24	1,009,855	367,573	425,145	110,940	-	-	1,435,000	478,513
2024-25	1,005,002	343,876	434,998	101,087	-	-	1,440,000	444,963
2025-26	734,952	316,313	445,048	85,037	-	-	1,180,000	401,350
2026-27	744,231	299,777	450,769	80,317	-	-	1,195,000	380,094
2027-28	762,877	283,032	462,123	69,113	-	-	1,225,000	352,144
2028-29	783,418	265,867	166,582	56,590	-	-	950,000	322,457
2029-30	792,504	248,240	172,496	51,417	-	-	965,000	299,657
2030-31	816,411	230,409	173,589	46,111	-	-	990,000	276,519
2031-32	834,762	211,019	175,238	40,475	-	-	1,010,000	251,494
2032-33	852,518	190,150	187,482	34,719	-	-	1,040,000	224,869
2033-34	874,836	168,837	190,164	28,425	-	-	1,065,000	197,262
2034-35	894,998	145,873	145,002	22,015	-	-	1,040,000	167,888
2035-36	930,198	122,379	139,802	17,584	-	-	1,070,000	139,963
2036-37	948,250	96,798	146,750	13,114	-	-	1,095,000	109,913
2037-38	948,180	70,722	161,820	8,422	-	-	1,110,000	79,144
2038-39	755,193	44,172	54,807	3,121	-	-	810,000	47,294
2039-40	781,241	22,461	53,759	1,546	-	-	835,000	24,006
	$ 16,467,144	$ 4,232,313	$ 4,802,856	$ 1,019,622	$ -	$ -	$ 21,270,000	$ 5,251,934

A summary of the changes in long-term liabilities during the fiscal year ended June 30, 2021 is as follows:

School Building Revenue Bonds	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021
2010R	1,360,000	-	675,000	685,000
2012R	3,585,000	-	290,000	3,295,000
2014	610,000	-	35,000	575,000
2017R	2,200,000	-	255,000	1,945,000
2018	1,540,000	-	70,000	1,470,000
2020	13,345,000	-	45,000	13,300,000
Net Pension Liability	12,068,986	838,718	-	12,907,704
Net OPEB Liability	9,176,562	488,947	-	9,665,509
KSBIT Novation	44,790	-	44,790	-
Accrued Sick Leave	300,413	15,313	-	315,726
	$ 44,230,751	$ 1,342,978	$ 1,414,790	$ 44,158,939

8. RETIREMENT PLANS

The District's employees are provided with two pension plans, based on each position's college degree requirement as described below. The two pension plans are County Employees Retirement System (CERS) and the Kentucky Teachers Retirement System (KTRS).

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

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

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

Tier 1	Participation date	Before September 1, 2008
	Unreduced retirement	27 years service or 65 years old
	Reduced retirement	At least 5 years service and 55 years old
		At least 25 years service and any age
Tier 2	Participation date	September 1, 2008 - December 31, 2013
	Unreduced retirement	At least 5 years service and 65 years old
		Or age 57+ and sum of service years plus age equal 87
	Reduced retirement	At least 10 years service 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

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.

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

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

Funding Policy - Funding for the plan is provided through payroll withholdings and matching District contributions. The District contributes 24.06% of the employee's total compensation subject to contribution. Pension has a contribution rate of 19.30% and OPEB has a contribution rate of 4.76%.

8. RETIREMENT PLANS - CONTINUED

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

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

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

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

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

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

Contributions—Contribution rates are established by Kentucky Revised Statutes (KRS). Non-university employees are required to contribute 12.855% of their salaries to the System.

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.

8. RETIREMENT PLANS – CONTINUED

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 KTRS because the Commonwealth of Kentucky provides the pension support directly to KTRS 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	$	12,907,704
Commonwealth's proportionate share of the KTRS net pension liability associated with the District		58,353,917
	$	71,261,621

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

The District's proportion of the net pension liability for CERS was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2020, the District's proportion was 0.168290%.

For the year ended June 30, 2021, the District recognized pension expense of $705,964 related to CERS and $4,223,775 related to KTRS. The District also recognized revenue of $4,223,775 for KTRS support provided by the Commonwealth. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

See table on next page

8. RETIREMENT PLANS – CONTINUED

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 321,877	$ -
Changes of assumptions	504,024	-
Net difference between projected and actual earnings on pension plan investments	559,506	236,507
Changes in proportion and differences between District contributions and proportionate share of contrbutions	-	365,704
District contributions subsequent to the measurement date	788,137	-
Total	$ 2,173,544	$ 602,211

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

Year ended June 30:	
2021	$ 281,542
2022	223,528
2023	148,403
2024	129,723
	$ 783,196

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:

	CERS	KTRS
Inflation	2.30%	3.00%
Projected salary increases	11.55%	3.5-7.3%
Investment rate of return, net of investment expense & inflation	6.25%	7.50%
Municipal bond index rate		3.50%
Single equilavent interest rate		7.50%

For KTRS, the long-term expected rate of return on pension plan investments was determined using a 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.

8. RETIREMENT PLANS – CONTINUED

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 KTRS, the discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan employees until the 2036 plan year. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments through 2035 and a municipal bond index rate of 3.50% was applied to all periods of projected benefit payments after 2035. The Single Equivalent Interest Rate (SEIR) that discounts the entire
projected benefit stream to the same amount as the sum of the present values of the two separate benefit payments streams was used to determine the total pension liability.

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

	1% Decrease	Current Discount Rate	1% Increase
CERS	5.25%	6.25%	7.25%
District's proportionate share of net pension liability	$ 15,918,007	$ 12,907,704	$ 10,415,058
KTRS	6.50%	7.50%	8.50%
District's proportionate share of net pension liability	$ -	$ -	$ -

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

The District's contribution (both withholding and match) KTRS for the years ended June 30, 2021, 2020 and 2019 was $2,961,787, $4,114,985, and $3,962,512, respectively. The District's contributions (match only) CERS for the years ended June 30, 2021, 2020, and 2019 were $982,516, $831,971, and $703,814, respectively. The District met their contribution requirements.

9. OTHER POST-EMPLOYMENT BENEFITS

General Information about the Kentucky Teachers' Retirement System of the State of Kentucky (TRS)

Plan description – Teaching-certified employees of the Kentucky School District are provided OPEBs through the Teachers' Retirement System of the State of Kentucky (TRS) – a cost-sharing multiple-employer defined benefit OPEB plan with a special funding situation established to provide retirement annuity plan coverage for local school districts and other public educational agencies in the state. TRS was created by the 1983 General Assembly and is governed by the Chapter 161 Section 220 through Chapter 161 Section 990 of the Kentucky Revised Statues (KRS). TRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth's financial statements. TRS issues a publicly available financial report that can be obtained at https://trs.ky.gov/financial-reports-information.

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

Medical Insurance Plan

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

To be eligible for medical benefits, the member must have retired either for service or disability. The KTRS 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.

Funding Policy – In order to fund the post-retirement healthcare benefit, seven and one-half percent (7.50%) of the gross annual payroll of employees before July 1, 2008 is contributed. Three and three quarters percent (3.75%) is paid by member contributions and three quarters percent (.75%) from Commonwealth appropriation and three percent (3.00%) from the employer.

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

At June 30, 2021, the District reported a liability of $5,603,000 for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020, the District's proportion was 0.221995%.

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 KTRS net OPEB liability	$	5,603,000
Commonwealth's proportionate share of the KTRS net OPEB liability associated with the District		4,488,000
	$	10,091,000

9. OTHER POST-EMPLOYMENT BENEFITS – CONTINUED

For the year ended June 30, 2021, the District recognized OPEB expense of $320,587 and revenue of $320,587 for support provided by the state. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows on resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 2,388,000
Changes of assumptions	340,000	-
Net difference between projected and actual earning on plan investments	182,000	-
Changes in proportion and differences between contributions and proportionate share of contributions	213,000	327,000
District contribution subsequent to the measurement date	477,588	-
Total	$ 1,212,588	$ 2,715,000

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,	
2021	$ (427,000)
2022	$ (413,000)
2023	$ (416,000)
2024	$ (356,000)
2025	$ (283,000)
Thereafter	$ (85,000)
	$ (1,980,000)

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

9. OTHER POST-EMPLOYMENT BENEFITS – CONTINUED

Investment rate of return	8.0%, net of OPEB plan investment expense, including inflation
Projected salary increases	3.30-10.30%, including inflation
Inflation Rate	3.00%
Real Wage Growth	0.50%
Wage Inflation	3.50%
Healthcare cost trend rates	
Under 65	7.50% for FY 2019 decreasing to an ultimate rate of 5.0% by FY 2024
Ages 65 and older	5.50% for FY 2019 decreasing to an ultimate rate of 5.0% by FY 2021
Medicare Part B	2.63% for FY 2019 with an ultimate rate of 5.0% by 2031
Municipal bond index rate	3.50%
Discount Rate	8.00%
Single equivalent interest rate	8.0%, net of OPEB plan investment expense, including inflation

The long-term expected rate of return on OPEB plan investments was determined using a 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.

Discount rate -The discount rates 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 plans' fiduciary net position were 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 MIP OPEB liability, calculated using the discount rate of 8.00%. as well as what the District's proportionate share of the collective net MIP OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
	7.00%	8.00%	9.00%
KTRS			
District's proportionate share of net OPEB liability	$ 6,771,000	$ 5,603,000	$ 4,627,000

Sensitivity of the District's proportionate share of the collective net MIP 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:

9. OTHER POST-EMPLOYMENT BENEFITS - CONTINUED

	1% Decrease	Current Trend Rate	1% Increase
KTRS			
District's proportionate share of net OPEB liability	$ 4,441,000	$ 5,603,000	$ 7,034,000

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

Life Insurance Plan

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

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

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

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

At June 30, 2021, the District did not report a liability for a 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 of the OPEB liability that was associated with the District were as follows:

District's proportionate share of the KTRS net OPEB Life Insurance Plan liability	$	-
Commonwealth;s proportionate share of the KTRS net OPEB Life Insurance liability associated with the District	$	136,000
Total	$	136,000

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

9. OTHER POST-EMPLOYMENT BENEFITS – CONTINUED

Investment rate of return	7.50%, net of OPEB plan investment expense, including inflation
Projected salary increases	3.30-10.30%, including inflation
Inflation Rate	3.00%
Real Wage Growth	0.50%
Wage Inflation	3.50%
Municipal bond index rate	3.50%
Discount Rate	7.50%
Single equalivant interest rate	7.50%, net of OPEB plan investment expense, including

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

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

Discount rate -The discount rates 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 employer contributions will be made at the 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.

	1% decrease	discount rate	1% increase
KTRS	6.50%	7.50%	8.50%
State's proportionate share			
of net OPEB liability - Life Insurance	$ 211,000	$ 136,000	$ 92,000

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

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

Plan Description- Employees whose positions do not require a degree beyond a high school diploma are provided OPEBs through the County Employees Retirement System Non-Hazardous (CERS), a cost-sharing multiple-employer defined benefit pension plan administered by the Kentucky Retirement System, an agent 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 an 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/.

9. OTHER POST-EMPLOYMENT BENEFITS – CONTINUED

Benefits Provided- CERS provides hospital and medical insurance for eligible members receiving benefits from the pension plan. Employees are vested in the plan after five years' service. For plan purposes, employees are grouped into two groups, based on hire date. Members who reach a minimum vesting period of 10 years, and began participating on, or after, July 1, 2003, earn $10 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. For members participating prior to July 1, 2003, are paid up to a maximum of $13.18 per month for every year of earned service. The percentage of the maximum monthly benefit paid is based on years of service as follows:

Years of Service	Paid by Insurance Fund (%)
20+ years	100.00%
15-19 years	75.00%
10-14 years	50.00%
4-9 years	25.00%
Less than 4 years	0.00%

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

Tier 1	Participation date	Before September 1, 2008
	Contribution Percentage	0.00%
Tier 2	Participation date	September 1, 2008 - December 31, 2013
	Contribution Percentage	1%
Tier 3	Participation date	After December 31, 2013
	Contribution Percentage	1%

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

At June 30, 2021, the District reported a liability of $4,062,509 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 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 0.168241%.

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 pension net OPEB liability	$	4,062,509
Commonwealth's proportionate share of the CERS net OPEB Liability associated with the District	$	-
Total	$	4,062,509

For the year ended June 30, 2021, the District recognized OPEB expense of $176,390. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to the CERS OPEB from the following sources:

See table on next page

9. OTHER POST-EMPLOYMENT BENEFITS - CONTINUED

	OPEB-CERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 678,760	$ 679,290
Changes of assumptions	706,636	4,297
Net difference between projected and actual earning on plan investments	217,924	82,896
Changes in proportion and differences between contributions and proportionate share of contributions	-	234,850
District contribution subsequent to the measurement date	194,379	-
Total	$ 1,797,699	$ 1,001,333

Of the total amount reported as deferred outflows of resources related to the OPEB, $194,379 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to MIP OPEB will be recognized in the District's MIP OPEB expense as follows:

Year ended June 30,	
2021	$ 162,860
2022	202,821
2023	126,395
2024	128,021
2025	(18,110)
	$ 601,987

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.

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

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

9. OTHER POST-EMPLOYMENT BENEFITS - CONTINUED

	1% decrease 4.34%	Current discount rate 5.34%	1% increase 6.34%
CERS			
District's proportionate share of net OPEB liability	$ 5,219,131	$ 4,062,509	$ 3,112,536

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates- The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% decrease	Current trend rate	1% increase
CERS			
District's proportionate share of net OPEB liability	$ 3,145,397	$ 4,062,509	$ 5,175,445

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

10. DEFERRED COMPENSATION

The District offers its employees participation in a deferred compensation program administered by the Kentucky Public Employees' Deferred Compensation Authority. This program offers a plan authorized by Section 457(b) of the Internal Revenue Code and a plan authorized by Section 401(k) of the Internal Revenue Code. Both plans are available to all employees and permit them to defer up to 25% of their compensation (subject to limits) until future years. The District makes no contributions to these plans.

11. OPERATING LEASES

The District leases maintenance equipment when needed and office copiers on an annual basis under operating leases. For the year ended June 30, 2021, aggregate cost for equipment and copier rentals was approximately $27,048.

12. CONTINGENCIES

Grants - The District receives funding from Federal, State, and Local government agencies and private contributions. These funds are to be used for designated purposes only. For government agency grants, if based on the grantor's review the funds are considered not to have been used for the intended purpose, the grantor may request a refund of funds advanced, or refuse to reimburse the District for its disbursements, and the collectability of any related receivables as of June 30, 2021 may be impaired. The amount of such future refunds and unreimbursed disbursements, if any, is not expected to be significant. Continuation of the District's grant programs is predicated upon the grantors' satisfaction that the funds provided are being spent as intended and the grantors' intent to continue their programs.

13. LITIGATION

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

14. RISK MANAGEMENT

The District is exposed to various forms of loss of assets associated with the risks of fire, personal liability, theft, vehicular accidents, errors and omissions, fiduciary responsibility, etc. Each of these risk areas is covered through the purchase of commercial insurance. Settled claims resulting from these risks have created a potential liability as discussed in the *Contingencies* disclosure above.

Contributions for Workers' Compensation coverage are based on premium rates established in conjunction with the insurance carrier, subject to claims experience modifications and discounts.

15. DEFICIT FUND BALANCES

The District had a deficit net position in the Food Service Fund due to the recognition of a net pension and OPEB liability. No other funds had deficit fund balances, but some funds may have deficit operating balances.

16. COBRA

Under COBRA, employers are mandated to notify terminated employees of available continuing insurance coverage. Failure to comply with this requirement may put the school district at risk for a substantial loss (contingency). There were no instances of noncompliance noted.

17. TRANSFER OF FUNDS

The following transfers were made during the year:

Type	Fund	Amount In	Amount Out
Operating	General	$ 182,018	$ 113,178
Operating	Special Revenue	113,178	182,018
Operating	Building Fund	-	1,412,533
Operating	Debt Service	1,412,533	-
		$ 1,707,729	$ 1,707,729

18. INTERFUND RECEIVABLES AND PAYABLES

At June 30, 2021, the general fund had a $2,599,700 interfund receivable due from the special revenue fund and the asset and liability are recorded in the respective funds.

19. ON-BEHALF PAYMENTS

The District receives on-behalf payments for fringe benefits from the Commonwealth of Kentucky. These amounts are included in the fund financial statements.

For the year ended June 30, 2021, total payments of $8,753,184 were made for life insurance, health insurance, KTRS matching and administrative fees, technology and debt service by the Commonwealth of Kentucky on behalf of the District.

19. ON-BEHALF PAYMENTS - CONTINUED

These payments were recognized as on-behalf payments and recorded in the appropriate revenue and expense accounts on the statement of revenues, expenses and changes in fund balances. The benefit allocation per category was as follows:

Retirement contributions to the Teachers' Retirement System of Kentucky	$	4,544,362
Health and Life insurance		3,810,946
Other Less Federal		(229,507)
Technology		91,447
Debt Service		535,936
	$	8,753,184

20. FUND BALANCE DESIGNATIONS

The following funds had committed fund balances as follows:

Fund		Amount	Purpose
General	$	100,000	Sick Leave Retirement Benefit

The following funds had assigned fund balances as follows:

Fund		Amount	Purpose
General	$	36,201	Purchase Obligations

The following funds had restricted fund balances as follows:

Fund		Amount	Purpose
Capital Outlay	$	813,523	SFCC Escrow/ Construction
Building Fund		2,464,619	SFCC Escrow
Construction		7,069,076	Grants/Future Construction
Food Service Fund		(1,801,420)	Other Pensions

21. IMPACT OF RECENTLY ISSUED ACCOUNTING STANDARD

The beginning fund balance and beginning net position for governmental funds/government wide activities were increased by $417,085 and the Student Activity Fiduciary Fund was eliminated by $417,085. This is due to the implementation of GASB No. 84, Fiduciary Activities, which established the criteria for identifying and reporting fiduciary activities for all state and local governments.

22. PRIOR PERIOD ADJUSTMENT

The beginning net position of the governmental activities was reduced by $125,590 due to an over statement of depreciable capital assets in a prior year.

23. COVID-19 PANDEMIC

COVID-19 continues to spread across the globe and is impacting worldwide economic activity and financial markets. The continued spread of the disease represents a significant risk that operations could continue to be disrupted in the near future. The District currently has measures in place to move to nontraditional instruction, if needed. The extent to which COVID-19 may impact the District will depend on future developments and governmental regulations, which are highly uncertain and cannot be predicted. As a result, the District has not yet determined the impact this disruption may have on its financial statements for the year ending June 30, 2021.

During the fiscal year, the District expended the following federal grants received due to the COVID-19 Pandemic:

COVID-19 Elementary and Secondary School Emergency Relief Fund	$	1,587,075
COVID-19 Coronavirus Relief Fund		898,884
	$	2,485,959

24. SUBSEQUENT EVENTS

Management of the District has evaluated subsequent events through November 10, 2021, which was the date the report was available for release. No events have occurred subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements. However, in March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic. The pandemic is still ongoing as of the date of this audit report.

REQUIRED SUPPLEMENTARY INFORMATION

CLAY COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
Year ended June 30, 2021

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues				
From local sources				
Taxes:				
Property	$ 2,010,000	$ 2,010,000	$ 2,151,894	$ 141,894
Motor vehicle	470,000	470,000	483,099	13,099
Utility	1,000,000	1,000,000	947,781	(52,219)
Other	350,000	350,000	366,858	16,858
Earnings on investments	125,000	125,000	97,750	(27,250)
Other local	143,920	143,920	268,737	124,817
Intergovernmental - State	23,938,164	23,938,164	22,975,991	(962,173)
Intergovernmental - Federal	100,000	100,000	137,146	37,146
Total revenues	28,137,084	28,137,084	27,429,256	(707,828)
Expenditures				
Current:				
Instruction	16,011,562	16,011,562	13,913,658	2,097,904
Student	1,574,207	1,574,207	1,476,301	97,906
Instructional support	1,044,048	1,044,048	915,203	128,845
District administration	1,424,357	1,424,357	1,274,362	149,995
School administration	1,904,481	1,904,481	1,891,028	13,453
Business operations	381,769	381,769	116,870	264,899
Plant operations and maintenance	3,119,099	3,119,099	2,535,401	583,698
Student transportation	2,625,122	2,625,122	2,109,808	515,314
Non-instructional	-	-	29	(29)
Community service	5,040	5,040	5,003	37
Debt service	384,592	384,592	375,491	9,101
Contingency	9,361,347	9,361,347	-	9,361,347
Total expenditures	37,835,624	37,835,624	24,613,154	13,222,470
Excess (deficit) of revenues over (under) expenditures	(9,698,540)	(9,698,540)	2,816,102	12,514,642
Other financing sources (uses)				
Transfers in	-	-	182,018	182,018
Transfers out	-	-	(113,178)	(113,178)
Total other financing sources (uses)	-	-	68,840	68,840
Net change in fund balance	(9,698,540)	(9,698,540)	2,884,942	12,583,482
Fund balance as of June 30, 2020	9,698,540	9,698,540	9,800,650	102,110
Fund balance as of June 30, 2021	$ -	$ -	$ 12,685,592	$ 12,685,592

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - SPECIAL REVENUE FUND
Year ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Revenues				
From local sources:				
Other local	$ 1,252,207	$ 1,252,207	$ 1,242,348	$ (9,859)
Intergovernmental - State	2,455,973	2,455,973	1,331,050	(1,124,923)
Intergovernmental - Federal	14,121,906	14,121,906	7,100,535	(7,021,371)
Total revenues	17,830,086	17,830,086	9,673,933	(8,156,153)
Expenditures				
Current:				
Instruction	14,240,183	14,240,183	6,493,316	7,746,867
Student support services	85,551	85,551	316,595	(231,044)
Instructional support	1,997,086	1,997,086	1,781,644	215,442
District administration	-	-	359	(359)
Business Support Services	79,162	79,162	246,644	(167,482)
Plant operations & maintenance	227,938	227,938	172,246	55,692
Student transportation	-	-	93,146	(93,146)
Non instructional	-	-	-	-
Community service	467,989	467,989	501,143	(33,154)
Total expenditures	17,097,909	17,097,909	9,605,093	7,492,816
Deficit of revenues under expenditures	732,177	732,177	68,840	(663,337)
Other financing sources				
Operating transfers in	113,178	113,178	113,178	-
Operating transfers out	(845,355)	(845,355)	(182,018)	663,337
Total other financing sources	(732,177)	(732,177)	(68,840)	663,337
Net change in fund balance	-	-	-	-
Fund balance as of June 30, 2020	-	-	-	-
Fund balance as of June 30, 2021	$ -	$ -	$ -	$ -

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGET AND ACTUAL - GENERAL FUND AND SPECIAL REVENUE FUND
Year ended June 30, 2021

The District's budgetary process accounts for transactions on the modified accrual basis of accounting which is consistent with accounting principles generally accepted in the United States of America. In accordance with state law, the District prepares a general school budget based upon the amount of revenue to be raised by local taxation, including the rate of levy, and from estimates of other Local, State, and Federal revenues. The budget contains estimated expenditures for current expenses, debt service, capital outlay, and other necessary expenses. The budget must be approved by the Board. The District must formally and publicly examine estimated revenues and expenses for the subsequent fiscal year by January 31 of each calendar year. Additionally, the District must submit a certified budget to the Kentucky Department of Education by March 15 of each calendar year, which includes the amount for certified and classified staff, based on the District's staffing policy, and the amount for the instructional supplies, materials, travel and equipment. Additionally, the District must adopt a tentative working budget for the subsequent fiscal year by May 30 of each calendar year. The budget must contain a 2% reserve but not greater than 10%. Finally, the District must adopt a final working budget and submit it to the Kentucky Department of Education by September 30 of each calendar year. The Board has the ability to amend the working budget.

CLAY COUNTY SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
COUNTY EMPLOYEES RETIREMENT SYSTEM
June 30, 2021

	District's proportion of net pension liability (asset)	District's proportionate share of the net pension liability (asset)	District's covered-employee payroll	District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2021	0.17%	$ 12,907,704	$ 4,138,341	311.91%	47.81%
2020	0.17%	$ 12,068,986	$ 4,310,729	279.98%	50.45%
2019	0.19%	$ 11,076,437	$ 4,339,172	255.27%	53.54%
2018	0.19%	$ 10,882,177	$ 4,532,699	240.08%	53.30%
2017	0.20%	$ 9,815,866	$ 4,465,649	219.81%	55.50%
2016	0.21%	$ 9,065,266	$ 4,753,874	190.69%	59.97%
2015	0.21%	$ 6,914,000	$ 5,026,253	137.56%	66.80%

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

See notes to Required Supplementary Information.

CLAY COUNTY SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS
COUNTY EMPLOYEES RETIREMENT SYSTEM

Year ended June 30, 2021

	Contractually required contribution	Contributions in relation to contractually required contribution	Contribution deficiency (excess)	District's covered-employee payroll	Contributions as a percentage of covered-employee payroll
2021	$ 788,137	$ 788,137	$ -	$ 4,138,341	19.04%
2020	$ 831,971	$ 831,971	$ -	$ 4,310,729	19.30%
2019	$ 703,814	$ 703,814	$ -	$ 4,339,172	16.22%
2018	$ 656,335	$ 656,335	$ -	$ 4,532,699	14.48%
2017	$ 834,042	$ 834,042	$ -	$ 4,465,649	18.68%
2016	$ 811,021	$ 811,021	$ -	$ 4,753,874	17.06%
2015	$ 869,201	$ 869,201	$ -	$ 5,043,672	17.23%

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

See notes to Required Supplementary Information.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
COUNTY EMPLOYEES RETIREMENT SYSTEM - PENSION FUND
Year ended June 30, 2021

Changes of Benefit Terms

None.

Changes of Assumptions

None.

CLAY COUNTY SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - MEDICAL INSURANCE PLAN
County Employees Retirement System
June 30, 2021

	District's proportion of net OPEB liability (asset)	District's proportionate share of the net OPEB liability (asset)	District's covered-employee payroll	District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2021	0.17%	$ 4,062,509	$ 4,138,341	98.17%	51.67%
2020	0.17%	$ 2,885,562	$ 4,610,729	62.58%	60.44%
2019	0.19%	$ 3,228,941	$ 4,339,172	74.41%	57.62%
2018	0.19%	$ 3,737,527	$ 4,532,699	82.46%	52.40%

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

See notes to Required Supplementary Information.

CLAY COUNTY SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS - MEDICAL INSURANCE PLAN
County Employees Retirement System
Year Ended June 30, 2021

	Contractually required contribution	Contributions in relation to contractually required contribution	Contribution deficiency (excess)	District's covered-employee payroll	Contributions as a percentage of covered-employee payroll
2021	$ 194,379	$ 194,379	$ -	$ 4,138,341	4.70%
2020	$ 219,471	$ 219,471	$ -	$ 4,610,729	4.76%
2019	$ 228,240	$ 228,240	$ -	$ 4,339,172	5.26%
2018	$ 213,037	$ 213,037	$ -	$ 4,532,699	4.70%

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

See notes to Required Supplementary Information.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
COUNTY EMPLOYEES RETIREMENT SYSTEM - MEDICAL INSURANCE PLAN
Year ended June 30, 2021

Changes of Benefit Terms

None.

Changes of Assumptions

The Single Discount Rate was changed from 5.68% to 5.34%.

CLAY COUNTY SCHOOL DISTRICT

SCHEDULE OF THE STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
KENTUCKY TEACHERS' RETIREMENT SYSTEM
June 30, 2021

	State's proportion of net pension liability (asset)	State's proportionate share of the net pension liability (asset)	Plan fiduciary net position as a percentage of the total pension liability
2021	100%	$ 58,353,917	58.27%
2020	100%	$ 54,680,148	58.80%
2019	100%	$ 54,687,316	59.30%
2018	100%	$ 117,189,836	39.83%
2017	100%	$ 130,201,086	35.22%
2016	100%	$ 103,325,725	42.49%
2015	100%	$ 106,821,950	45.59%

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

See notes to Required Supplementary Information.

CLAY COUNTY SCHOOL DISTRICT

SCHEDULE OF STATE CONTRIBUTIONS
KENTUCKY TEACHERS' RETIREMENT SYSTEM
Year ended June 30, 2021

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)
2021	$ 4,223,775	$ 4,223,775	$ -
2020	$ 4,114,985	$ 4,114,985	$ -
2019	$ 3,962,512	$ 3,962,512	$ -
2018	$ 4,163,680	$ 4,163,680	$ -
2017	$ 2,142,346	$ 2,142,346	$ -
2016	$ 2,136,915	$ 2,136,915	$ -
2015	$ 2,517,294	$ 2,517,294	$ -

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

See notes to Required Supplementary Information.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
KENTUCKY TEACHERS RETIREMENT SYSTEM
Year ended June 30, 2021

Changes of Benefit Terms

None.

Changes of Assumptions

The Salary Increases, including wage inflation, changed from 3.30-10.30% to 3.50-7.20%.
The Municipal Bond Index Rate changed from 3.50% to 2.19%.

CLAY COUNTY SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - MEDICAL INSURANCE PLAN
Kentucky Teachers' Retirement System
June 30, 2021

	District's proportion of net OPEB liability (asset)	District's proportionate share of the net OPEB liability (asset)	State's proportionate share of the net OPEB liability (asset)	District's covered-employee payroll	District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2021	0.22%	$ 5,603,000	$ 4,488,000	$ 15,917,658	35.20%	39.05%
2020	0.22%	$ 6,291,000	$ 5,081,000	$ 15,889,612	39.59%	32.58%
2019	0.23%	$ 7,540,000	$ 6,498,000	$ 15,236,873	49.49%	25.50%
2018	0.23%	$ 8,244,000	$ 6,734,000	$ 15,483,138	53.25%	21.18%

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

See notes to Required Supplementary Information.

CLAY COUNTY SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS - MEDICAL INSURANCE PLAN
Kentucky Teachers' Retirement System
June 30, 2021

	Contractually required contribution	Contributions in relation to contractually required contribution	Contribution deficiency (excess)	District's covered-employee payroll	Contributions as a percentage of covered-employee payroll
2021	$ 477,588	$ 477,588	$ -	$ 15,917,658	3.00%
2020	$ 476,688	$ 476,688	$ -	$ 15,889,612	3.00%
2019	$ 457,106	$ 457,106	$ -	$ 15,236,873	3.00%
2018	$ 464,494	$ 464,494	$ -	$ 15,483,138	3.00%

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

See notes to Required Supplementary Information.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Kentucky Teachers' Retirement System - Medical Insurance Plan
Year ended June 30, 2021

Changes of Benefit Terms

None.

Changes of Assumptions

The Salary Increases, including wage inflation, changed from 3.30-10.30% to 3.50-7.20%.
The Municipal Bond Index decreased from 3.50% to 2.19%.

CLAY COUNTY SCHOOL DISTRICT

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - LIFE INSURANCE PLAN
Kentucky Teachers' Retirement System
Year ended June 30, 2021

	State's proportion of net OPEB liability (asset)	State's proportionate share of the net OPEB liability (asset)	Plan fiduciary net position as a percentage of the total OBEP liability
2021	100%	$ 136,000	71.57%
2020	100%	$ 118,000	73.40%
2019	100%	$ 111,000	75.00%
2018	100%	$ 90,000	79.99%

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

See notes to Required Supplementary Information.

CLAY COUNTY SCHOOL DISTRICT

SCHEDULE OF STATE CONTRIBUTIONS - LIFE INSURANCE PLAN
Kentucky Teachers' Retirement System
June 30, 2021

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)
2021	$ 6,534	$ 6,534	$ -
2020	$ 4,991	$ 4,991	$ -
2019	$ 3,871	$ 3,871	$ -
2018	$ 3,961	$ 3,961	$ -

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

See notes to Required Supplementary Information.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
KENTUCKY TEACHERS' RETIREMENT SYSTEM - LIFE INSURANCE PLAN
Year ended June 30, 2021

Changes of Benefit Terms

None.

Changes of Assumptions

The Salary Increases, including wage inflation, changed from 3.30-10.30% to 3.50-7.20%.
The Municipal Bond Index decreased from 3.50% to 2.19%.

CLAY COUNTY SCHOOL DISTRICT

COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2021

	Student Activity Fund	SEEK Capital Outlay Fund	Facility Support Program (FSPK) Fund	Debt Service Fund	Total Non-major Governmental Funds
ASSETS					
Cash and cash equivalents	$ 428,028	$ 813,523	$ 2,464,619	$ -	$ 3,706,170
Total assets	$ 428,028	$ 813,523	$ 2,464,619	$ -	$ 3,706,170
LIABILITIES AND FUND BALANCES					
Fund Balances:					
Restricted	$ 428,028	$ 813,523	$ 2,464,619	$ -	$ 3,706,170
Total liabilities fund balances	$ 428,028	$ 813,523	$ 2,464,619	$ -	$ 3,706,170

See accompanying independent auditor's report.

CLAY COUNTY SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS
Year ended June 30, 2021

	Student Activity Fund	SEEK Capital Outlay Fund	Facility Support FSPK Fund	Debt Service Fund	Total Non-major Governmental Funds
Revenues					
Property taxes	$ -	$ -	$ 561,392	$ -	$ 561,392
Earnings on investments	373	-	-	-	373
Other local	294,590	-	-	-	294,590
Intergovernmental - State	-	269,470	1,906,954	535,936	2,712,360
Total revenues	294,963	269,470	2,468,346	535,936	3,568,715
Expenditures					
Instruction	206,731	-	-	-	206,731
Instructional support	196	-	-	-	196
Other	77,093	-	-	-	77,093
Debt service	-	-	-	1,948,469	1,948,469
Total expenditures	284,020	-	-	1,948,469	2,232,489
Other financing sources (uses)					
Transfers out	-	-	(1,412,533)	1,412,533	-
Total other financing sources (uses)	-	-	(1,412,533)	1,412,533	-
Net change in fund balance	10,943	269,470	1,055,813	-	1,336,226
Restated fund balance as of June 30, 2020	417,085	544,053	1,408,806	-	2,369,944
Fund balance as of June 30, 2021	$ 428,028	$ 813,523	$ 2,464,619	$ -	$ 3,706,170

CLAY COUNTY SCHOOL DISTRICT
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - ELEMENTARY AND MIDDLE SCHOOL ACTIVITY FUNDS
Year Ended June 30, 2021

School/ Activity Fund	Cash and Equivalents June 30, 2020	Receipts	Disbursements	Cash and Cash Equivalents June 30, 2021	Accounts Receivable June 30, 2021	Accounts Payable June 30, 2021	Balances June 30, 2021
Big Creek Elementary School	$ 8,486	$ 788	$ 2,805	$ 6,469	$ -	$ -	$ 6,469
Burning Springs Elementary Schoo	6,095	10,701	11,837	4,959	-	-	4,959
Goose Rock Elementary School	43,125	9,303	6,454	45,974	-	-	45,974
Hacker Elementary School	10,713	1,338	5,024	7,027	-	-	7,027
Oneida Elementary School	22,146	1,575	1,684	22,037	-	-	22,037
Manchester Elementary School	72,601	5,726	4,726	73,601	-	-	73,601
Paces Creek Elementary School	23,633	9,529	19,647	13,515	-	-	13,515
Horse Creek Learning Center	5,826	211	622	5,415	-	-	5,415
Clay County Middle School	34,741	32,190	29,384	37,547	-	-	37,547
Totals	$ 227,366	$ 71,361	$ 82,183	$ 216,544	$ -	$ -	$ 216,544

See accompanying independent auditor's report.

CLAY COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
CLAY COUNTY HIGH SCHOOL ACTIVITY FUND
Year ended June 30, 2021

	Balances June 30, 2020	Receipts	Disbursements	Transfers in (out)	Cash and cash equivalents	Accounts Receivable June 30, 2021	Accounts Payable June 30, 2021	Balances June 30, 2021
General	$ 26,649	$ 14,879	$ 19,291	$ -	$ 22,237	$ -	$ -	22,237
Vending Machines	18,976	352	3,507	-	15,821	-	-	15,821
Staff fund	3,580	2,608	4,731	-	1,457	-	-	1,457
Ticket Change	-	500	500	-	-	-	-	-
Concession Change	-	500	500	-	-	-	-	-
Sweep	-	-	-	-	-	-	-	-
Basketball, Boys	18,701	10,966	12,438	-	17,229	-	-	17,229
Basketball, Girls	16,719	9,204	11,677	-	14,246	-	-	14,246
Football Club	4,716	25,054	28,559	-	1,211	-	-	1,211
Baseball	8,653	34,963	22,076	-	21,540	-	-	21,540
Cross-country	34	-	-	-	34	-	-	34
Cheerleaders	2,526	18,842	20,036	2,085	3,417	-	-	3,417
Bass Fishing	452	100	182	-	370	-	-	370
Girl's Golf	5,288	8,139	8,979	-	4,448	-	-	4,448
Softball	5,615	15,469	10,993	-	10,091	-	-	10,091
Golf-Boys	2,147	19,971	19,208	-	2,910	-	-	2,910
Tennis	306	500	780	-	26	-	-	26
Volleyball	5,670	6,350	6,610	-	5,410	-	-	5,410
Track	1,041	452	1,451	-	42	-	-	42
Archery	311	952	790	-	473	-	-	473
Band	13	-	-	-	13	-	-	13
Choir	601	-	360	-	241	-	-	241
FCCLA	1,596	-	-	-	1,596	-	-	1,596
FBLA	50	3,070	45	-	3,075	-	-	3,075
TSA/Robotics	2,293	-	-	-	2,293	-	-	2,293
Home economics	712	-	-	-	712	-	-	712
Beta	-	-	-	-	-	-	-	-
Tiger Tribe	959	250	-	-	1,209	-	-	1,209
Theatre	1,138	3,252	2,998	-	1,392	-	-	1,392
Theatre Jr	698	1,637	405	-	1,930	-	-	1,930
Pride Club	67	7,170	67	-	7,170	-	-	7,170
JROTC	764	750	288	-	1,226	-	-	1,226
JKG	4,679	-	109	-	4,570	-	-	4,570
Tiger's Den	1,494	-	-	-	1,494	-	-	1,494

Continued on next page

CLAY COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
CLAY COUNTY HIGH SCHOOL ACTIVITY FUND
Year ended June 30, 2021

	Balances June 30, 2020	Receipts	Disbursements	Transfers in (out)	Cash and cash equivalents	Accounts Receivable June 30, 2021	Accounts Payable June 30, 2021	Balances June 30, 2021
Banner	2,085	-	-	(2,085)	-	-	-	-
Book Club	-	-	-	-	-	-	-	-
Tiny Tigers	202	-	-	-	202	-	-	202
Yearbook	25,466	21,714	2,006	-	45,174	-	-	45,174
13th Region	21,479	-	8,508	-	12,971	-	-	12,971
Advanced Placement	-	5,952	4,758	-	1,194	-	-	1,194
Maleah's FMD	900	21	438	-	483	-	-	483
Chrome	-	945	945	-	-	-	-	-
Academic Team	738	3,566	1,111	-	3,193	-	-	3,193
Prom	2,400	5,475	7,491	-	384	-	-	384
Total accounts	$ 189,718	$ 223,603	$ 201,837	$ -	$ 211,484	$ -	$ -	$ 211,484

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
Expenditures			
U.S. Department of Education			
Passed through the Kentucky Department of Education:			
Title I Grants to Local Educational Agencies	84.010	3100002 20	$ 332,121
Title I Grants to Local Educational Agencies	84.010	3100002 21	2,371,615
			2,703,736
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	3160002 20	39,223
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	3160002 21	218,196
			257,419
Special Education Cluster			
Special Education_ Grants to States	84.027	3810002 20	89,638
Special Education_ Grants to States	84.027	3810002 21	880,777
			970,415
Special Education_ Preschool Grants	84.173	3800002 21	120,635
			120,635
Total Special Education Cluster			1,091,050
Career and Technical Education - Basic Grants to States	84.048	4621132 20	8,855
Career and Technical Education - Basic Grants to States	84.048	4621132 21	30,606
			39,461
Rural Education	84.358	3140002 20	27,977
Rural Education	84.358	3140002 21	28,732
			56,709
Supporting Effective Instruction State Grants	84.367	3230002-20	26,870
Supporting Effective Instruction State Grants	84.367	3230002 21	221,367
			248,237
Student Support and Academic Enrichment Grant	84.424	3420002-20	80,368
Student Support and Academic Enrichment Grant	84.424	3420002-21	124,571
			204,939
Education Stabilization Fund			
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425C	554X	207,652
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425C	613X	1,379,423
			1,587,075
Total U.S. Department of Education			6,188,626

See the notes to the schedule of expenditures of federal awards

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED
Year ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
U.S. Department of Agriculture			
Child Nutrition Cluster			
Passed through the Kentucky Department of Education			
National School Lunch Program	10.555	7750002 20	7,837
National School Lunch Program	10.555	026-0100	66,972
			74,809
School Breakfast Program	10.553	7760005 20	4,954
			4,954
Summer Food Services Program for Children	10.559	7760007 21	1,215,895
Summer Food Services Program for Children	10.559	7760007 20	187,511
			1,403,406
Total U.S. Department of Agriculture - Child Nutrition Cluster			1,483,169
State Administrative Expenses for Child Nutrition	10.560	2000021788	3,972
Total U.S. Department of Agriculture			1,487,141
U.S. Department of Homeland Security			
State Homeland Security Program (SHSP)	97.073	649F	13,025
Total U.S. Department of Homeland Security			13,025
U.S. Department of the Treasury			
COVID-19 - Coronavirus Relief Fund	21.019	220-3111	898,884
Total U.S. Department of the Treasury			898,884
Total federal expenditures			$ 8,587,676

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the Clay County School District and is presented 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* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Because this Schedule presents only a selected portion of the operations of the District, it is not intended to, and does not, present the financial position, changes in net position or cash flows of the District.

2. IN-KIND COMMODITIES

Nonmonetary assistance is reported in the schedule at the fair value of the commodities disbursed. The District no longer maintains a separate commodities inventory due to changes in program regulations. Commodities are included under the Child Nutrition Cluster. The valued amount of commodities received for June 30, 2021 is $66,972.

3. CLUSTER PROGRAMS

The following CFDA numbers are considered cluster programs:

Special Education Cluster	
Special Education Grants to States	84.027
Special Education – Preschool Grants	84.173
Child Nutrition Cluster	
National School Lunch Program	10.555
National School Breakfast Program	10.553
Special Milk Program for Children	10.556
Summer Food Services for Children	10.559

4. INDIRECT COST RATE

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

5. SIGNIFICANT ACCOUNTING POLICIES

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

Cloyd & Associates, PSC
Certified Public Accountants

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

Independent Auditor's Report

Kentucky State Committee for
School District Audits
Members of the Board of Education
Clay County School District
Manchester, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Appendix I to the Independent Auditor's Contract-General Audit Requirements* and *Appendix II to the Independent Auditor's Contract-State Audit Requirements*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Clay County School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Clay County School District's basic financial statements, and have issued our report thereon dated November 10, 2021.

Internal Control over Financial Reporting

Management of Clay County School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit of the financial statements, we considered Clay 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 Clay County School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Clay 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.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Clay 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*. In addition, the results of our test disclosed no instances of material noncompliance of specific state statutes or regulations identified in *Appendix II of the Independent Auditor's Contract-State Audit Requirements.*

We noted other matters involving the internal control over financial reporting that we have reported to the management of Clay County School District in a separate letter dated November 10, 2021.

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.

Cloyd & Associates, PSC

Cloyd & Associates, PSC
London, Kentucky
November 10, 2021

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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Independent Auditor's Report

Kentucky State Committee for
School District Audits
Members of the Board of Education
Clay County School District
Manchester, Kentucky

Report on Compliance for Each Major Federal Program

We have audited Clay County School District's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of Clay County School District's major federal programs for the year ended June 30, 2021. The Clay County School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Clay 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; Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal* Awards (Uniform Guidance), and the audit requirements prescribed by the Kentucky State Committee for School District Audits in *Appendix I to the Independent Auditor's Contract-General Audit Requirements,* and *Appendix II to the Independent Auditor's Contract-State Audit Requirements.* Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Clay 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 Clay County School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Clay 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.

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Report on Internal Control over Compliance

Management of Clay 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 Clay 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 Clay 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.

Purpose of this Report

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.

Cloyd & Associates, PSC

Cloyd & Associates, PSC
London, Kentucky
November 10, 2021

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

CLAY 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 auditors' report issued		Unmodified		
Internal control over financial reporting:				
Material weakness identified	____	Yes	✓	No
Significant deficiencies identified that are not considered to be material weaknesses	____	Yes	✓	None reported
Noncompliance material to financial statement noted	____	Yes	✓	No

Federal Awards

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

Identification of major programs:

Name of Federal Program or Cluster	CFDA Number
Title I Grants to Local Educational Agencies	84.010

Dollar threshold used to distinguish between Type A and Type B program	$750,000			
Auditee qualified as low risk	✓	Yes	____	No

(Continued)

Section II – Financial Statement Findings

None

Section III – Federal Award Findings

None

Status of Prior Year Findings

There were no prior year audit findings.

MANAGEMENT LETTER COMMENTS

Cloyd & Associates, PSC
Certified Public Accountants

Members of the Board of Education
Clay County School District
Manchester, Kentucky

In planning and performing our audit of the basic financial statements of Clay 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 basic financial statements and not to provide assurance on the internal control structure.

During our audit we noted matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report thereon dated November 10, 2021, on the basic financial statements of Clay County School District.

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

Respectfully,

Cloyd & Associates, PSC

Cloyd & Associates, PSC
London, Kentucky
November 10, 2021

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CLAY COUNTY SCHOOL DISTRICT

MANAGEMENT LETTER COMMENTS
JUNE 30, 2021

Prior Year Comments – School Activity Funds

Big Creek Elementary

1. Several instances of invoices not signed.

   This was not noted in the current year.

Burning Springs Elementary

1. Several instances of invoices not signed.

   This was not noted in the current year.

Goose Rock Elementary

1. Several instances of invoices not signed.

   This was not noted in the current year.

Hacker Elementary

1. Several instances of invoices being issued before purchase orders.

   This was not noted in the current year.

Horse Creek Learning Center

1. Several instances of invoices not signed.

   This was not noted in the current year.

Oneida Elementary

1. Several instances of invoices not signed, and purchase orders not being issued.

   This was not noted in the current year.

Paces Creek Elementary

1. Several instances of invoices being issued before purchase orders.

   This was not noted in the current year.

Clay County Middle School

1. Several instances of ending tickets not attached to the ticket sales form.

   This was not noted in the current year.

Current Year Comments –School Activity Funds

Burning Springs Elementary

1. Several instances of invoices not being paid timely.

   Management Response: The school principal will monitor the timeliness of each invoice processed for payment to ensure all invoices have been paid in a timely manner. The director of finance will review how often invoices are being paid during the on-site internal audit. Additional Redbook training will be made available to staff, if needed.

Oneida Elementary

1. Several instances of receipt numbers not being written on deposit slip.

   Management Response: The school principal will monitor the deposits on a monthly basis to ensure the receipt numbers are being wrote on the deposit slip. The director of finance will also review the deposit slips to verify the receipt numbers are being wrote on the deposit slip during the on-site audit. Additional Redbook training will be made available to staff, if needed.

Paces Creek Elementary

1. Several instances of bank statements not being dated.

   Management Response: The school principal will sign and date each bank statement as required. The director of finance will confirm the bank statements have been dated upon receipt of the monthly financial report. Additional Redbook training will be made available to staff, if needed.

Manchester Elementary

1. Several instances of bank statements not being dated.

   Management Response: The school principal will sign and date each bank statement as required. The director of finance will confirm the bank statements have been dated upon receipt of the monthly financial report. Additional Redbook training will be made available to staff, if needed.

APPENDIX C

Clay County School District Finance Corporation
School Building Revenue Bonds
Series of 2022

Continuing Disclosure Undertaking Agreement

CONTINUING DISCLOSURE UNDERTAKING AGREEMENT

This Continuing Disclosure Undertaking Agreement ("Agreement") made and entered into as of the 29th day of September, 2022, by and between the Board of Education of Clay County, Kentucky ("Board"); the Clay County School District Finance Corporation, an agency and instrumentality of the Board ("Corporation") and the Registered and Beneficial Owners of the Bonds hereinafter identified as third party beneficiaries to this Agreement. For the purposes of this Agreement "Beneficial Owner" means the person or entity treated as the owner of the Bonds for federal income tax purposes and "Registered Owner" means the person or entity named on the registration books of the bond registrar.

W I T N E S S E T H:

WHEREAS, the Corporation has acted as issuing agency for the Board pursuant to the provisions of Section 162.385 of the Kentucky Revised Statutes ("KRS") and the Corporation's Bond Resolution in connection with the authorization, sale and delivery of $3,460,000 of the Corporation's School Building Refunding Revenue Bonds, Series 2022, dated as of September 29, 2022 ("Bonds"), which Bonds were offered for sale under the terms and conditions of a Final Official Statement ("FOS") prepared by RSA Advisors, LLC, Lexington, Kentucky ("Financial Advisor") and approved by the authorized representatives of the Board and the Corporation, and

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

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

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

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

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

1. ANNUAL FINANCIAL INFORMATION

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

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

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

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

2. MATERIAL EVENTS NOTICES

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

(1) Principal/interest payment delinquency;

(2) Nonpayment related default, if material;

(3) Unscheduled draw on debt service reserve reflecting financial difficulties;

(4) Unscheduled draw on credit enhancement reflecting financial difficulties;

(5) Substitution of credit or liquidity provider, or its failure to perform;

(6) Adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the securities, or other material events affecting the tax status of the security;

(7) Modifications to rights of security holders, if material;

(8) Bond call, if material and tender offers;

(9) Defeasance;

(10) Release, substitution or sale of property securing the repayment of the security, if material;

(11) Rating change;

(12) Merger, consolidation, acquisition or sale of all or substantially all assets of an obligated person, other than in the ordinary course of business, and the entry into a definitive agreement to undertake such action or the termination of a definitive agreement relating to such action, other than pursuant to its terms, if material;

(13) Bankruptcy, insolvency, receivership or similar event of the obligated person;

(14) Successor, additional or change in trustee, if material;

(15) Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material, and;

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

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

(A) Debt obligation;

(B) Derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or

(C) Guarantee of paragraph (A) or (B) above.

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

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

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

3. SPECIAL REQUESTS FOR INFORMATION

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

4. DISCLAIMER OF LIABILITY

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

5. FINAL OFFICIAL STATEMENT

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

6. DURATION OF THE AGREEMENT

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

7. AMENDMENT; WAIVER

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

(a) If the amendment or waiver relates to the provisions of Section 1, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the holders of the Bonds in the same manner as provided in the Bond Resolution for amendments to the Bond Resolution with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Registered Owners or Beneficial Owners of the Bonds.

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

8. DEFAULT

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

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

BOARD OF EDUCATION OF CLAY COUNTY, KENTUCKY

Attest:

____
Chairman

____
Secretary

CLAY COUNTY SCHOOL DISTRICT FINANCE CORPORATION

Attest:

____
President

____
Secretary

APPENDIX D

Clay County School District Finance Corporation
School Building Revenue Bonds
Series of 2022

Official Terms and Conditions of Bond Sale

OFFICIAL TERMS AND CONDITIONS OF BOND SALE

$3,460,000*
Clay County School District Finance Corporation
School Building Revenue Bonds, Series of 2022
Dated September 29, 2022

SALE: September 8, 2022 AT 11:00 A.M., E.D.S.T.

As published on PARITY®, a nationally recognized electronic bidding system, the Clay County School District Finance Corporation ("Corporation") will until September 8, 2022, at the hour of 11:00 A.M., E.D.S.T., in 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 herein described. To be considered, bids must be submitted on an Official Bid Form and must be delivered to the Corporation at the address indicated on the date of sale no later than the hour indicated. Bids may be submitted manually or by facsimile or electronically via PARITY. Bids will be considered by the Corporation and may be accepted without further action by the Corporation's Board of Directors.

Subject to a Permitted Adjustment* increasing or decreasing the issue by up to $345,000.

CLAY COUNTY SCHOOL DISTRICT FINANCE CORPORATION

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

STATUTORY AUTHORITY, PURPOSE OF ISSUE AND SECURITY

These Bonds are authorized pursuant to KRS 162.120 through 162.300, 162.385, and KRS 58.180 and are issued in accordance with a Resolution of the Corporation's Board of Directors. Said Bonds are revenue bonds and constitute a limited indebtedness of the Corporation payable from rental revenues derived by the Corporation from the Board under the Lease identified below. Said Bonds are being issued to finance Phase I sitework for new CTC building (the "Project") and are secured by a lien upon and a pledge of the revenues from the rental of the school building Project to the Board under the Lease on a year to year basis; the first rental period ending June 30, 2023.

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

The rental of the school building Project from the Corporation to the Board is to be effected under a certain Lease Agreement by and between the Corporation and the Board (the "Lease"), whereunder the school building Project is leased to the Board for the initial period ending June 30, 2023, with an option in the Board to renew the Lease each year at rentals sufficient to provide for the principal and interest requirements on the Bonds as they become due, plus the costs of insurance, maintenance, depreciation, and bond issuance and administration expenses; the Board being legally obligated only for the initial rental period and for one year at a time thereafter each time the Lease is renewed.

Under the terms of the Lease, and any renewal thereof, the Board has agreed so long as the Bonds remain outstanding, and in conformance with the intent and purpose of 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 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.

ADDITIONAL PARITY BONDS

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

BOND MATURITIES, PRIOR REDEMPTION PROVISIONS AND PAYING AGENT

All such Bonds shall be in denominations in multiples of $5,000 within the same maturity, bear interest from September 29, 2022, payable on March 1, 2023, and semi annually thereafter and shall mature as to principal on September 1 in each of the years as follows:

Year	Amount*	Year	Amount*
2023	$85,000	2033	$155,000
2024	90,000	2034	165,000
2025	120,000	2035	160,000
2026	130,000	2036	175,000
2027	130,000	2037	205,000
2028	130,000	2038	270,000
2029	140,000	2039	275,000
2030	140,000	2040	330,000
2031	145,000	2041	345,000
2032	150,000	2042	120,000

*Subject to a Permitted Adjustment of the amount of Bonds awarded of up to $345,000 which may be applied in any or all maturities.

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

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

The Bonds are to be issued in fully registered form (both principal and interest). U.S. Bank Trust Company, National Association, Louisville, Kentucky, has been designated as the Bond Registrar and Paying Agent, shall remit interest on each semiannual due date to Cede & Co. Principal and interest will be payable through the Book-Entry-Only-System administered by The Depository Trust Company: Please see "BOOK-ENTRY-ONLY-SYSTEM" below. Interest on the Bonds will be paid at rates to be established upon the basis of competitive bidding as hereinafter set forth, such interest to be payable on September 1 and March 1 of each year, beginning March 1, 2023 (Record Date is the 15th day of month preceding interest due date).

BIDDING CONDITIONS AND RESTRICTIONS

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

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

(C) The minimum bid shall be not less than $3,390,800 (98% of par) plus accrued interest. Interest rates shall be in multiples of 1/8 or 1/20 of 1% or both. Only one interest rate shall be permitted per Bond, and all Bonds of the same maturity shall bear the same rate. Interest rates must be on an ascending scale, in that the interest rate stipulated in any year may not be less than that stipulated for any preceding maturity. There is no limit on the number of different interest rates.

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

(E) The determination of the best purchase bid for said Bonds shall be made on the basis of all bids submitted for exactly $3,460,000 principal amount of Bonds offered for sale hereunder, but the Corporation may adjust the principal amount of Bonds upward or downward by $345,000 (the "Permitted Adjustment") which may be awarded to such best bidder may be a minimum of $3,115,000 or a maximum of $3,805,000. In the event of such Permitted Adjustment, no rebidding or recalculation of a submitted bid will be required or permitted. The price of which such adjusted principal amount of Bonds will be sold will be the same price per $5,000 of Bonds as the price per $5,000 for the $3,460,000 of Bonds bid.

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

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

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

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

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

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

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

(d) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is September 8, 2022.

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

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

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

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

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

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

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

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

STATE SUPPORT OF EDUCATION

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

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

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

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

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

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

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

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

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

BIENNIAL BUDGET FOR PERIOD ENDING JUNE 30, 2024

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.

The General Assembly recently adopted a budget for the biennial period ending June 30, 2024 which was approved and signed by the Governor. Such budget became effective beginning July 1, 2022. The Office of the State Budget Director makes available on its website monthly updates to the General Fund receipts and other Funds of the commonwealth. When published, the updates can be found at www.osbd.ky.gov.

POTENTIAL LEGISLATION

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

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

CONTINUING DISCLOSURE

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

Financial information regarding the Board may be obtained from Superintendent, Clay County Board of Education, 128 Richmond Road, Manchester, KY 40962, Telephone 606-598-2168.

TAX EXEMPTION; BANK QUALIFIED

Bond Counsel advises as follows with respect to the Bonds:

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

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

(C) As a result of certifications by the Board and the Corporation, indicating the issuance of less than $10,000,000 of tax-exempt obligations during the calendar year ending December 31, 2022, the Bonds may be treated by financial institutions as "qualified tax-exempt obligations" under Section 265(b)(3) of the Code.

BOOK-ENTRY-ONLY-SYSTEM

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

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

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

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

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

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

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

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

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

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

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

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

CLAY COUNTY SCHOOL DISTRICT
FINANCE CORPORATION
By /s/ William Sexton
Secretary

APPENDIX E

Clay County School District Finance Corporation
School Building Revenue Bonds
Series of 2022

Official Bid Form

OFFICIAL BID FORM
(Bond Purchase Agreement)

The Clay County School District Finance Corporation ("Corporation" or "Issuer"), will until 11:00 A.M., E.D.S.T., on September 8, 2022, receive in the office of the Executive Director of the Kentucky School Facilities Construction Commission, 700 Louisville Road, Carriage House, Frankfort, Kentucky 40601, (telephone 502-564-5582; fax 888-979-6152) competitive bids for its $3,460,000 School Building Revenue Bonds, Series of 2022, dated September 8, 2022; maturing September 1, 2023 through 2042 ("Bonds").

We hereby bid for said $3,460,000* principal amount of Bonds, the total sum of $_______________ (not less than $3,390,800) plus accrued interest from September 29, 2022 payable March 1, 2023 and semiannually thereafter at the following annual rates, (rates on ascending scale in multiples of 1/8 or 1/20 of 1%; number of interest rates unlimited) and maturing as to principal on September 1 in the years as follows:

Year	Amount*	Rate	Year	Amount*	Rate
2023	$ 85,000	________%	2033	$155,000	________%
2024	90,000	________%	2034	165,000	________%
2025	120,000	________%	2035	160,000	________%
2026	130,000	________%	2036	175,000	________%
2027	130,000	________%	2037	205,000	________%
2028	130,000	________%	2038	270,000	________%
2029	140,000	________%	2039	275,000	________%
2030	140,000	________%	2040	330,000	________%
2031	145,000	________%	2041	345,000	________%
2032	150,000	________%	2042	120,000	________%

* Subject to Permitted Adjustment

We understand this bid may be accepted for as much as $3,805,000 of Bonds or as little as $3,115,000 of Bonds, at the same price per $5,000 Bond, with the variation in such amount occurring in any maturity or all maturities, which will be determined at the time of acceptance of the best bid.

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

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

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

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

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

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

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

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

(d) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is September 8, 2022.

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

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

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

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

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

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

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

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

Respectfully submitted,

____
Bidder

By ______________________________
Authorized Officer

____
Address

Total interest cost from September 29, 2022 to final maturity	$_______________
Plus discount or less any premium	$_______________
Net interest cost (Total interest cost plus discount)	$_______________
Average interest rate or cost	_______________%

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 Municipal Advisor and Agent for the Clay County School District Finance Corporation for $__________________ amount of Bonds at a price of $_______________ as follows:

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

Dated: September 8, 2022

____
RSA Advisors, LLC,
As Agent for the Clay County
School District Finance Corporation