

**MADISON COUNTY FISCAL COURT
MADISON COUNTY, KY
ORDINANCE 2021-01**

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AN ORDINANCE OF THE COUNTY OF MADISON, KENTUCKY, AUTHORIZING THE ISSUANCE OF (i) GENERAL OBLIGATION BONDS, SERIES 2021A IN THE AGGREGATE PRINCIPAL AMOUNT OF APPROXIMATELY \$7,500,000 (WHICH AMOUNT MAY BE INCREASED OR DECREASED BY UP TO \$750,000) TO FINANCE ALL OR A PORTION OF THE COSTS OF THE ACQUISITION, CONSTRUCTION, EQUIPPING, AND INSTALLATION OF VARIOUS ENERGY-SAVINGS IMPROVEMENTS TO CERTAIN COUNTY FACILITIES AND (ii) GENERAL OBLIGATION REFUNDING BONDS, SERIES 2021B IN THE AGGREGATE PRINCIPAL AMOUNT OF \$6,635,000 (WHICH AMOUNT MAY BE INCREASED OR DECREASED BY UP TO \$660,000) TO CURRENTLY REFUND THE OUTSTANDING COUNTY OF MADISON, KENTUCKY GENERAL OBLIGATION REFUNDING BONDS, SERIES 2012; APPROVING THE FILING OF A NOTICE WITH THE STATE LOCAL DEBT OFFICER; APPROVING THE PREPARATION OF PRELIMINARY AND FINAL OFFICIAL STATEMENTS OR OTHER OFFERING DOCUMENTS WITH RESPECT TO THE BONDS; AUTHORIZING ACCEPTANCE OF THE BID OF THE BOND PURCHASER FOR THE PURCHASE OF THE BONDS; APPROVING THE FORMS OF BONDS; AUTHORIZING DESIGNATED OFFICERS TO EXECUTE AND DELIVER THE BONDS; PROVIDING FOR THE PAYMENT AND SECURITY OF THE BONDS; CREATING BOND PAYMENT FUNDS; MAINTAINING THE HERETOFORE CREATED SINKING FUND; AND REPEALING INCONSISTENT ORDINANCES.

NOW, THEREFORE, BE IT RESOLVED THAT THE FISCAL COURT DOES HEREBY APPROVE THIS ORDINANCE AND AUTHORIZES THE JUDGE EXECUTIVE TO EXECUTE SAME ON BEHALF OF THE COUNTY.

WHEREAS, the County of Madison, Kentucky, (the "County") has determined the necessity of financing various energy-savings improvements to certain county facilities, including the County detention facility (the "Project") for use in furtherance of proper public purposes of the County; and

WHEREAS, the County has heretofore issued its General Obligation Refunding Bonds, Series 2012 (the "Prior 2012 Bonds"), the proceeds of which were used for the purpose of: (i) current refunding of the \$3,320,000 County of Madison, Kentucky General Obligation Refunding and Improvement Bonds, Series 2001, dated August 1, 2001, (the "Series 2001

Bonds”), the proceeds of which were used to (a) redeem the outstanding amount of the Madison County Capital Projects First Mortgage Revenue Bonds, Series 1995 of the County of Madison, Kentucky (the “Series 1995 Bonds”); (b) complete various projects within the County; and (c) pay costs of issuance for the Series 1995 Bonds; (ii) advanced refunding of the \$1,635,000 County of Madison, Kentucky County General Obligation Public Project Bonds, Series 2004A, dated March 1, 2004, (the “Series 2004A Bonds”), the proceeds of which were used to (a) purchase an existing golf course for public use; (b) to make the necessary improvements and equip the public golf course; and (c) pay the cost of issuance on the Series 2004A Bonds; and (iii) advanced refunding of the \$5,500,000 County of Madison, Kentucky General Obligation Public Project Bonds, Series 2004B dated October 1, 2004 (the “Series 2004B Bonds”), the proceeds of which were used to (a) construct a new courthouse annex building to house both county and state offices; (b) purchase land, and (c) pay the costs of issuance on the Series 2004B Bonds (collectively, the “2012 Prior Project”); and

WHEREAS, the County has determined that it is in the best interests of the County that the County proceed at this time to finance the Project through the issuance by the County of its General Obligation Bonds, Series 2021A in the approximate principal amount of \$7,500,000 (which amount may be increased or decreased by up to \$750,000) (the “Series 2021A Bonds”); and

WHEREAS, the County has further determined that the present conditions of the municipal market are more favorable than at the time the Prior 2012 Bonds and Prior 2007 Bonds were issued, and it is therefore advantageous and in the best interests of the County for the County to proceed with the issuance of its (i) General Obligation Refunding Bonds, Series 2021B in the approximate principal amount of \$6,635,000 (which amount may be increased or

decreased by up to \$660,000) (the “Series 2021B Bonds,” and together with the Series 2021A Bonds, the “Bonds”) to currently refund and retire the outstanding Prior 2012 Bonds; and

WHEREAS, pursuant to the Constitution and Laws of the Commonwealth of Kentucky, and particularly Sections 66.011 et. seq of the Kentucky Revised Statutes, as amended (the “General Obligation Act”), a County may issue bonds or refunding bonds, subject to the requirements of the General Obligation Act, to pay all or any portion of the costs of financing or refinancing any public project that such County is authorized to acquire, improve or construct; and

WHEREAS, the Bonds are to be sold and awarded to the successful bidders (each a “Purchaser,” and collectively, the “Purchasers”) at public, competitive sale in accordance with the provisions of Chapter 424 of the Kentucky Revised Statutes, as amended, and, upon the advice of the County’s Municipal Advisor, RSA Advisors, LLC (the “Municipal Advisor”), the public, competitive sale of the Bonds may be conducted by awarding the Bonds to an underwriter via a public offering (a “Public Offering”)

NOW, THEREFORE, BE IT ORDAINED BY FISCAL COURT OF THE COUNTY OF MADISON, KENTUCKY, AS FOLLOWS:

Section 1 -- Necessity, Authorization and Purpose. The County hereby declares that it is desirable and necessary to issue and authorizes the issuance of its General Obligation Bonds, Series 2021A, in the approximate principal amount of \$7,500,000, subject to a permitted adjustment (the “Series 2021A Permitted Adjustment”) increasing or decreasing the principal amount of Series 2021A Bonds awarded to the purchasers thereof by up to \$750,000, for the purpose of (i) paying the costs of the Project and (ii) paying the costs of issuance of the Series 2021A Bonds.

The County hereby further declares that it is desirable and necessary to issue and authorizes the issuance of its General Obligation Refunding Bonds, Series 2021B, in the approximate principal amount of \$6,635,000, subject to a permitted adjustment (the “Series 2021B Permitted Adjustment”) increasing or decreasing the principal amount of Series 2021B Bonds awarded to the purchasers thereof by up to \$660,000, for the purpose of (i) paying the costs of currently refunding the outstanding Prior 2012 Bonds and (ii) paying the costs of issuance of the Series 2021B Bonds.

The exact principal amount of Series 2021A Bonds and the Series 2021B Bonds to be issued shall be established in the Certificate of Award (as hereinafter defined).

Notwithstanding anything contained in this Bond Ordinance to the contrary, (i) \$7,500,000 of Series 2021A Bonds and (ii) \$6,635,000 of Series 2021B Bonds shall be offered for sale in accordance with the provisions hereof, and the determination of the best bids for such Bonds shall be made on the basis of all bids submitted for exactly those principal amounts of Bonds; provided however, the Permitted Adjustments are reserved in the County hereunder, with such increases or decreases to be made in any principal maturity.

Section 2 -- Form of Bonds. The Series 2021A Bonds shall be issued as fully registered Bonds, shall be designated “General Obligation Bonds, Series 2021A” and shall each express upon their face the purpose for which they are issued, that they are issued under the General Obligation Act and shall be substantially in the form set forth in Annex A. The Series 2021B Bonds shall be issued as fully registered Bonds, shall be designated “General Obligation Refunding Bonds, Series 2021B” and shall each express upon their face the purpose for which they are issued, that they are issued under the General Obligation Act and shall be substantially in the form set forth in Annex A.

The Bonds shall be in denominations as requested by the Purchaser or Purchasers, which shall be in integral multiples of five thousand dollars (\$5,000). The Bonds shall each be dated their date of initial issuance and delivery, or such other date as is determined in a certificate of award accepting the bid of the successful bidder (the "Certificate of Award") and awarding the Bonds to the Purchaser.

Interest on the Series 2021A Bonds shall be payable semi-annually on March 1 and September 1 of each year (a "Series 2021A Interest Payment Date"), commencing September 1, 2021 or such other initial interest payment date as shall be set forth in the Certificate of Award, at the stated interest rate or rates on the principal amount thereof, calculated on the basis of a 360 day year with 30 day months. The Series 2021A Bonds shall be serial or term Series 2021A Bonds maturing, on the basis of substantially level debt service, on March 1 of the years and in the amounts to be established in the Certificate of Award after advertised competitive sale of the Series 2021A Bonds based on the interest rates bid in the successful bid (the "Series A Bid") and the provisions of this Section 2, or as otherwise set forth in the Certificate of Award and consistent with this Ordinance.

Interest on the Series 2021B Bonds shall be payable each March 1 and September 1 (a "Series 2021B Interest Payment Date"), commencing March 1, 2022, or such other initial interest payment date as shall be set forth in the Certificate of Award, at the stated interest rate or rates on the principal amount thereof, calculated on the basis of a 360 day year with 30 day months. The Series 2021B Bonds shall be serial or term Bonds maturing on March 1, 2022 and each March 1 thereafter in the years and in the amounts to be established in the Certificate of Award after advertised competitive sale of the Series 2021B Bonds based on the interest rates set forth in the successful bid (the "Series B Bid") and the provisions of this Section 2, or as otherwise set forth in the Certificate of Award and consistent with this Ordinance.

The interest rate or rates on the Bonds shall be determined in the Certificate of Award based on the Bids; provided that the aggregate net interest cost of the Series 2021A Bonds shall not exceed five percent (5.00%) and the aggregate net interest cost of the Series 2021B Bonds shall not exceed five percent (5.0%).

Unless otherwise set forth in the Certificate of Award, the Bonds maturing on and after March 1, 2029 shall be subject to optional redemption prior to their maturity on any date on or after March 1, 2028 in whole or in part, in such order of maturity as shall be designated in writing by the County, and by lot within a maturity, at the election of the County upon 45 days' written notice to U.S. Bank, National Association, Louisville, Kentucky (the "Paying Agent and Registrar"), at a redemption price equal to the par amount thereof, plus accrued interest to the date of redemption.

If the successful bidder and original purchaser of the Bonds elects, in accordance with the provisions of the applicable Official Terms and Conditions of Bond Sale (the "Official Terms and Conditions of Bond Sale"), to combine the Bonds stated to mature on the maturity dates set out in the Bid of such original purchaser to comprise a term bond ("Term Bonds"), as set out in said successful Bid, then such Term Bonds shall be subject to mandatory redemption in part, at the selection of the Paying Agent and Registrar by lot in such manner as the Paying Agent and Registrar may determine, on each applicable maturing principal date at par plus accrued interest to the redemption date, according to the mandatory sinking fund redemption schedule or schedules set out in the Bid and in principal amounts corresponding to the maturity schedule set out in the Certificate of Award.

At least thirty (30) days before the optional or mandatory sinking fund redemption date of any Bonds, the Paying Agent and Registrar shall cause a notice of such redemption either in whole or in part, signed by the Paying Agent and Registrar, to be mailed, first class, postage

prepaid, to all registered owners of the Bonds to be redeemed in whole or in part at their addresses as they appear on the registration books kept by the Paying Agent and Registrar, but failure to mail any such notice shall not affect the validity of the proceedings for such redemption of Bonds for which such notice has been sent. Each such notice shall set forth the date fixed for redemption, the redemption price to be paid and, if less than all of the Bonds being payable by their terms on a single date then outstanding shall be called for redemption, the distinctive series, number or letters, if any, of such Bonds to be redeemed.

On the date so designated for redemption, notice having been mailed in the manner under the conditions hereinabove provided and moneys for payment of the redemption price being held in the Bond Payment Funds (as hereinafter defined) by the Paying Agent and Registrar for the registered owners of the Bonds to be redeemed, the Bonds so called for redemption shall become and be due and payable at the redemption price provided for redemption of such Bonds on such date, interest on the Bonds so called for redemption shall cease to accrue, and the registered owners of such Bonds shall have no right in respect thereof except to receive payment of the redemption price thereof.

The Bonds may be issued in book-entry-only form through the services of the Depository Trust Company (“DTC”). If the County determines to issue the Bonds in book-entry-only form the Designated Officers (hereinafter defined) are authorized to execute all documents necessary to accomplish such form of issuance.

Section 3 -- Execution and Delivery. The Bonds shall be executed by the manual or facsimile signature of the County Judge/Executive, the Deputy Judge/Executive and duly attested by the manual or facsimile signature of the County Clerk (which, together with any other person as may be authorized by resolution are referred to as “Designated Officers”), and shall bear the manual authenticating signature of an authorized representative of the Paying Agent and

Registrar. The Designated Officers are further authorized and directed to deliver the Bonds to the Purchasers, upon the terms and conditions provided herein, in the Certificate of Award and in the Bids, receive the proceeds therefor, execute and deliver such certificates and other closing documents and take such other action as may be necessary or appropriate in order to effectuate the proper issuance, sale and delivery of the Bonds.

The County authorizes and directs the Paying Agent and Registrar to authenticate the Bonds and to deliver the Bonds to the Purchasers following execution of the Certificate of Award and payment of the respective purchase price thereof.

Section 4 -- Payment. Payment of or on account of the interest on and principal of the Bonds shall be made directly to the Paying Agent and Registrar for the account of the registered owner. Interest on the Bonds shall be payable by check, mailed to the person whose name appears on the fifteenth day of the month preceding the applicable Interest Payment Dates on the bond registration records as the registered owner, on each Interest Payment Date or by other transfer of funds acceptable to such registered owner and the Paying Agent and Registrar. Principal shall be payable in such coin or currency of the United States of America as shall be legal tender for the payment of public and private debts at the time and place of payment upon delivery of the Bonds to the Paying Agent and Registrar or by other transfer of funds acceptable to the Paying Agent and Registrar and such registered owner. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bonds to the extent of the sum or sums so paid.

Section 5 – Filing. The Designated Officers are hereby authorized to undertake and cause all filings of notices or information which may be required by law to be filed by the County, including, but not limited to, the filing with the State Local Debt Officer required by law

or obtaining any required approval of the State Local Debt Officer prior to the issuance of the Bonds.

Section 6 -- Bond Payment Funds; Payment of Bonds. There is hereby established with the Paying Agent and Registrar a bond payment fund in the name of the County to be known as General Obligation Bonds, Series 2021A Bond Payment Fund (the “2021A Bond Payment Fund”), into which the County covenants to deposit, and into which the Designated Officers are hereby authorized and directed to deposit from the Bond Sinking Fund (hereinafter identified), on or before the twenty-fifth day of each month which precedes a Series 2021A Interest Payment Date, the amount required to pay principal of and interest due on the Series 2021A Bonds on such Series 2021A Interest Payment Date. The Paying Agent and Registrar shall, without further authorization from the County, withdraw from the 2021A Bond Payment Fund, on such Series 2021A Interest Payment Date, the amounts necessary to pay principal of, and interest on, the Series 2021A Bonds to the registered owner of the same.

There is hereby further established with the Paying Agent and Registrar a bond payment fund in the name of the County to be known as General Obligation Refunding Bonds, Series 2021B Bond Payment Fund (the “2021B Bond Payment Fund”), into which the County covenants to deposit, and into which the Designated Officers are hereby authorized and directed to deposit from the Bond Sinking Fund on or before the twenty-fifth day of each month which precedes a Series 2021B Interest Payment Date, the amount required to pay principal of and interest due on the Series 2021B Bonds on such Series 2021B Interest Payment Date. The Paying Agent and Registrar shall, without further authorization from the County, withdraw from the 2021B Bond Payment Fund, on such Series 2021B Interest Payment Date, the amounts necessary to pay principal of, and interest on, the Series 2021B Bonds to the registered owner of the same.

The Paying Agent and Registrar is hereby appointed depository of the Bond Payment Funds with respect to the Bonds.

If the County shall fail or refuse to make any required deposit in the Bond Payment Funds from the Bond Sinking Fund, the Paying Agent and Registrar shall (i) notify any agency of the Commonwealth of Kentucky or any political subdivision thereof which may collect and distribute taxes or revenues for the County to seek any available necessary or proper remedial action; and (ii) upon being indemnified against cost and expense, exercise any remedy provided in the Act or at law or in equity for the benefit of the owners of the Bonds or their assignees, and shall disburse all funds so collected to the owners of the Bonds as payment of the Bonds.

Section 7 -- General Obligation. The Bonds shall be full general obligations of the County and, for the payment of said Bonds and the interest thereon, the full faith, credit and revenue of the County are hereby pledged for the prompt payment thereof. During the period the Bonds are outstanding, there shall be and there hereby is levied on all the taxable property in the County, in addition to all other taxes, without limitation as to rate, a direct tax annually in an amount sufficient to pay the principal of and interest on the Bonds when and as due, it being hereby found and determined that current tax rates are within all applicable limitations. Said tax shall be and is hereby ordered computed, certified, levied and extended upon the tax duplicate and collected by the same officers in the same manner and at the same time that taxes for general purposes for each of said years are certified, extended and collected. Said tax shall be placed before and in preference to all other items and for the full amount thereof provided, however, that in each year to the extent that the other lawfully available funds of the County are available for the payment of the Bonds and are appropriated for such purpose, the amount of such direct tax upon all of the taxable property in the County shall be reduced by the amount of such other funds so available and appropriated.

Section 8 -- Maintenance of Bond Sinking Fund. There has previously been established a bond sinking fund with the County in accordance with the requirements of the Act (the “Bond Sinking Fund”), which is hereby ordered to be continued and maintained so long as any Bonds are outstanding. The funds derived from said tax levy hereby required or other lawfully available funds shall be placed in the Bond Sinking Fund and, together with interest collected on the same, are irrevocably pledged for the payment of the interest on and principal of all bonds issued under the Act and Tax-Supported Leases, as defined in the Act, when and as the same fall due. Amounts shall be transferred from the Bond Sinking Fund to the Bond Payment Funds at the times and in the amounts required by Section 6 hereof.

Section 9 -- Sale of Bonds; Certificate of Award. The Designated Officers are hereby directed to sell the Bonds to the Purchasers at advertised competitive sale, the final principal amount of, the principal amortization of and the interest rate or rates on the Bonds to be established in accordance with the requirements of Sections 1 and 2 hereof and the Certificate of Award. Either the County Judge/Executive, County Manager or Treasurer is hereby authorized to execute the Certificate of Award without further action of the Fiscal Court setting forth the terms of the Bonds and any other provisions required by and not inconsistent with this Bond Ordinance.

Actions heretofore taken by the County in connection with the preparation of such instruments and the distribution of such information by the County as shall be necessary to accomplish the foregoing, including the preparation of a Preliminary Official Statement and final Official Statement which Preliminary Official Statement and Official Statement shall be deemed final by the County Judge/Executive in accordance with Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”), are hereby ratified and approved.

Section 10 -- Registered Owner; Transfer; Exchange. As long as the Bonds executed and delivered hereunder shall remain outstanding, the Paying Agent and Registrar shall maintain an office for the registration of such Bonds and shall also keep at such office books for such registration and transfers. The registered owner of the Bonds, as set forth in the registration books maintained by the Paying Agent and Registrar on the fifteenth day preceding an Interest Payment Date, or its assignees, for purposes of this Bond Ordinance, to the extent of its interest, shall be treated as the owner of the Bonds and shall be entitled to all rights and security of the owner of the Bonds hereunder.

Upon surrender for registration of transfer of the Bonds at the office of the Paying Agent and Registrar with a written instrument of transfer satisfactory to the Paying Agent and Registrar, duly executed by the registered owner or the registered owner's duly authorized attorney, the Paying Agent and Registrar shall execute and deliver, in the name of the designated transferee or transferees, one or more Bonds of the same series of any authorized denomination and of a like tenor and effect.

All Bonds, upon surrender thereof at the office of the Paying Agent and Registrar, may, at the option of the registered owner thereof be exchanged for an equal aggregate principal amount of Bonds of the same series of any authorized denomination.

In all cases in which the privilege of exchanging or transferring Bonds is exercised, the Paying Agent and Registrar shall execute and deliver Bonds in accordance with the provisions of this Section. Every such exchange or transfer of Bonds, whether temporary or definitive, shall be without charge; provided that the Paying Agent and Registrar may impose a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such

exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer.

Section 11 -- Disposition of Proceeds. The proceeds of the sale of the Series 2021A Bonds shall be deposited, together with other available funds of the County, as follows: (a) an amount sufficient to pay the costs of issuing the Series 2021A Bonds shall be deposited to a special cost of issuance fund hereby directed to be established and designated as the “County of Madison, Kentucky, General Obligation Bonds, Series 2021A Cost of Issuance Fund” (the “Series A Cost of Issuance Fund”) and disbursed in accordance with written instructions of the County Judge/Executive or Treasurer of the County to pay the costs of issuance of the Series 2021A Bonds; and (b) the remainder of the proceeds shall be deposited to a special construction fund hereby directed to be established and designated as the “County of Madison, Kentucky, General Obligation Bonds, Series 2021A Construction Fund” (the “Construction Fund”) to be held by the construction fund depository designated in the Certificate of Award and used for the acquisition, construction, installation and equipping of the Project.

Payments from the Construction Fund for costs of acquisition, construction, improvement, installation and equipping of the Project shall be made only through vouchers signed by the County Judge/Executive or Treasurer certifying in each instance that the voucher represents a sum actually earned by and due to the proposed payee under a contract with the County for work performed or property, equipment or materials furnished in connection with the Project, or represents a sum necessary to be expended for land or rights-of-way necessary to be acquired by the County in connection with the Project, and all checks drawn against the Construction Fund shall be signed by the County Judge/Executive, Deputy County Judge/Executive, Treasurer or other County official duly authorized by the Fiscal Court. No expenditure shall be made from the Construction Fund for costs of the Project except for proper

and authorized expenses relating to the acquisition, construction, improvement and installation of the Project in accordance with the plans and specifications for the Project, for which contracts have been awarded or work has been authorized, including without limitation architectural, engineering, construction management, title, appraisal, legal, accounting and other professional and related services and interest costs during construction, or to pay any costs of issuance of the Series 2021A Bonds. Pending disbursement for the authorized purposes, the Construction Funds shall be subject to a first and paramount lien, charge and security interest in favor of the holders of the Series 2021A Bonds.

Pending disbursement, all amounts held in the Construction Fund shall be invested solely in cash or obligations authorized pursuant to Section 66.480 of the Kentucky Revised Statutes, as amended from time to time. Upon completion of the Project, as certified by the Treasurer, any balance then remaining on deposit in the Construction Fund shall, subject to any and all applicable legal requirements and compliance with applicable federal statutes and regulations necessary to assure the exclusion of interest on the Series 2021A Bonds from gross income for federal income tax purposes, upon order of the Treasurer be expended to pay costs of such additional municipal facilities as the County's Fiscal Court may determine.

The proceeds of the sale of the Series 2021B Bonds shall be deposited, together with other available funds of the County, as follows: (a) an amount sufficient to refund and retire the Prior 2012 Bonds within ninety days of the date of issuance and delivery of the Series 2021B Bonds shall be deposited in the bond payment fund established for the 2012 Prior Bonds (the "2012 Prior Bonds Bond Payment Fund"), and (b) the amount necessary to pay the costs of issuing the Series 2021B Bonds shall be deposited to a special cost of issuance fund hereby directed to be established and designated as the " County of Madison, Kentucky, General Obligation Refunding Bonds, Series 2021B Cost of Issuance Fund" (the "Series B Cost of

Issuance Fund”) and disbursed in accordance with written instructions of the County Judge/Executive or Treasurer of the County to pay the costs of issuance of the Series 2021B Bonds.

Section 12 – Disclosure Undertaking Procedures. In order to ensure compliance with certain continuing disclosure undertakings (the “Disclosure Undertakings”) to be undertaken by the County in connection with the issuance of the Bonds and submission of certain financial and operating data under Rule 15c2-12, as amended, of the Securities and Exchange Commission, the County hereby affirms that the procedures heretofore adopted by Ordinance No. 27-2014 with respect to its Disclosure Undertakings shall apply to the Bonds.

Section 13 -- Tax Covenants; Certifications and Designations. The County shall at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest paid by the County on the Bonds shall, for the purposes of Federal income taxation, be exempt from income taxation under any valid provision of the Internal Revenue Code of 1986, as amended and the Regulations promulgated thereunder (the “Code”).

The County covenants that it shall not permit at any time or times any of the proceeds of the Bonds to be used directly or indirectly to acquire any securities or obligations the acquisition of which would cause any such Bonds to be “arbitrage bonds” as defined in Sections 103(b)(2) and 148 of the Code, as then in effect.

In order to assure compliance with this Section, thereby better securing and protecting the holders of the Bonds, the County covenants that it will not purchase any obligation or invest the proceeds of the Bonds in any obligations that produce a yield in excess of the applicable maximum yield as may be permitted by the Code.

The County further covenants that prior to the issuance of the Bonds, and as a condition precedent to such issuance, the County shall certify by issuance of a certificate of the County

Judge/Executive or Treasurer of the County that on the basis of the facts, estimates and circumstances in existence on the date of issue of the Bonds, it is not expected that the proceeds of the Bonds will be used in a manner which would cause such obligations to be “arbitrage bonds” under the Code.

The County further covenants that it will cause to be filed with the Internal Revenue Service the reporting statements required by the Code.

Section 14 -- Further Actions. In connection with the undertaking and implementation by the County of the plan of financing and refunding herein described, which is hereby expressly directed, the Designated Officers are hereby authorized and directed to take and carry out such further necessary, desirable or appropriate actions to effect such plan of financing and refunding.

Section 15 -- Discharge of Bond Ordinance. If the County shall pay or cause to be paid, or there shall otherwise be paid, to the owners of the Bonds the total principal and interest due or to become due thereon through maturity, in the manner stipulated therein and in this Bond Ordinance, then the pledges made under this Bond Ordinance, and all covenants, agreements and other obligations of the County hereunder, shall thereupon cease, terminate and become void and be discharged and satisfied.

Section 16 -- Further Actions. In connection with the undertaking and implementation by the County of the plan of financing herein described, which is hereby expressly directed, the Designated Officers are hereby authorized and directed to take and carry out such further necessary, desirable or appropriate actions to effect such plan of financing.

Section 17 -- Incorporation of Preambles. The preambles of this Ordinance are hereby incorporated as an integral part of this Ordinance, to the same extent as if repeated herein verbatim, it being declared that the statements of fact set forth in such preambles are true and accurate in all respects.

Section 18 -- Severability. If any one or more of the provisions of this Bond Ordinance should be determined by a court of competent jurisdiction to be contrary to law, then such provisions shall be deemed to be severable from all remaining provisions and shall not affect the validity of such other provisions.

Section 19 -- Inconsistent Actions. All prior ordinances, resolutions, orders or parts thereof inconsistent herewith are hereby repealed.

Section 20 -- Open Meetings Compliance. All meetings of the Fiscal Court and of its committees and any other public bodies, at which the formal actions in connection with the issuance of the Bonds were taken, or at which deliberations that resulted in such formal actions were held, were open meetings, and such formal actions were taken and any such deliberations took place while such meetings, after proper notice, were open to the public, in compliance with all legal requirements including KRS Sections 61.810, 61.815, 61.820 and 61.823.

Section 21 -- Effective Date. This Ordinance shall become effective immediately upon adoption and publication of a summary thereof, as provided by law.

All ordinances or parts of ordinances in conflict herewith are hereby repealed and superseded to the extent of such conflict.

[Signature Page to Ordinance to Follow]

FIRST READING HELD on February 9, 2021.

DATE OF SECOND READING: February 23, 2021

MOTION BY: TOM Botkin

SECONDED BY: Paul Reynolds

VOTE:	YES	NO
Magistrate Paul Reynolds	<u>X</u>	_____
Magistrate Roger Barger	<u>X</u>	_____
Magistrate John Tudor	<u>X</u>	_____
Magistrate Tom Botkin	<u>X</u>	_____
Judge Reagan Taylor	<u>X</u>	_____

Signed:

R-T
Reagan Taylor
Madison County Judge Executive

Attested:

K B R
Kenny Barger
Madison County Clerk

CERTIFICATION

I, the undersigned, do hereby certify that I am the duly qualified and acting County Clerk of the County of Madison, Kentucky, and as such County Clerk, I further certify that the foregoing is a true, correct and complete copy of an Ordinance duly enacted by the Fiscal Court of the County at a duly convened meeting held on the 23 day of July, 2021, on the same occasion signed by the County Judge/Executive as evidence of his approval, and now in full force and effect, all as appears from the official records of the County in my possession and under my control.

Witness my hand as County Clerk of said County as of the 23 day of July, 2021.



County Clerk

ANNEX A

COUNTY OF MADISON, KENTUCKY
GENERAL OBLIGATION [REFUNDING] BOND, SERIES 2021[A][B]

No. R-1

\$ _____

	DATE OF		
<u>INTEREST RATE</u>	<u>ORIGINAL ISSUE</u>	<u>MATURITY DATE</u>	<u>CUSIP</u>

REGISTERED HOLDER: _____

PRINCIPAL AMOUNT: _____

KNOW ALL PERSONS BY THESE PRESENTS: That the County of Madison, Kentucky (the "County"), for value received, hereby acknowledges itself obligated to, and promises to pay to the registered holder identified above, or registered assigns, the principal sum identified above (or, if any part thereof has been paid, the balance thereof remaining unpaid), on the maturity date specified above, and to pay interest on said principal sum (or, if any part thereof has been paid, the balance thereof remaining unpaid) from the date hereof, payable each [March 1 and September 1, commencing September 1, 2021], at the Interest Rate per annum identified above, calculated on the basis of a 360 day year with 30 day months, except as the provisions hereinafter set forth with respect to prior redemption may be and become applicable hereto. The principal and interest of this bond are payable, without deduction for exchange, collection, or service charges, in lawful money of the United States of America. Principal is payable at the principal office of [Name of Paying Agent], [City of Paying Agent], Kentucky, or any successor (the "Paying Agent and Registrar") or by other transfer of funds acceptable to the Paying Agent and Registrar and such owner. All interest on this bond and principal payable prior to the final maturity date shall be payable by check or draft mailed to the record date registered owner hereof at the address shown on the registration records kept by the Paying Agent and Registrar or by other transfer of funds acceptable to the Paying Agent and Registrar and such owner. The record date shall be the fifteenth day of the month preceding each interest payment date.

This Bond is one of an issue of Bonds of like tenor and effect, except as to denomination and maturity, numbered from R-1 upward, inclusive, of the denomination of \$5,000 or any integral multiple thereof originally aggregating _____ dollars (\$ _____) in principal amount, issued for the purpose of (i) paying the costs [of the Project][refinancing the Prior Bonds], and (ii) paying the costs of issuance of the Bonds, all pursuant to and in full compliance with the general laws of the Commonwealth of Kentucky and particularly Chapter 66 of the Kentucky Revised Statutes, and pursuant to an ordinance duly adopted by the Fiscal Court of the County on the ____ day of _____, 2021 (the "Bond Ordinance") upon the affirmative vote of at least a majority of the members of its Fiscal Court at a public meeting duly and regularly held, and after approval of the issuance of the Bonds by the State Local Debt Officer of the Commonwealth of Kentucky pursuant to Section 66.310 of the Kentucky Revised Statutes.

This Bond and the issue of which it forms a part is a general obligation of the County and the full faith, credit and revenue of the County are pledged to the payments due hereunder. THIS BOND IS CONTINUALLY SECURED BY THE FAITH, CREDIT AND REVENUE OF THE COUNTY.

The Bonds mature on the 1st day of March of the following years, in the respective principal amounts and bear interest at the following rates of interest:

<u>Maturity Date</u>	<u>Amount</u>	<u>Interest Rate Per Annum</u>
March 1, 2018		
March 1, 2019		
March 1, 2020		
March 1, 2021		
March 1, 2022		
March 1, 2023		
March 1, 2024		
March 1, 2025		
March 1, 2026		
March 1, 2027		
March 1, 2028		
March 1, 2029		
March 1, 2030		
March 1, 2031		
March 1, 2032		
March 1, 2033		
March 1, 2034		
March 1, 2035		
March 1, 2036		
March 1, 2037		
March 1, 2039		
March 1, 2040		
March 1, 2041		
March 1, 2042		
March 1, 2043		
March 1, 2044		
March 1, 2045		

The Bonds maturing on and after March 1, 2029 shall be subject to optional redemption prior to their maturity on any date on or after March 1, 2028, in whole or in part, in such order of maturity as the County may select and by lot within a maturity, at the election of the County upon 45 days' written notice to the Paying Agent and Registrar at a redemption price equal to the par amount thereof, plus accrued interest to the date of redemption.

The Bonds maturing on March 1, ____ are subject to mandatory sinking fund redemption prior to maturity at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the redemption date, on March 1, in the years and in the principal amounts as follows:

Year

Principal Amount

[TO BE COMPLETED]

*Maturity

At least thirty (30) days before the redemption date of any Bonds the Paying Agent and Registrar shall cause a notice of such redemption either in whole or in part signed by the Paying Agent and Registrar, to be mailed, first class, postage prepaid, to all registered owners of the Bonds to be redeemed in whole or in part at their addresses as they appear on the registration books kept by the Paying Agent and Registrar, but failure to mail any such notice shall not affect the validity of the proceedings for such redemption of Bonds for which such notice has been sent. Each such notice shall set forth the date fixed for redemption, the redemption price to be paid and, if less than all of the Bonds being payable by their terms on a single date then outstanding shall be called for redemption, the distinctive number or letters, if any, of such Bonds to be redeemed.

On the date so designated for redemption, notice having been mailed in the manner under the conditions hereinabove provided and moneys for payment of the redemption price being held in the Bond Payment Fund by the Paying Agent and Registrar for the registered owners of the Bonds to be redeemed, the Bonds so called for redemption shall become and be due and payable at the redemption price provided for redemption of such Bonds on such date, interest on the Bonds so called for redemption shall cease to accrue, and the registered owners of such Bonds shall have no right in respect thereof except to receive payment of the redemption price thereof.

No recourse shall be had for the payment of the principal of or the interest on this Bond, or for any claim based hereon, against any officer, agent or employee, past, present or future, of the County, as such, either directly or through the County, whether by virtue of any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise; all such liability of such officers, agents or employees is hereby renounced, waived and released as a condition of and as consideration for the issuance, execution and acceptance of this Bond.

It is hereby certified that all acts, conditions and things required to be done, to occur or be performed precedent to and in the issuance of this Bond, or in the creation of the obligations of which this Bond is evidence, have been done, have occurred and have been performed in regular and due form and manner as required by law; that the faith, credit and revenue of the County are hereby irrevocably pledged for the prompt payment of the principal hereof and interest hereon; that the repayment obligation represented by this Bond is not in excess of any constitutional or statutory limitation; and that due provision has been made for the levy and collection of a tax sufficient in amount to pay the interest on this Bond as it falls due and to provide for the redemption of this Bond at maturity or upon earlier redemption.

IN WITNESS WHEREOF, the County has caused this Bond to be signed either manually or by facsimile in its name by its Judge/Executive and duly attested either manually or by facsimile by its County Clerk, as of the date set forth above.

COUNTY OF MADISON, KENTUCKY

R-30
Judge/Executive

Attest:

[Signature]
County Clerk

CERTIFICATE


This is to certify that this Bond is one of the Bonds described hereinabove.

Paying Agent and Registrar

By: _____
Authorized Signature

CERTIFICATE

It is hereby certified that the following is a correct and complete copy of the text of the legal opinion of Dinsmore & Shohl LLP, Attorneys, Louisville, Kentucky, regarding the issue of which the within bond is one, the original of which opinion was manually executed, dated and issued as of the date of delivery of and payment for said issue and a copy of which is on file with the undersigned.



County Clerk

[FORM OF APPROVING OPINION]

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto: _____ (please print or typewrite social security number or other identifying number and name and address of transferee) the within Bond and does hereby irrevocably constitute and appoint [Name of Paying Agent] or its successor as Bond Paying Agent and Registrar to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

Note: The signature to this assignment must correspond with the name of the registered owner as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

Book-Entry Only
New Issue – Not Bank Qualified

RATINGS: Moody's: "Aa2"
See "Rating" herein

In the opinion of Bond Counsel, under existing law (i) interest on the Bonds will be excludible from gross income of the holders thereof for purposes of federal income 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." Interest on the Bonds is also exempt from income taxation and the Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky.

\$5,995,000
COUNTY OF MADISON, KENTUCKY
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2021B

Dated: Date of Delivery

Due: March 1, as shown below

Interest on the captioned bonds (herein the "Bonds") will be payable from the dated date, on March 1 and September 1, commencing September 1, 2021, and the Bonds will mature on the dates and in the amounts, as shown below:

Year (March 1)	Amount	Interest Rate	Yield	Price	Year (March 1)	Amount	Interest Rate	Yield	Price
2022	\$380,000	5.000%	0.250%	102.977%	2030	\$445,000	4.000%	1.200%	117.786% ^c
2023	320,000	5.000%	0.350%	107.540%	2031	460,000	3.000%	1.400% ^a	110.092% ^c
2024	335,000	5.000%	0.450%	111.872%	2032	475,000	2.000%	1.600%	102.505% ^c
2025	355,000	5.000%	0.600%	115.765%	2033	490,000	2.000%	1.700%	101.872% ^c
2026	370,000	5.000%	0.720%	119.445%	2034	495,000	2.000%	1.800%	101.243% ^c
2027	390,000	5.000%	0.850%	122.757%	2035	505,000	2.000%	1.850%	100.930% ^c
2028	410,000	5.000%	0.950%	125.954%	2036	140,000	2.000%	1.950%	100.308% ^c
2029	425,000	4.000%	1.100%	118.486% ^c					

^c indicates priced to call

The Bonds will be initially issued as fully registered bonds in book entry form in the name of The Depository Trust Company ("DTC") or its nominee. There will be no distribution of Bonds to owners of book entry interests. DTC will receive all payments of principal and interest with respect to the Bonds from U.S. Bank National Association, Louisville, Kentucky, as Paying Agent and Bond Registrar. DTC is required by its rules and procedures to remit such payments to participants in DTC for subsequent disbursement to the owners of book entry interests. So long as DTC or its nominee is the registered owner of the Bonds, references herein to the Bondholders or registered owners (other than under the captions "LEGAL MATTERS-Tax Exemption" and "CONTINUING DISCLOSURE") shall mean DTC or its nominee, and not the owners of book entry interests in the Bonds. The Bonds will be issued in denominations of \$5,000 each or integral multiples thereof.

The Bonds are subject to redemption before maturity as described herein.

The County of Madison, Kentucky (the "Issuer") deems this Preliminary Official Statement to be final for purposes of Security and Exchange Commission Rule 15c2-12, except for certain information on this cover page and certain pages herein which has been omitted in accordance with the Rule and will be provided with the final Official Statement.

The Bonds are offered when, as and if issued, subject to the approval of legality and tax exemption by Dinsmore & Shohl LLP, Bond Counsel, Louisville, Kentucky. Certain legal matters have been passed upon for the Issuer by Jennie Haymond, Esq., County Attorney. The Bonds are expected to be available for delivery on or about July 15, 2021.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.



Dated: June 29, 2021

REGARDING THIS OFFICIAL STATEMENT

This Official Statement does not constitute an offering of any security other than the original offering of the Bonds. No dealer, broker, salesman, or other person has been authorized by the Issuer to give any information or to make any representation, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Issuer. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information and expressions of opinion herein are subject to change without notice. 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 Issuer since the date hereof.

Upon issuance, the Bonds will not be registered by the Issuer under any federal or state securities law, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity or agency except the Issuer will have, at the request of the Issuer, passed upon the accuracy or adequacy of this Official Statement or approved the Bonds for sale.

All financial and other information presented in this Official Statement has been provided by the Issuer from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historic information, and is not intended to indicate future or continuing trends in the financial position or other affairs of the Issuer. No representation is made that past experience, as is shown by that financial and other information, will necessarily continue or be repeated in the future.

Insofar as the statements contained in this Official Statement involve matters of opinion or estimates, even if not expressly stated as such, such statements are made as such and not as representations of fact or certainty, no representation is made that any of such statements have been or will be realized, and such statements should be regarded as suggesting independent investigation or consultation of other sources before the making of investment decisions. Certain information may not be current; however, attempts were made to date and document sources of information. Neither this Official Statement nor any oral or written representations by or on behalf of the Issuer preliminary to sale of the Bonds should be regarded as part of the Issuer's contract with the holders of the Bonds.

References herein to provisions of Kentucky law, whether codified in the Kentucky Revised Statutes ("KRS") or uncodified, or to the provisions of the Kentucky Constitution or the Issuer's ordinances or resolutions, are references to such provisions as they presently exist. Any of these provisions may from time to time be amended, repealed or supplemented.

As used in this Official Statement, "debt service" means principal of, interest and any premium on, the obligations referred to; "Issuer" means the County of Madison; and "Kentucky" or "Commonwealth" means the Commonwealth of Kentucky.

COUNTY OF MADISON, KENTUCKY

Judge/Executive

Reagan Taylor

County Magistrates

Paul Reynolds

Roger Barger

John Tudor

Tom Botkin

County Attorney

Jennie Haymond, Esq.

Fiscal Court Clerk

Kenny Barger

Treasurer

Glenna Baker

BOND COUNSEL

Dinsmore & Shohl LLP

Louisville, Kentucky

FINANCIAL ADVISOR

RSA Advisors, LLC

Lexington, Kentucky

BOND REGISTRAR AND PAYING AGENT

U.S. Bank National Association

Louisville, Kentucky

<u>Maturity</u>	<u>CUSIP</u>	<u>Maturity</u>	<u>CUSIP</u>
March 1, 2022	EP1	March 1, 2030	EX4
March 1, 2023	EQ9	March 1, 2031	EY2
March 1, 2024	ER7	March 1, 2032	EZ9
March 1, 2025	ES5	March 1, 2033	FA3
March 1, 2026	ET3	March 1, 2034	FB1
March 1, 2027	EU0	March 1, 2035	FC9
March 1, 2028	EV8	March 1, 2036	FD7
March 1, 2029	EW6		

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INTRODUCTION

The purpose of this Official Statement, which includes the cover page and appendices hereto, is to provide certain information with respect to the issuance of \$5,995,000 aggregate principal amount of General Obligation Refunding Bonds, Series 2021B (the "Bonds") of the County of Madison, Kentucky (the "Issuer") as specified on the cover hereof.

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement.

The Issuer

The Bonds are being issued by the Issuer, a county and political subdivision of the Commonwealth of Kentucky. The Issuer is located in the Bluegrass Region of the Commonwealth. The county seat is the City of Richmond, Kentucky.

Sources of Payment for the Bonds

The Bonds are general obligation debt of the Issuer. The basic security for the Bonds is the Issuer's ability to levy an annual tax to pay the interest on and principal of the Bonds as and when the same become due and payable. (See "DESCRIPTION OF THE BONDS - Security and Source of Payment for Bonds," herein.)

Purpose of the Bonds

The Bonds are being issued to (i) currently refund and retire the Issuer's outstanding General Obligation Refunding Bonds, Series 2012 which were originally issued to finance and refinance various public projects and (ii) to pay the costs of issuing the Bonds. (See "THE PLAN OF REFUNDING" herein.)

Description of the Bonds

The Bonds mature as set forth on the cover page hereof. The Bonds are being offered in the denominations of \$5,000 or any integral multiple thereof.

Interest

The Bonds will bear interest at the rates set forth on the cover page hereof, payable semi-annually on March 1 and September 1, 2021, beginning September 1, 2021 (each an "Interest Payment Date"). The record dates for Interest Payment Dates will be the fifteenth day of the month immediately preceding such date.

Redemption

The Bonds maturing on or after March 1, 2029 are subject to redemption before stated maturity on any date falling on or after March 1, 2028 (less than all of a single maturity to be selected by lot), in whole or in part, at a redemption price equal to the principal amount redeemed, plus accrued interest to the date of redemption. See "DESCRIPTION OF THE BONDS – Redemption Provisions – Optional Redemption" herein).

If any Bonds are called for redemption, notice shall be given by mailing a copy of the redemption notice at least thirty days before the date fixed for redemption to the registered owner of each Bond to be redeemed (see "DESCRIPTION OF THE BONDS - Redemption Provisions – Notice of Redemption," herein).

Book Entry

The Bonds are issuable only as fully registered Bonds, without coupons. The Bonds, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Purchasers will not receive certificates representing their ownership interest in the Bonds purchased. So long as DTC or its nominee is the registered owner of the Bonds, payments of the principal of and interest due on the Bonds will be made directly to DTC. Principal of, redemption premium, if any, and interest on the Bonds will be paid directly to DTC by U.S. Bank National

Association, Louisville, Kentucky, as Bond Registrar and Paying Agent (the “Registrar and Paying Agent”). See “APPENDIX E - Book Only Entry System.”

Tax Exemption

Under the laws, regulations, rulings, and judicial decisions in effect as of the date hereof, interest, including original issue discount, if any, on the Bonds is excludible from gross income for Federal income tax purposes, pursuant to the Internal Revenue Code of 1986, as amended (the “Code”). Furthermore, interest on the Bonds will not be treated as a specific item of tax preference, under Section 57(a)(5) of the Code, in computing the alternative minimum tax. In rendering the opinions in this paragraph, Bond Counsel has assumed continuing compliance with certain covenants designed to meet the requirements of Section 103 of the Code. Bond Counsel expresses no other opinion as to the federal tax consequences of purchasing, holding, or disposing of the Bonds. Interest on the Bonds is also exempt from income taxation and the Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions.

The Issuer has not designated the Bonds as “qualified tax-exempt obligations” with respect to certain financial institutions under the Code.

See Appendix D hereto for the form of the opinion Bond Counsel to be delivered in connection with the Bonds.

Parties to the Issuance of the Bonds

The Registrar and Paying Agent is U.S. Bank National Association, Louisville, Kentucky. Legal matters incident to the issuance of the Bonds and with regard to the tax-exempt status of the interest thereon are subject to the approving legal opinion of Dinsmore & Shohl LLP, Louisville, Kentucky, Bond Counsel. The Underwriter is identified under the heading “UNDERWRITER.” The Financial Advisor to the Issuer is RSA Advisors, LLC.

Authority for Issuance

Authority for the issuance of the Bonds is provided by Sections 66.011 through 66.171 of the Kentucky Revised Statutes and an ordinance (the “Ordinance”) adopted by the Fiscal Court of the Issuer on February 23, 2021.

Under Kentucky law, no county may issue bonds which, together with all other net indebtedness of the county plus the principal amount of any outstanding self-supporting obligations, is in excess of one-half of one percent (0.5%) of the value of the taxable property therein, as determined by the next preceding certified assessment, without having first secured the written approval of the State Local Debt Officer. The Issuer has notified the State Local Debt Officer of its intention to issue the Bonds and provided the State Local Debt Officer with other information relating to the Bonds. The State Local Debt Officer has provided public notice and conducted a public hearing in accordance with applicable state and local laws. The Issuer expects to receive approval from the State Local Debt Officer before the delivery of the Bonds.

Offering and Delivery of the Bonds

The Bonds are offered when, as, and if issued by the Issuer. The Bonds will be delivered on or about July 15, 2021 in New York, New York through DTC.

COVID-19 Pandemic

On March 6, 2020, the Commonwealth of Kentucky declared a state of emergency in regards to the outbreak of COVID-19 (the “COVID-19 Pandemic”) and the United States subsequently declared a national emergency on March 13, 2020. On June 11, 2021, the state of emergency in the Commonwealth of Kentucky was allowed to elapse and most state regulations related to the COVID-19 Pandemic, such as restrictions on business occupancy, expired. The United States remains in a state of emergency. The long term effects of the COVID-19 pandemic are significant and remain fully undetermined at this time. (See “IMPACT OF THE COVID-19 PANDEMIC” herein).

Disclosure Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change. This Official Statement and continuing disclosure documents of the Issuer are intended to be made available through to the 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. Copies of the basic documentation relating to the Bonds, including the authorizing ordinance are available from the Issuer.

Additional Information

Additional information concerning this Official Statement, as well as copies of the basic documentation relating to the Bonds, is available from RSA Advisors, LLC, Financial Advisor to the Issuer, 325 West Main Street, Suite 300, Lexington, Kentucky 40507, Telephone (800) 255-0795 Attn: Mr. Joe Lakofka.

DESCRIPTION OF THE BONDS

General

The Bonds are dated their date of initial issuance and delivery and bear interest from their dated date at the rates set forth on the cover page of this Official Statement, calculated on the basis of a 360 day year with 30 day months. The Bonds are being issued as fully registered bonds in the denomination of \$5,000 or any integral multiple thereof.

Interest on the Bonds is payable semi-annually on March 1 and September 1, commencing September 1, 2021. The record dates for Interest Payment Dates will be the fifteenth day of the month immediately preceding such date.

Book Entry Only System

The Bonds initially will be issued solely in book-entry form to be held in the book-entry-only system maintained by DTC. So long as such book-entry system is used, only DTC will receive or have the right to receive physical delivery of Bonds and, except as otherwise provided herein with respect to tenders by Beneficial Owners of Beneficial Ownership Interests, each as hereinafter defined, Beneficial Owners will not be or be considered to be, and will not have any rights as, holders of the Bonds. For additional information about DTC and the book-entry-only system see “APPENDIX E – Book Entry Only System.”

Redemption Provisions

Optional Redemption

The Bonds maturing on or after March 1, 2029 are subject to redemption before stated maturity on any date falling on or after March 1, 2028 (less than all of a single maturity to be selected by lot), in whole or in part, at a redemption price equal to the principal amount redeemed, plus accrued interest to the date of redemption.

Notice of Redemption

If less than all Bonds which are payable by their terms on the same date are to be called, the particular Bonds or portions of Bonds payable on such same date and to be redeemed shall be selected by lot by the Registrar and Paying Agent, in such manner as the Registrar and Paying Agent in its discretion may determine; provided, however, that the portion of any Bond to be redeemed shall be in the principal amount of \$5,000 or some multiple thereof, and that, in selecting Bonds for redemption, the Registrar and Paying Agent shall treat each Bond as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by \$5,000.

At least thirty days before the redemption date of any Bonds the Registrar and Paying Agent shall cause a notice of such redemption either in whole or in part, signed by the Registrar and Paying Agent, to be mailed, postage prepaid, to all registered owners of Bonds to be redeemed in whole or in part at their addresses as they appear on the registration books kept by the Registrar and Paying Agent, but failure so to mail any such notice to any owner shall not affect the validity of the proceedings for such redemption with respect to any other owner. Each such notice

shall set forth the date fixed for redemption, the redemption price to be paid and, if less than all of the Bonds being payable by their terms on a single date then outstanding shall be called for redemption, the distinctive numbers or letters, if any, of such Bonds to be redeemed and, in the case of Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed. In case any Bond is to be redeemed in part only, the notice of redemption which relates to such Bond shall state also that on or after the redemption date upon surrender of such Bonds, a new Bond in principal amount equal to the unredeemed portion of such Bonds will be issued.

On the date so designated for redemption, notice having been sent in the manner and under the conditions hereinabove provided and moneys for payment of the redemption price being held in separate accounts by the Registrar and Paying Agent for the holders of the Bonds or portions thereof to be redeemed, the Bonds or portions of Bonds so called for redemption shall become and be due and payable at the redemption price provided for redemption of such Bonds or portions of Bonds on such date, interest on the Bonds or portions of Bonds so called for redemption shall cease to accrue, and the holders of such Bonds or portions of Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof and to receive Bonds for any unredeemed portions of Bonds.

In case part but not all of an outstanding Bond shall be selected for redemption, the registered owner thereof or his attorney or legal representative shall present and surrender such Bond to the Registrar and Paying Agent for payment of the principal amount hereof so called for redemption, and the Issuer shall execute and the Registrar and Paying Agent shall authenticate and deliver to or upon the order of such registered owner or his legal representative, without charge therefor, for the unredeemed portion of the principal amount of the Bond so surrendered, a Bond of the same maturity and bearing interest at the same rate.

Security and Source of Payment for Bonds

The Bonds are general obligations of the Issuer and the full faith, credit, and taxing power of the Issuer is irrevocably pledged to the payment of principal of and interest on the Bonds when due. Authority for the issuance of the Bonds is provided by Sections 66.011 through 66.171 of the Kentucky Revised Statutes and the Ordinance.

The basic security for the general obligation debt of the Issuer, including the Bonds, is the Issuer's ability to levy, and its pledge to levy, an annual tax to pay the interest on and principal of the Bonds as and when the same become due and payable. The tax must be levied in sufficient amount to pay, as the same become due, the principal of and interest on the Bonds as well as the principal of and interest on all outstanding general obligation bonds of the Issuer. The Constitution of the Commonwealth mandates the collection of a tax sufficient to pay the interest on an authorized indebtedness and the creation of a sinking fund for the payment of the principal thereof. The Ordinance levies such annual tax which shall be collected to the extent other lawfully available monies of the Issuer are not provided. The Ordinance also creates or requires the maintenance of a sinking fund into which the proceeds of such tax or other lawfully available monies of the Issuer are to be deposited for payment of the interest on and principal of the Bonds and shall not be used for any other purpose.

Chapter 9 of the Federal Bankruptcy Code contains provisions relating to the adjustment of debts of a state's political subdivisions, public agencies, and instrumentalities ("eligible entity"), such as the Issuer. Under the Bankruptcy Code and in certain circumstances described therein, an eligible entity may be authorized to initiate Chapter 9 proceedings without prior notice to or consent of its creditors, which proceedings may result in material and adverse modification or alteration of the rights of its secured and unsecured creditors, including holders of its bonds and notes.

Section 66.400 of the Kentucky Revised Statutes permits a political subdivision, such as the Issuer, for the purpose of enabling such subdivision to take advantage of the provisions of the Bankruptcy Code, and for that purpose only, to file a petition stating that the subdivision is insolvent or unable to meet its debts as they mature, and that it desires to effect a plan for the composition or readjustment of its debts, and to take such further proceedings as are set forth in the Bankruptcy Code as they relate to such subdivision. However, Section 66.400 of the Kentucky Revised Statutes prohibits counties from taking such actions unless such a county's proposed bankruptcy plan would be approved by the state local debt officer and the state local finance officer. Further a county could not change or modify its plan after filing a bankruptcy petition without the approval of such state officials.

Statutory Lien

In April 2019, the Kentucky General Assembly enacted amendments to KRS Chapter 58 via Senate Bill 192 (the “2019 Amendments”) to provide a statutory lien on tax revenues pledged for the benefit of general obligation debt.

The 2019 Amendments creating the statutory lien, provide, among other things, that the tax revenues pledged for the repayment of principal of, premium and interest on all general obligation bonds and notes, whether or not the pledge is stated in the bonds and notes or in the proceedings authorizing the issue and the pledge constitutes a first lien on such tax revenues. In addition, the legislation creates a statutory lien on annual appropriations for the payment of obligations subject to annual renewal, including without limitation leases entered into under KRS Chapter 58 and KRS Chapter 65.

The validity and priority of the statutory lien have not been adjudicated in any Chapter 9 bankruptcy proceeding or otherwise.

THE PLAN OF REFUNDING

The Bonds are being issued to (1) currently refund and retire the Issuer’s outstanding General Obligation Refunding Bonds, Series 2012 (the “Prior 2012 Bonds”), the proceeds of which Prior 2012 Bonds were used for the purpose of: (i) currently refunding the \$3,320,000 County of Madison, Kentucky General Obligation Refunding and Improvement Bonds, Series 2001, dated August 1, 2001, (the “Series 2001 Bonds”), the proceeds of which were used to: (a) redeem the outstanding amount of the Madison County Capital Projects First Mortgage Revenue Bonds, Series 1995 of the County of Madison, Kentucky (the “Series 1995 Bonds”); (b) complete various projects within the County; and (c) pay costs of issuance for the Series 1995 Bonds; (ii) refunding on an advance basis the \$1,635,000 County of Madison, Kentucky County General Obligation Public Project Bonds, Series 2004A, dated March 1, 2004, (the “Series 2004A Bonds”), the proceeds of which were used to: (a) purchase an existing golf course for public use; (b) to make the necessary improvements and equip the public golf course; and (c) pay the cost of issuance on the Series 2004A Bonds; and (iii) refunding on an advance basis the \$5,500,000 County of Madison, Kentucky General Obligation Public Project Bonds, Series 2004B dated October 1, 2004 (the “Series 2004B Bonds”), the proceeds of which were used to: (a) construct a new courthouse annex building to house both county and state offices; (b) purchase land; and (c) pay the costs of issuance on the Series 2004B Bonds (collectively, the “2012 Prior Project”) (2) to pay the costs of issuing the Bonds. The proceeds of the Bonds, after payment of the costs of issuance of the Bonds, will be deposited in the bond payment fund related to the Prior 2012 Bonds and used to redeem the Prior 2012 Bonds on September 1, 2021.

SOURCES AND USES OF FUNDS

Sources:

Par Amount of Bonds	\$5,995,000.00
Plus Original Issue Premium	<u>\$ 634,776.25</u>
Total Sources	\$6,629,776.25

Uses:

Underwriter’s Discount	\$ 67,387.50
Deposit to the Prior 2012 Bonds Bond Payment Fund	\$6,477,237.50
Cost of Issuance	<u>\$ 85,151.25</u>
Total Uses	\$6,629,776.25

INVESTMENT CONSIDERATIONS

The following is a discussion of certain investment considerations for investors to consider of risks that could affect payments to be made with respect to the Bonds. Such discussion is not exhaustive and should be read in conjunction with all other parts of this Official Statement, and should not be considered as a complete description of all risks that could affect such payments. Prospective purchasers of the Bonds should analyze carefully the information contained in this Official Statement, including the Appendices hereto, and additional information in the form of the complete documents summarized herein, copies of which are available as described in this Official Statement.

Limitation on Enforcement of Remedies

Enforcement of the remedies applicable to the Bonds under their authorizing Ordinance may be limited or restricted by laws relating to bankruptcy and insolvency, and rights of creditors under application of general principles of equity, and may be substantially delayed in the event of litigation or statutory remedy procedures. All legal opinions delivered in connection with the Bonds relating to enforceability contain an exception relating to the limitations that may be imposed by bankruptcy and insolvency laws, and the rights of creditors under general principals of equity.

Risk of Bankruptcy

The obligations of the Issuer under the Bonds and the Ordinance are general obligations of the Issuer and are secured only by the pledge to the bondholders of the Issuer's full faith, credit, and taxing power, any monies held in the Issuer's Debt Sinking Fund (on a parity with other general obligation debt), the Bond Payment Fund established under the authorizing Ordinance (the "Bond Payment Fund"), and the statutory lien provided by KRS 66.400. A bondholder's enforcement of any remedies provided under an applicable Ordinance may be limited or delayed in the event of application of federal bankruptcy laws or other laws affecting creditors' rights and may be substantially delayed and subject to judicial discretion in the event of litigation or the required use of statutory remedial procedures. The validity and priority of the statutory lien provided under KRS 66.400 have not been adjudicated in any Chapter 9 bankruptcy proceeding or otherwise.

KRS 66.400 permits the Issuer to file a petition for relief under Chapter 9 of Title 11 of the United States Code (the "Bankruptcy Code") with the prior approval of the state and local debt officer and the state local finance officer. If the Issuer were to file such a petition, the filing would operate as an automatic stay of the commencement or continuation of any judicial or other proceeding against the Issuer and any interest in monies contained in the sinking fund, applicable Payment Fund, the Issuer's general fund revenues or the Issuer's taxing power. However, the petition does not stay the application of pledged special revenues as defined by the Bankruptcy Code.

During its bankruptcy, the Issuer could use its property, including its tax receipts and proceeds thereof, but excluding pledged special revenues, for the benefit of the Issuer's bankruptcy estate despite the claims of its creditors. Notwithstanding the foregoing, it is possible that pledged special revenues could also be used by the Issuer post-petition to pay certain operating expenses.

In a Chapter 9 proceeding under the Bankruptcy Code, only the Issuer, and not any other creditor or party in interest, could file a proposed plan of adjustment. The plan is the vehicle for satisfying, and provides for the comprehensive treatment of, all claims against the Issuer, and could result in the modification of rights of any class of creditors, secured or unsecured, and which modification of rights could be contrary to state law. To confirm a plan of adjustment, with one exception discussed below, it must be approved by the vote of each class of impaired creditors. A class approves a plan if, of those who vote, those holding more than one-half in number and at least two-thirds in amount vote in favor of a plan. If fewer than all of the impaired classes accept the plan, the plan may nevertheless be confirmed by the bankruptcy court, and all claims and interests would be bound thereby regardless of whether or how they voted. For this "cramdown" to occur, at least one of the impaired classes must vote to accept the plan and the bankruptcy court must determine that the plan does not "discriminate unfairly" and is "fair and equitable" with respect to the non-consenting class or classes. To be confirmed, the bankruptcy court must also determine that the plan, among other requirements, is proposed in good faith and is in the best interest of creditors such that the plan represents a reasonable effort by the Issuer to satisfy its debts that is a better alternative than dismissal of the bankruptcy case. Unlike in Chapter 11, in Chapter 9 this standard does not include use of a liquidation analysis.

Generally speaking, the Issuer would likely receive a discharge after (1) the plan is confirmed; (2) the Issuer deposits any consideration to be distributed under the plan with a disbursing agent appointed by the bankruptcy court; and (3) the bankruptcy court determines that the securities deposited with the disbursing agent will constitute valid and legal obligations of the Issuer and that any provision made to pay or secure payment of such obligations is valid.

Prospective bondholders should consult their legal counsel regarding the impact of a bankruptcy filing by the Issuer on the payment and security of the Bonds.

Suitability of Investment

An investment in the Bonds involves a certain degree of risk. The interest rates borne by the Bonds is intended to compensate the investor for assuming this element of risk. Prospective investors should carefully examine this Official Statement, including the Appendices hereto, and assess their ability to bear the economic risk of such an investment and determine whether or not the Bonds are an appropriate investment for them.

Additional Debt

The Issuer may from time to time issue additional general obligation bonds or notes. Such issuances of general obligation bonds or notes would increase debt service requirements and could adversely affect debt service coverage on the Bonds. See “DESCRIPTION OF THE BONDS - Security and Source of Payment for Bonds”.

General Economic Conditions

Adverse general economic conditions may result in, among other adverse circumstances, reduction in occupational license fee and general tax revenues or declines in investment portfolio values, resulting in increased funding requirements; negatively impacting the results of operations and the overall financial condition of the Issuer.

Market for the Bonds

There is presently no secondary market for the Bonds and no assurance that a secondary market will develop. Consequently, investors may not be able to resell the Bonds purchased should they need or wish to do so for emergency or other purposes.

Bond Rating

There can be no assurance that the rating assigned to the Bonds at the time of issuance will not be lowered or withdrawn at any time, the effect of which could adversely affect the market price for and marketability of the Bonds. See the information under the heading “RATING” herein for more information.

Tax Implications

Prospective purchasers of the Bonds may need to consult their own tax advisors before any purchase of the Bonds as to the impact of the Internal Revenue Code of 1986, as amended (the “Code”), upon their acquisition, holding, or disposition of the Bonds.

Impact of the COVID-19 Pandemic

General. The outbreak of a novel strain of coronavirus that can result in a severe respiratory disease, referred to as COVID-19, was first detected in China in December 2019. COVID-19 has since spread across the world, resulting in the death of more than 500,000 people internationally and more than 190,000 people in the United States. In March 2020, the outbreak of COVID-19 was declared a pandemic (the “COVID-19 Pandemic”) by the World Health Organization, as well as a U.S. national emergency and a statewide emergency in the Commonwealth. The responses of governments, business, and individuals to the COVID-19 Pandemic have caused widespread and significant changes in economic activity. Certain sectors of the global, national, and local economies are experiencing negative effects due to reduced consumer spending and increased unemployment, as well as government mandated and voluntary responses to mitigate the COVID-19 Pandemic, including school and business closures, event cancellations, and reduced travel. Unemployment in the United States and in the Commonwealth has increased as a result of the COVID-19 Pandemic.

In late March of 2020, the United States enacted the “Coronavirus Aid, Relief, and Economic Security Act” (the “CARES Act”), a \$2.2 trillion economic stimulus bill aimed at mitigating the economic and health effects of COVID-19. The CARES Act provided money and support to individuals in the form of increased unemployment and direct payments and provided money and support to many different businesses and governmental entities. On May 1, 2021, a second \$1.9 trillion economic stimulus bill was passed, which will provide additional direct payments to individuals and another round of funding for various different businesses including an additional \$350 billion in relief to state, local, and tribal governments.

In December of 2020, the first COVID-19 vaccine, developed by Pfizer-BioNTech, began distribution in the United States and a subsequent vaccine, developed by Moderna, began distribution in late December. A third vaccine, developed by Johnson & Johnson, began distribution in late February of 2021. As of June 11, 2021, according to the United States Centers for Disease Control and Prevention, nearly 64% of the total United States population had received at least one dose of a vaccine, and 42.5% of the population is considered fully vaccinated. For the United States population over the age of 65, the percentages are approximately 86.5% and 75.7%, respectively.

There can be no assurances as to the continuing materiality, severity, or duration of the negative economic conditions caused by the COVID-19 Pandemic.

Impact on the Commonwealth. On March 18, 2020, the Governor of the Commonwealth took executive action to impose various restrictions and regulations on the Commonwealth related to curbing the spread of COVID-19 including restrictions on business occupancy, mandatory face coverings, and the mandatory closure of certain public venues.

On June 11, 2021, the state of emergency in the Commonwealth was allowed to elapse and most state regulations related to the COVID-19 Pandemic, such as restrictions related to business occupancy, mandatory face-coverings, and mandatory closure of certain public venues, expired. Businesses in the Commonwealth are still free to impose their own restrictions.

In December of 2020, vaccines were made available in Kentucky under a phased plan. As of April 5, 2021, all Kentuckians age 12 and older are eligible to receive a vaccine. As of June 11, 2021, over two million Kentuckians have been immunized.

Impact on the Issuer. The Issuer cannot predict the full economic impact that the COVID-19 Pandemic will have on its financial condition or operations. The Issuer will continue to monitor the impact on its revenue collections and operations.

PROFILE OF THE ISSUER AND SURROUNDING AREA

Demographic, economic and financial information with respect to the Issuer and the surrounding area is set forth in Appendix A hereto.

COUNTY GOVERNMENT

Organization and Major Offices

The Issuer operates pursuant to the general statutes of the Commonwealth of Kentucky governing counties.

Elected and Appointed Officials

The Issuer is governed by a Fiscal Court, comprised of a Judge/Executive, and four (4) Magistrates who are all elected to four year terms. There are no term limitations on any member of the Fiscal Court. The current members of the Fiscal Court are as follows:

Member

Reagan Taylor, Judge/Executive
Paul Reynolds, Magistrate
Roger Barger, Magistrate
John Tudor, Magistrate
Tom Botkin, Magistrate

The Deputy Judge/Executive, County Treasurer, and the Fiscal Court Clerk are appointed by the Fiscal Court.

Financial Matters

The County Treasurer is the fiscal officer of the Issuer. The County Treasurer is responsible for the accounting, custody, and disbursement of the funds of the Issuer. The County Treasurer serves the Fiscal Court and the Judge/Executive as financial advisor in connection with the Issuer's affairs, and performs such other duties as the Fiscal Court or Judge/Executive request.

The Issuer's fiscal year commences July 1 and ends the following June 30.

The administrative functions of the Issuer are performed by or under the supervision of the following:

1. Establishment of overall financial policy, the Fiscal Court.
2. Planning and development, the Fiscal Court, Judge/Executive and County Treasurer.
3. Assessment of real and personal property, the Madison County Property Valuation Administrator.
4. Financial control functions, the County Treasurer.
5. Inspection and supervision of the accounts and reports of the Issuer as required by law, by the Auditor of Public Accounts.

Financial Management

The Fiscal Court is responsible for appropriating the funds used to support the various Issuer activities. The Fiscal Court exercises its legislative powers by budgeting, appropriating, levying taxes, issuing bonds and notes, and letting contracts for public works and services to provide this financial management.

Financial Reports and Examinations of Accounts

Each county in the Commonwealth is required to keep its accounting records and render financial reports in such a way as to: (a) determine compliance with statutory provisions; (b) determine fairly and with full disclosure the financial operations of consistent funds and account groups of the county in conformity with generally accepted governmental accounting principles; and (c) readily provide such financial data as may be required by federal revenue sharing programs.

The Issuer's accounting systems are required to be organized and operated on a fund basis. The Issuer maintains its accounts and other fiscal records on an appropriation and modified accrual basis in accordance with the procedures established and prescribed by the Kentucky Department for Local Government.

As required by law, financial reports are prepared annually by the Issuer and filed with the Kentucky Department for Local Government.

The accounting procedures prescribed by the Kentucky Department for Local Government are generally applicable to all counties in Kentucky and may be different from generally accepted government accounting principles as presented and recommended in the National Council on Governmental Accounting publication "Governmental Accounting Auditing and Financial Reporting," and the Industry Audit Guide of the American Institute of Certified Public Accountants, entitled "Audits of State and Local Governmental Units." Those publications, among other things, provide for a modified accrual basis of accounting for the general fund, all special revenue funds and the debt service fund, and for a full accrual basis of accounting for all other funds, and further provide for the preparation for each fund of balance sheets, statements of revenues and expenditures, and statements showing changes in fund balances.

Budgeting and Appropriations Procedures

Detailed provisions for county budgeting, tax levies and appropriations are set forth in the Kentucky Revised Statutes. Counties are required to operate under an annual budget ordinance and no county may expend any moneys from a governmental or proprietary fund except in accordance with such budget. A budget proposal must be submitted to the fiscal court of the county no later than 30 days before the beginning of the fiscal year covered by the budget. Upon approval of the proposed budget, counties are required to submit the proposed budget to the State

Local Finance Officer of the Commonwealth of Kentucky for approval. A proposed budget that has been approved by the State Local Finance Officer is required to be adopted by the fiscal court of the county no later than July 1 of each year or within ten days after receipt of the certified assessment from the Commonwealth of Kentucky, whichever is later. No budget ordinance may be adopted which provides for appropriations to exceed revenues in a fiscal year. The full amount estimated to be required for debt service during the budget year must be appropriated. The State Local Finance Officer is authorized to initiate proceedings to compel compliance by the county officials with the requirements imposed by Kentucky law on counties for the administration of their financial affairs.

Investment Policies

Section 66.480 of the Kentucky Revised Statutes sets forth the requirements and limitations for investments of the state's political subdivisions, including the Issuer. Under that Section, the Issuer must adopt an investment policy and may invest its funds only in the classifications of obligations which are eligible for investment, which are as follows:

(a) Obligations of the United States and of its agencies and instrumentalities, including obligations subject to repurchase agreements, if delivery of these obligations subject to repurchase agreements is taken either directly or through an authorized custodian. These investments may be accomplished through repurchase agreements reached with sources including, but not limited to, national or state banks chartered in Kentucky;

(b) Obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States or a United States governmental agency, including but not limited to:

1. United States Treasury;
2. Export-Import Bank of the United States;
3. Farmers Home Administration;
4. Governmental National Mortgage corporation; and
5. Merchant Marine bonds;

(c) Obligations of any corporation of the United States government, including but not limited to:

1. Federal Home Loan Mortgage Corporation;
2. Federal Farm Credit Banks;
3. Bank for Cooperatives;
4. Federal Intermediate Credit Banks;
5. Federal Land Banks;
6. Federal Home Loan Banks;
7. Federal National Mortgage Association; and
8. Tennessee Valley Authority;

(d) Certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation or similar entity or which are collateralized, to the extent uninsured, by any obligations permitted by KRS 41.240(d);

(e) Uncollateralized certificates of deposit issued by any bank or savings and loan institutions rated in one of the three highest categories by a competent rating agency;

(f) Bankers' acceptances for banks rated in one of the three highest categories by a competent rating agency;

(g) Commercial paper rated in the highest category by a competent rating agency;

(h) Bonds or certificates of indebtedness of this state and of its agencies and instrumentalities;

(i) Securities issued by a state or local government, or any instrumentality of agency thereof, in the United States, and rated in one of the three highest categories by a competent rating agency;

- (j) Shares of mutual funds, each of which shall have the following characteristics;
 - 1. The mutual fund shall be an open-end diversified investment company registered under the Federal Investment Company Act of 1940, as amended;
 - 2. The management company of the investment company shall have been in operation for at least five years; and
 - 3. All of the securities in the mutual fund shall be eligible investments pursuant to this section; and
- (k) Individual equity securities if the funds being invested are managed by a professional investment manager regulated by a federal regulatory agency. The individual equity securities shall be included within the Standard and Poor's 500 Index, and a single sector shall not exceed twenty-five percent of the equity allocation; and;
- (l) Individual high-quality corporate bonds that are managed by a professional investment manager that:
 - 1. Are issued, assumed, or guaranteed by a solvent institution created and existing under the laws of the United States;
 - 2. Have a standard maturity of no more than ten years; and
 - 3. Are rated in the three highest rating categories by at least two competent credit rating agencies.

The Issuer's current investment policy permits all investments permitted by the laws of the Commonwealth.

Debt Limitation

Kentucky Constitution Section 158 provides that counties shall not incur indebtedness to an amount exceeding two percent (2%) of the value of the taxable property therein, to be estimated by the last assessment previous to the incurring of the indebtedness.

The foregoing limitation does not apply to the issue of renewal bonds, bonds to fund the floating indebtedness of a county, or bonds issued in the case of an emergency, when the public health or safety should so require. Subject to the limits and conditions set forth in that section and elsewhere in the Constitution, the General Assembly has the power to establish additional limits on indebtedness and conditions under which debt may be incurred by counties.

KRS 66.041 provides the same limitations as are set forth in the Constitution, describing that the limitations apply to "net indebtedness." In calculating "net indebtedness," KRS 66.031 provides that certain obligations are not to be considered in the calculation, including self-supporting obligations, revenue bonds, and special assessment debt. (For a complete list of exempt debt see the Statement of Indebtedness attached as Appendix C.)

Furthermore, no county may issue bonds which, together with all other net indebtedness of the county plus the principal amount of any outstanding self-supporting obligations, is in excess of one-half of one percent (0.5%) of the value of the taxable property therein, as determined by the next preceding certified assessment, without having first secured the written approval of the state local debt officer. The Issuer notified the state local debt officer of its intention to issue the Bonds and provided the state local debt officer with other information relating to the Bonds. The state local debt officer provided public notice and conducted a public hearing as required by law. The Issuer will receive approval from the state local debt officer to issue the Bonds before their scheduled date of issuance.

Appendix C of this Official Statement is a Statement of Indebtedness for the Issuer, calculating the amount of the outstanding obligations of the Issuer (including the Bonds) which are subject to the total direct debt limit (2% limit). The total principal amount of general obligation debt that could be issued by the Issuer, subject to the 2% total direct debt limitation is \$124,105,813.30 and the Issuer's net debt subject to such limitation presently

outstanding (including the Bonds) is \$33,179,816, leaving a balance of \$90,925,997.30 borrowing capacity issuable within such limitation.

However, as described below, the Issuer's ability to incur debt in these amounts may be restricted by tax limitations. In the case of general obligation debt, both the debt limitations and tax limitations must be met.

Tax Limitation

The Kentucky Constitution Section 157 indirectly imposes a debt limitation on general obligation indebtedness of counties by limiting the tax rates counties may impose upon the value of taxable property to fifty cents (\$.50) on each hundred dollars of assessed valuation.

Section 159 of the Kentucky Constitution requires the adoption, at the time indebtedness is authorized, of an annual tax sufficient to pay the interest on contracted indebtedness and to retire indebtedness over a period not exceeding forty years. If the maximum tax rate will not result in the collection of sufficient taxes to pay indebtedness at the time the indebtedness is authorized, the two constitutional provisions operate as a limit on general obligation debt. Because this indirect debt limit results from tax limitations and the requirement to levy taxes to pay indebtedness, it has application only to debts which are payable from taxes either initially or in the event other pledged non-tax revenues prove to be insufficient. It does not have any application where the type of debt being issued does not pledge the credit of the county or when the debt is payable solely out of the revenues of non-tax sources, such as utility income. The tax rate limit also does not apply if the indebtedness was legally incurred (within both the direct and indirect limits) but a tax rate above the fifty cent limit becomes necessary to pay the indebtedness.

Appendix C of this Official Statement contains a Statement of Indebtedness, certified by the Issuer, setting forth the current property tax rate does not exceed \$0.50 per \$100 of assessed value for personal property and certifying that the issuance of the Bonds will not cause such rates to increase to an amount which would exceed the maximum permissible rate.

Bond Anticipation Notes

Under Kentucky law, notes, including renewal notes, issued in anticipation of and payable from the proceeds of general obligation bonds (or renewal notes) may be issued from time to time upon the same terms and conditions as bonds. The ability of the Issuer to retire bond anticipation notes from the proceeds of the sale of either renewal notes or bonds will be dependent upon the marketability of such renewal notes or bonds under market conditions then prevailing when the bonds are issued or the notes are renewed.

Future Borrowings of the Issuer

The Issuer reserves the right to issue additional general obligation bonds in the future, although no such additional general obligation debt is currently contemplated.

LEGAL MATTERS

General Information

Legal matters incident to the issuance of the Bonds and with regard to the tax-exempt status thereof are subject to the approving legal opinion of Dinsmore & Shohl LLP, Bond Counsel. Upon delivery of the Bonds, the Bonds will be accompanied by an approving opinion dated the date of such delivery, rendered by Dinsmore & Shohl LLP. A draft of such legal opinion is attached as Appendix D.

Bond Counsel has performed certain functions to assist the Issuer in the preparation by the Issuer of this Official Statement. However, Bond Counsel assumes no responsibility for, and will express no opinion regarding the accuracy or completeness of this Official Statement or any other information relating to the Issuer or the Bonds that may be made available by the Issuer or others.

The engagement of Bond Counsel is limited to the preparation of certain of the documents contained in the transcript of proceedings related to the Bonds, and an examination of such transcript of proceedings incident to rendering its legal opinion. Bond Counsel has reviewed the information in this Official Statement under Sections entitled "INTRODUCTION," "DESCRIPTION OF THE BONDS," "THE PROJECT," "COUNTY GOVERNMENT

- Debt Limitation” and “Tax Limitation” and “LEGAL MATTERS – General Information – Tax Exemption,” which review did not include any independent verification of financial statements and statistical data included therein, if any.

Transcript and Closing Certificates

A complete transcript of proceedings, a no-litigation certificate and other appropriate closing documents will be delivered by the Issuer when the Bonds are delivered to the original purchaser. The Issuer will also provide to the original purchaser, at the time of such delivery, a certificate from the Issuer Judge/Executive relating to the accuracy and completeness of this Official Statement.

Litigation

To the knowledge of the Issuer, no litigation or administrative action or proceeding is pending or threatened directly affecting the Bonds, the security for the Bonds or the improvements being financed from the proceeds of the Bonds. A No-Litigation Certificate to that effect will be delivered to the purchaser at the time of the delivery of the Bonds.

Tax Exemption

In the opinion of Bond Counsel for the Bonds, based upon an analysis of existing laws, regulations, rulings and court decisions, interest on the Bonds will be excludible from gross income for Federal income tax purposes. Bond Counsel for the Bonds is also of the opinion that interest on the Bonds will not be a specific item of tax preference under Section 57 of the Internal Revenue Code of 1986 (the “Code”) for purposes of the Federal alternative minimum tax. Furthermore, Bond Counsel for the Bonds is of the opinion that interest on the Bonds is exempt from income taxation and the Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions.

A copy of the opinion of Bond Counsel for the Bonds is set forth in Appendix D, attached hereto.

The Code imposes various restrictions, conditions, and requirements relating to the qualification of the Bonds as so-called “tax-exempt” bonds. The Issuer has covenanted to comply with certain restrictions designed to ensure that interest on the Bonds will not be includable in income for federal income tax purposes. Failure to comply with these covenants could result in the Bonds not qualifying as “tax-exempt bonds,” and thus interest on the Bonds being includable in the gross income of the holders thereof for federal income tax purposes. Such failure to qualify and the resulting inclusion of interest could be required retroactively to the date of issuance of the Bonds. The opinion of Bond Counsel assumes compliance with these covenants. However, Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect either the federal or Kentucky tax status of the Bonds.

Certain requirements and procedures contained or referred to in the Ordinance and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Bonds or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Dinsmore & Shohl LLP.

Although Bond Counsel for the Bonds is of the opinion that interest on the Bonds will be excludible from gross income for Federal income tax purposes and that interest on the Bonds is excludable from gross income for Kentucky income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect a Bondholder’s Federal, state or local tax liabilities. The nature and extent of these other tax consequences may depend upon the particular tax status of the Bondholder or the Bondholder’s other items of income or deduction. Bond Counsel expresses no opinions regarding any tax consequences other than what is set forth in its opinion and each Bondholder or potential Bondholder is urged to consult with tax counsel with respect to the effects of purchasing, holding or disposing the Bonds on the tax liabilities of the individual or entity.

Receipt of tax-exempt interest, ownership or disposition of the Bonds may result in other collateral federal, state or local tax consequences for certain taxpayers. Such effects may include, without limitation, increasing the federal tax liability of certain foreign corporations subject to the branch profits tax imposed by Section 884 of the Code, increasing the federal tax liability of certain insurance companies, under Section 832 of the Code, increasing

the federal tax liability and affecting the status of certain S Corporations subject to Sections 1362 and 1375 of the Code, increasing the federal tax liability of certain individual recipients of Social Security or the Railroad Retirement benefits under Section 86 of the Code and limiting the amount of the Earned Income Credit under Section 32 of the Code that might otherwise be available. Ownership of any of the Bonds may also result in the limitation of interest and certain other deductions for financial institutions and certain other taxpayers, pursuant to Section 265 of the Code. Finally, residence of the holder of the Bonds in a state other than Kentucky or being subject to tax in a state other than Kentucky may result in income or other tax liabilities being imposed by such states or their political subdivisions based on the interest or other income from the Bonds.

The Issuer has not designated the Bonds as “qualified tax-exempt obligations” under Section 265 of the Code.

Original Issue Premium

“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 Holder’s adjusted basis in that bond. However, no amount of amortized Acquisition Premium on tax-exempt bonds may be deducted in determining the Holder’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 Holder’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.

RATING

Moody’s Investors Service, Inc. (“Moody’s”) has given the Bonds a rating of “Aa2.” Such rating reflects only the view of Moody’s. An explanation of the significance of the ratings given by Moody’s may be obtained from Moody’s Investors Service, 7 World Trade Center at 250 Greenwich Street, Public Finance Group - 23rd Floor, New York, New York 10007. There is no assurance that the rating will continue for any given period of time or that the rating will not be revised downward or withdrawn entirely if, in the judgment of the applicable rating agency, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

CONTINUING DISCLOSURE

In accordance with the Securities and Exchange Commission Rule 15c2-12 (the “Rule”) and so long as the Bonds are outstanding, the Issuer agrees pursuant to an Undertaking (the “Disclosure Undertaking”), to cause the following information to be provided:

(i) to the Municipal Securities Rulemaking Board (“MSRB”), or any successor thereto for purposes of the Rule, through the continuing disclosure service portal provided by EMMA, or any similar system that is acceptable to the Securities and Exchange Commission, certain annual financial information (the “Audit”) (which shall be prepared using generally accepted accounting principles, as applied to governmental units, or Government Auditing Standards for Audits, provided, however, that the Issuer may change the accounting principles used for preparation of such financial information as the Issuer includes as information provided to the public, a statement to the effect that different accounting principles are being used, stating the reason for such change and how to compare the financial information provided by the differing financial accounting principles), and which includes such operating data (the “Operating Data,” and together with the Audit, the “Financial Data”), consistent with “Appendix A” and “Appendix B” of the Official Statement. The annual financial information shall be provided within nine months of the end of the fiscal year ending June 30, commencing with the fiscal year ending June 30, 2021; provided that the audited financial statements may not be available by such date, but will be made available immediately upon delivery thereof by the auditors for the Issuer;

(ii) to the MSRB through EMMA, in a timely manner, not in excess of ten business days after the occurrence of the event, notice of the occurrence of the following events with respect to the Bonds:

- (a) Principal and interest payment delinquencies;
- (b) Non-payment related defaults, if material;
- (c) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) Substitution of credit or liquidity providers, or their failure to perform;
- (f) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax-exempt status of the security;
- (g) Modifications to rights of security holders, if material;
- (h) Bond calls, if material, and tender offers (except for mandatory scheduled redemptions not otherwise contingent upon the occurrence of an event);
- (i) Defeasances;
- (j) Release, substitution or sale of property securing repayment of the securities, if material;
- (k) Rating changes;
- (l) Bankruptcy, insolvency, receivership or similar event of the obligated person (Note: For the purposes of this event, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person);
- (m) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (n) Appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (o) Incurrence of a Financial Obligation of the Issuer or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer or obligated person, any of which affect security holders, if material; and
- (p) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer or obligated person, any of which reflect financial difficulties.

(iii) in a timely manner, to the MSRB through EMMA, notice of a failure (of which the Issuer has knowledge) of the Issuer to provide the required Annual Financial Information on or before the date specified in the Disclosure Agreement.

“Financial Obligation” shall mean (a) a debt obligation, (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) a guarantee of either (a) or (b). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

The Disclosure Undertaking provides bondholders, including beneficial owners of the Bonds, with certain enforcement rights in the event of a failure by the Issuer to comply with the terms thereof; however, a default under the Disclosure Undertaking does not constitute an event of default under the Ordinance. The Disclosure Undertaking may also be amended or terminated under certain circumstances in accordance with the Rule as more fully described therein.

For purposes of this transaction with respect to events as set forth in the Rule:

- (a) there are no debt service reserve funds applicable to the Bonds;
- (b) there are no credit enhancements applicable to the Bonds;
- (c) there are no liquidity providers applicable to the Bonds; and
- (d) there is no property securing the repayment of the Bonds.

For the fiscal years ended June 30, 2016 through June 30, 2020, the Issuer’s annual audited financial statements, as required by state law, were prepared by the State Auditor and were not completed in sufficient time to meet the submission deadlines, but have since been submitted. Since the State Auditor is not in the employ of the Issuer, the Issuer cannot control the date of preparation of annual audited financial statements prepared by the State Auditor. The Issuer is committed to meeting its continuing disclosure obligations with respect to the Annual Financial Information for all future periods, to the extent the Issuer can control the preparation process.

The Audits and Operating Data set forth in prior disclosure undertakings of the Issuer (the “Prior Disclosure Undertakings”), consistent with the Financial Data described in (i) above and included in Appendix A and Appendix B hereto, was filed late under such Prior Disclosure Undertakings. For the year ending June 30, 2016, the Issuer posted its Operating Data on June 1, 2017; For the year ending June 30, 2017, the Issuer posted its Operating Data on September 7, 2018 and its Audit on September 7, 2018; For the year ending June 30, 2018, the Issuer posted its Operating Data on December 19, 2019 and its Audit on September 23, 2019; For the year ending June 30, 2019, the Issuer posted its Audit on March 11, 2020; For the year ending June 30, 2020, the Issuer posted its Operating Data January 27, 2021, and its Audit is not yet available.

Notices of failure timely file Financial Data were filed to EMMA on: (i) January 28, 2021 for the year Ending June 30, 2020; (ii) January 28, 2020 for the year ending June 30, 2019 (2019 Financial Data was filed on March 11, 2020); (iii) January 28, 2019 for the year ending June 30, 2018 (2018 Financial Data was filed on September, 23, 2019); (iv) January 29, 2018 for the year ending June 30, 2017 (2017 Financial Data was filed on September 7, 2018); and (iv) January 26, 2017 for the year ending June 30, 2016 (2016 Financial Data was filed on March 28, 2017).

UNDERWRITING

The Bonds are being purchased for reoffering by The Baker Group LP. The Underwriter has agreed to purchase the Bonds at an aggregate purchase price of \$6,562,388.75 (reflecting the par amount of the Bonds, plus original issue premium of \$634,776.25, less underwriter’s discount of \$67,387.50). The initial public offering prices which produce the yields set forth on the cover page of this Official Statement may be changed by the Underwriter and the Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower than the offering prices which produce the yields set forth on the cover page.

FINANCIAL ADVISOR

RSA Advisors, LLC, Lexington, Kentucky, has acted as Financial Advisor to the Issuer in connection with the issuance of the Bonds and will receive a fee, payable from bond proceeds, for their services as Financial Advisor, contingent upon the issuance and sale of the Bonds.

MISCELLANEOUS

To the extent any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated to be such, such statements are made as such and not as representations of fact or certainty, and no representation is made that any of such statements will be realized. Information herein has been derived by the Issuer from official and other sources and is believed by the Issuer to be reliable, but such information other than that obtained from official records of the Issuer has not been independently confirmed or verified by the Issuer and its accuracy is not guaranteed. Neither this Official Statement nor any statement which may have been made orally or in writing is to be construed as a contract with the holders of the Bonds.

This Official Statement has been duly executed and delivered for and on behalf of the County of Madison, Kentucky, by its Judge/Executive.

COUNTY OF MADISON, KENTUCKY

By: /s/ Hon. Reagan J. Taylor
Judge/Executive

Dated: June 29, 2021

APPENDIX A
COUNTY OF MADISON, KENTUCKY
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2011B

DEMOGRAPHIC, ECONOMIC AND FINANCIAL DATA

MADISON COUNTY, KENTUCKY

Richmond, the county seat of Madison County had an estimated 2020 population of 36,528. Richmond is located in Eastern Kentucky and is 105 miles southeast of Cincinnati, Ohio; 29 miles southeast of Lexington, Kentucky; and 100 miles east of Louisville, Kentucky. Madison County had an estimated population of 93,955 persons in 2020.

The Economic Framework

Madison County has a labor force of 47,742 people, with an unemployment rate of 6.4%. The top 5 jobs by occupation are as follows: Office and Administrative support – 4,151 (11.94%); Sales – 3,707 (10.66%); Education, Training/Library – 3,306 (9.51%); Executive, Managers, and Administrators – 3,041 (8.74%); and Production Workers – 2,858 (8.22%).

Transportation

U.S. Highway 75 runs through Madison County. The nearest commercial airline service is in Lexington, Kentucky at the Blue Grass Airport, which is located 29 miles northwest of Richmond.

Power and Fuel

Electric power is provided to Madison County by E. On U.S.- KU, East Kentucky Power Cooperative, Berea Municipal Utilities, Jackson Energy Cooperative, Blue Grass Energy Cooperative Corp., Clark Energy Cooperative and Inter-County Energy Cooperative. Natural gas services are provided by Columbia Gas of Kentucky Inc., Delta Natural Gas and Richmond Utilities.

Education

The Madison County School System and Berea Independent School System provides primary education to the residents of Madison County. There are 21 colleges and universities and 20 technology centers (ATC) within 60 miles of Richmond.

LABOR MARKET STATISTICS

The Richmond Labor Market Area includes Madison County the adjoining Kentucky counties of Bourbon, Clark, Estill, Fayette, Garrard, Jackson, Jessamine, Laurel, Montgomery, Rockcastle, Scott and Woodford.

Population

<u>Area</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Madison County	92,325	92,623	93,955
Richmond	35,688	35,746	36,528

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

Population Projections

<u>Area</u>	<u>2025</u>
Richmond	38,819
Madison County	100,050

Source: Kentucky State Data Center, University of Louisville and Kentucky Cabinet for Economic Development.

Unemployment Statistics

Description	-----Year Ending December 31-----				
	2015	2016	2017	2018	2019
County of Madison					
Civilian Labor Force	45,226	45,097	46,168	46,933	47,575
Employment	43,279	43,198	44,181	45,118	45,743
Unemployment	1,947	1,899	1,987	1,815	1,832
Unemployment Rate	4.30%	4.20%	4.30%	3.90%	3.90%
State of Kentucky:					
Civilian Labor Force	1,981,373	2,015,160	2,053,074	2,057,791	2,072,586
Employment	1,876,497	1,911,978	1,952,513	1,968,611	1,983,577
Unemployment	104,876	103,182	100,561	89,180	89,009
Unemployment Rate	5.30%	5.10%	4.90%	4.30%	4.30%
US Comparable Rate:					
Unemployment Rate	5.30%	4.90%	4.40%	3.90%	3.70%

**Not Seasonally*

Source: The Kentucky Department for Employment Services

LOCAL GOVERNMENT

Structure

Berea's Government structure consists of a Mayor and eight Council members. For Berea, the Mayor serves a four-year term while the Council Members serve two-year terms. Madison County is served by a Judge/Executive and four Magistrates. The Judge/Executive and Magistrates are elected to serve a four-year term.

Planning and Zoning

Mandatory state codes enforced—Kentucky Plumbing Code, National Electric Code, Kentucky Boiler Regulations and Standards, Kentucky Building Code (modeled after BOCA code).

Sales and Use Tax

A state sales and use tax is levied at the rate of 6.0% on the purchase or lease price of taxable goods and on utility services. Local sales taxes are not levied in Kentucky.

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).

The table below lists the assessed property valuation of the county as reported by the Department of Revenue, Frankfort, Kentucky.

Description	Tax Year				
	2016	2017	2018	2019	2020
Real Estate	\$4,367,873,861	\$4,510,032,218	\$4,678,505,246	\$4,945,658,662	\$5,184,043,901
Tangible Property	\$368,638,300	\$374,396,678	\$403,741,778	\$622,235,651	\$401,531,356
Motor Vehicle	\$540,344,130	\$563,008,589	\$592,106,602	\$623,475,680	\$644,604,123
Watercraft	\$10,980,451	\$11,512,868	\$13,269,039	\$13,920,672	\$15,866,451
Total	\$5,287,836,742	\$5,458,950,353	\$5,687,622,665	\$6,205,290,665	\$6,246,045,831

Tax Collection History

The table below lists the tax collection history of the County as reported by Madison County.

	Fiscal Year <u>2015</u>	Fiscal Year <u>2016</u>	Fiscal Year <u>2017</u>	Fiscal Year <u>2018</u>	Fiscal Year <u>2019</u>
% Collected Real Estate					
Total Taxes Due	3,870,309.00	3,936,003.00	4,066,788.00	3,996,155	4,352,691
Total Taxes Paid	3,755,564.00	3,866,670.00	4,048,290.00	3,909,213	4,229,838
% Collected	97.81%	98.24%	99.55%	98.00%	97.87%

Ten Largest Taxpayers

The following table lists the ten largest real property taxpayers of the County as reported by the Madison County Property Valuation Administrator as of 12/31/2020.

<u>Rank</u>	<u>Taxpayer Name</u>	<u>Real Property Valuation</u>
1	Richmond Centre FCA LLC	\$32,278,572
2	Foxglove Apartments LLC	26,250,292
3	Hager Family Limited Partnership	18,007,100
4	Okonite Company Inc.	14,328,200
5	Ramsey Family LLC	13,843,000
6	Sherwin Williams Automotive Finishes	12,750,000
7	Tokico Manufacturing Inc.	12,275,110
8	Brandenburg John W. & Mildred-Et Al	12,100,000
9	Spring House Development Co LLC	11,412,500
10	Meijer Stores Limited Partnership	11,000,000

Vocational Training

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

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

Bluegrass State Skills Corporation

The Bluegrass State Skills Corporation, an independent public corporation created and funded by the Kentucky General Assembly, provides programs of skills training to meet the needs of business and industry from entry level to advanced training, and from upgrading present employees to retraining experienced workers. The Bluegrass State Skills Corporation is the primary source for skills training assistance for a new or existing company. The Corporation works in partnership with other employment and job training resources and programs, as well as Kentucky's economic development activities, to package a program customized to meet the specific needs of a company.

<u>Institution</u>	<u>Location</u>	<u>Enrollment (2018-2019)</u>
Madison County ATC	Richmond, KY	770
Garrard County ATC	Lancaster, KY	392
Clark County ATC	Winchester, KY	680
Eastside Technical Center	Lexington, KY	N/A
Southside Technical Center	Lexington, KY	N/A
Lincoln County ATC	Stanford, KY	322
Rockcastle County ATC	Mount Vernon, KY	438
Jackson County Learning Center	McKee, KY	22
Montgomery County ATC	Mt. Sterling, KY	496
Trailblazer Academy	Harrodsburg, KY	306
Lee County ATC	Beattyville, KY	312
Harrison County ATC	Cynthiana, KY	556
Franklin County Career & Tech Center	Frankfort, KY	N/A
Casey County ATC	Liberty, KY	433
Pulaski County ATC	Somerset, KY	762
Clay County ATC	Manchester, KY	367
Breathitt County ATC	Jackson, KY	528
Marion County ATC	Lebanon, KY	617
Corbin ATC	Corbin, KY	418
Morgan County ATC	West Liberty, KY	514

Colleges and Universities

<u>Institution</u>	<u>Location</u>	<u>Enrollment (Fall 2019)</u>
Eastern Kentucky University	Richmond, KY	14,980
Berea College	Berea, KY	1,688
Asbury University	Wilmore, KY	1,714
Transylvania University	Lexington, KY	949
University of Kentucky	Lexington, KY	29,402
Centre College	Danville, KY	1,434
Georgetown College	Georgetown, KY	983
Midway University	Midway, KY	1,481
Kentucky State University	Frankfort, KY	2,029
Morehead State University	Morehead, KY	9,660

EDUCATION

Public Schools

	<u>Madison County Schools</u>	<u>Berea Independent Schools</u>
Total Enrollment (2019-2020)	11,536	1,087
Pupil-Teacher Ratio	17.0	15.0

FINANCIAL INSTITUTIONS

Institution	Total Assets	Total Deposits
Peoples Bank & Trust Co. of Madison County	\$402,483,000	\$308,995,000

Source: Accuity American Financial Dictionary January – June 2020 Edition

EXISTING INDUSTRY

Firm	Product	Total Employed
<i>Berea</i>		
Berea College Crafts	Hand crafted wooden furniture & toys, games, brooms, baby blankets, place mats, couch throws, ceramics & jewelry	8
Berea Tools & Cutter Grinding	Too and die, cutter grinding, fixtures, prototype, fabricating, machining and repair work	4
Hitachi Auto. Systems Americas Inc.	Manufacturing and assembly of brake and suspension systems	963
Hitachi Auto. Systems Americas Inc.	Brake and suspension products	70
Hyster-Yale Group Inc.	Manufacture lift trucks	653
Industrial Service Solutions	Install machinery, steel fabrication, contract maintenance, turn key projects	15
Jade Enterprises Inc.	Sorting parts distribution	8
Kentucky Steel Center Inc.	Steel service center	65
KI (USA) Corporation	Machined, metal stamped & cationic painted automotive parts & components, arc & resistance welding	139
Middletown Composites Inc.	Aircrafts parts and equipment manufacturing	15
Middletown Metal Works Inc.	Product fabrication	65
Novelis Corporation	Ingots made from recycled aluminum cans	140
Pittsburgh Glass Works LLC	Replacement windshields	85
S&S Custom Machining Inc.	Machine Shop	6
SERVPRO	Rebuild/construction services	12
Stemco Products Inc.	Commercial highway truck and trailer hubs and brake drums	150
Vetco Inc.	Custom designed and built metal buildings	20
<i>Richmond</i>		
A&A Express Inc.	Trucking	12
AGC Glass Co NA	Automotive Glass	168
The Allen Company Inc.	Mixed asphalt and crushed limestone	39
Alumisource	Aluminum recycling	26
Asahi Bluegrass Forge Corp.	Automotive press forging, gears, bearings, joints	51

Asahi Forge of America Corp.	Hot forge manufacturing for the automotive industry	76
B&H Tool Works Inc.	CNC, EDM & Laser machining. Progressive and hand transfer stamping	100
Blue Grass Chemical Agent-Destruction Pilot Plant	Design, build, systemize, test, operate, and close a facility to destroy chemical weapons stockpiles	1,225
Blue Grass Plating Co. LLC	Zinc, black oxide, phosphate, electroplating, electrocoating	33
Brown & Tribble Inc.	Sheet metal fabricating & installation	8
Concrete Materials Co. LLC	Manufacture and sell ready-mixed concrete and precast products: brick, mortar, steel and a wide array of building materials	47
Conduent	Provide business processing solutions	83
Diversified Tool & Development	Screw machine products & CNC machining	17
EnerSys	Lead acid industrial batteries	520
Framebridge Inc.	Manufactures picture frames, provides framing of art by iPhone application and shipping	58
Gill Industries	Automotive Stamping	218
Greenhouse Technology Inc.	Manufacturer and wholesaler of automated watering booms and basket systems for commercial greenhouses	4
Ford Hall Company Inc.	Waste water equipment automated brush system	16
Hinkle Block & Masonry LLC	Concrete blocks and masonry building supplies	11
Kokoku Rubber Inc.	Compression and injection molding of rubber components incl. syringe stoppers, auto. Seals, gaskets, o-rings and belts for bus. m/c's	132
Lectodyrer LLC	Designs and manufacturers desiccant dryers and purification systems for the removal of humidity and other impurities from air, gases and liquids	44
Madison Tool & Die Inc.	Tool and die making; welding jibs and fixtures	4
National Metal Processing Inc.	Commercial heat treating, laser heat treating, laser welding	22
Petro Towery Inc.	Petroleum equipment parts, sales, service and installation	55
P-K Tool & Manufacturing Co	Metal stampings, production machining, fabricating & assembly	49
Precision Tube Inc.	Tube fabricating, wire forming, forklift components and CNC machining	70
Qualex Machining	Metal turning, threading, grooving, milling, drilling, tapping and welding	175
Quanex Building Products	Vinyl extrusions	160
Rand McNally & Company	Book distribution, maps and globes	29
Ready Mix Concrete	Manufacture and delivery of ready mixed concrete	7
Richmond Auto Parts Technology Inc.	Automotive transmission gears; chassis components and automatic transmission components	143

RitTek LLC	Secondary precision machining	13
Sherwin – Williams Co.	Automotive coatings & finishes, Thompson’s Waterseal woodcare products, military & industrial coatings	260
Sherwin – Williams Company	Distribution of coatings related products and material for the Sherwin-Williams Co.	63
TEBCO of Kentucky Inc.	Manufacture truck bodies, snowplows, and related equipment and distribution	40
The Richmond Register	Newspaper	21
Thunder MFG USA Inc.	Metal stamping	25
Uncle Charlie’s Meats Inc.	Meat & further processing, packaging and distribution	45

Source: Kentucky Cabinet for Economic Development (1/7/2020)

PROPERTY TAX RATES

The following table lists the tax rates for the last five (5) available years as reported by the Department of Revenue, Frankfort, Kentucky

County-	-----Tax Year 2015-----			-----Tax Year 2016-----			-----Tax Year 2017-----			-----Tax Year 2018-----			-----Tax Year 2019-----		
	Real Estate	Tangible	Motor Vehicle	Real Estate	Tangible	Motor Vehicle	Real Estate	Tangible	Motor Vehicle	Real Estate	Tangible	Motor Vehicle	Real Estate	Tangible	Motor Vehicle
Ambulance	4.9000	6.0000	6.0000	5.0000	6.0000	6.0000	5.0000	6.0000	6.0000	5.0000	6.0000	6.0000	4.9000	6.0000	6.0000
Extension Services	1.5000	3.2500	1.3000	1.6350	3.3097	1.3000	1.7290	3.4076	1.3000	1.7290	3.4076	1.3000	1.7720	2.9830	1.3000
General	8.3000	9.2670	10.0000	8.3000	9.5000	10.0000	8.2000	9.1370	10.0000	8.2000	9.8300	10.0000	8.3000	8.5000	10.0000
Health	5.0000	5.0000	5.0000	5.0000	5.0000	5.0000	5.0000	5.0000	5.0000	5.0000	5.0000	5.0000	5.0000	5.0000	5.0000
Library	5.6000	8.5000	3.5000	5.8000	9.0900	3.5000	5.9000	9.0000	3.5000	5.9000	9.0000	3.5000	5.8000	7.5600	3.5000
Totals:	25.3000	32.0170	25.8000	25.7350	32.8997	25.8000	25.8290	32.5446	25.8000	25.8290	33.2376	25.8000	25.7720	30.0430	25.8000
Schools-															
Madison County	61.8000	61.8000	55.8000	61.8000	61.8000	55.8000	62.5000	62.5000	55.8000	63.6000	63.6000	55.8000	63.7000	63.7000	55.8000
Berea Independent	89.1000	89.1000	59.1000	89.1000	89.1000	59.1000	92.5000	92.5000	59.1000	95.2000	95.2000	59.1000	97.9000	97.9000	59.1000
City-															
Berea	10.2000	10.2000	10.1000	10.2000	10.2000	10.2000	10.2000	10.2000	10.2000	10.2000	10.2000	10.2000	10.5000	10.5000	10.2000
Richmond	13.9000	13.9000	28.7000	14.4000	15.8000	28.7000	14.7000	15.9000	28.7000	14.7000	16.5000	28.7000	14.5000	16.8000	28.7000

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APPENDIX B

**COUNTY OF MADISON, KENTUCKY
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2011B**

AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDING JUNE 30, 2019

**REPORT OF THE AUDIT OF THE
MADISON COUNTY
FISCAL COURT**

**For The Year Ended
June 30, 2019**

TEDDY MICHAEL PRATER CPA, PLLC
724 Gifford Road
Salyersville, KY 41465
Telephone (606) 349-8042

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Salyersville, KY 41465
Telephone (606) 349-8042

To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
Finance and Administration Cabinet
The Honorable Reagan Taylor, Madison County Judge/Executive
Members of the Madison County Fiscal Court

Independent Auditor's Report

Report on the Financial Statement

We have audited the accompanying Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of the Madison County Fiscal Court, for the year ended June 30, 2019, and the related notes to the financial statement which collectively comprise the Madison County Fiscal Court's financial statement as listed in the table of contents.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws. This includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement 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 Guide for Fiscal Court Audits* issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, 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 statement 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 statement.

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

To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
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The Honorable Reagan Taylor, Madison County Judge/Executive
Members of the Madison County Fiscal Court

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statement, the financial statement is prepared by the Madison County Fiscal Court on the basis of the accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Madison County Fiscal Court as of June 30, 2019, or changes in financial position or cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the fund balances of the Madison County Fiscal Court as of June 30, 2019, and their respective cash receipts and disbursements, and budgetary results for the year then ended, in accordance with the basis of accounting practices prescribed or permitted by the Department for Local Government described in Note 1.

Other Matters

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statement taken as a whole of the Madison County Fiscal Court. The Budgetary Comparison Schedules and the Schedule of Expenditures of Federal Awards (supplementary information), as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Schedule of Capital Assets (other information) are presented for purposes of additional analysis and are not a required part of the financial statement; however, they are required to be presented in accordance with accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws.

The accompanying Budgetary Comparison Schedules and 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 financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedules and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the financial statement as a whole.

To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
Finance and Administration Cabinet
The Honorable Reagan Taylor, Madison County Judge/Executive
Members of the Madison County Fiscal Court

Other Matters (Continued)

Supplementary and Other Information (Continued)

The Schedule of Capital Assets has not been subjected to the auditing procedures applied in the audit of the basic financial statement, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2019 on our consideration of the Madison County Fiscal Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Madison County Fiscal Court's internal control over financial reporting and compliance.

Respectfully submitted,



Teddy Michael Prater CPA, PLLC

December 17, 2019

MADISON COUNTY OFFICIALS

For The Year Ended June 30, 2019

Fiscal Court Members:

Reagan Taylor	County Judge/Executive
Larry Combs	Magistrate
Roger Barger	Magistrate
John Tudor	Magistrate
Tom Botkin	Magistrate

Other Elected Officials:

Jennie Haymond	County Attorney
Steve Tussey	Jailer
Kenny Barger	County Clerk
David Fernandez	Circuit Court Clerk
Mike Coyle	Sheriff
Billy Ackerman	Property Valuation Administrator
James A Cornelison	Coroner

Appointed Personnel:

Glenna Smith	County Treasurer
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**MADISON COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS**

For The Year Ended June 30, 2019

MADISON COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS

For The Year Ended June 30, 2019

	Budgeted Funds			
	General Fund	Road Fund	Jail Fund	Local Government Economic Assistance Fund
RECEIPTS				
Taxes	\$ 9,559,233	\$	\$	\$
Excess Fees	1,865,814			
Licenses and Permits	336,715			
Intergovernmental	1,711,053	2,178,191	1,049,128	150,469
Charges for Services	565,244	166,923	173,488	
Miscellaneous	439,216	15,581	217,669	
Interest	54,902	160	112	653
Total Receipts	<u>14,532,177</u>	<u>2,360,855</u>	<u>1,440,397</u>	<u>151,122</u>
DISBURSEMENTS				
General Government	4,094,079			
Protection to Persons and Property	1,504,273		2,846,185	
General Health and Sanitation	658,315			
Social Services	247,500			
Recreation and Culture	589,273			
Roads		3,115,402		84,165
Other Transportation Facilities and Services	20,000			
Debt Service	1,262,966			
Capital Projects				
Administration	2,203,662	420,682	558,549	
Total Disbursements	<u>10,580,068</u>	<u>3,536,084</u>	<u>3,404,734</u>	<u>84,165</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>3,952,109</u>	<u>(1,175,229)</u>	<u>(1,964,337)</u>	<u>66,957</u>
Other Adjustments to Cash (Uses)				
Investments Change in Value	106,458			
Transfers From Other Funds	571,899	921,795	2,000,000	
Transfers To Other Funds	<u>(3,108,564)</u>			
Total Other Adjustments to Cash (Uses)	<u>(2,430,207)</u>	<u>921,795</u>	<u>2,000,000</u>	
Net Change in Fund Balance	1,521,902	(253,434)	35,663	66,957
Fund Balance - Beginning (Restated)	<u>4,660,771</u>	<u>372,800</u>	<u>366,822</u>	<u>429,360</u>
Fund Balance - Ending	<u>\$ 6,182,673</u>	<u>\$ 119,366</u>	<u>\$ 402,485</u>	<u>\$ 496,317</u>
Composition of Fund Balance				
Bank Balance	\$ 4,151,163	\$ 148,308	\$ 408,768	\$ 496,317
Plus: Deposits In Transit	58,027		100,378	
Less: Outstanding Checks	(197,522)	(28,942)	(106,661)	
Investments	<u>2,171,005</u>			
Fund Balance - Ending	<u>\$ 6,182,673</u>	<u>\$ 119,366</u>	<u>\$ 402,485</u>	<u>\$ 496,317</u>

The accompanying notes are an integral part of the financial statement.

MADISON COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2019
(Continued)

<u>Budgeted Funds</u>			<u>Unbudgeted Fund</u>		<u>Internal Service Fund</u>
<u>Federal Grants Fund</u>	<u>Chemical Stockpile Emergency Preparedness Program</u>	<u>E-911 Fund</u>	<u>Jail Commissary Fund</u>	<u>Total Funds</u>	<u>Self-Insured Health Insurance Account</u>
\$	\$	\$ 688,659	\$	\$ 10,247,892	\$
				1,865,814	
				336,715	
10,000	3,676,432	379,755		9,155,028	
		146,872		1,052,527	
	17,552	266,666	725,898	1,682,582	1,552,192
	48	154	17	56,046	
10,000	3,694,032	1,482,106	725,915	24,396,604	1,552,192
				4,094,079	
	3,471,403	1,098,769		8,920,630	
				658,315	
				247,500	
			670,804	1,260,077	
				3,199,567	
				20,000	
				1,262,966	
10,000		388,870		398,870	
	265,148	403,893		3,851,934	1,343,201
10,000	3,736,551	1,891,532	670,804	23,913,938	1,343,201
	(42,519)	(409,426)	55,111	482,666	208,991
				106,458	
		186,769		3,680,463	
	(571,899)			(3,680,463)	
	(571,899)	186,769		106,458	
	(614,418)	(222,657)	55,111	589,124	208,991
	880,389	670,271	91,692	7,472,105	251,755
\$ 0	\$ 265,971	\$ 447,614	\$ 146,803	\$ 8,061,229	\$ 460,746
\$	\$ 418,373	\$ 412,326	\$ 163,634	\$ 6,198,889	\$ 496,963
		46,692	1,727	206,824	
	(152,402)	(11,404)	(18,558)	(515,489)	(36,217)
				2,171,005	
\$ 0	\$ 265,971	\$ 447,614	\$ 146,803	\$ 8,061,229	\$ 460,746

The accompanying notes are an integral part of the financial statement.

**INDEX FOR NOTES
TO THE FINANCIAL STATEMENT**

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**MADISON COUNTY
NOTES TO FINANCIAL STATEMENT**

June 30, 2019

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statement of Madison County includes all budgeted and unbudgeted funds under the control of the Madison County Fiscal Court. Budgeted funds included within the reporting entity are those funds presented in the county's approved annual budget and reported on the quarterly reports submitted to the Department for Local Government. Unbudgeted funds may include non-fiduciary financial activities, private purpose trust funds, and internal service funds that are within the county's control. Unbudgeted funds may also include any corporation to act as the fiscal court in the acquisition and financing of any public project which may be undertaken by the fiscal court pursuant to the provisions of Kentucky law and thus accomplish a public purpose of the fiscal court. The unbudgeted funds are not presented in the annual approved budget or in the quarterly reports submitted to the Department for Local Government.

B. Basis of Accounting

The financial statement is presented on a regulatory basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. This basis of accounting involves the reporting of fund balances and the changes therein resulting from cash inflows (cash receipts) and cash outflows (cash disbursements) to meet the financial reporting requirements of the Department for Local Government and the laws of the Commonwealth of Kentucky.

This regulatory basis of accounting differs from GAAP primarily because the financial statement format does not include the GAAP presentations of government-wide and fund financial statements, cash receipts are recognized when received in cash rather than when earned and susceptible to accrual, and cash disbursements are recognized when paid rather than when incurred or subject to accrual.

Generally, except as otherwise provided by law, property taxes are assessed as of January 1, levied (mailed) November 1, due at discount November 30, due at face value December 31, delinquent January 1 following the assessment, and subject to sale ninety days following April 15.

C. Basis of Presentation

Budgeted Funds

The fiscal court reports the following budgeted funds:

General Fund - This is the primary operating fund of the fiscal court. It accounts for all financial resources of the general government, except where the Department for Local Government requires a separate fund or where management requires that a separate fund be used for some function.

Road Fund - This fund is for road and bridge construction and repair. The primary sources of receipts for this fund are state payments for truck license distribution, municipal road aid, and transportation grants. The Department for Local Government requires the fiscal court to maintain these receipts and disbursements separately from the general fund.

MADISON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2019
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Budgeted Funds (Continued)

Jail Fund - The primary purpose of this fund is to account for the jail expenses of the county. The primary sources of receipts for this fund are reimbursements from the state and federal governments, payments from other counties for housing prisoners, and transfers from the general fund. The Department for Local Government requires the fiscal court to maintain these receipts and disbursements separately from the general fund.

Local Government Economic Assistance Fund - The primary purpose of this fund is to account for grants and related disbursements. The primary sources of receipts for this fund are grants from the state and federal governments.

Federal Grants Fund - The purpose of this fund is to account for federal grants and related disbursements. The primary sources of receipts for this fund are grants from the federal government.

Chemical Stockpile Emergency Preparedness Program (CSEPP) - This fund is to be used to improve Madison County's capacity to plan for and respond to accidents associated with storage and ultimate disposal of chemical warfare materials located at the Bluegrass Army Depot. The U.S. Congress appropriates funding for reimbursement of CSEPP disbursements. CSEPP funds may not be commingled with other funds.

E-911 Fund - The purpose of this fund is to account for emergency 911 receipts and disbursements. The primary sources of receipts for this fund are a telephone tax and charges for services from other governmental agencies.

Unbudgeted Funds

The fiscal court reports the following unbudgeted fund:

Jail Commissary Fund - The canteen operations are authorized pursuant to KRS 441.135. The profits generated from the sale of items are to be used for the benefit and to enhance the well-being of the inmates, or to enhance safety and security within the jail. The jailer is required to maintain accounting records and report annually to the county treasurer the receipts and disbursements of the jail commissary fund.

Internal Service Funds

The fiscal court reports the following internal service fund:

Self-Insured Health Insurance Account – The primary purpose of this fund is to account for the contributions, claims and fees for the self-insured employee health insurance plan.

MADISON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2019
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

D. Budgetary Information

Annual budgets are adopted on a regulatory basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board and according to the laws of Kentucky as required by the state local finance officer.

The county judge/executive is required to submit estimated receipts and proposed disbursements to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the state local finance officer. Disbursements may not exceed budgeted appropriations at the activity level.

The state local finance officer does not require the jail commissary fund to be budgeted because the fiscal court does not approve the expenses of this fund.

E. Madison County Elected Officials

Kentucky law provides for election of the officials listed below from the geographic area constituting Madison County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices. These financial statements are not required to be included in the financial statement of the Madison County Fiscal Court.

- Circuit Court Clerk
- County Attorney
- Property Valuation Administrator
- County Clerk
- County Sheriff

F. Deposits and Investments

The government's fund balance is considered to be cash on hand, demand deposits, certificates of deposit, and short-term investments with original maturities of three months or less from the date of acquisition. The government's fund balance includes cash and cash equivalents and investments.

KRS 66.480 authorizes the county to invest in obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

MADISON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2019
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

G. Long-term Obligations

The fund financial statement recognizes bond interest, as well as bond issuance costs when received or when paid, during the current period. The principal amount of the debt and interest are reported as disbursements. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as disbursements. Debt proceeds are reported as other adjustments to cash.

Note 2. Deposits and Investments

A. Deposits

The fiscal court maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1)(d). According to KRS 41.240, the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the fiscal court and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the fiscal court's deposits may not be returned. The fiscal court does not have a deposit policy for custodial credit risk, but rather follows the requirements of KRS 66.480(1)(d) and KRS 41.240. As of June 30, 2019, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

MADISON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2019
(Continued)

Note 2. Deposits and Investments (Continued)

B. Investments

As of June 30, 2019, the fiscal court had the following investments and maturities:

Investments	Interest Rate	Market Value	Maturities (In Years) at Face Value				Concentration Percentage
			Less Than 1	1-5	6-10	More Than 10	
Money Market		\$ 96	\$ 96				0%
Certificates of Deposit:							
Key Bank Natl Assn	1.550%	194,805	195,000				
Capital One Bank USA	2.300%	194,491		195,000			
State Bank of India	2.300%	194,488		195,000			
Ally Bk Sandy Utah	2.650%	196,027		195,000			
Goldman Sachs Bank	2.500%	194,996		195,000			
Discover Bank	2.750%	193,657			195,000		
Total Certificates of Deposit		1,168,464	195,000	780,000	195,000	-	54%
U.S. Government and Agency Securities:							
Federal Farm Credit Cons Bond	1.875%	193,348		195,000			
FNMA Medium Term Note	2.125%	196,420			195,000		
Federal Farm Credit Cons Bond	2.140%	214,905			216,000		
Federal Home Loan Cons Bond	2.620%	194,146			195,000		
Federal Farm Credit Cons Bond	3.330%	113,987				106,000	
TVA Electronotes	3.550%	24,251				25,000	
Tennessee Valley Authority	3.500%	65,388				61,000	
Total U.S. Government and Agency Securities		1,002,445	-	195,000	606,000	192,000	46%
Total Investments		\$ 2,171,005	\$ 195,096	\$ 975,000	\$ 801,000	\$ 192,000	100%

Custodial Credit Risk is the risk that, in the event of failure of the counterparty, the fiscal court will not be able to recover the value of its certificates of deposit, investments or collateral securities that are in the possession of an outside party. The fiscal court's investment policy requires counterparties to provide sufficient collateral or other insurance if any investments or deposits exceed the insurance provided by Federal Deposit Insurance Corporation (FDIC) and the Securities Investor Protection Corporation (SIPC). All certificates of deposit and investments must be held by the counterparty in the fiscal court's name. The FDIC limits certificates of deposit at each depository institution to \$250,000 FDIC coverage limit. In addition, the SIPC provides up to \$500,000 coverage for securities and cash (limit of \$250,000 for cash) per client and the counterparties maintain additional insurance coverage for loss of securities and cash above the coverage provided by FDIC and SIPC.

MADISON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2019
(Continued)

Note 2. Deposits and Investments (Continued)

B. Investments (Continued)

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The fiscal court is statutorily limited as to credit ratings, at the time of purchase. KRS 66.480 and the fiscal court's investment policy define the following items as permissible investments:

- 1) Obligations of the United States and of its agencies and instrumentalities.
- 2) Obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States or a United States government agency.
- 3) Obligations of any corporation of the United States government.
- 4) Certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution having a physical presence in Kentucky which are insured by the Federal Deposit Insurance Corporation or similar entity or which are collateralized, to the extent uninsured, by any obligations, including surety bonds, permitted by KRS 41.240.
- 5) Uncollateralized certificates of deposit issued by any bank or savings and loan institution having a physical presence in Kentucky rated in one of the three highest categories by a competent rating agency.
- 6) Bankers' acceptances for banks rated in one of the three highest categories by a competent rating agency.
- 7) Commercial paper rated in the highest category by a competent rating agency.
- 8) Bonds or certificates of indebtedness of this state and of its agencies and instrumentalities.
- 9) Securities issued by a state or local government, or any instrumentality of agency thereof, in the United States, and rated in one of the three highest categories by a competent rating agency.
- 10) Shares of mutual funds and exchange traded funds, each of which shall have the following characteristics:
 - a) The mutual funds shall be an open-end diversified investment company registered under the Federal Investment Company Act of 1940, as amended.
 - b) The management company of the investment company shall have been in operation for at least five years.
 - c) All of the securities in the mutual fund shall be eligible investments pursuant to this section.

The fiscal court is limited to investing no more than 20 percent in categories 5, 6, and 7 above per state statute and the fiscal court's investment policy. As of June 30, 2019, the fiscal court does not have any investments in these categories.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the fiscal court's investment in a single issuer. U.S. Government securities and investments in mutual funds are excluded from this risk.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The fiscal court's policy provides that, to the extent practicable, investments are matched with anticipated cash flows. Investments are diversified to minimize the risk of loss resulting from over-concentration of assets in a specific maturity period, a single issuer, or an individual class of securities. See table above for investments listed by type and duration.

MADISON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2019
(Continued)

Note 3. Transfers

The table below shows the interfund operating transfers for fiscal year 2019.

	General Fund	CSEPP Fund	Total Transfers In
General Fund	\$	\$ 571,899	\$ 571,899
Road Fund	921,795		921,795
Jail Fund	2,000,000		2,000,000
E-911 Fund	186,769		186,769
Total Transfers Out	<u>\$ 3,108,564</u>	<u>\$ 571,899</u>	<u>\$ 3,680,463</u>

Reason for transfers:

To move resources from and to the general fund and other funds, for budgetary purposes, to the funds that will expend them.

Note 4. Operating Leases

A. Mowers

On December 15, 2013, the Madison County Fiscal Court entered into a six-year lease agreement with Wells Fargo Financial Leasing, Inc., for mowers for the Battlefield Golf Course. The lease agreement calls for lease payments of \$9,139 due in the months of May through October of each year. The total expense related to this lease was \$63,970 for the year ended June 30, 2019. The future minimum lease payments are as follows:

Fiscal Year Ending June 30	Amount
2020	\$ 27,416
Total Minimum Lease Payments	<u>\$ 27,416</u>

B. Golf Carts

On June 23, 2015, the Madison County Fiscal Court entered into a 63-month lease agreement with PNC Equipment Finance, LLC for golf carts for the Battlefield Golf Course. The lease agreement calls for lease payments of \$6,200 due in the months of May through October of each year. The total expense related to this lease was \$37,200 for the year ended June 30, 2019. The future minimum lease payments are as follows:

Fiscal Year Ending June 30	Amount
2020	\$ 37,200
2021	<u>24,800</u>
Total Minimum Lease Payments	<u>\$ 62,000</u>

MADISON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2019
(Continued)

Note 5. Long-term Debt

A. General Obligation Refunding Bonds, Series 2012

On November 21, 2012, the Madison County Fiscal Court issued \$9,530,000 of General Obligation Refunding Bonds, Series 2012 for the purpose of refunding all or a portion of the General Obligation Improvement Bonds, Series 2001; the General Obligation Public Project Bonds, Series 2004; and the General Obligation Improvement Bonds, Series 2004B. Interest rates vary from 0.60% through 3.00%. Principal payments are due annually on March 1 and interest payments are due semi-annually on March 1 and September 1. As of June 30, 2019, bonds outstanding were \$7,310,000. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Interest
2020	\$ 450,000	\$ 172,675
2021	460,000	163,675
2022	365,000	154,475
2023	375,000	147,175
2024	380,000	139,675
2025-2029	2,025,000	580,975
2030-2034	2,260,000	342,800
2035-2036	995,000	45,000
Totals	<u>\$ 7,310,000</u>	<u>\$ 1,746,450</u>

B. General Obligation Bonds, Series 2017

On June 1, 2017, the Madison County Fiscal Court issued \$6,090,000 of Series 2017 General Obligation Bonds for the purchase of the Family Court Building and adjacent parking lot in downtown Richmond. Interest rates vary from 2.00% through 5.00%. Principal payments are due annually on June 1 and interest payments are due semi-annually on December 1 and June 1. As of June 30, 2019, bonds outstanding were \$5,475,000. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Interest
2020	\$ 315,000	\$ 220,200
2021	330,000	204,450
2022	350,000	187,950
2023	365,000	170,450
2024	385,000	152,200
2025-2029	2,215,000	470,450
2030-2032	1,515,000	91,800
Totals	<u>\$ 5,475,000</u>	<u>\$ 1,497,500</u>

MADISON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2019
(Continued)

Note 5. Long-term Debt (Continued)

C. Financing Obligations – Fire Truck

On December 14, 2017, the Madison County Fiscal Court entered into a 10-year \$430,000 lease agreement with KACo Leasing Trust for the purchase of a fire truck. Semi-annual principal and 3.12% fixed rate interest payments began on January 20, 2018, with a final payment on July 20, 2027. No prepayment is permitted prior to January 20, 2020. There is a 3.00% termination penalty if prepaid on January 20, 2020 or any date thereafter. The principal outstanding as of June 30, 2019 was \$369,028. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Interest
2020	\$ 39,147	\$ 11,210
2021	40,219	9,981
2022	41,321	8,717
2023	42,452	7,419
2024	43,615	6,086
2025-2028	<u>162,274</u>	<u>10,263</u>
Totals	<u>\$ 369,028</u>	<u>\$ 53,676</u>

D. Financing Obligations – Voting Machines

On May 23, 2018, the Madison County Fiscal Court entered into an 8-year \$407,684 lease agreement with KACo Leasing Trust for the purchase of 50 voting machines. Semi-annual principal and 4.00% fixed rate interest payments began on July 20, 2018, with a final payment on January 20, 2026. No prepayment is permitted prior to July 20, 2020. If prepaid on July 20, 2020 and prior to July 20, 2022, there is a 3.00% termination penalty. On and after July 20, 2022, there is no penalty to prepay. The principal outstanding as of June 30, 2019 was \$358,967. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Interest
2020	\$ 45,873	\$ 13,904
2021	47,568	12,052
2022	49,325	10,132
2023	51,146	8,141
2024	53,035	6,077
2025-2026	<u>112,020</u>	<u>5,652</u>
Totals	<u>\$ 358,967</u>	<u>\$ 55,958</u>

MADISON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2019
(Continued)

Note 5. Long-term Debt (Continued)

E. Changes In Long-term Debt

Long-term Debt activity for the year ended June 30, 2019, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Obligation Bonds	\$ 13,530,000	\$	\$ 745,000	\$ 12,785,000	\$ 765,000
Financing Obligations	814,816		86,821	727,995	85,020
Total Long-term Debt	<u>\$ 14,344,816</u>	<u>\$ 0</u>	<u>\$ 831,821</u>	<u>\$ 13,512,995</u>	<u>\$ 850,020</u>

Note 6. Commitments and Contingencies

The county is involved in multiple lawsuits that arose from the normal course of doing business. While individually they may not be significant, in the aggregate they could negatively impact the county's financial position. Due to the uncertainty of the litigation, a reasonable estimate of the financial impact on the county cannot be made at this time.

Note 7. Employee Retirement System

The fiscal court has elected to participate, pursuant to KRS 78.530, in the County Employees Retirement System (CERS), which is administered by the Board of Trustees of the Kentucky Retirement Systems (KRS). This is a cost-sharing, multiple-employer, defined benefit pension plan, which covers all eligible full-time employees and provides for retirement, disability, and death benefits to plan members. Benefit contributions and provisions are established by statute.

The county's contribution for FY 2017 was \$1,413,236, FY 2018 was \$1,359,578, and FY 2019 was \$1,453,812.

Nonhazardous

Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008, are required to contribute 6 percent of their salary to be allocated as follows: 5 percent will go to the member's account and 1 percent will go to the KRS insurance fund.

In accordance with Senate Bill 2, signed by the Governor on April 4, 2013, plan members who began participating on or after January 1, 2014, were required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own accounts. Nonhazardous covered employees contribute 5 percent of their annual creditable compensation. Nonhazardous members also contribute 1 percent to the health insurance fund which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the KRS Board of Directors based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. A member's account is credited with a 4 percent employer pay credit. The employer pay credit represents a portion of the employer contribution.

MADISON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2019
(Continued)

Note 7. Employee Retirement System (Continued)

Nonhazardous (Continued)

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Nonhazardous employees who begin participation on or after September 1, 2008, must meet the rule of 87 (member's age plus years of service credit must equal 87, and the member must be a minimum of 57 years of age) or the member is age 65, with a minimum of 60 months service credit.

The county's contribution rate for nonhazardous employees was 21.48 percent.

Hazardous

Hazardous covered employees are required to contribute 8 percent of their salary to the plan. Hazardous covered employees who begin participation on or after September 1, 2008, are required to contribute 9 percent of their salary to be allocated as follows: 8 percent will go to the member's account and 1 percent will go to the KRS insurance fund.

In accordance with Senate Bill 2, signed by the Governor on April 4, 2013, plan members who began participating on or after January 1, 2014, were required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan.

Members in the plan contribute a set percentage of their salary each month to their own accounts. Hazardous members contribute 8 percent of their annual creditable compensation and also contribute 1 percent to the health insurance fund which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the Board of Directors based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. A hazardous member's account is credited with a 7.5 percent employer pay credit. The employer pay credit represents a portion of the employer contribution.

Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55. For hazardous employees who begin participation on or after September 1, 2008, aspects of benefits include retirement after 25 years of service or the member is age 60, with a minimum of 60 months of service credit.

The county's contribution rate for hazardous employees was 35.34 percent.

MADISON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2019
(Continued)

Note 7. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB)

A. Health Insurance Coverage – Tier 1

CERS provides post-retirement health care coverage as follows:

For members participating prior to July 1, 2003, years of service and respective percentages of the maximum contribution are as follows:

Years of Service	% Paid by Insurance Fund	% Paid by Member through Payroll Deduction
20 or more	100%	0%
15-19	75%	25%
10-14	50%	50%
4-9	25%	75%
Less than 4	0%	100%

As a result of House Bill 290 (2004 General Assembly), medical insurance benefits are calculated differently for members who began participation on or after July 1, 2003. Once members reach a minimum vesting period of ten years, nonhazardous employees whose participation began on or after July 1, 2003, earn ten dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually based on the retiree cost of living adjustment, which is updated annually due to changes in the Consumer Price Index.

Hazardous employees whose participation began on or after July 1, 2003, earn 15 dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Upon the death of a hazardous employee, the employee's spouse receives ten dollars per month for insurance benefits for each year of the deceased employee's hazardous service. This dollar amount is subject to adjustment annually based on the retiree cost of living adjustment, which is updated annually due to changes in the Consumer Price Index.

Benefits are covered under KRS 161.714 with exception of COLA and retiree health benefits after July 2003.

B. Health Insurance Coverage - Tier 2 and Tier 3 - Nonhazardous

Once members reach a minimum vesting period of 15 years, they earn ten dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually by 1.5 percent. This was established for Tier 2 members during the 2008 Special Legislative Session by House Bill 1. During the 2013 Legislative Session, Senate Bill 2 was enacted, creating Tier 3 benefits for members.

The monthly insurance benefit has been increased annually as a 1.5 percent cost of living adjustment (COLA) since July 2003 when the law changed. The annual increase is cumulative and continues to accrue after the member's retirement.

Tier 2 member benefits are covered by KRS 161.714 with exception of COLA and retiree health benefits after July 2003. Tier 3 members are not covered by the same provisions.

MADISON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2019
(Continued)

Note 7. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

C. Health Insurance Coverage - Tier 2 and Tier 3 - Hazardous

Once members reach a minimum vesting period of 15 years, they earn fifteen dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually by 1.5 percent. Upon the death of a hazardous employee, the employee's spouse receives ten dollars per month for insurance benefits for each year of the deceased employee's hazardous service. This was established for Tier 2 members during the 2008 Special Legislative Session by House Bill 1. During the 2013 Legislative Session, Senate Bill 2 was enacted, creating Tier 3 benefits for members.

The monthly insurance benefit has been increased annually as a 1.5 percent COLA since July 2003 when the law changed. The annual increase is cumulative and continues to accrue after the member's retirement.

D. Cost of Living Adjustments - Tier 1

The 1996 General Assembly enacted an automatic cost of living adjustment (COLA) provision for all recipients of KRS benefits. During the 2008 Special Session, the General Assembly determined that each July beginning in 2009, retirees who have been receiving a retirement allowance for at least 12 months will receive an automatic COLA of 1.5 percent. The COLA is not a guaranteed benefit. If a retiree has been receiving a benefit for less than 12 months, and a COLA is provided, it will be prorated based on the number of months the recipient has been receiving a benefit.

E. Cost of Living Adjustments - Tier 2 and Tier 3

No COLA is given unless authorized by the legislature with specific criteria. To this point, no COLA has been authorized by the legislature for Tier 2 or Tier 3 members.

F. Death Benefit

If a retired member is receiving a monthly benefit based on at least 48 months of service credit, KRS will pay a \$5,000 death benefit payment to the beneficiary designated by the member specifically for this benefit. Members with multiple accounts are entitled to only one death benefit.

KRS Annual Financial Report and Proportionate Share Audit Report

KRS issues a publicly available annual financial report that includes financial statements and required supplementary information on CERS. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646.

KRS also issues proportionate share audit reports for both total pension liability and other post-employment benefits for CERS determined by actuarial valuation as well as each participating county's proportionate share. Both the Schedules of Employer Allocations and Pension Amounts by Employer and the Schedules of Employer Allocations and OPEB Amounts by Employer reports and the related actuarial tables are available online at <https://kyret.ky.gov>. The complete actuarial valuation report, including all actuarial assumptions and methods, is also available on the website or can be obtained as described in the paragraph above.

MADISON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2019
(Continued)

Note 8. Deferred Compensation

The Madison County Fiscal Court allows all eligible employees to participate in deferred compensation plans administered by the Kentucky Public Employees' Deferred Compensation Authority. The Kentucky Public Employees' Deferred Compensation Authority is authorized under KRS 18A.230 to 18A.275 to provide administration of tax sheltered supplemental retirement plans for all state, public school and university employees, and employees of local political subdivisions that have elected to participate.

These deferred compensation plans permit all full time employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Participation by eligible employees in the deferred compensation plans is voluntary.

Historical trend information showing the Kentucky Public Employees' Deferred Compensation Authority's progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Public Employees' Deferred Compensation Authority's annual financial report. This report may be obtained by writing the Kentucky Public Employees' Deferred Compensation Authority at 501 High Street, 2nd Floor, Frankfort, KY 40601, or by telephone at (502) 573-7925.

Note 9. Self-Insured Health Insurance Account

The Madison County Fiscal Court elected to begin a self-funded health insurance plan, effective July 1, 2017, to provide health insurance benefits to employees. The county has contracted with a third-party administrator to process the claims paid under the plan. The Madison County Fiscal Court purchased a stop-loss insurance policy to cover losses from individual and aggregate claims once the county reached the individual and aggregate attachment points.

Incurred administrative fees and health insurance claims for the fiscal year ended June 30, 2019 were \$296,693 and \$1,010,250 respectively. The Health Insurance Account had a balance of \$460,746 as of June 30, 2019, which does not include \$51,799 in unpaid claims outstanding at June 30, 2019.

Note 10. Insurance

For the fiscal year ended June 30, 2019, the Madison County Fiscal Court was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

Note 11. Subsequent Event

The Madison County Fiscal Court purchased the Chase Bank building at 116 West Main Street, Richmond KY for \$730,779 on July 19, 2019. The county intends to issue general obligation bonds to reimburse the cash purchase and to renovate the building for office space.

MADISON COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2019
(Continued)

Note 12. Conduit Debt

From time to time, the county has issued bonds to provide financial assistance for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest, in accordance with KRS 103.210. This debt may take the form of certain types of limited-obligation revenue bonds, certificates of participation, or similar debt instruments. Although conduit debt obligations bear the Madison County Fiscal Court's name as issuer, the fiscal court has no obligation for such debt beyond the resources provided by a lease or loan with the third party on whose behalf it is issued. Neither the fiscal court nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statement. As of June 30, 2019, conduit debt has been issued but the amount currently outstanding is not reasonably determinable.

Note 13. Prior Period Adjustments

The beginning balances of the general and road funds were increased by \$491 and \$200, respectively, for prior year voided checks.

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MADISON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2019

MADISON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2019

	GENERAL FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Taxes	\$ 8,140,100	\$ 8,140,100	\$ 9,559,233	\$ 1,419,133
Excess Fees	815,000	815,000	1,865,814	1,050,814
Licenses and Permits	337,100	337,100	336,715	(385)
Intergovernmental	1,534,761	1,534,761	1,711,053	176,292
Charges for Services	635,310	635,310	565,244	(70,066)
Miscellaneous	492,450	492,450	439,216	(53,234)
Interest	20,000	20,000	54,902	34,902
Total Receipts	<u>11,974,721</u>	<u>11,974,721</u>	<u>14,532,177</u>	<u>2,557,456</u>
DISBURSEMENTS				
General Government	4,266,214	4,464,045	4,094,079	369,966
Protection to Persons and Property	1,626,580	1,653,142	1,504,273	148,869
General Health and Sanitation	695,811	715,273	658,315	56,958
Social Services	301,407	314,772	247,500	67,272
Recreation and Culture	620,030	643,071	589,273	53,798
Other Transportation Facilities and Services	20,000	20,000	20,000	
Debt Service	1,263,797	1,265,918	1,262,966	2,952
Capital Projects	140,000	140,000		140,000
Administration	5,043,660	4,761,278	2,203,662	2,557,616
Total Disbursements	<u>13,977,499</u>	<u>13,977,499</u>	<u>10,580,068</u>	<u>3,397,431</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(2,002,778)</u>	<u>(2,002,778)</u>	<u>3,952,109</u>	<u>5,954,887</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			571,899	571,899
Transfers To Other Funds	<u>(2,997,222)</u>	<u>(2,997,222)</u>	<u>(3,108,564)</u>	<u>(111,342)</u>
Total Other Adjustments to Cash (Uses)	<u>(2,997,222)</u>	<u>(2,997,222)</u>	<u>(2,536,665)</u>	<u>460,557</u>
Net Change in Fund Balance	(5,000,000)	(5,000,000)	1,415,444	6,415,444
Fund Balance - Beginning (Restated)	<u>5,000,000</u>	<u>5,000,000</u>	<u>4,660,771</u>	<u>(339,229)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 6,076,215</u>	<u>\$ 6,076,215</u>

Reconciliation

Total Other Adjustments To Cash (Uses) - Budgetary Basis	\$ (2,536,665)
To Adjust for Investments Change in Value	106,458
Total Other Adjustments To Cash (Uses) - Regulatory Basis	<u>\$ (2,430,207)</u>
Fund Balance - Ending - Budgetary Basis	\$ 6,076,215
To Adjust for Investments Change in Value	106,458
Fund Balance - Ending - Regulatory Basis	<u>\$ 6,182,673</u>

MADISON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2019
(Continued)

	ROAD FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 2,456,171	\$ 2,456,171	\$ 2,178,191	\$ (277,980)
Charges for Services	143,000	143,000	166,923	23,923
Miscellaneous	5,000	5,000	15,581	10,581
Interest	500	500	160	(340)
Total Receipts	<u>2,604,671</u>	<u>2,604,671</u>	<u>2,360,855</u>	<u>(243,816)</u>
DISBURSEMENTS				
Roads	3,130,426	3,303,426	3,115,402	188,024
Administration	496,040	495,639	420,682	74,957
Total Disbursements	<u>3,626,466</u>	<u>3,799,065</u>	<u>3,536,084</u>	<u>262,981</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,021,795)</u>	<u>(1,194,394)</u>	<u>(1,175,229)</u>	<u>19,165</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	<u>821,795</u>	<u>821,795</u>	<u>921,795</u>	<u>100,000</u>
Total Other Adjustments to Cash (Uses)	<u>821,795</u>	<u>821,795</u>	<u>921,795</u>	<u>100,000</u>
Net Change in Fund Balance	(200,000)	(372,599)	(253,434)	119,165
Fund Balance - Beginning (Restated)	<u>200,000</u>	<u>372,599</u>	<u>372,800</u>	<u>201</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 119,366</u>	<u>\$ 119,366</u>

MADISON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2019
(Continued)

	JAIL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 869,000	\$ 999,675	\$ 1,049,128	\$ 49,453
Charges for Services	68,300	132,800	173,488	40,688
Miscellaneous	288,000	288,000	217,669	(70,331)
Interest	100	100	112	12
Total Receipts	<u>1,225,400</u>	<u>1,420,575</u>	<u>1,440,397</u>	<u>19,822</u>
DISBURSEMENTS				
Protection to Persons and Property	2,857,122	2,885,630	2,846,185	39,445
Administration	593,705	760,372	558,549	201,823
Total Disbursements	<u>3,450,827</u>	<u>3,646,002</u>	<u>3,404,734</u>	<u>241,268</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(2,225,427)</u>	<u>(2,225,427)</u>	<u>(1,964,337)</u>	<u>261,090</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	<u>2,175,427</u>	<u>2,175,427</u>	<u>2,000,000</u>	<u>(175,427)</u>
Total Other Adjustments to Cash (Uses)	<u>2,175,427</u>	<u>2,175,427</u>	<u>2,000,000</u>	<u>(175,427)</u>
Net Change in Fund Balance	(50,000)	(50,000)	35,663	85,663
Fund Balance - Beginning	<u>50,000</u>	<u>50,000</u>	<u>366,822</u>	<u>316,822</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 402,485</u>	<u>\$ 402,485</u>

MADISON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2019
(Continued)

LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 108,000	\$ 108,000	\$ 150,469	\$ 42,469
Interest	500	500	653	153
Total Receipts	<u>108,500</u>	<u>108,500</u>	<u>151,122</u>	<u>42,622</u>
DISBURSEMENTS				
Roads	<u>508,500</u>	<u>508,500</u>	<u>84,165</u>	<u>424,335</u>
Total Disbursements	<u>508,500</u>	<u>508,500</u>	<u>84,165</u>	<u>424,335</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(400,000)</u>	<u>(400,000)</u>	<u>66,957</u>	<u>466,957</u>
Net Change in Fund Balance	(400,000)	(400,000)	66,957	466,957
Fund Balance - Beginning	<u>400,000</u>	<u>400,000</u>	<u>429,360</u>	<u>29,360</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 496,317</u>	<u>\$ 496,317</u>

MADISON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2019
(Continued)

FEDERAL GRANTS FUND				
	<u>Budgeted Amounts</u>		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 300,000	\$ 300,000	\$ 10,000	(290,000)
Total Receipts	<u>300,000</u>	<u>300,000</u>	<u>10,000</u>	<u>(290,000)</u>
DISBURSEMENTS				
Capital Projects	300,000	300,000	10,000	290,000
Total Disbursements	<u>300,000</u>	<u>300,000</u>	<u>10,000</u>	<u>290,000</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)				
Net Change in Fund Balance				
Fund Balance - Beginning				
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

MADISON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2019
(Continued)

CHEMICAL STOCKPILE EMERGENCY PREPAREDNESS PROGRAM

	<u>Budgeted Amounts</u>		<u>Actual Amounts, (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Intergovernmental	\$ 43,462,575	\$ 43,462,575	\$ 3,676,432	\$ (39,786,143)
Miscellaneous	17,161	17,161	17,552	391
Interest	500	500	48	(452)
Total Receipts	<u>43,480,236</u>	<u>43,480,236</u>	<u>3,694,032</u>	<u>(39,786,204)</u>
DISBURSEMENTS				
Protection to Persons and Property	43,229,395	43,229,395	3,471,403	39,757,992
Administration	1,120,503	1,120,503	265,148	855,355
Total Disbursements	<u>44,349,898</u>	<u>44,349,898</u>	<u>3,736,551</u>	<u>40,613,347</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(869,662)</u>	<u>(869,662)</u>	<u>(42,519)</u>	<u>827,143</u>
Other Adjustments to Cash (Uses)				
Transfers To Other Funds			<u>(571,899)</u>	<u>(571,899)</u>
Total Other Adjustments to Cash (Uses)			<u>(571,899)</u>	<u>(571,899)</u>
Net Change in Fund Balance	(869,662)	(869,662)	(614,418)	255,244
Fund Balance - Beginning	<u>869,662</u>	<u>869,662</u>	<u>880,389</u>	<u>10,727</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 265,971</u>	<u>\$ 265,971</u>

MADISON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2019
(Continued)

	E-911 FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 820,000	\$ 820,000	\$ 688,659	\$ (131,341)
Intergovernmental	400,000	400,000	379,755	(20,245)
Charges for Services	200,308	200,308	146,872	(53,436)
Miscellaneous	399,999	399,999	266,666	(133,333)
Interest	250	250	154	(96)
Total Receipts	<u>1,820,557</u>	<u>1,820,557</u>	<u>1,482,106</u>	<u>(338,451)</u>
DISBURSEMENTS				
Protection to Persons and Property	1,457,178	1,457,178	1,098,769	358,409
Capital Projects	400,000	400,000	388,870	11,130
Administration	538,379	538,379	403,893	134,486
Total Disbursements	<u>2,395,557</u>	<u>2,395,557</u>	<u>1,891,532</u>	<u>504,025</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(575,000)</u>	<u>(575,000)</u>	<u>(409,426)</u>	<u>165,574</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds			186,769	186,769
Total Other Adjustments to Cash (Uses)			<u>186,769</u>	<u>186,769</u>
Net Change in Fund Balance	(575,000)	(575,000)	(222,657)	352,343
Fund Balance - Beginning	575,000	575,000	670,271	95,271
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 447,614</u>	<u>\$ 447,614</u>

MADISON COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2019
(Continued)

SELF-INSURED HEALTH INSURANCE ACCOUNT

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	\$ 1,855,884	\$ 1,855,884	\$ 1,552,192	\$ (303,692)
Total Receipts	<u>1,855,884</u>	<u>1,855,884</u>	<u>1,552,192</u>	<u>(303,692)</u>
DISBURSEMENTS				
Administration	1,855,884	1,855,884	1,343,201	512,683
Total Disbursements	<u>1,855,884</u>	<u>1,855,884</u>	<u>1,343,201</u>	<u>512,683</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			<u>208,991</u>	<u>208,991</u>
Net Change in Fund Balance			208,991	208,991
Fund Balance - Beginning			<u>251,755</u>	<u>251,755</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 460,746</u>	<u>\$ 460,746</u>

MADISON COUNTY
NOTES TO REGULATORY SUPPLEMENTARY
INFORMATION - BUDGETARY COMPARISON SCHEDULES

June 30, 2019

Note 1. Budgetary Information

Annual budgets are adopted on a regulatory basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board and according to the laws of Kentucky as required by the state local finance officer.

The county judge/executive is required to submit estimated receipts and proposed disbursements to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the state local finance officer. Disbursements may not exceed budgeted appropriations at the activity level.

MADISON COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended June 30, 2019

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MADISON COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity's Identifying Number	Total Federal Expenditures
<u>U.S. Department of Justice</u>			
<i>Direct Program:</i>			
Edward Byrne Memorial Justice Assistance Grant	16.738	2017-DJ-BX-0646	\$ 13,786
Total U.S. Department of Justice			13,786
<u>U.S. Department of Defense</u>			
<i>Passed-Through Kentucky Energy and Environment Cabinet:</i>			
Assembled Chemical Weapons Program	12.501	PON2-129-1900000840	50,000
Total U.S. Department of Defense			50,000
<u>U.S. Department of Housing and Urban Development</u>			
<i>Passed-Through Kentucky Department for Local Government:</i>			
Madison County God's Outreach Food Bank	14.228	16-030	10,000
Total U.S. Department of Housing and Urban Development			10,000
<u>U.S. Department of Homeland Security</u>			
<i>Passed-Through Kentucky Department of Military Affairs:</i>			
Chemical Stockpile Emergency Preparedness Program	97.040	EMA-2019-CA-5820	3,736,551
Emergency Management Performance Grant	97.042	EMA-2019-EP-00008-S01	16,501
Total U.S. Department of Homeland Security			3,753,052
Total Expenditures of Federal Awards			\$ 3,826,838

The accompanying notes are an integral part of this schedule.

MADISON COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2019

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of the Madison County Fiscal Court under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Madison County Fiscal Court, it is not intended to and does not present the financial position, changes in financial position, or cash flows of the Madison County Fiscal Court.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the basis of the accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3. Indirect Cost Rate

The Madison County Fiscal Court has not adopted an indirect cost rate.

MADISON COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2019

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MADISON COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2019

The fiscal court reports the following Schedule of Capital Assets:

	Beginning Balance	Additions	Deletions	Ending Balance
Land and Land Improvements	\$ 6,778,008	\$	\$	\$ 6,778,008
Buildings	31,284,360	123,867		31,408,227
Vehicles	6,083,885	335,268	683,232	5,735,921
Equipment	9,651,225	1,071,143		10,722,368
Infrastructure	24,476,090	1,468,101		25,944,191
 Total Capital Assets	 <u>\$ 78,273,568</u>	 <u>\$ 2,998,379</u>	 <u>\$ 683,232</u>	 <u>\$ 80,588,715</u>

MADISON COUNTY
NOTES TO OTHER INFORMATION – REGULATORY BASIS
SCHEDULE OF CAPITAL ASSETS

June 30, 2019

Note 1. Capital Assets

Capital assets, which include land, land improvements, buildings, furniture and office equipment, building improvements, machinery, equipment, and infrastructure assets (roads and bridges) that have a useful life of more than one reporting period based on the government's capitalization policy, are reported as other information. Such assets are recorded at historical cost or estimated historical cost when purchased or constructed.

	<u>Capitalization Threshold</u>	<u>Useful Life (Years)</u>
Land and Land Improvements	\$ 10,000	10-60
Buildings	\$ 10,000	10-75
Vehicles	\$ 10,000	3-5
Equipment	\$ 10,000	3-25
Infrastructure	\$ 10,000	10-50

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

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TEDDY MICHAEL PRATER CPA, PLLC
724 Gifford Road
Salyersville, KY 41465
Telephone (606) 349-8042

The Honorable Reagan Taylor, Madison County Judge/Executive
Members of the Madison County Fiscal Court

Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With *Government Auditing Standards*

Independent Auditor's Report

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of the Madison County Fiscal Court for the fiscal year ended June 30, 2019, and the related notes to the financial statement which collectively comprise the Madison County Fiscal Court's financial statement and have issued our report thereon dated December 17, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Madison County Fiscal Court'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 opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Madison County Fiscal Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Madison County Fiscal Court'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 statement 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 over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report On Internal Control Over Financial Reporting
And On Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With *Government Auditing Standards*
(Continued)

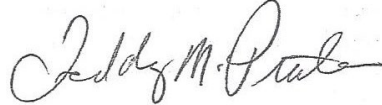
Compliance And Other Matters

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

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.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Teddy M. Prater".

Teddy Michael Prater CPA, PLLC

December 17, 2019

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH UNIFORM GUIDANCE**

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TEDDY MICHAEL PRATER CPA, PLLC
724 Gifford Road
Salyersville, KY 41465
Telephone (606) 349-8042

The Honorable Reagan Taylor, Madison County Judge/Executive
Members of the Madison County Fiscal Court

Report On Compliance For Each Major Federal Program
And Report On Internal Control Over Compliance
In Accordance With Uniform Guidance

Independent Auditor's Report

Report on Compliance for Each Major Federal Program

We have audited the Madison County Fiscal Court'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 the Madison County Fiscal Court's major federal programs for the year ended June 30, 2019. The Madison County Fiscal Court's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Madison County Fiscal Court's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Madison County Fiscal Court'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 on the Madison County Fiscal Court's compliance.

Report On Compliance For Each Major Federal Program
And Report On Internal Control Over Compliance
In Accordance With Uniform Guidance
(Continued)

Opinion on Each Major Federal Program

In our opinion, the Madison County Fiscal Court 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, 2019.

Report on Internal Control over Compliance

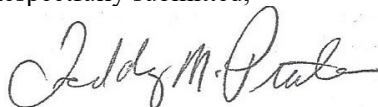
Management of the Madison County Fiscal Court is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Madison County Fiscal Court's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Madison County Fiscal Court'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 significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Respectfully submitted,



Teddy Michael Prater CPA, PLLC

December 17, 2019

**MADISON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For The Year Ended June 30, 2019

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**MADISON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For The Year Ended June 30, 2019

Section I: Summary of Auditor's Results

Financial Statement

Type of report auditor issued: Adverse on GAAP and Unmodified on Regulatory Basis

Internal control over financial reporting:

Are any material weaknesses identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are any significant deficiencies identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported
Are any noncompliances material to financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Federal Awards

Internal control over major programs:

Are any material weaknesses identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are any significant deficiencies identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported
Type of auditor's report issued on compliance for major federal programs: Unmodified		
Are any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
CFDA #97.040	Chemical Stockpile Emergency Preparedness Program

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as a low-risk auditee?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

MADISON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2019
(Continued)

Section II: Financial Statement Findings

None

Section III: Federal Award Findings And Questioned Costs

None

Section IV: Summary Schedule of Prior Audit Findings

None

**CERTIFICATION OF COMPLIANCE -
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM**

MADISON COUNTY FISCAL COURT

For The Year Ended June 30, 2019

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**CERTIFICATION OF COMPLIANCE -
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM**

MADISON COUNTY FISCAL COURT

For The Year Ended June 30, 2019

The Madison County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.

RSO - 12-17-19

County Judge/Executive

Glenn Smith 12/17/19

County Treasurer

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APPENDIX C

**COUNTY OF MADISON, KENTUCKY
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2011B**

STATEMENT OF INDEBTEDNESS OF TREASURER

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(g)	Bonds issued in the case of an emergency, when the public health or safety should so require.....	\$-0-
(h)	Bonds issued to fund a floating indebtedness	\$-0-
	TOTAL EXEMPT OBLIGATIONS	\$-0-

4. The total of bonds, notes and other obligations subject to the debt limitation set forth in KRS 66.041 (2 minus 3) is \$33,179,816

5. The total of bonds, notes and other obligations subject to the debt limitation set forth in KRS 66.041 as computed in 4 above, does not exceed 2% of the assessed valuation of all the taxable property in the Issuer.

6. The current tax rates of the Issuer, for other than school purposes, upon the value of the taxable property therein are \$.0800 per \$100 of assessed value for real property and \$0.0800 per \$100 of assessed value for personal property which does not exceed the maximum permissible tax rate for the Issuer as set forth in Section 157 of the Kentucky Constitution.

7. The issuance of the bonds, notes or other obligations set forth in 2 hereof will not cause the tax rates set forth in 6 hereof to increase in an amount which would exceed the maximum permissible tax rate for the Issuer as set forth in Section 157 of the Kentucky Constitution.

IN WITNESS WHEREOF, I have hereunto set my hand this July 15, 2021.

Treasurer

APPENDIX D

**COUNTY OF MADISON, KENTUCKY
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2021B**

FORM OF LEGAL APPROVING OPINION OF BOND COUNSEL

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The form of the legal approving opinion of Dinsmore & Shohl LLP, bond counsel, is set forth below. The actual opinion will be delivered on the date of delivery of the Bonds referred to therein and may vary from the form set forth to reflect circumstances both factual and legal at the time of such delivery. Recirculation of the final Official Statement shall create no implication that Dinsmore & Shohl LLP has reviewed any of the matters set forth in such opinion after the date of its opinion.

July 15, 2021

Ladies and Gentlemen:

We have examined the transcript submitted relating to the issue of \$5,995,000 General Obligation Refunding Bonds, Series 2021B (the “Bonds”) of the County of Madison Kentucky (the “Issuer”), dated the date of their initial delivery, numbered R-1 upward and of the denomination of \$5,000 and any integral multiple thereof. The Bonds mature, bear interest, and are subject to mandatory and optional redemption upon the terms set forth therein. We have also examined a specimen Bond.

Based on this examination, we are of the opinion, based upon laws, regulations, rulings, and decisions in effect on the date hereof, that:

1. The Bonds constitute valid obligations of the Issuer in accordance with their terms, which unless paid from other sources, are payable from taxes to be levied by the Issuer without limitation as to rate.

2. Under the laws, regulations, rulings, and judicial decisions in effect as of the date hereof, interest on the Bonds is excludible from gross income for Federal income tax purposes, pursuant to the Internal Revenue Code of 1986, as amended (the “Code”). Furthermore, interest on the Bonds will not be treated as a specific item of tax preference, under Section 57(a)(5) of the Code, in computing the alternative minimum tax. In rendering the opinions in this paragraph, we have assumed continuing compliance with certain covenants designed to meet the requirements of Section 103 of the Code. We express no other opinion as to the federal or state tax consequences of purchasing, holding, or disposing of the Bonds.

3. The interest on the Bonds is not subject to taxation by the Commonwealth of Kentucky, and the Bonds are not subject to ad valorem taxation by the Commonwealth of Kentucky or by any political subdivision thereof.

The Issuer has not designated the Bonds as “qualified tax-exempt obligations” with respect to investments by certain financial institutions under Section 265 of the Code.

In giving this opinion, we have relied upon covenants and certifications of facts, estimates and expectations made by officials of the Issuer and others contained in the transcript which we have not independently verified. It is to be understood that the enforceability of the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium, and other laws in effect from time to time affecting creditors’ rights, and to the exercise of judicial discretion.

Very truly yours,

APPENDIX E

BOOK-ENTRY-ONLY SYSTEM

The Bonds initially will be issued solely in book entry form to be held in the book-entry only system maintained by DTC, New York, NY. So long as such book entry system is used, only DTC will receive or have the right to receive physical delivery of Bonds and, except as otherwise provided herein with respect to Beneficial Owners (as defined below) of beneficial ownership interests, Beneficial Owners will not be or be considered to be, and will not have any rights as, owners or holders of the Bonds under the Ordinance.

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

DTC will act as securities depository for the Bonds. The Bonds 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. One fully-registered Bond for each maturity will be issued and will be deposited with DTC.

DTC, the world's largest securities 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 100 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 is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. 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. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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 affect 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 Registrar and Paying Agent and request that copies of notices be provided directly to them.

Redemption notices will 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 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to 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 securities 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 Registrar and Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by the 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 Registrar and Paying Agent or the Issuer, 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 Issuer or the Registrar and Paying Agent, 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.

A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Registrar and Paying Agent and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Registrar and Paying Agent. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Registrar and Paying Agent's DTC account.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer believes to be reliable but neither the Issuer nor the Registrar and Paying Agent take any responsibility for the accuracy thereof.

NEITHER THE ISSUER NOR THE REGISTRAR AND 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 REGISTRAR AND PAYING AGENT AS BEING A HOLDER 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 ORDINANCE 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.

Each Beneficial Owner for whom a Direct Participant or Indirect Participant acquires an interest in the Bonds, as nominee, may desire to make arrangements with such Direct Participant or Indirect Participant to receive a credit balance in the records of such Direct Participant or Indirect Participant, to have all notices of redemption,

elections to tender Bonds or other communications to or by DTC which may affect such Beneficial Owner forwarded in writing by such Direct Participant or Indirect Participant, and to have notification made of all debt service payments.

Beneficial Owners may be charged a sum sufficient to cover any tax, fee, or other governmental charge that may be imposed in relation to any transfer or exchange of their interests in the Bonds.

The Issuer and the Registrar and Paying Agent cannot and do not give any assurances that DTC, Direct Participants, Indirect Participants or others will distribute payments of debt service on the Bonds made to DTC or its nominee as the registered owner, or any redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or that DTC, Direct Participants or Indirect Participants will serve and act in the manner described in this Official Statement.

DTC may determine to discontinue providing its service as securities depository with respect to the Bonds at any time by giving notice to the Issuer and discharging its responsibilities with respect thereto under applicable law. In such event, the Ordinance provides for issuance of fully registered Bonds (“Replacement Bonds”) directly to the Beneficial Owners of Bonds, other than DTC or its nominee, only in the event that DTC resigns or is removed as the securities depository for the Bonds. Upon the occurrence of this event, the Issuer and the Registrar and Paying Agent may appoint another qualified depository. If the Issuer and the Registrar and Paying Agent fail to appoint a successor depository, the Bonds shall be withdrawn from DTC and issued in fully registered form, whereupon the Issuer shall execute and the Registrar and Paying Agent, as authenticating agent, shall authenticate and deliver Replacement Bonds in the denomination of \$5,000 or integral multiples thereof. The Issuer will pay for all costs and expenses of printing, executing and authenticating the Replacement Bonds. Transfer and exchange of such Replacement Bonds will be made as provided in the Ordinance.

THE INFORMATION IN THIS SECTION CONCERNING DTC AND DTC’S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE ISSUER BELIEVES TO BE RELIABLE, BUT THE ISSUER TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF.