

PIKE COUNTY BOARD OF EDUCATION
PIKEVILLE, KENTUCKY

FINANCIAL STATEMENTS
SUPPLEMENTAL INFORMATION AND
INDEPENDENT AUDITORS REPORT

YEAR ENDED JUNE 30, 2022

Wallen, Puckett, & Anderson, PSC

CERTIFIED PUBLIC ACCOUNTANTS

POST OFFICE BOX 1349

PIKEVILLE, KENTUCKY 41502

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INDEPENDENT AUDITOR'S REPORT

Kentucky State Committee for Board of Education Audits
Members of the Board of
Pike County Board of Education
Pikeville, Kentucky

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Pike County Board of Education, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Pike County Board of Education's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Pike County Board of Education, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 23 to the financial statements, in 2022, the Board adopted new accounting guidance, GASB Statement No. 87, Leases. Our opinion is not modified with respect to this matter.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements prescribed by the Kentucky State Committee for School District Audits. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Pike County Board of Education and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Pike County Board of Education's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Pike County Board of Education's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Pike County Board of Education's ability to continue as a going concern for a reasonable period of time. We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5-9 and 58-60 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Pike County Board of Education's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

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

WALLEN, PUCKETT, AND ANDERSON, P. S. C.

Wallen, Puckett and Anderson, PSC

Certified Public Accountants
Pikeville, Kentucky

November 15, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

**PIKE COUNTY SCHOOL SYSTEM – PIKEVILLE, KENTUCKY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2022**

As management of the Pike County School System (District), we offer readers of the District’s financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

FINANCIAL HIGHLIGHTS

- For FY22 (ending for FY21), the beginning cash and investment balance from all funds for the District was \$15,422,302.24 of which \$5,073,115.03 was reserved for summer payrolls already written (Fund 1), \$1,164,340.20 was on deposit in individual school checking accounts (Fund 25), \$134,843.09 was reserved for school District Activity Funds (DAF-Fund 21), \$3,376,480.18 was Reserved for Food Service use (Fund 51), and \$1,076,478.91 was in the Reserved for Construction Fund (Fund 360).
- The General Fund (Fund 1) had \$89,814,126.59 in revenue, which consisted of a beginning balance of \$9,450,648.76, the state program (SEEK) funding, property, unmined minerals, utilities, and motor vehicle taxes. There were \$78,468,834.92 in General Fund expenditures, consisting primarily of salary and benefits, as well as expenditures for utilities, insurances, new vehicles/buses, computers, instructional supplies, maintenance and transportation supplies, general supplies, contract and professional services, and other items as determined by necessity. Both revenues and expenses include state on-behalf payments for insurances, retirement and technology of \$18,399,136.09. In FY21, the year-end Unreserved Fund 1 Balance was \$8,676,106.65. For FY2, the year-end Unreserved Fund 1 Balance is \$10,553,459.18, an increase of \$1,877,352.53. The increase can be attributed to the payment of indirect cost from School Food Service and federal grants, which include grants to deal with COVID-19 loss of learning. These grants also provided resources to cover many educational areas that were affected by COVID-19 due to loss of instructional time.
- The Special Revenue Fund (Fund 2) was used to receipt and expend local, state and federal grant awards.
- The District Activity Fund (Fund 21) was used to receipt and expend non-student generated funds from the schools. Schools send up non-student generated funds on a monthly basis that are expended on items such as athletics, instruction, building & grounds, etc. Any unused funds are carried over to the next year and reallocated to the schools. The cash balance on June 30, 2022 was \$165,861.91.
- The Student Activity Funds (Fund 25) was used to track revenues and expenses in school level checking accounts. This fund was added due to the implementation of GASB 84 by the Kentucky Department of Education. The cash balance on June 30, 2022 was \$1,170,025.82.
- The Capital Outlay Fund (Fund 310) and the Building Fund (Fund 320) were first used to meet obligations on prior bond issues. Funds are transferred from these funds to the district Debt Service fund (Fund 400). Bonds are issued as the District renovates facilities consistent with its long-range facilities plan that is established with community input and in keeping with Kentucky Department of Education (KDE) stringent compliance regulations. On bond issues that existed as of July 1, 2021, the district’s total principal debt decreased by \$7,114,901.14 during the current fiscal year, which includes payments by both the district and SFCC. As allowed by law, funds available beyond bond obligations were used for capital improvement projects such as roofs and HVAC systems and for property insurance, KISTA payments, bus purchases and other on-going construction projects. On July 7, 2021, the district sold bonds in the amount of \$845,000 for a roof replacement at Pike County Central High School. On June 9, 202, the district sold bonds in the amount of \$3,920,000 for the replacement of the HVAC unit at Shelby Valley High School.
- The School Food Service Fund (Fund 51) was used to receipt and expend funds associated with the school feeding programs. Both revenues and expenditures include state on-behalf payments of \$2,031,452.87. On June 30, 2022, the Food Service program had Restricted-Net Assets, excluding pension, of \$3,875,820.95 and a \$3,021,727.49 cash balance. Note: For the 21-22 school year, the Board continued the Community Eligibility Option (CEO) program. This program requires free breakfast and lunch for all students, regardless of income.

Management Discussion and Analysis (MD&A)

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

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

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

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

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

The basic governmental fund financial statements can be found on pages 13-16 of this report.

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20-56 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of this District, assets exceeded liabilities by \$17,540,607 as of June 30, 2022.

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

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

Management Discussion and Analysis (MD&A)

Net Position for the period ending June 30, 2022

The current year's financial statements reflect the following:

	June 30, 2022	June 30, 2021
Current Assets	\$ 39,114,038	\$ 32,155,950
Noncurrent Assets	172,960,394	175,383,719
Total Assets	\$ 212,074,432	\$ 207,539,669
 Deferred Outflows of Resources	 \$ 22,993,605	 \$ 14,358,370
Current Liabilities	\$ 16,076,894	\$ 19,722,707
Noncurrent Liabilities	170,722,850	173,844,810
Total Liabilities	\$ 186,799,744	\$ 193,567,517
 Deferred Inflows of Resources	 \$ 30,727,686	 \$ 15,575,244
 Net Position		
Invested in Capital Assets, Net of Related Debt	\$ 60,755,035	\$ 62,012,065
Restricted	9,905,881	6,097,455
Unassigned	(53,120,309)	(55,354,242)
Total Net Position	\$ 17,540,607	\$ 12,755,278

Comments on Budget Comparisons

- The District's total revenues for the fiscal year ended June 30, 2022, including beginning balances and on-behalf payments for all funds, except construction and debt service, were \$134,084,939.21.
- General fund budgeted revenues compared to actual revenue varied slightly from line item to line item with major variances in tax revenues. The ending actual balance, excluding on-behalf payments and new KISTA bond sale for bus revenues, was \$2,390,931.15 more than budgeted or approximately 3.5 percentage points. The majority of this increase was due to the improvement in utility tax revenue and the increase in indirect cost due to federal COVID funding.
- General fund budget expenditures compared to actual expenditures, exclusive of budgeted contingency and on-behalf, varied from line item to line item with the ending actual balance being \$4,747,104.43 less than budgeted, or approximately 7.3%. Part of the reason for this variance was the district's continued effort to reduce payroll expenses through attrition and constant review of non-payroll expenses. Additionally, COVID-19 COVID federal funding also picked up some costs that were previously absorbed by the general fund.

Management Discussion and Analysis (MD&A)

The following table presents a summary of revenue and expense, for all funds except Student Activity Funds, Construction, Building Funds and Debt Service, for the fiscal year ended June 30, 2022 and 2021.

	June 30, 2022	June 30, 2021
Revenues		
Beginning Balance	\$ 13,185,113.37	\$ 8,556,865.69
Local revenue sources	20,182,055.93	21,131,141.29
State revenue sources	61,789,202.65	60,233,931.12
Federal Revenue	23,522,642.69	21,482,782.47
Other Sources	3,222,087.88	2,888,501.47
Total Revenues	\$ 121,901,102.52	\$ 114,293,222.04
Expenses		
Instruction	\$ 51,267,769.45	\$ 49,924,437.34
Student Support Services	4,974,394.81	4,821,692.68
Instructional Support	4,659,585.48	5,878,485.67
District Administration	2,310,756.90	2,304,115.00
School Administration	4,792,383.09	4,711,828.51
Business Support	1,518,694.14	1,536,934.03
Plant Operations	15,369,081.87	13,178,338.16
Student Transportation	9,268,904.04	7,412,558.04
Food Service Operations	8,257,875.17	7,022,603.91
Community Support	2,036,884.76	2,004,139.64
Construction/Land	207,642.96	158,095.09
Debt Service	316,815.02	241,279.24
Other/Fund Transfers	1,947,626.33	870,416.09
Total Expenses	\$ 106,928,414.02	\$ 100,064,923.40
Revenue in Excess of Expense	\$ 14,972,688.50	\$ 14,228,298.64

BUDGETARY IMPLICATIONS

In Kentucky the public-school fiscal year is July 1-June 30; other programs, i.e., some federal operate on a different fiscal calendar, but are reflected in the district overall budget. By law the budget must have a minimum 2% contingency across major funds. The district adopted a budget with \$4,400,000 in contingency, which was well above the required amount.

FY22 CONCERNS

In FY23, the biggest concern of the district will be the instability of the collection of tax related revenues, which are impacted by the economy and the continual decline of the coal and natural gas industries in the area. The number of businesses closing and/or filing bankruptcy has a negative effect on both General Property Taxes and Unmined Mineral Taxes, as well as the loss of students due to families leaving the area to look for employment. Additionally, due to the increase in taxpayer burden, the Board did not pass the Compensating Tax Rate for 22-23, which reduces the district's potential tax revenue. In addition, the district faces the continual underfunding of the state SEEK program, the continual loss of students and fluctuating fuel and energy costs. Other major concerns for the 2022-2023 budget include an aging bus fleet, aging facilities and overcrowding at a major school. Lastly, the full effect of COVID-19 is a continued unknown.

The district will continue its participation in the Community Eligibility Option. This option allows free breakfast and lunch for all students. With the increase in food costs, the School Food Service program must be diligent to remain financially viable.

Questions regarding this report should be directed to the Superintendent at (606) 433-9200 or to Nancy S. Ratliff, Director of Finance/Treasurer at (606) 433-9230 or by mail at 316 South Mayo Trail Pikeville, KY 41501.

BASIC FINANCIAL STATEMENTS

PIKE COUNTY BOARD OF EDUCATION

STATEMENT OF NET POSITION

June 30, 2022

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets			
Cash & Cash Equivalents	\$ 26,346,989	\$ 3,028,114	\$ 29,375,103
Accounts Receivable	8,297,122	645,157	8,942,279
Inventory	0	205,124	205,124
Due From Other Funds	591,532	0	591,532
Total Current Assets	\$ 35,235,643	\$ 3,878,395	\$ 39,114,038
Non - Current Assets			
Capital Assets, Net	\$ 170,524,799	\$ 111,211	\$ 170,636,010
Construction in Progress	1,860,797	0	1,860,797
Lease Asset	463,587	0	463,587
Total Non - Current Assets	\$ 172,849,183	\$ 111,211	\$ 172,960,394
TOTAL ASSETS	\$ 208,084,826	\$ 3,989,606	\$ 212,074,432
DEFERRED OUTFLOW OF RESOURCES			
Deferred Outflow from Pensions	\$ 9,993,265	\$ 828,531	\$ 10,821,796
Deferred Outflow from OPEB -TRS	4,321,072	0	4,321,072
Deferred Outflow from OPEB -CERS	7,023,653	827,084	7,850,737
Total Deferred Outflows of Resources	\$ 21,337,990	\$ 1,655,615	\$ 22,993,605
LIABILITIES			
Accounts Payable	\$ 2,595,305	\$ 2,574	\$ 2,597,879
Summer Payrolls	4,257,642	0	4,257,642
Interest Payable	593,539	0	593,539
Due to Other Funds	591,532	0	591,532
Other Liabilities	38,394	0	38,394
Long-term Liabilities			
Capital Leases due within 1 year	346,578	0	346,578
Sick Leave due within 1 year	310,000	0	310,000
Lease Obligations due within 1 year	161,330	0	161,330
Bond Payments due within 1 year	7,180,000	0	7,180,000
Bond Payments due in more than 1 year	102,585,000	0	102,585,000
Capital Leases due in more than 1 year	1,630,194	0	1,630,194
Sick Leave payable in more than 1 year	4,511,587	0	4,511,587
Lease Obligations due in more than 1 year	321,984	0	321,984
Pension Liabilities	34,218,599	4,029,477	38,248,076
OPEB Liabilities-TRS	11,944,000	0	11,944,000
OPEB Liabilities-CERS	10,272,367	1,209,642	11,482,009
Total Liabilities	\$ 181,558,051	\$ 5,241,693	\$ 186,799,744
Deferred Inflows of Resources			
Deferred Inflows From Pensions	\$ 7,578,809	\$ 892,457	\$ 8,471,266
Deferred Inflows From OPEB-TRS	9,518,000	0	9,518,000
Deferred Inflows From OPEB-CERS	6,045,130	711,856	6,756,986
Unearned Revenue	5,981,434	0	5,981,434
Total Deferred Inflows of Resources	\$ 29,123,373	\$ 1,604,313	\$ 30,727,686
NET POSITION			
Invested in Capital Assets, Net of Related Debt	\$ 60,643,824	\$ 111,211	\$ 60,755,035
Restricted	11,217,877	(1,311,996)	9,905,881
Unrestricted	(53,120,309)	0	(53,120,309)
NET POSITION	\$ 18,741,392	\$ (1,200,785)	\$ 17,540,607

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

**PIKE COUNTY BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Expenses	Operating Grants & Contributions	Capital Grants & Contribution	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction	\$ 51,624,992	\$ 19,000	\$ 11,935,600	\$ 0	\$ (39,670,392)	\$ 0	\$ (39,670,392)
Support Services							
Student	4,468,638	0	611,565	0	(3,857,073)	0	(3,857,073)
Instruction Staff	4,108,145	0	1,739,888	0	(2,368,257)	0	(2,368,257)
District Administrative	2,315,087	0	0	0	(2,315,087)	0	(2,315,087)
School Administrative	7,949,608	0	3,672	0	(7,945,936)	0	(7,945,936)
Business	1,617,308	0	233,837	0	(1,383,471)	0	(1,383,471)
Plant Operation and Maint.	20,973,812	0	1,282,181	0	(19,691,631)	0	(19,691,631)
Student Transportation	8,391,056	0	1,234,769	0	(7,156,287)	0	(7,156,287)
Central Office	45,315	0	45,316	0	1	0	1
Community Service Activities	2,036,885	0	1,760,214	0	(276,671)	0	(276,671)
Facilities Acquisition and Construction	404,256	0	0	0	(404,256)	0	(404,256)
Interest on Long Term Debt	3,306,378	0	0	0	(3,306,378)	0	(3,306,378)
Bond Discounts	27,596	0	0	0	(27,596)	0	(27,596)
Total Government Activities	\$ 107,269,076	\$ 19,000	\$ 18,847,042	\$ 0	\$ (88,403,034)	\$ 0	\$ (88,403,034)
Business Type Activities:							
Food Service	\$ 8,239,290	\$ 140,020	\$ 8,409,534	\$ 0	0	310,264	310,264
Total Business Type Activities	\$ 8,239,290	\$ 140,020	\$ 8,409,534	\$ 0	\$ 0	\$ 310,264	\$ 310,264
Total Primary Government	\$ 115,508,366	\$ 159,020	\$ 27,256,576	\$ 0	\$ (88,403,034)	\$ 310,264	\$ (88,092,770)
General Revenues							
Taxes					\$ 21,173,096	\$ 0	\$ 21,173,096
Investment Earnings					57,487	13,770	71,257
State and Formula Grants					66,902,177	0	66,902,177
Gains on Sales of Fixed Assets					(115,249)	0	(115,249)
Other Local					4,846,818	0	4,846,818
Operating Transfer					479,143	(479,143)	0
Total					\$ 93,343,472	\$ (465,373)	\$ 92,878,099
Change in Net Position					4,940,438	(155,109)	4,785,329
Net Position – Beginning					13,800,954	(1,045,676)	12,755,278
Net Position - Ending					\$ 18,741,392	\$ (1,200,785)	\$ 17,540,607

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

**PIKE COUNTY BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2022**

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Construction Fund</u>	<u>Debt Service Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Fund</u>
ASSETS AND RESOURCES						
Cash and Cash Equivalents	\$ 16,000,206	\$ 291,411	\$ 6,212,347	\$ 2,380,768	\$ 1,462,257	\$ 26,346,989
Accounts Receivable	1,525,789	6,770,467	0	0	866	8,297,122
Due From Other Funds	591,532	0	0	0	0	591,532
Total Assets and Resources	<u>\$ 18,117,527</u>	<u>\$ 7,061,878</u>	<u>\$ 6,212,347</u>	<u>\$ 2,380,768</u>	<u>\$ 1,463,123</u>	<u>\$ 35,235,643</u>
LIABILITIES AND FUND BALANCE						
Liabilities						
Accounts Payable	\$ 823,380	\$ 1,080,444	\$ 662,681	\$ 0	\$ 28,800	\$ 2,595,305
Summer Payrolls	4,257,642	0	0	0	0	4,257,642
Due to Other Funds	0	0	591,532	0	0	591,532
Other Liabilities	38,394	0	0	0	0	38,394
Total Liabilities	<u>\$ 5,119,416</u>	<u>\$ 1,080,444</u>	<u>\$ 1,254,213</u>	<u>\$ 0</u>	<u>\$ 28,800</u>	<u>\$ 7,482,873</u>
Deferred Inflows of Resources						
Deferred Revenue	\$ 0	\$ 5,981,434	\$ 0	\$ 0	\$ 0	5,981,434
Total Deferred Inflows of Resources	<u>\$ 0</u>	<u>\$ 5,981,434</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,981,434</u>
Fund Balance						
Restricted:						
Other	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,434,323	\$ 1,434,323
Future Construction	0	0	4,958,134	0	0	4,958,134
Debt Service	0	0	0	2,380,768	0	2,380,768
Committed:						
Site Based Carryforward	286,960	0	0	0	0	286,960
Sick-leave	310,000	0	0	0	0	310,000
Worker's Compensation	1,100,000	0	0	0	0	1,100,000
Assigned:						
Purchase Obligations	747,692	0	0	0	0	747,692
Unassigned	10,553,459	0	0	0	0	10,553,459
Total Fund Balance	<u>\$ 12,998,111</u>	<u>\$ 0</u>	<u>\$ 4,958,134</u>	<u>\$ 2,380,768</u>	<u>\$ 1,434,323</u>	<u>\$ 21,771,336</u>
Total Liabilities and Fund Balance	<u>\$ 18,117,527</u>	<u>\$ 7,061,878</u>	<u>\$ 6,212,347</u>	<u>\$ 2,380,768</u>	<u>\$ 1,463,123</u>	<u>\$ 35,235,643</u>

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

**PIKE COUNTY BOARD OF EDUCATION
RECONCILIATION OF THE BALANCE SHEET- GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2022**

Fund balance per fund financial statements	\$	21,771,336
Amounts reported for governmental activities in the statement of Net Positions are different because:		
Capital assets and construction in progress are not reported in this funds financial statement because they are not current financial resources, but they are reported in the statement of Net Positions.		172,385,596
GASB Statement No. 87, Leases, the objective of which is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments.		
Lease Asset		632,888
Amortization of Lease Asset		(169,301)
Lease Obligation		(483,314)
Deferred outflows of resources are not reported in the fund financial statement because they are not current financial resources, but they are reported in the statement of net position		21,337,990
Deferred inflows of resources are not reported in the fund financial statement because they are not due and payable, but they are presented in the statement of net position		(23,141,939)
Certain liabilities (such as bonds payable, compensated absences, KSBIT liability) are not reported in this funds financial statement because they are not due and payable, but they are presented in the statement of Net Positions.		
Sick Leave		(4,821,587)
Capital Leases payable		(1,976,772)
Accrued Interest on Bonds		(593,539)
KISBIT		0
Pension Liability		(34,218,599)
OPEB Liabilities-TRS		(11,944,000)
OPEB Liabilities-CERS		(10,272,367)
Bonds		(109,765,000)
Net Position for Governmental Activities	<u>\$</u>	<u>18,741,392</u>

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

PIKE COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Construction Fund</u>	<u>Debt Service Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Fund</u>
REVENUES						
From Local Sources						
Taxation						
Property	\$ 11,664,145	\$ 0	\$ 0	\$ 0	\$ 2,171,170	\$ 13,835,315
Motor Vehicles	2,906,398	0	0	0	0	2,906,398
Utilities	4,315,308	0	0	0	0	4,315,308
Other	116,075	0	0	0	0	116,075
Earnings on Investments	57,219	0	268	0	0	57,487
Other Local Revenues	613,157	355,963	512,141	0	3,392,240	4,873,501
Intergovernmental- State	57,687,817	2,026,243	0	3,366,191	5,480,716	68,560,967
Intergovernmental-Federal	162,783	17,025,469	0	0	0	17,188,252
Total Revenues	\$ 77,522,902	\$ 19,407,675	\$ 512,409	\$ 3,366,191	\$ 11,044,126	\$ 111,853,303
EXPENDITURES						
Instruction	\$ 39,218,256	\$ 11,935,600	\$ 0	\$ 0	\$ 113,914	\$ 51,267,770
Support Services						
Student	4,362,829	611,566	0	0	0	4,974,395
Instruction Staff	2,914,880	1,739,888	0	0	4,817	4,659,585
District Administrative	2,310,757	0	0	0	0	2,310,757
School Administrative	4,773,962	3,671	0	0	3,167,035	7,944,668
Business	1,284,858	233,837	0	0	1	1,518,696
Plant Operation and Maint.	14,018,340	1,282,181	0	0	68,561	15,369,082
Student Transportation	8,034,135	1,234,769	0	0	0	9,268,904
Food Service	0	45,315	0	0	0	45,315
Community Services	276,670	1,760,215	0	0	0	2,036,885
Facilities Acquisitions and Construction	207,643	0	0	0	0	207,643
Site Improvement	0	0	597,551	0	0	597,551
Building Improvements	0	0	1,362,139	0	0	1,362,139
Debt Service						
Principal	285,685	0	0	3,263,317	0	3,549,002
Interest	31,130	0	0	6,670,000	0	6,701,130
Bond Issuance Costs	0	0	0	0	0	0
Total Expenditures	\$ 77,719,145	\$ 18,847,042	\$ 1,959,690	\$ 9,933,317	\$ 3,354,328	\$ 111,813,522
Excess (Deficit) of Revenues over Expenditures	\$ (196,243)	\$ 560,633	\$ (1,447,281)	\$ (6,567,126)	\$ 7,689,798	\$ 39,781
Other Financing Sources (Uses)						
Proceeds from Sales of Bonds	\$ 0	\$ 0	\$ 4,765,000	\$ 0	\$ 0	\$ 4,765,000
Premium on Bond Issuance	0	0	0	0	0	0
Bond Discounts	0	0	(27,596)	0	0	(27,596)
Proceeds from Capital Leases	553,120	0	0	0	0	553,120
KISBIT Payments	0	0	0	0	0	0
Proceeds from Sales of Fixed Assets	4,761	0	0	0	0	4,761
Operating Transfer, In	2,282,695	158,159	591,532	6,567,126	218,581	9,818,093
Operating Transfer, Out	(749,691)	(718,792)	0	0	(7,870,467)	(9,338,950)
Total Other Financing Sources	\$ 2,090,885	\$ (560,633)	\$ 5,328,936	\$ 6,567,126	\$ (7,651,886)	\$ 5,774,428
Net Change in Fund Balance	\$ 1,894,642	\$ 0	\$ 3,881,655	\$ 0	\$ 37,912	\$ 5,814,209
Fund Balance - Beginning	11,103,469	0	1,076,479	2,380,768	1,396,411	15,957,127
Prior Period Adjustment	0	0	0	0	0	0
Fund Balance - Ending	\$ 12,998,111	\$ 0	\$ 4,958,134	\$ 2,380,768	\$ 1,434,323	\$ 21,771,336

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

**PIKE COUNTY BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

Net change in total fund balances per fund financial statements	\$ 5,814,209
 Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported as expenditures in this funds financial statement because they use current financial resources, but they are presented as assets in the statement of position and depreciated over their estimated economic lives.	3,578,560
Cost of Assets Disposed	(120,010)
The cost of capital assets is allocated over their useful lives and reported as depreciation expense.	(6,318,784)
Bond proceeds are reported as financing source in governmental funds and thus contributes to the change in fund balance. In the statement of Net Positions, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of Net Positions.	(4,765,000)
Proceeds from capital leases are reported as financing source in governmental funds and thus contributes to the change in fund balance. In the statement of Net Positions, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of Net Positions.	(560,803)
Bond payments are recognized as expenditures of current financial resources in the fund financial statements but are reductions of liabilities in the statement of financial position	6,670,000
Capital lease payments are recognized as expenditures of current financial resources in the fund financial statements but are reductions of liabilities in the statement of financial position	285,685
Interest Payable	4,033
Lease Obligation: GASB Statement No. 87, Leases, the objective of which is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments.	(19,727)
In the statement of activities certain operating expenses such as compensated absences are measured by the amounts earned during the year. In the governmental fund, however, expenditures for these items are measured by the amount of financial resources used. These accrued expenses paid exceeded the amounts earned.	
Accrued Sick Leave	(179,165)
Pension Expense	(879,884)
Other Post Employment Benefits (OPEB) - TRS	1,860,569
Other Post Employment Benefits (OPEB) - CERS	(429,245)
Change in net Position of governmental activities	\$ 4,940,438

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

PIKE COUNTY BOARD OF EDUCATION
STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2022

	<u>Food Service</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 3,028,114
Accounts Receivable	645,157
Inventory	205,124
Total Current Assets	\$ 3,878,395
Capital Assets-net of depreciation	111,211
Total Assets	\$ 3,989,606
Deferred Outflows of Resources	
Deferred outflows from Pension	\$ 828,531
Deferred outflows from OPEB	827,084
	\$ 1,655,615
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 2,574
OPEB Liability - Long-Term	1,209,642
Pension Liability - Long Term	4,029,477
Total Current Liabilities	\$ 5,241,693
Deferred Inflows of Resources	
Deferred inflows from pension	\$ 892,457
Deferred inflows from OPEB	711,856
	\$ 1,604,313
Net Position	
Investment in Capital Asset, Net of Debt	\$ 111,211
Restricted	(1,311,996)
Unrestricted	0
Total Net Position	\$ (1,200,785)

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

PIKE COUNTY BOARD OF EDUCATION

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN NET POSITION PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Food Service</u>
OPERATING REVENUES:	
Lunchroom Sales	\$ 139,969
Other Operating Revenues	51
	<hr/>
TOTAL OPERATING REVENUES	\$ 140,020
OPERATING EXPENSES:	
Salaries and Wages	\$ 3,214,953
Contract Services	38,097
Materials and Supplies	4,913,408
Expendable Equipment	1,527
Depreciation	26,678
Other Operating Expenses	0
	<hr/>
TOTAL OPERATING EXPENSES	\$ 8,194,663
Operating Income (Loss)	\$ (8,054,643)
NON-OPERATING REVENUES (EXPENSES)	
Federal Grants	\$ 5,916,879
State Grants	43,690
On Behalf of Payments	2,031,453
Donated Commodities	417,512
Interest Income	13,770
Interest Expense	(44,627)
Loss on Disposal of Assets	0
	<hr/>
NON-OPERATING REVENUES (EXPENSES)	\$ 8,378,677
Net Income (Loss) Before Operating Transfers	\$ 324,034
Operating Transfers	(479,143)
	<hr/>
Increase in net position	\$ (155,109)
Net Position - Beginning	(1,045,676)
	<hr/>
Net Position - Ending	\$ (1,200,785)

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

**PIKE COUNTY BOARD OF EDUCATION
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Food Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from:	
Lunchroom Sales	\$ 139,969
Other Activities	51
Cash Paid to/for:	
Employees	(2,820,472)
Contract Service	(38,097)
Supplies	(2,461,921)
Expendable Equipment	(1,527)
Other	0
Net Cash Provided (Used) by Operating Activities	\$ (5,181,997)
CASH FLOWS FROM INVESTING ACTIVITIES	
Receipt of Interest Income	\$ 13,770
Other Income	0
Net Cash Provided (Used) by Investing Activities	\$ 13,770
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Transfers to other funds	\$ (479,143)
Interest Paid	(44,627)
Net Cash (Used) by Capital and Related Financing Activities	\$ (523,770)
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES	
Operational Grants	\$ 5,343,631
Net Cash Provided(Used) by Financing Activities	\$ 5,343,631
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (348,366)
Cash and Cash Equivalents - Beginning	3,376,480
Cash and Cash Equivalents - Ending	\$ 3,028,114
Reconciliation of Operating Income (Loss)	
To Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	\$ (8,054,643)
Adjustments to Reconcile Operating Income to Net Cash	
Operating Activities:	
Depreciation	26,678
On Behalf of Payments	2,031,453
Commodities Used	417,512
Change in Assets and Liabilities:	
(Increase) Decrease	
Inventory	(52)
Deferred outflows	(373,360)
Increase (Decrease) in:	
Accounts Payable	2,574
Deferred inflows	822,597
OPEB liability	(57,662)
Pension liability	2,906
Net Cash provided (Used) by Operating Activities	\$ (5,181,997)
Schedule of Non Cash Transactions:	
On Behalf of Payments	\$ 2,031,453
Donated Commodities Received From Federal Government	417,512

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

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – REPORTING ENTITY

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

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

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

Based on the foregoing criteria, the financial statements of the following organization is included in the accompanying financial statements.

Pike County Board of Education Finance Corporation-Board of Education has the Pike County Board of Education Finance Corporation (a non-profit, non-stock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS 58.180) as an agency of the District for financing the costs of school building facilities. The Board Members of the Pike County Board of Education also comprise the Corporation’s Board of Directors.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

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

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF PRESENTATION (Continued)

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

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

a. Governmental Fund Types

The **General Fund** is the primary operating fund of the Board. It accounts for and reports all financial resources not accounted for and reported in another fund. This is a budgeted fund, and any unrestricted fund balances are considered as resources available for use.

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

The **School Activity Funds** are Special Revenue Funds and accounts for activities of student groups and other types of activities. These funds are accounted for in accordance with Uniform Program of Accounting for School Activity Funds.

The **District Activity Fund** was used to receipt and expend non-student generated funds from the schools. Schools send non-student generated funds on a monthly basis that are then expended on items such as athletics, instruction, building & grounds, etc. Any unused funds are carried over to the next year and reallocated to the schools.

Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment (other than those financed by Proprietary Funds).

1. The **Support Education Excellence in Kentucky (seek) Capital Outlay Fund** receives those funds designated by the state as Capital Outlay Funds and is restricted for use in financing projects identified in the district's facility plan.
2. The **Facility Support Program (FSPK) Fund** accounts for funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable, funds may be used for projects identified in the district's facility plan.
3. The **Technology Fund** accounts for Kentucky Education Technology System allocation and local district matching funds restricted for the purchase of technology consistent with the District's approved technology plan.
4. The **Construction Fund** includes Capital Projects Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction.

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued).

BASIS OF PRESENTATION (Continued)

b. Proprietary Fund Type

The School Food Service Fund is used to account for school food service activities, including the National School Lunch Program, which is conducted in cooperation with U.S. Department of Agriculture (USDA). \$417,512 has been recorded for in-kind contribution of commodities from the USDA, but commodities are identified in the Schedule of Federal Financial Assistance included in this report. The measurement focus is upon the determination of net income. This is a major fund of the District.

c. Fiduciary Fund Type

Fiduciary Funds are used to account for assets that are held in trust for others. These are the funds that are held by the government as a trustee. They are held on behalf of others, and therefore, they cannot be used to fund the government's own expenses.

d. Debt Service Fund

The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds are used to report sources if legally mandated. Financial sources that are being accumulated for principal and interest maturing in future years are reported in debt service funds.

BASIS OF ACCOUNTING

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

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

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

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF ACCOUNTING

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

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

Deferred Outflow of Resources - A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period. The Board's deferred outflows for the government wide financials include the board's current year retirement contributions for pension expenses that will impact future reporting periods.

Deferred Inflow of Resources - A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period. Deferred inflows for the government wide financials include the proportionate share of the Board's net difference between projected and actual investment earnings and the differences between the employer contributions and proportionate share of contributions.

Restricted Resources- Restricted resources should be applied first when an expense is incurred for purposes for which both restricted and unrestricted net positions are available. If an expense is incurred for purposes for which committed, assigned and unassigned fund balances are all available, the fund balances should be reduced in the following order; committed, assigned and then unassigned.

TAXES

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

The property tax rates assessed for the year ended June 30, 2022 to finance the General Fund operations were \$.887 per \$100 valuation for real property, \$.887 per \$100 valuation for business personal property and \$.553 per \$100 valuation for motor vehicles.

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

PIKE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CAPITAL ASSETS

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of one thousand dollars with exception of computer, digital cameras and real property for which there is no threshold. The District does not possess any infrastructure. Improvements are capitalized: the cost of, normal maintenance and repairs that do not add to the value of the asset or materially extend an assets life are not.

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

Description	Governmental Activities Estimated Lives
Buildings and Improvements	25-50 years
Land Improvements	20 years
Technology Equipment	5 years
Vehicles	5-10 years
Audio-Visual Equipment	15 years
Food Service Equipment	12 years
Furniture and Equipment	20 years
Rolling Stock	15 years
Other	10 years

INTERFUND BALANCES

On fund financial statements, receivables and payables resulting from short-term inter-fund loans are classified as "inter-fund receivables/payables". These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for the residual amounts due between government and business-type activities, which are presented as internal balances. Inter-fund receivables/payables as of June 30, 2022 are as follows:

From	To	Purpose	Amount
Construction Fund	General Fund	Construction	\$ 591,532

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BUDGETARY PROCESS

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

Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

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

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

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

Inventory – Supplies and materials are charged to expenditures when purchased.

Inventory proprietary - Inventories are stated at lower of cost or market.

Encumbrances – Encumbrances are reported as an assignment of the fund balance. They are not reported as disbursements until paid. For budgetary purposes, appropriations lapse at fiscal year-end and outstanding encumbrance at year-end are re-appropriated in the next year. An assignment of fund balance equal to outstanding encumbrances, at year-end is provided for at June 30, 2022. Accordingly, no differences exist between actual results and the applicable budgetary data presented in the accompanying combined financial statements.

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

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

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

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Reserves – The District has elected to adopt GASB statement 54 for financial statement reporting. The following lists the terminology used to describe components of the fund balances:

Non-spendable	Permanently non-spendable by the decree of the donor or items which may not be used for another purpose.
Restricted	Legally restricted under federal or state law, bond authority, or grantor contract.
Committed	Commitments passed by the board.
Assigned	Funds assigned to management priority-encumbrances.
Unassigned	Funds available for future operations.

Operating Revenues and Expenses – Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Board of Education, those revenues are primarily charges for meals provided by the various schools.

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

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

Deferred Revenue – Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant and accordingly, when such funds are received, they are recorded as deferred revenue until earned. Property tax and other governmental fund financial resource increments (i.e. bond issue proceeds) are recognized in the accounting period in which they become susceptible to accrual: that is when they become both measurable and available to finance expenditures of the fiscal period.

NOTE 3 – NET POSITION

Net position is classified into four categories according to external donor restrictions or availability of assets for satisfaction of Board obligations. The Board's net position is classified as follows:

Invested in capital assets, net of related debt - This represents the Board's total investment in capital assets, net of accumulated depreciation and reduced by the balances of any outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested capital assets, net of related debt.

Restricted net position, expendable - This includes resources in which the Board is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties including grantors, donors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

PIKE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2022

NOTE 3 – NET POSITION (Continued)

Restricted net position, nonexpendable - This includes endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to the principal. The Board does not have any restricted nonexpendable assets at June 30, 2021.

Unrestricted net position - This represents resources derived from other than capital assets or restricted net position. These resources are used for transactions relating to the general operation of the Board, and may be used at the discretion of the Board to meet current expenses for any lawful purpose.

NOTE 4 – RESTRICTED NET POSITION:

For the district-wide Statement of Net Position, net position is reported as restricted when constraints placed on its use are either externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

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

NOTE 5 – ESTIMATES

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

Note 6 - RECEIVABLES

The District recognizes revenues as receivable when they are measurable and receipt is certain. Concentration of credit risk with respect to the receivables from federal and state governments is limited due to the historical stability of those institutions. While the District receives revenues from many different sources throughout the year, the accounts and grants receivable from outside sources may be grouped into the following categories:

Accounts and Grants Receivable from outside sources	Governmental Activities / Governmental Funds	Business Type Activites / Proprietary Fund	Total
Accounts Receivable	\$ 1,525,789	\$ 645,157	\$ 2,170,946
School Activity	866	0	866
Grants Receivabe	6,770,467	0	6,770,467
	<u>\$ 8,297,122</u>	<u>\$ 645,157</u>	<u>\$ 8,942,279</u>

Federal and state grants to be used or expended as specified by the grantor are recognized as revenue and recorded as receivables when qualifying expenditures are incurred.

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 7 – CASH AND CASH EQUIVALENTS

At year-end, the carrying amount of the Board’s cash and cash equivalents was \$26,867,966, and the bank balance, per statements, was \$29,770,775. Of the total cash balance, \$532,681 was covered by Federal Depository Insurance with the remainder covered by collateral held by third party bank in the Board’s name.

General Fund, cash and cash equivalents at June 30, 2022 consist of the following:

Breakdown By Bank	
Community Trust Bank	\$ 26,835,414
US Bank	<u>32,552</u>
Total Bank Balance	<u>\$ 26,867,966</u>
 Breakdown Per Financial Statements	
Governmental Funds	\$ 23,839,852
Proprietary Fund	<u>3,028,114</u>
Total Book Balance	<u>\$ 26,867,966</u>
 The Securities Pledge As Collateral Are:	
FHLB Letter of Credit-Community Trust I	\$ 20,000,000
Other Securities	0
FDIC	<u>532,681</u>
Total Security Pledged	<u>\$ 20,532,681</u>

NOTE 8 – DEPOSITS AND INVESTMENTS

Interest rate risk - In accordance with the District’s investment policy, interest rate risk is limited by investing in public funds with the highest rate of return with the maximum of security of principal.

Credit risk - The district’s investment policy limits the types of authorized investment instruments to obligations of the United States, its agencies, and instrumentalities. In addition, certificates of deposit or bonds of a bank or the Commonwealth of Kentucky, securities issued by a state or local government or shares of mutual funds are acceptable investments.

Concentration of credit risk- The District may invest, at any one time, funds in any one of the above listed categories with no limitation on the total amount of funds invested on behalf of the District.

Custodial credit risk - deposits. For deposits, this is the risk that in the event of a bank failure, the District’s deposits may not be returned. The District maintains deposits with financial institutions insured by the Federal Deposit Insurance Corporation. As allowed by law the depository bank should pledge securities along with FDIC insurance at least equal to the amount on deposit at all times. As of June 30 2022, the District’s deposits are entirely insured and/or collateralized with securities held by the financial institutions on the District’s behalf and the FDIC insurance.

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 9 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2022 was as follows:

Governmental Activities	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022
Land	\$ 9,641,518	\$	\$ 0	\$ 9,641,518
Total Non Depreciable	\$ 9,641,518	\$ 0	\$ 0	\$ 9,641,518
Land improvements	\$ 17,202,580	\$ 0	\$ 0	\$ 17,202,580
Buildings	236,436,860	0	0	236,436,860
Technology equipment	11,690,946	505,784	964,483	11,232,247
Vehicles	16,026,232	1,167,928	55,614	17,138,546
General equipment	4,165,570	141,771	8,799	4,298,542
Infrastructure	89,638	0	0	89,638
Construction in progress	97,720	1,763,077	0	1,860,797
Total Depreciable	\$ 285,709,546	\$ 3,578,560	\$ 1,028,896	\$ 288,259,210
Total at historical cost	\$ 295,351,064	\$ 3,578,560	\$ 1,028,896	\$ 297,900,728
Less: Accumulated depreciation				
Land improvements	\$ 9,661,456	\$ 447,278	\$ 0	\$ 10,108,734
Buildings	83,987,505	5,040,629	0	89,028,134
Technology equipment	9,239,187	409,689	844,836	8,804,040
Vehicles	13,751,827	300,638	55,613	13,996,852
General equipment	3,406,621	116,068	8,437	3,514,252
Infrastructure	58,638	4,482	0	63,120
Total accumulated depreciation	\$ 120,105,234	\$ 6,318,784	\$ 908,886	\$ 125,515,132
Governmental Activities				
Capital Assets-net	\$ 175,245,830			\$ 172,385,596
Business-Type Activities				
	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022
Technology equipment	\$ 97,573	\$ 0	\$ 0	\$ 97,573
Vehicles	62,506	0	0	62,506
General equipment	2,330,259	0	0	2,330,259
Total at historical cost	\$ 2,490,338	\$ 0	\$ 0	\$ 2,490,338
Less: Accumulated depreciation				
Technology equipment	86,942	\$ 0	\$ 0	86,942
Vehicles	62,506	0	0	62,506
General equipment	2,203,001	26,678	0	2,229,679
Total accumulated depreciation	\$ 2,352,449	\$ 26,678	\$ 0	\$ 2,379,127
Business-Type Activities				
Capital Assets-net	\$ 137,889			\$ 111,211

Depreciation expense was allocated to governmental functions.

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 10 – GASB 68 AND 71

In March 2009, the Governmental Accounting Standards Board (GASB) approved Statement No. 68, Accounting and Financial Reporting for Pensions. Statement 68 requires cost-sharing employers to record a liability and expense equal to their proportionate share of the collective net pension liability and expense for the cost-sharing plan. In November 2013, the GASB approved Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The provisions of the statement were adopted by the District for the fiscal year beginning July 1, 2014.

NOTE 11 - CONTINGENCIES

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

NOTE 12 –RISK MANAGEMENT/INSURANCE

The District is exposed to various forms of loss of assets associated with the risks of fire, personal, liability, theft, vehicular accidents, errors and omissions, fiduciary responsibility, etc. Each of these risk areas is covered through the purchase of commercial insurance. The District has purchased a builders' risk policy and flood insurance through commercial insurance. The District is self-insured for Worker's Compensation, property, general liability, auto liability, school board liability and crime. However, the District purchases commercial insurance for additional coverage for these areas of self-insurance.

NOTE 13 - LITIGATION

The Board is subject to legal actions in various stages of litigation, the outcome of which is not determinable at this time. The Administration and Board Attorney do not anticipate any of the current cases to result in any significant losses or have any material effect on the financial statements, therefore no liability has been recorded.

NOTE 14 - DEFICITS

The following funds have operations that resulted in a current year deficit of expenditures over revenue resulting in corresponding reduction of fund balance:

Food Service	\$ <u>1,311,996</u>
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NOTE 15 - COBRA

Under COBRA, employers are mandated to notify terminated employees of available continuing insurance coverage. Failure to comply with the requirements may put the Board of Education at risk for a substantial loss contingency. The District notifies the Department of Insurance (DEI) when an employee is no longer employed. DEI send the employee the COBRA requirements.

**PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 16- TRANSFER OF FUNDS

The following transfers were made during the year:

<u>Type</u>	<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
Operating	1	2	Matching	\$ 158,159
Operating	1	360	Construction	591,532
Operating	2	1	Indirect Costs	718,793
Operating	25	21	Operating	218,581
Operating	51	1	Indirect Costs	479,143
Operating	310	1	Debt Service	753,138
Operating	320	400	Bond Payment	6,567,126
Operating	320	1	project to project	331,622
				<u>\$ 9,818,094</u>

NOTE 17 - ON BEHALF OF PAYMENTS

The financial statements include payments made by the Commonwealth of Kentucky for insurance, flexible spending, vocational and retirement benefits. The following amounts are included in each of the functions.

Health Insurance	\$ 8,823,166
Life Insurance	15,138
Administrative Fees	121,144
Health Reimbursement Account	603,825
Federal Reimbursement	(922,880)
KTRS	10,802,392
KTRS OPEB	822,196
Technology	165,608
Debt Service	3,366,191
Total On-Behalf Payments	<u>\$ 23,796,780</u>
General Fund	18,399,136
Debt Service	3,366,191
Food Service	2,031,453
Total On-Behalf Payments	<u>\$ 23,796,780</u>

NOTE 18 – SUBSEQUENT EVENTS

Subsequent events were considered through November 15, 2022, which represents the date of our report.

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 19 - Future Accounting Pronouncements

The GASB has issued several reporting standards that became effective for fiscal 2020 and later years' financial statements.

Statement No. 85, Omnibus 2017, addresses practice issues that have been identified during implementation and application of certain GASB statements.

Statement No. 89, Accounting for Interest Incurred before the End of a Construction Period, this Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources management focus. Thus, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

Statement No. 90, Majority Equity Interests-an amendment of GASB Statements No. 14 and No. 61, the primary objective of this statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.

Statement No. 91, Conduit Debt Obligations, the primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The District is currently evaluating the impact that will result from adopting these GASB standards and is therefore unable to disclose the impact that adopting these standards will have on the District's financial position and the results of its operations when the standards are adopted.

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 21 – BONDED DEBT AND LEASE OBLIGATIONS

The amounts shown in the accompanying financial statements as lease obligations represents the Board's future obligations to make lease payments relating to the bonds issued aggregating \$109,765,000. The School Building Revenue Bonds are collateralized primarily by the education facilities constructed. Management has indicated that the District is in compliance with all significant limitations and restrictions as of June 30, 2022.

The original amount of the issues, issue dates and interest rates are shown below:

Issue Date	Proceeds	Rates	Balance June 30, 2022
October 4, 2010	6,400,000	0.700% - 3.100%	0
November 1, 2011	11,000,000	4.620%	11,000,000
June 1, 2012	18,720,000	2.000% - 3.000%	4,595,000
May 1, 2013	3,880,000	1.000% - 2.000%	690,000
June 1, 2014	8,350,000	2.000% - 4.000%	7,150,000
June 1, 2015	3,650,000	2.000% - 4.000%	3,455,000
September 1, 2015	7,505,000	0.600% - 3.700%	7,195,000
February 1, 2016	11,690,000	0.750% - 2.500%	8,410,000
February 1, 2016	20,885,000	0.750% - 3.150%	20,500,000
March 29, 2016	500,000	5.750%	500,000
August 1, 2016	19,400,000	1.000% - 3.000%	15,500,000
March 1, 2018	3,530,000	3.600%	3,365,000
September 1, 2018	1,940,000	1.900% - 3.375%	1,565,000
July 29, 2020	9,300,000	2.000%	820,000
October 22, 2020	21,500,000	1.750%	20,255,000
July 7, 2021	845,000	1.000% - 1.400%	845,000
June 9, 2022	3,920,000	2.500% - 4.100%	3,920,000
			\$ 109,765,000

The Board, through the General Fund, including utility taxes and the SEEK Capital Outlay Fund, is obligated to make lease payments in amounts sufficient to satisfy debt service requirements on bonds issued by the Pike County Fiscal Court to construct school facilities. The Board has an option to purchase the property under lease at any time by retiring the bonds then outstanding.

The Board, through the General Fund, is also obligated to make lease payments in amounts sufficient to satisfy debt service requirements on bonds issued by the Pike County Fiscal Court to purchase the buses under lease at any time by retiring the bonds then outstanding.

The district has also entered into "participation agreement" with the School Facility Construction Commission. The Kentucky General Assembly for the purpose of assisting local Board of Educations in meeting school construction needs created the commission. The table below sets forth the amount to be paid by the district each year until maturity of all bond issues.

There were two bonds authorized and issued during the year ended June 30, 2022.

- The July 7, 2021 Revenue Bond issue (in the amount of \$845,000) was for the purpose of paying for the Pike Central Roof Project. This new issue carries an interest rate of 1.00%.
- The June 9, 2022 Revenue Bond issue (in the amount of \$3,920,000) was for the Shelby Valley HVAC Project. The new issue carries an interest rate of 2.50% to 4.10%.

The bonds may be called prior to maturity at dated and redemption premiums specified in each issue.

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 21 – BONDED DEBT AND LEASE OBLIGATIONS (Concluded)

	Beginning Balance	Additions	Payments	Ending Balance
Bonds	\$ 111,670,000	\$ 4,765,000	\$ 6,670,000	\$ 109,765,000
Sick Leave	4,642,422	486,449	307,284	4,821,587
Capital Leases	1,701,654	560,803	285,685	1,976,772
Total	\$ 118,014,076	\$ 5,812,252	\$ 7,262,969	\$ 116,563,359

Assuming the issues are not called prior to scheduled maturity, the minimum obligations of the funds at June 30, 2022 for debt service, (principal and interest) are as follows:

	Pike County Board of Education			Kentucky Construction Commission			Federal Rebate	Total
	Local Principal Total	Local Interest Total	Sinking Fund*	KSFCC Principal Total	KSFCC Interest Total	Sinking Fund*		
2022 - 2023	\$ 4,889,189	\$ 2,088,970	\$ 96,361	\$ 2,290,811	\$ 693,131	\$ 387,508	\$ 508,200	\$ 10,954,170
2023 - 2024	5,008,771	1,966,582	92,655	2,261,229	632,861	391,213	508,200	10,861,511
2024 - 2025	5,128,801	1,836,019	93,803	2,026,199	560,681	390,065	508,200	10,543,768
2025 - 2026	5,279,361	1,685,133	94,704	2,055,639	486,586	389,165	508,200	10,498,788
2026 - 2027	5,425,719	1,524,504	95,403	2,124,281	422,121	388,465	508,200	10,488,693
2027 - 2028	5,586,083	1,367,487	95,831	1,858,917	371,925	388,037	508,200	10,176,480
2028 - 2029	5,725,852	1,208,603	95,985	1,394,148	331,241	387,884	508,200	9,651,913
2029 - 2030	5,886,632	1,052,399	90,542	1,398,368	296,129	393,326	508,200	9,625,596
2030 - 2031	6,061,828	889,313	78,077	1,353,172	259,630	391,308	254,100	9,287,428
2031 - 2032	6,287,170	730,395	0	1,387,830	222,783	0	0	8,628,178
2032 - 2033	4,192,108	587,855	0	1,427,892	183,435	0	0	6,391,290
2033 - 2034	4,331,199	448,038	0	1,468,801	141,039	0	0	6,389,077
2034 - 2035	4,094,725	302,758	0	1,330,275	97,345	0	0	5,825,103
2035 - 2036	3,825,387	167,851	0	1,369,613	58,124	0	0	5,420,975
2036 - 2037	559,711	61,156	0	1,090,289	19,744	0	0	1,730,900
2037 - 2038	577,600	40,992	0	62,400	2,184	0	0	683,176
2038 - 2039	120,000	27,900	0	0	0	0	0	147,900
2039 - 2040	125,000	12,900	0	0	0	0	0	137,900
2040 - 2041	130,000	7,800	0	0	0	0	0	137,800
2041 - 2042	130,000	2,600	0	0	0	0	0	132,600
	\$ 73,365,136	\$ 16,009,255	\$ 833,361	\$ 24,899,864	\$ 4,778,959	\$ 3,506,971	\$ 4,319,700	\$ 127,713,246

* This amount includes an estimated rebate shortfall of \$246,222.

PIKE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2022

NOTE 22 – LEASE COMMITMENTS

Commitments under operating lease agreements for equipment provide the minimum future rental payments as of June 30, 2022 as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
June 30, 2023	\$ 346,578	\$ 34,769	\$ 381,347
June 30, 2024	316,159	35,537	351,696
June 30, 2025	310,617	28,348	338,965
June 30, 2026	169,517	21,368	190,885
June 30, 2027	172,858	11,923	184,781
Thereafter	661,043	37,738	698,781
Total	<u>\$ 1,976,772</u>	<u>\$ 169,683</u>	<u>\$ 2,146,455</u>

NOTE 23 – ACCUMULATED UNPAID SICK LEAVE BENEFITS

Upon retirement from the school system, an employee will receive from the District an amount equal to 30% of the value of accumulated sick leave. Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments.

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, the current portion of unpaid sick leave is the amount expected to be paid using expendable available resources. These amounts are recorded in the sick leave payable account in the general fund. The non-current portion of the liability is not recorded.

At June 30, 2022, this amount totaled \$4,821,587 of which \$310,000 is committed in the current year fund balance of the General Fund.

PIKE COUNTY BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 23 - LEASE OBLIGATIONS

The Board has implemented GASB Statement No. 87, Leases, the objective of which is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments.

<u>Government Funds</u>			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 161,330	\$ 13,246	\$ 174,576
2023	157,211	8,130	165,341
2024	101,915	3,627	105,542
2025	53,704	1,064	54,768
2026	9,154	87	9,241
2027-2031	0	0	0
	<u>\$ 483,314</u>	<u>\$ 26,154</u>	<u>\$ 509,468</u>

ASHLAND OFFICE SUPPLY - A four-year lease for a copier for Board offices. Monthly payments are in the amount of \$162.90. Lease is cancelable by either party upon ninety days written notice.

ASHLAND OFFICE SUPPLY - A four-year lease for a copier for Pike County Central High School. Monthly payments are in the amount of \$112.59. Lease is cancelable by either party upon ninety days written notice.

ASHLAND OFFICE SUPPLY - A four-year lease for a copier for Pike County Central High School. Monthly payments are in the amount of \$271.74. Lease is cancelable by either party upon ninety days written notice.

ASHLAND OFFICE SUPPLY - A four-year lease for a copier for South Side Elementary School. Monthly payments are in the amount of \$939.40. Lease is cancelable by either party upon ninety days written notice.

ASHLAND OFFICE SUPPLY - A four-year lease for a copier for Valley Elementary School. Monthly payments are in the amount of \$292.88. Lease is cancelable by either party upon ninety days written notice.

ASHLAND OFFICE SUPPLY - A four-year lease for a copier for Shelby Valley High School. Monthly payments are in the amount of \$502.76. Lease is cancelable by either party upon ninety days written notice.

ASHLAND OFFICE SUPPLY - A four-year lease for a copier for Belfry Middle School. Monthly payments are in the amount of \$302.78. Lease is cancelable by either party upon ninety days written notice.

ASHLAND OFFICE SUPPLY - A four-year lease for a copier for Belfry Middle School. Monthly payments are in the amount of \$515.56. Lease is cancelable by either party upon ninety days written notice.

ASHLAND OFFICE SUPPLY - A four-year lease for a copier for Dorton Elementary School. Monthly payments are in the amount of \$307.45. Lease is cancelable by either party upon ninety days written notice.

ASHLAND OFFICE SUPPLY - A four-year lease for a copier for Bevins Elementary School. Monthly payments are in the amount of \$405.18. Lease is cancelable by either party upon ninety days written notice.

ASHLAND OFFICE SUPPLY - A four-year lease for a copier for Feds Creek Elementary School. Monthly payments are in the amount of \$351.48. Lease is cancelable by either party upon ninety days written notice.

ASHLAND OFFICE SUPPLY - A four-year lease for a copier for Feds Creek Elementary School. Monthly payments are in the amount of \$145.21. Lease is cancelable by either party upon ninety days written notice.

PIKE COUNTY BOARD OF EDUCATION

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 23 - LEASE OBLIGATIONS (Concluded)

ASHLAND OFFICE SUPPLY - A four-year lease for a copier for Mullins Elementary School. Monthly payments are in the amount of \$679.64. Lease is cancelable by either party upon ninety days written notice.

ASHLAND OFFICE SUPPLY - A four-year lease for a copier for Belfry High School. Monthly payments are in the amount of \$899.98. Lease is cancelable by either party upon ninety days written notice.

ASHLAND OFFICE SUPPLY - A four-year lease for a copier for Kimper Elementary School. Monthly payments are in the amount of \$398.36. Lease is cancelable by either party upon ninety days written notice.

ASHLAND OFFICE SUPPLY - A four-year lease for a copier for Elkhorn City Elementary School. Monthly payments are in the amount of \$241.69. Lease is cancelable by either party upon ninety days written notice.

ASHLAND OFFICE SUPPLY - A four-year lease for a copier for Elkhorn City Elementary School. Monthly payments are in the amount of \$379.61. Lease is cancelable by either party upon ninety days written notice.

ASHLAND OFFICE SUPPLY - A four-year lease for a copier for North Point Academy. Monthly payments are in the amount of \$194.43. Lease is cancelable by either party upon ninety days written notice.

ASHLAND OFFICE SUPPLY - A four-year lease for a copier for Johns Creek Elementary School. Monthly payments are in the amount of \$648.56. Lease is cancelable by either party upon ninety days written notice.

LEAF Financial - A five-year lease for a copier for Millard Elementary School. Monthly payments are in the amount of \$1,374.86. Lease is cancelable by either party upon ninety days written notice.

Superior Office Supply - A three-year lease for a copier for Pike County Central High School. Monthly payments are in the amount of \$213.00. Lease is cancelable by either party upon ninety days written notice.

PITNEY BOWES - A five-year lease for a postage machine for the board offices. Monthly payments are in the amounts of \$180.95. Lease is cancelable by either party upon ninety days written notice.

PITNEY BOWES - A five-year lease for a postage machine for Mullins Elementary School. Monthly payments are in the amount of \$76.60. Lease is cancelable by either party upon ninety days written notice.

PITNEY BOWES - A five-year lease for a postage machine for Shelby Valley High School. Monthly payments are in the amount of \$47.86. Lease is cancelable by either party upon ninety days written notice.

Enterprise Fleet Management – entered into a five-year lease for six vehicles on August 1, 2019. Monthly payments of \$2,563.64 are due, with the first payment made on September 1, 2019. The estimated useful life of the asset is 5 years. The annual interest rate charged on the lease is 3.25%.

Enterprise Fleet Management – entered into a five-year lease for four vehicles on April 4, 2021. Monthly payments of \$1,968.22 are due, with the first payment made on May 1, 2021. The estimated useful life of the asset is 5 years. The annual interest rate charged on the lease is 3.25%.

Enterprise Fleet Management – entered into a five-year lease for a vehicle on January 1, 2022. Monthly payments of \$679.58 are due, with the first payment made on January 1, 2022. The estimated useful life of the asset is 5 years. The annual interest rate charged on the lease is 3.25%.

PIKE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2022

NOTE 24 – GASB 68 AND 71

In March 2009, the Governmental Accounting Standards Board (GASB) approved Statement No. 68, Accounting and Financial Reporting for Pensions. Statement 68 requires cost-sharing employers to record a liability and expense equal to their proportionate share of the collective net pension liability and expense for the cost-sharing plan. In November 2013, the GASB approved Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The provisions of the statement were adopted by the District for the fiscal year beginning July 1, 2014.

NOTE 25 – RETIREMENT PLANS

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total Payroll	\$ 58,996,953	\$ 65,611,014	\$ 50,161,850	\$ 57,047,286	\$ 56,424,855	\$ 55,835,533	\$ 54,017,948	\$ 53,846,133	\$ 54,615,508	\$ 53,952,393
KTRS Total Payroll	37,621,763	42,435,552	31,871,005	37,105,911	36,809,662	38,195,409	34,181,498	39,104,554	39,719,440	39,154,705
KTRS Contribution - Employee Portion	4,838,377	5,455,086	4,088,092	4,769,967	4,731,682	4,909,951	5,012,018	4,731,997	4,508,198	4,250,166
KTRS Contribution - District Portion	1,738,471	1,959,875	1,436,783	1,610,155	1,495,235	1,557,017	1,567,395	1,308,933	1,065,247	910,472
KTRS Contribution - Commonwealth of Kentucky (on behalf of Payments)	10,802,392	10,525,964	11,010,813	10,417,762	11,103,259	5,819,247	5,863,960	6,133,500	4,733,237	4,986,637
KTRS Contribution - District Federal Employees	922,880	844,021	579,754	610,743	480,450	505,378	488,764	502,839	523,154	558,573
CERS Total Payroll	21,375,190	23,175,462	18,290,845	19,941,375	19,615,193	17,640,094	19,050,950	17,811,339	17,855,475	16,778,226
Contributions CERS Requirement for CERS	4,490,949	4,533,068	3,682,772	3,770,154	3,492,697	3,136,162	3,269,302	3,238,427	3,507,180	3,493,671
CERS Contribution - Employee Portion	762,265	844,903	681,915	751,654	759,539	692,392	772,067	741,068	758,674	730,880
CERS Contribution - District Portion	3,728,683	3,688,165	3,000,858	3,018,500	2,733,158	2,443,771	2,497,234	2,497,359	2,748,507	2,762,791
KTRS Total Payroll-- --PLUS--CERS Total Payroll	58,996,953	65,611,014	50,161,850	57,047,286	56,424,855	55,835,533	53,232,448	56,915,893	57,574,915	55,932,931
KTRS Contribution - --PLUS--CERS Contribution - Employee Portion	5,600,642	6,299,989	4,770,007	5,521,621	5,491,221	5,602,343	5,784,085	5,473,065	5,266,872	4,981,046
KTRS Contribution - --PLUS--CERS Contribution - District Portion	5,467,154	5,648,040	4,437,641	4,628,655	4,228,393	4,000,788	4,064,629	3,806,292	3,813,754	3,673,263

NOTE 26 – RETIREMENT PLAN- Teachers' Retirement System of the State of Kentucky (KTRS)

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

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

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

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 26 – RETIREMENT PLAN- Teachers' Retirement System of the State of Kentucky (KTRS)(Continued)

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

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

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

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

The Commonwealth of Kentucky, as a non-employer contributing entity, pays matching contributions of the amount 13.105% of salaries for local school district and regional cooperative employees hired before July 1, 2008 and 14.105% for those hired after July 1, 2008. University employers contribute 15.865% of salaries of members. For local school district and regional cooperative members whose salaries are federally funded, the employer contributes 16.105% of salaries. If an employee leaves covered employment before accumulating five (5) years of credited service, accumulated employee pension contributions plus interest are refunded to the employee upon the member's request.

Medical Insurance Plan

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

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

Funding policy - In order to fund the post-retirement healthcare benefit, seven and one half percent (7.50%) of the gross annual payroll of members is contributed. Three percent (3.75%) is paid by member contributions and three quarters percent (.75%) from state appropriation and three percent (3.00%) from the employer. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan.

PIKE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2022

NOTE 26 – RETIREMENT PLAN- Teachers' Retirement System of the State of Kentucky (KTRS)(Continued)

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

At June 30, 2022, the Pike County Board of Education did not report a liability for its proportionate share of the net pension liability because the State of Kentucky provides the pension support directly to KTRS on behalf of the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

State's proportionate share of the net pension liability associated with the District	\$135,328,791
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The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2021, the District's proportion was 1.0399 percent.

For the year ended June 30, 2022, the District recognized pension expense of \$10,802,392 and Revenue of \$10,802,392 for support provided by the state. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

Inflation rate	2.50%
Projected salary increases	3.00 – 7.50%, including inflation
Investment rate of return	7.10%, net of pension plan investment expense, including inflation.
Municipal Bond Index Rate	
Prior Measurement Date	2.19%
Measurement Date	2.13%
Year FNP is projected to Deplete	N/a
Single Equivalent Interest Rate	
Prior Measurement Date	7.50%
Measurement Date	7.10%
Post-Retirement Benefit Increases	1.50% Annually

Mortality rates were based on the Pub2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each of the groups; service, retirees, contingent annuitants, disabled retirees, and active members. The actuarial assumptions used were based on the results of an actuarial experience study for the 5-year period ending June 30, 2020, adopted by the board on September 20, 2021. The assumed long-term investment rate of return was changed from 7.50 percent to 7.10 percent and the price inflation assumption was lowered from 3.0 percent to 2.5 percent. The Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index.

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

PIKE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2022

NOTE 26 – RETIREMENT PLAN- Teachers' Retirement System of the State of Kentucky (KTRS)(Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap U.S. Equity	37.4%	4.2%
Small Cap U.S. Equity	2.6%	4.7%
Developed International Equity	16.5%	5.3%
Emerging Markets Equity	5.5%	5.4%
Fixed Income	15.0%	(0.1)%
High Yield Bonds	2.0%	1.7%
Additional Categories	5.0%	2.2%
Real Estate	7.0%	4.0%
Private Equity	7.0%	6.9%
Cash	2.0%	(0.3)%
Total	<u>100.0%</u>	

Discount rate - The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 67. It was assumed that Plan member contributions will be made at the Actuarially Determined Contribution rates for all fiscal years in the future. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table presents the District's proportionate share of the net pension liability of the System, calculated using the discount rate of 7.10%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.1%) or 1-percentage-point higher (8.10%) than the current rate (\$ thousands):

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
System's net pension liability	\$ 182,914,442	\$ 135,328,791	\$ 95,801,456

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued KTRS financial report.

June 30, 2021 is the actuarial valuation date upon which the TPL is based. An expected TPL is determined as of June 30, 2021 using standard roll forward techniques. The procedure used to determine the TPL as of June 30, 2021 is shown on page 5 of the GASB 67 report for KTRS submitted on November 5, 2020

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

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

**NOTE 27 - RETIREMENT PLAN - KENTUCKY RETIREMENT SYSTEM
County Employees Retirement System (CERS)**

Plan description: Substantially all full-time classified employees of the District participate in the County Employees Retirement System ("CERS"). CERS is a cost-sharing, multiple-employer, defined benefit pension plan administered by the Kentucky General Assembly. The plan covers substantially all regular full-time members employed in non-hazardous duty positions of each county and school board, and any additional eligible local agencies electing to participate in the plan. The plan provides for retirement, disability and death benefits to plan members.

CERS issues a publicly available financial report included in the Kentucky Retirement Systems Annual Report that includes financial statements and the required supplementary information for CERS. That report may be obtained by writing to Kentucky Retirement Systems, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky, 40601, or by calling (502) 564-4646 or at <https://kyret.ky.gov>.

Benefits provided: Benefits under the plan will vary based on final compensation, years of service and other factors as fully described in the plan documents.

Contributions: Funding for CERS is provided by members who contribute 5% (6.00% for employees hired after September 1, 2008) of their salary through payroll deductions and by employers of members who contribute 17.06% of the member's salary. The contribution requirements of CERS are established and may be amended by the CERS Board of Trustees.

At June 30, 2021, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2020. An expected total pension liability as of June 30, 2018 was determined using standard roll-forward techniques. The District's proportion of the net pension liability was based on contributions to CERS during the fiscal year ended June 30, 2020. At June 30, 2020, the District's proportion was .478100%.

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 27 - RETIREMENT PLAN - KENTUCKY RETIREMENT SYSTEM (Continued)
County Employees Retirement System (CERS)

For the year ended June 30, 2021, the District recognized pension expense of \$4,043,088. At June 30, 2021, the District reported deferred outflows of resources for District contributions subsequent to the measurement date and deferred inflows of resources related to pensions from the net difference between projected and actual earnings on pension plan investments in the amount of:

Deferred Outflows of Resources for:	
Liability Experience	\$ 439,205
Changes of Assumptions	513,335
Investment Experience	1,483,771
Changes in Proportion & Differences Between Employer Contributions & Proportionate Share of Contributions District Contributions Subsequent to Measurement Date	5,428,167
	<u>2,957,318</u>
	<u>\$ 10,821,796</u>
Deferred Inflows of Resources for:	
Liability Experience	\$ 371,223
Assumption Changes	0
Investment Experience	6,581,598
Changes in Proportion & Differences Between Employer Contributions & Proportionate Share of Contributions	1,518,445
	<u>\$ 8,471,266</u>

District contributions subsequent to the measurement date of \$2,404,898 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to CERS will be recognized in pension expense as follows:	<u>Year</u>	<u>Amount</u>
	2022	\$ 3,677,446
	2023	1,232,407
	2024	(962,947)
	2025	(1,596,376)
	2026	0
	Thereafter	0
		<u>\$ 2,350,530</u>

PIKE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2022

NOTE 27 - RETIREMENT PLAN - KENTUCKY RETIREMENT SYSTEM (Continued)
County Employees Retirement System (CERS)

Actuarial Methods and Assumptions: The total pension liability for CERS was determined by applying procedures to the actuarial valuation as of June 30, 2021. The financial reporting actuarial valuation as of June 30, 2020, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2019
Experience Study	July 1, 2013 - June 30, 2018
Actuarial Cost Method	Entry Age Normal Cost
Amortization Method	Level percentage of payroll
Amortization Period	30 years, close
	Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases
Payroll Growth Rate	0.0% for KERS non-hazardous and hazardous, and 2.0% for CERS non-hazardous and Hazardous
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30%
Salary Increases	3.30% to 10.30%, varies by service for CERS Nonhazardous; 3.55% to 19.05% varies by service for CERS Hazardous 3.30 % to 15.30%, varies by service for KERS Nonhazardous 3.55% to 20.05%, varies by service for KERS Hazardous
Investment Rate of Return	6.25% for CERS Non-hazardous, and hazardous, and KERS Hazardous, 5.25% for KERS Non-hazardous and KERS Hazardous, 5.25% for KERS Nonhazardous
Phase-in Provision	Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018 for CERS Nonhazardous and Hazardous
Mortality	The retiree mortality is a System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.

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

The long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years for KRS. The most recent analysis, performed for the period covering fiscal years 2008 through 2013, is outlined in a report dated April 30, 2014. Several factors are considered in evaluating the long-term rate of return assumption including long term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense, and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset

PIKE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2022

NOTE 27 - RETIREMENT PLAN - KENTUCKY RETIREMENT SYSTEM (Continued)
County Employees Retirement System (CERS)

allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Growth		
US Equity	21.75%	5.70%
Non-US Equity	21.75%	6.35%
Private Equity	10.00%	9.70%
Specialty Credit/High Yield	15.00%	2.80%
Liquidity		
Core Bonds	10.00%	0.00%
Cash	1.50%	(0.60)%
Diversifying Strategies		
Real Estate	10.00%	5.40%
Real Return	10.00%	4.55%
Total	<u>100.00%</u>	

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

The Schedule of Deferred Inflows and Outflows, and Pension Expense include only certain categories of deferred outflows of resources and deferred inflows of resources. These include differences between expected and actual experience, changes of assumptions and differences between projected and actual earnings on plan investments. The Schedule does not include deferred outflows/inflows of resources for changes in the employer's proportionate share of contributions or employer contributions made subsequent to the measurement date. The net pension liability as of June 30, 2022, is based on the June 30, 2021. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed five-year period.

PIKE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2022

NOTE 27 - RETIREMENT PLAN - KENTUCKY RETIREMENT SYSTEM (Continued)
County Employees Retirement System (CERS)

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

	1% Decrease (5.25%)	Current Discount Rate (6.25%)	1% Increase (7.25%)
District's proportionate share of the net pension liability	\$49,054,971	\$38,248,076	\$29,305,623

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued CERS financial report which publicly available at <https://kyret.ky.gov>.

Payables to the pension plan: At June 30, 2022 the District had payables to CERS in the amount of \$0 for June's covered payroll with contributions required to be paid in July.

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

**NOTE 28 – OTHER POST EMPLOYMENT BENEFIT PLANS- KENTUCKY RETIREMENT SYSTEM
County Employee Retirement System OPEB Plan**

General Information about the OPEB Plan

Plan description – Classified employees of the District are provided OPEBs through the County Employees Retirement System (CERS)—a cost-sharing, multiple-employer defined benefit OPEB plan administered by the Kentucky General Assembly. CERS issues a publicly available financial report that can be obtained at <https://kyret.ky.gov>.

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

Medical Insurance Plan

Plan description – Under the provisions of Kentucky Revised Statute Section 61.701, the KRS Board administers the Kentucky Retirement Systems Insurance Fund. The statutes provide for a single insurance fund to provide group hospital and medical benefits to retirees drawing a benefit from the three pension funds administered by KRS: (1) KERS; (2) CERS; and (3) SPRS. The assets of the Insurance Fund are also segregated by plan.

Benefits provided – The Kentucky Retirement Systems' Insurance Fund (Insurance Fund) was established to provide hospital and medical insurance for eligible members receiving benefits from KERS, CERS, and SPRS. The eligible non-Medicare retirees are covered by the Department of Employee Insurance (DEI) plans. KRS submits the premium payments to DEI. The Board contracts with Humana to provide health care benefits to the eligible Medicare retirees through a Medicare Advantage Plan. The Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance.

As a result of House Bill 290 (2004 Kentucky General Assembly), medical insurance benefits are calculated differently for members who began participating on, or after, July 1, 2003. Once members reach a minimum vesting period of 10 years, non-hazardous employees whose participation began on, or after, July 1, 2003, earn \$10 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Hazardous employees whose participation began on, or after, July 1, 2003 earn \$15 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Upon death of a hazardous employee, the employee's spouse receives \$10 per month for insurance benefits for each year of the deceased employee's earned hazardous service. This dollar amount is subject to adjustment annually, which is currently 1.5%, based upon Kentucky Revised Statutes. This benefit is not protected under the inviolable contract provisions of Kentucky Revised Statute 16.652, 61.692 and 78.852. The Kentucky General Assembly reserves the right to suspend or reduce this benefit if, in its judgment, the welfare of the Commonwealth so demands.

Contributions: Funding for CERS is provided by members who contribute 5% (6.00% for employees hired after September 1, 2008) of their salary through payroll deductions and by employers of members who contribute 17.06% of the member's salary. The contribution requirements of CERS are established and may be amended by the CERS Board of Trustees.

PIKE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2022

**NOTE 28 – OTHER POST EMPLOYMENT BENEFIT PLANS- KENTUCKY RETIREMENT SYSTEM
 County Employee Retirement System OPEB Plan (Continued)**

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

At June 30, 2022, the Kentucky School District reported a liability of \$11,482,009 for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, the District's proportion was .599755 percent, which was in increase of .113436% percent from its proportion measured as of June 30, 2020 (.486319 percent).

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

District's proportionate share of the net OPEB liability \$11,482,009

For the year ended June 30, 2022, the District recognized OPEB expense of \$1,598,173. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Liability Experience	\$ 1,805,549	\$ 3,428,146
Changes of assumptions	3,044,099	10,677
Investment Experience	578,497	2,374,698
Changes in proportion and differences between District contributions and proportionate share of contributions	1,693,222	943,465
District contributions subsequent to the measurement date	729,370	0
Total	\$ 7,850,737	\$ 6,756,986

Of the total amount reported as deferred outflows of resources related to OPEB, \$729,370 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Year ended June 30:	
2022	\$ 1,131,950
2023	129,572
2024	126,758
2025	(294,530)
2026	0
Thereafter	0
	\$ 1,093,750

PIKE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2022

**NOTE 28 – OTHER POST EMPLOYMENT BENEFIT PLANS- KENTUCKY RETIREMENT SYSTEM
 County Employee Retirement System OPEB Plan (Continued)**

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

Determined by the Actuarial Valuation as of:	June 30, 2019
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Amortization Method:	Level Percent of Pay
Amortization Period:	30 Year, Closed period at June 30, 2019 <i>Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases</i>
Payroll Growth Rate:	2.00%
Investment Rate of Return:	6.25%
Inflation:	2.30%
Salary Increases:	3.30% to 10.30%, varies by service
Mortality:	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.
Health Trend rates:	
Pre – 65	Initial trend starting at 6.25% at January 1, 2021 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2020 premiums were known at the time of the valuation and were incorporated into the liability measurement.
Post-65	Initial trend starting at 5.50% at January 1, 2021 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years. The 2020 premiums were known at the time of the valuation and were incorporated into the liability measurement.
Phase-in Provision	"Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018.

The mortality table used for active members:

1. For Pre-retirement, PUB-2010 General Mortality table, for the Nonhazardous Plans, and the PUB-2010 Public Safety Mortality table for the Hazardous Plans, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.
2. For Post-retirement (non- disabled), System-specific mortality table based on mortality experience from 2013-2018, disabled) projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.
3. For Post-retirement (disabled), PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

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

PIKE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2022

**NOTE 28 – OTHER POST EMPLOYMENT BENEFIT PLANS- KENTUCKY RETIREMENT SYSTEM
 County Employee Retirement System OPEB Plan (Continued)**

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

Asset Class	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Growth		
US Equity	21.75%	5.70%
Non US Equity	21.75%	6.35%
Private Equity	10.00%	9.70%
Speciality Credit/High Yield	15.00%	2.80%
Liquidity		
Core Bonds	10.00%	0.00%
Cash	1.50%	-0.60%
Diversifying Strategies		
Real Estate	10.00%	5.40%
Real Return	10.00%	4.55%
Total	<u>100.00%</u>	

Discount Rate – Single discount rates of 5.20% for CERS Nonhazardous plans were used to measure the total OPEB liability as of June 30, 2021. The single discount rates are based on the expected rate of return on OPEB plan investments of 6.25%, and a municipal bond rate of 1.92%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2021. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, each plan's fiduciary net position and future contributions were projected to be sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the plan. However, the cost associated with the implicit employer subsidy was not included in the calculation of the plans actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the plans trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the ACFR.

The projection of cash flows used to determine the single discount rate must include an assumption regarding future employer contributions made each year. Future contributions are projected assuming that each participating employer in each insurance plan contributes the actuarially determined employer contribution each future year calculated in accordance with the current funding policy, as most recently revised by House Bill 8, passed during the 2021 legislative session. The assumed future employer contributions reflect the provisions of House Bill 362 (passed during the 2018 legislative session) which limit the increases to the employer contribution rates to 12% over the prior fiscal year through June 30 2028, for the CERS plans.

The following table presents the District's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 5.20%, as well as what the District's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.20%) or 1-percentage-point higher (6.20%) than the current rate:

	<u>1% Decrease Rate (4.20%)</u>	<u>Current Discount Rate (5.20%)</u>	<u>1% Increase Rate (6.20%)</u>
Systems' net OPEB liability	\$ 15,764,712	\$ 11,482,009	\$ 7,967,342

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

**NOTE 28 – OTHER POST EMPLOYMENT BENEFIT PLANS- KENTUCKY RETIREMENT SYSTEM
County Employee Retirement System OPEB Plan (Concluded)**

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

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Systems' net OPEB liability:	\$ 8,265,682	\$ 11,482,009	\$ 15,364,197

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

NOTE 29-OTHER POST EMPLOYMENT BENEFIT PLANS-Teachers Retirement System OPEB Plan

General Information about the OPEB Plan

Plan description – Teaching-certified employees of the District are provided OPEBs through the Teachers' Retirement System of the State of Kentucky (TRS)—a cost-sharing multiple-employer defined benefit OPEB plan with a special funding situation established to provide retirement annuity plan coverage for local school districts and other public educational agencies in the state. TRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the Kentucky Revised Statutes (KRS). TRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth's financial statements. TRS issues a publicly available financial report that can be obtained at <https://trs.ky.gov/financial-reports-information>.

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

Medical Insurance Plan

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

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

Contributions – In order to fund the post-retirement healthcare benefit, seven and one-half percent (7.50%) of the gross annual payroll of members is contributed. Three percent (3.75%) is paid by member contributions and three quarters percent (.75%) from state appropriation and three percent (3.00%) from the employer. The state contributes the net cost of health insurance premiums for members who retired on or after July 1, 2010 who are in the non-Medicare eligible group. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan.

PIKE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2022

NOTE 29-OTHER POST EMPLOYMENT BENEFIT PLANS-Teachers Retirement System - OPEB Plan (Continued)

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

At June 30, 2022, the District reported a liability of \$11,944,000 for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the District's proportion was 0.5566580 percent, which was an increase of .004300 from its proportion measured as of June 30, 2021 (0.552358 percent).

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

District's proportionate share of the net OPEB liability	\$ 11,944,000
State's proportionate share of the net OPEB	
Medical Insurance	9,700,000
Life Insurance	129,000
Total liability associated with the District	\$ 21,773,000

For the year ended June 30, 2022, the District recognized OPEB expense of \$822,196 and revenue of \$822,196 for support provided by the State. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

Of the total amount reported as deferred outflows of resources related to OPEB, \$988,072 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expensed as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and and actual experience	\$ 0	\$ 7,103,000
Changes of assumptions	3,124,000	0
Net difference between projected and actual earnings on pension plan investments	0	1,274,000
Changes in proportion and differences between District contributions and proportionate share of contributions	209,000	1,141,000
District contributions subsequent to the measurement date	988,072	0
Total	\$ 4,321,072	\$ 9,518,000

Year ended June 30:	
2022	\$ (617,928)
2023	(1,612,000)
2024	(1,428,000)
2025	(1,244,000)
2026	(324,000)
Thereafter	29,000
	<u>\$ (5,196,928)</u>

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 29-OTHER POST EMPLOYMENT BENEFIT PLANS-Teachers Retirement System - OPEB Plan (Continued)

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

Valuation date	MIF	6/30/2020	
	LIF	6/30/2018	
Actuarial cost method		Entry Age Normal	
Amortization method		Level Percent of Payroll	
Actuarial Amortization period	MIF	21 years	
	LIF	26 years	
Actuarial valuation method	MIF	Five-year smoothed value	
	LIF	Five-year smoothed value	
Discount Rate	MIF	2.50%	
	LIF	3.00%	
Salary growth	MIF	0.25%	
	LIF	5.00%	
Consumer inflation -	MIF	2.75%	
	LIF	3.50%	
Salary increases, including wage	MIF	3.00%	7.50%
inflation -	LIF	3.00%	7.20%
Interest rate	MIF	8.00%	
	LIF	7.50%	
Health care cost trends			
Under 65		7.00% for FYE 2021 decreasing to an ultimate rate of 4.50% by FYE 2031	
Ages 65 and older		5.00% for FYE 2022* decreasing to an ultimate rate of 4.50% by FYE 2024	
Medicare Part B premiums		4.40% for FYE 2021 with an ultimate rate of 4.50% by FYE 2034	
Under age 65 claims		The current premium charged by KEHP is used as the base cost and is projected forward using only the health care trend assumption (no implicit rate subsidy is recognized).	

*Based on known expected increase in Medicare-eligible costs in the year following the valuation date, a rate of 20.00% was used for FYE 2021.

Mortality rates were based on the Pub2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each of the groups; service, retirees, contingent annuitants, disabled retirees, and active members.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation, and rates of plan election used in the June 30, 2020 valuation were based on the results of the most recent actuarial experience studies for the System, which covered the five-year period ending June 30, 2020, adopted by the Board on September 20, 2021.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends) used in the June 30, 2021 valuation of the Health Trust were based on a review of recent plan experience done concurrently with the June 30, 2021 valuation. The health care cost trend assumption was updated for the June 30, 2021 valuation and was shown as an assumption change in the TOL roll forward, while the change in initial per capita claims costs were included with experience in the TOL roll forward.

PIKE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2022

**NOTE 29-OTHER POST EMPLOYMENT BENEFIT PLANS-Teachers Retirement System -
 OPEB Plan (Continued)**

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

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

Health Insurance Trust		
Asset Class	Target Allocation Percentage	Long-Term Expected Real Rate Percentage of Return
Global Equity	58.00%	5.10%
Fixed income	9.00%	(0.10%)
Real estate	6.50%	4.00%
Private equity	8.50%	6.90%
Additional categories	8.00%	1.70%
Other Additional Categories	9.00%	2.20%
Cash (LIBOR)	1.00%	(0.30%)
Total	100.00%	

Life Insurance Trust		
Asset Class	Target Allocation Percentage	Long-Term Expected Real Rate Percentage of Return
U.S. equity	40%	4.40%
International equity	23%	5.60%
Fixed income	18%	(0.10%)
Real estate	6%	4.00%
Private equity	5%	6.90%
Additional categories	6%	2.10%
Cash (LIBOR)	2%	(0.30%)
Total	100%	

PIKE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2022

NOTE 29-OTHER POST EMPLOYMENT BENEFIT PLANS-Teachers Retirement System - OPEB Plan (Continued)

Discount rate - The discount rate used to measure the total OPEB liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The following table presents the District's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 7.10%, as well as what the District's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10%) or 1-percentage-point higher (8.10%) than the current rate:

	1% Decrease Rate (6.10%)	Current Discount Rate (7.10%)	1% Increase Rate (8.10%)
Health Insurance Trust	\$ 15,292,000	\$ 11,944,000	\$ 9,177,000
Life Insurance Trust	-	-	-
System's Net OPEB Liability	<u>\$ 15,292,000</u>	<u>\$ 11,944,000</u>	<u>\$ 9,177,000</u>

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

	1% Decrease	Current Trend Rate	1% Increase
Net OPEB Liability	\$ 8,678,000	\$ 11,944,000	\$ 16,010,000

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

REQUIRED SUPPLEMENTAL INFORMATION

PIKE COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022

	GENERAL FUND			VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES:				
From Local Sources				
Taxation				
Property	11,900,000	\$ 11,900,000	\$ 11,664,145	\$ (235,855)
Motor Vehicles	2,500,000	2,500,000	2,906,398	406,398
Utilities	3,300,000	3,300,000	4,315,308	1,015,308
Other	60,000	60,000	116,075	56,075
Other Local Sources	145,000	145,000	613,157	468,157
Earnings on Investments	40,000	40,000	57,219	17,219
State Sources	58,400,498	58,404,542	57,687,817	(716,725)
Federal Sources	150,000	150,000	162,783	12,783
TOTAL REVENUES	\$ 76,495,498	\$ 76,499,542	\$ 77,522,902	\$ 1,023,360
EXPENDITURES:				
Instruction	\$ 49,154,334	\$ 49,150,961	\$ 39,218,256	\$ 9,932,705
Support Services:				
Student	3,676,060	3,676,060	4,362,829	(686,769)
Instructional Staff	2,824,533	2,827,906	2,914,880	(86,974)
District Administration	3,273,196	3,273,196	2,310,757	962,439
School Administration	3,630,192	3,630,192	4,773,962	(1,143,770)
Business	1,084,072	1,084,072	1,284,858	(200,786)
Plant Operations & Maintenance	12,609,993	12,694,643	14,018,340	(1,323,697)
Student Transportation	5,474,151	5,844,675	8,034,135	(2,189,460)
Community Service	36,815	36,815	276,670	(239,855)
Site Acquisition & Constr.	223,790	223,790	207,643	16,147
Debt Service				
Principal	0	602,500	285,685	316,815
Interest	0	31,130	31,130	0
Contingency	4,400,000	4,400,000	0	4,400,000
TOTAL EXPENDITURES	\$ 86,387,136	\$ 87,475,940	\$ 77,719,145	\$ 9,756,795
Excess (Deficit) of Revenues over Expenditures	\$ (9,891,638)	\$ (10,976,398)	\$ (196,243)	\$ 10,780,155
OTHER FINANCING SOURCES (USES):			0	
Proceeds from Capital Leases	\$ 0	\$ 0	\$ 553,120	\$ 553,120
KISBIT Payments	0	0	0	0
Proceeds from Sale of Fixed Assets	0	0	4,761	4,761
Operating Transfers In	580,989	1,665,749	2,282,695	616,946
Operating Transfers Out	(140,000)	(140,000)	(749,691)	(609,691)
	\$ 440,989	\$ 1,525,749	\$ 2,090,885	\$ 565,136
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing (Uses)	\$ (9,450,649)	\$ (9,450,649)	\$ 1,894,642	\$ 11,345,291
Fund Balance - Beginning	9,450,649	9,450,649	11,103,469	1,652,820
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 12,998,111</u>	<u>\$ 12,998,111</u>

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

PIKE COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022

	SPECIAL REVENUE			VARIANCE
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE)
REVENUES:				
Local Sources	\$ 590,502	\$ 603,172	\$ 355,963	\$ (247,209)
Earnings on Investments	0	0	0	0
State Sources	2,345,769	2,302,474	2,026,243	(276,231)
Federal Sources	9,376,520	9,650,254	17,025,469	7,375,215
TOTAL REVENUES	\$ 12,312,791	\$ 12,555,900	\$ 19,407,675	\$ 6,851,775
EXPENDITURES:				
Instruction	\$ 8,627,134	\$ 8,657,170	\$ 11,935,600	\$ (3,278,430)
Support Services:				
Student	340,214	445,414	611,566	(166,152)
Instructional Staff	1,316,025	1,291,574	1,739,888	(448,314)
District Administration	0	0	0	0
School Administration	0	0	3,671	(3,671)
Business	109,294	255,687	233,837	21,850
Plant Operations & Maintenance	1,000	1,000	1,282,181	(1,281,181)
Student Transportation	97,418	97,418	1,234,769	(1,137,351)
Central Office	0	0	0	0
Food Service Operations	0	0	45,315	(45,315)
Other	0	0	0	0
Community Service	1,855,717	1,835,323	1,760,215	75,108
Facilities Acquisition & Construction	0	0	0	0
Contingency	0	0	0	0
TOTAL EXPENDITURES	\$ 12,346,802	\$ 12,583,586	\$ 18,847,042	\$ (6,263,456)
Excess (Deficit) of Revenues over Expenditures	\$ (34,011)	\$ (27,686)	\$ 560,633	\$ 588,319
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	\$ 140,000	\$ 140,000	\$ 158,159	\$ 18,159
Operating Transfers Out	(105,989)	(130,989)	(718,792)	(587,803)
TOTAL OTHER FINANCING SOURCES (USES):	\$ 34,011	\$ 9,011	\$ (560,633)	\$ (569,644)
Net Change in Fund Balance	\$ 0	\$ (18,675)	\$ 0	\$ 18,675
Fund Balance - Beginning	0	0	0	0
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (18,675)</u>	<u>\$ 0</u>	<u>\$ 18,675</u>

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

PIKE COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022

	CONSTRUCTION FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:				
From Local Sources				
Taxation	\$ 0	\$ 0	\$ 0	\$ 0
Motor Vehicle	0	0	0	0
Utilities	0	0	0	0
Other	0	0	0	0
Tuition & Fees	0	0	0	0
Earnings on Investments	0	0	268	268
Other Local Revenues	0	977,303	512,141	(465,162)
Intergovernmental-State	0	0	0	0
Intergovernmental – Indirect Federal	0	0	0	0
Intergovernmental – Direct Federal	0	0	0	0
TOTAL REVENUES	\$ 0	\$ 977,303	\$ 512,409	\$ (464,894)
EXPENDITURES:				
Instruction	\$ 0	\$ 0	\$ 0	\$ 0
Support Services:				
Student	0	0	0	0
Instructional Staff	0	0	0	0
District Administration	0	0	0	0
School Administration	0	0	0	0
Business	0	0	0	0
Plant Operations & Maintenance	0	0	0	0
Student Transportation	0	0	0	0
Central Office	0	0	0	0
Food Service Operations	0	0	0	0
Other	0	0	0	0
Community Service	0	0	0	0
Facilities Acquisition & Construction	0	0	0	0
Building Improvements	0	0	1,362,139	(1,362,139)
Site Improvements	0	977,303	597,551	379,752
TOTAL EXPENDITURES	\$ 0	\$ 977,303	\$ 1,959,690	\$ (982,387)
Excess (Deficit) of Revenues over Expenditures	\$ 0	\$ 0	\$ (1,447,281)	\$ (1,447,281)
OTHER FINANCING SOURCES (USES):				
Bonds Proceeds	\$ 0	\$ 0	\$ 4,765,000	\$ 4,765,000
Premium on Bond Issuance	0	0	0	0
Bond Discounts	0	0	(27,596)	(27,596)
Operating Transfers In	0	0	591,532	591,532
Operating Transfers Out	0	0	0	0
TOTAL OTHER FINANCING SOURCES (USES):	\$ 0	\$ 0	\$ 5,328,936	\$ 5,328,936
Net Change in Fund Balance	\$ 0	\$ 0	\$ 3,881,655	\$ 3,881,655
Fund Balance - Beginning	0	0	1,076,479	1,076,479
Fund Balance - Ending	\$ 0	\$ 0	\$ 4,958,134	\$ 4,958,134

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

**PIKE COUNTY BOARD OF EDUCATION
KENTUCKY TEACHERS RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2022**

Last Ten Fiscal Years **	2021-2022	2020-2021	2019-2020	2018-19	2017-18	2016-17	2015-16	2014-15
Schedule of the District's Proportionate Share of the Net Pension Liability								
District's proportion of the net pension liability	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
District's proportionate share of the net pension liability	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Commonwealth's proportion of the net pension liability associated with the District	100.0000%	100.0000%	100.0000%	100.0000%	100.0000%	100.0000%	100.0000%	100.0000%
Commonwealth's proportionate share of the net pension liability associated with the District	\$ 135,328,791	\$ 145,422,332	\$ 146,312,371	\$ 143,777,280	\$ 312,509,016	\$ 353,664,994	\$ 283,538,388	\$ 260,475,099
Total	<u>\$ 135,328,791</u>	<u>\$ 145,422,332</u>	<u>\$ 146,312,371</u>	<u>\$ 143,777,280</u>	<u>\$ 312,509,016</u>	<u>\$ 353,664,994</u>	<u>\$ 283,538,388</u>	<u>\$ 260,475,099</u>
District's covered-employee payroll	\$ 37,621,763	\$ 42,435,552	\$ 31,871,005	\$ 37,105,911	\$ 36,809,662	\$ 38,195,439	\$ 34,181,498	\$ 39,104,554
District's proportionate share of the net pension liability	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Commonwealth's proportionate share of the net pension liability as a percentage of District's covered-employee payroll	27.8003%	29.1809%	21.7829%	25.8079%	11.7788%	10.7999%	12.0553%	15.0128%
Plan fiduciary net position as a percentage of the total pension liability	65.6000%	58.2700%	58.8000%	59.3000%	39.8300%	54.6000%	55.3000%	45.5907%

Schedule of State Contributions

	2021-2022	2020-2021	2019-2020	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13
Contractually required contribution	\$ 1,738,471	\$ 1,959,875	\$ 1,436,783	\$ 1,610,155	\$ 1,495,235	\$ 1,557,017	\$ 1,567,395	\$ 1,811,772	\$ 1,588,401	\$ 1,469,045
Contributions in relation to the contractually required contribution	1,738,471	1,959,875	1,436,783	1,610,155	1,495,235	1,557,017	1,567,395	1,811,772	1,588,401	1,469,045
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
District's covered payroll	\$ 37,621,763	\$ 42,435,552	\$ 31,871,005	\$ 37,105,911	\$ 36,809,662	\$ 38,195,439	\$ 34,181,498	\$ 39,104,554	\$ 39,719,440	\$ 39,154,705
Contributions as a percentage of covered-employee payroll	4.6205%	4.6185%	4.5081%	4.3393%	4.0621%	4.0764%	4.5855%	4.6331%	3.9991%	3.7519%

** Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

PIKE COUNTY BOARD OF EDUCATION
County Employees Retirement System Non-Hazardous
FOR THE YEAR ENDED JUNE 30, 2022

Last Ten Fiscal Years **

	2021-2022	2020-2021	2019-2020	2018-2019	2017-18	2016-17	2015-16	2014-15
Schedule of the District's Proportionate Share of the Net Pension Liability								
District's proportion of the net pension liability	0.599896%	0.486460%	0.549032%	0.56995%	0.57442%	0.59071%	0.61359%	0.62367%
District's proportionate share of the net pension liability	38,248,076	37,311,079	38,613,665	34,711,631	33,623,037	29,084,219	26,381,351	20,234,000
District's covered-employee payroll	21,375,190	23,175,462	18,290,845	19,941,375	19,615,193	17,640,094	19,050,950	17,811,339
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	178.93678%	160.99390%	211.10925%	174.06839%	171.41324%	164.87565%	138.47788%	113.60179%
Plan fiduciary net position as a percentage of the total pension liability	57.33%	47.81%	50.45%	53.54%	55.32%	55.50%	59.97%	66.80%

	2021-2022	2020-2021	2019-2020	2018-2019	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13
Schedule of District Contributions										
Contractually required contribution	\$ 2,957,318	\$ 2,404,898	\$ 3,682,772	\$ 3,730,476	\$ 3,492,697	\$ 2,443,771	\$ 2,497,324	\$ 2,497,359	\$ 2,748,507	\$ 2,762,791
Contributions in relation to the contractually required contribution	2,957,318	2,404,898	3,682,772	3,730,476	3,492,697	2,443,771	2,497,324	2,497,359	2,748,507	2,762,791
Contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
District's covered payroll	21,375,190	23,175,462	18,290,845	19,941,375	19,615,193	17,640,094	19,050,950	17,811,339	17,855,475	16,778,226
Contributions as a percentage of covered-employee payroll	13.8353%	10.3769%	20.1345%	18.7072%	17.8061%	13.8535%	13.1087%	14.0212%	15.3931%	16.4665%

** Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

See Independent auditor's report and accompanying notes to the financial statement.

PIKE COUNTY BOARD OF EDUCATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET OPEB LIABILITY - MEDICAL INSURANCE PLAN
Teachers' Retirement System Kentucky
Last 10 Fiscal Years*
FOR THE YEAR ENDED JUNE 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the collective net OPEB liability (asset)	55.665800%	55.235800%	0.573923%	0.569656%	0.613982%
District's proportionate share of the collective net OPEB liability (asset)	\$ 11,944,000	\$ 13,940,000	\$ 16,798,000	\$ 16,795,000	\$ 21,893,000
State's proportionate share of the collective net OPEB liability (asset) associated with the District	<u>9,829,000</u>	<u>11,167,000</u>	<u>13,565,000</u>	<u>17,034,000</u>	<u>17,884,000</u>
Total	<u>\$ 21,773,000</u>	<u>\$ 25,107,000</u>	<u>\$ 30,363,000</u>	<u>\$ 33,829,000</u>	<u>\$ 39,777,000</u>
District's covered-employee payroll	37,621,763	42,435,552	31,871,005	37,105,911	36,809,662
District's proportionate share of the collective net OPEB liability (asset) as a percentage of its covered-employee payroll	31.748%	32.850%	52.706%	45.262%	59.476%
Plan fiduciary net position as a percentage of the total OPEB liability	51.700%	39.050%	35.580%	25.540%	21.180%

* The amounts presented for each fiscal year were determined as of June 30.

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

PIKE COUNTY BOARD OF EDUCATION
SCHEDULE OF DISTRICT CONTRIBUTIONS - MEDICAL INSURANCE PLAN
Teachers' Retirement System Kentucky
Last 10 Fiscal Years*
FOR THE YEAR ENDED JUNE 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	988,072	975,503	999,356	\$ 1,014,736	\$ 1,051,925
Contributions in relation to the					
Contractually required contribution	<u>975,503</u>	<u>975,503</u>	<u>999,356</u>	<u>1,014,736</u>	<u>1,051,925</u>
Contribution deficiency (excess)	<u>12,569</u>	<u>0</u>	<u>0</u>	<u>\$ 0</u>	<u>\$ 0</u>
District's covered-employee payroll	\$ 37,621,763	\$ 42,435,552	\$ 31,871,005	\$ 37,105,911	\$ 36,809,662
Contributions as a percentage of covered- employee payroll	2.63%	2.30%	3.14%	2.73%	2.86%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

PIKE COUNTY BOARD OF EDUCATION
Notes to Required Supplementary Information - Kentucky Teachers Retirement System
For the Year Ended June 30, 2022

Changes of benefit terms – With the passage of House Bill 471, the eligibility for non-single subsidies (NSS) for the KEHP-participating members who retired prior to July 1, 2010 is restored, but the state will only finance, via its KEHP “Shared Responsibility” contributions, the costs of the NSS related to those KEHP-participating members who retired on or after July 1, 2010.

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

Valuation date	MIF	6/30/2020	
	LIF	6/30/2018	
Actuarial cost method		Entry Age Normal	
Amortization method		Level Percent of Payroll	
Amortization period	MIF	21 years	
	LIF	26 years	
Asset valuation method	MIF	Five-year smoothed value	
	LIF	Five-year smoothed value	
Inflation	MIF	2.50%	
	LIF	3.00%	
Real wage growth	MIF	0.25%	
	LIF	5.00%	
Wage inflation	MIF	2.75%	
	LIF	3.50%	
Salary increases, including wage	MIF	3.00% -	7.50%
inflation	LIF	3.00% -	7.20%
Discount rate	MIF	8.00%	
	LIF	7.50%	
MIF Health care cost trends			
Under 65		7.00% for FYE 2021 decreasing to an ultimate rate of 4.50% by FYE 2031	
Ages 65 and older		5.00% for FYE 2022* decreasing to an ultimate rate of 4.50% by FYE 2024	
Medicare Part B premiums		4.40% for FYE 2021 with an ultimate rate of 4.50% by FYE 2034	
Under age 65 claims		The current premium charged by KEHP is used as the base cost and is projected forward using only the health care trend assumption (no implicit rate subsidy is recognized).	

*Based on known expected increase in Medicare-eligible costs in the year following the valuation rate of 20.00% was used for FYE 2021.

PIKE COUNTY BOARD OF EDUCATION
Notes to Required Supplementary Information - Kentucky Teachers Retirement System
For the Year Ended June 30, 2022

Life Insurance Plan

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

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

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

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

At June 30, 2018, the Kentucky School District did not report a liability for its proportionate share of the collective net OPEB liability for life insurance benefits because the State of Kentucky provides the OPEB support directly to TRS on behalf of the District. The amount recognized by the District as its proportionate share of the OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District’s proportionate share of the net OPEB liability	\$ 11,944,000
State’s proportionate share of the net OPEB liability associated with the District	
Medical Insurance	9,700,000
Life Insurance	<u>129,000</u>
Total liability associated with the District	<u>\$ 21,773,000</u>

For the year ended June 30, 2022 the District recognized OPEB expense of \$822,196 and revenue of \$822,196 for support provided by the State. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	0	\$ 7,103,000
Changes of assumptions	3,124,000	0
Net difference between projected and actual earnings on pension plan investments	0	1,274,000
Changes in proportion and differences between District contributions and proportionate share of contributions	209,000	1,141,000
District contributions subsequent to the measurement date	<u>988,072</u>	<u>0</u>
Total	<u>\$ 4,321,072</u>	<u>\$ 9,518,000</u>

PIKE COUNTY BOARD OF EDUCATION
Notes to Required Supplementary Information - Kentucky Teachers Retirement System
For the Year Ended June 30, 2022

Of the total amount reported as deferred outflows of resources related to OPEB, \$988,072 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as shown:	Year ended June 30:	
	2022	\$ (617,928)
	2023	(1,612,000)
	2024	(1,428,000)
	2025	(1,244,000)
	2026	(324,000)
	There After	2,900
		<u>\$ (5,223,028)</u>

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

Actuarial Assumptions:	MIF	LIF
Valuation Date	6/30/2020	6/30/2018
Actuarial Cost Method	Entry Age Normal	
Amortization Method	Level Percent of Payroll	
Remaining Amortization Period	21 years	26years
Asset Valuation Method	Five-Year Smoothed Value	Five-Year Smoothed Value
Inflation Rate	2.50%	3.00%
Real Wage Growth	0.25%	5.00%
Wage Inflation	2.75%	3.50%
Salary Increases, including wage inflation	3.00% - 7.50%	3.00% - 7.20%
Long-term Investment Rate of Return, net of OPEB plan investment expense, including inflation	8.00%	7.50%
Municipal Bond Index Rate	2.19%	
Year FNP is projected to be depleted	N/A	N/A
Single Equivalent Interest Rate, net of OPEB plan investment expense, including price inflation	8.00%	7.50%
Health Care Cost Trends		
Under Age 65	7.00% for FYE 2021 decreasing to an ultimate rate of 4.50% by FYE 2031	
Ages 65 and Older	5.00% for FYE 2022* decreasing to an ultimate rate of 4.50% by FYE 2024	
Medicare Part B Premiums	4.40% for FYE 2021 with an ultimate rate of 4.50% by FYE 2034	
Under age 65 claims	The current premium charged by KEHP is used as the base cost and is projected forward using only the health care trend assumption (no implicit rate subsidy is recognized).	
*Based on known expected increase in Medicare-eligible costs in the year following the valuation date, an increase		

Mortality rates were based on the Pub2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each of the groups; service, retirees, contingent annuitants, disabled retirees, and active members.

PIKE COUNTY BOARD OF EDUCATION
Notes to Required Supplementary Information - Kentucky Teachers Retirement System
For the Year Ended June 30, 2022

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation, and rates of plan election used in the June 30, 2020 valuation were based on the results of the most recent actuarial experience studies for the System, which covered the five-year period ending June 30, 2020, adopted by the Board on September 20, 2021.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends) used in the June 30, 2021 valuation of the Health Trust were based on a review of recent plan experience done concurrently with the June 30, 2021 valuation. The health care cost trend assumption was updated for the June 30, 2021 valuation and was shown as an assumption change in the TOL roll forward, while the change in initial per capita claims costs were included with experience in the TOL roll forward.

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

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

Health Insurance Trust		
Asset Class	Target Allocation Percentage	Long-Term Expected Real Rate Percentage of Return
Global Equity	58.00%	5.10%
Fixed income	9.00%	(0.10%)
Real estate	6.50%	4.00%
Private equity	8.50%	6.90%
Additional categories	8.00%	1.70%
Other Additional Categories	9.00%	2.20%
Cash (LIBOR)	1.00%	(0.30%)
Total	100.00%	

Life Insurance Trust		
Asset Class	Target Allocation Percentage	Long-Term Expected Real Rate Percentage of Return
U.S. equity	40%	4.40%
International equity	23%	5.60%
Fixed income	18%	(0.10%)
Real estate	6%	4.00%
Private equity	5%	6.90%
Additional categories	6%	2.10%
Cash (LIBOR)	2%	(0.30%)
Total	100%	

PIKE COUNTY BOARD OF EDUCATION
Notes to Required Supplementary Information - Kentucky Teachers Retirement System
For the Year Ended June 30, 2022

Discount rate - The discount rate used to measure the total OPEB liability for life insurance was 7.10%. The projection of cash flows used to determine the discount rate assumed that the employer contributions will be made at statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The following table presents the District's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 7.10%, as well as what the District's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10%) or 1-percentage-point higher (8.10%) than the current rate:

	1% Decrease Rate (6.10%)	Current Discount Rate (7.10%)	1% Increase Rate (8.10%)
Systems' net pension liability	\$ 15,292,000	\$ 11,944,000	\$ 9,177,000

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

PIKE COUNTY BOARD OF EDUCATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET OPEB LIABILITY - MEDICAL INSURANCE PLAN
County Employees Retirement Plan
Last 10 Fiscal Years*
For The Year Ended June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the collective net OPEB liability (asset)	0.486319%	0.486319%	5.489250%	0.569928%	0.574428%
District's proportionate share of the collective net OPEB liability (asset)	<u>\$ 11,482,009</u>	<u>\$ 11,743,125</u>	<u>\$ 9,232,671</u>	<u>\$ 10,118,958</u>	<u>\$ 11,547,968</u>
Total	<u><u>\$ 11,482,009</u></u>	<u><u>\$ 11,743,125</u></u>	<u><u>\$ 9,232,671</u></u>	<u><u>\$ 10,118,958</u></u>	<u><u>\$ 11,547,968</u></u>
District's covered-employee payroll	21,375,190	23,175,462	18,290,845	19,941,375	19,615,193
District's proportionate share of the collective net OPEB liability (asset) as a percentage of its covered-employee payroll	53.717%	50.671%	50.477%	50.744%	58.873%
Plan fiduciary net position as a percentage of the total OPEB liability	62.910%	51.670%	60.440%	53.540%	53.320%

* The amounts presented for each fiscal year were determined as of June 30.

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

PIKE COUNTY BOARD OF EDUCATION
SCHEDULE OF DISTRICT CONTRIBUTIONS - MEDICAL INSURANCE PLAN
County Employees Retirement Plan
Last 10 Fiscal Years*
For The Year Ended June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 1,068,862	\$ 837,519	\$ 889,060	\$ 663,929	\$ 661,534
Contributions in relation to the					
Contractually required contribution	<u>(1,068,862)</u>	<u>(837,519)</u>	<u>(889,060)</u>	<u>(663,929)</u>	<u>(661,534)</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
District's covered-employee payroll	\$ 21,375,190	\$ 23,175,462	\$ 18,290,845	\$ 19,941,375	\$ 19,615,193
Contributions as a percentage of covered- employee payroll	5.00%	3.61%	4.86%	3.33%	3.37%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

PIKE COUNTY BOARD OF EDUCATION
Notes to the Required Supplementary Information
for the Year Ended June 30, 2022

Kentucky Retirement System – County Employee OPEB Plan

Changes of benefit terms - None

Methods and assumptions used in the actuarially determined contributions

For financial reporting the actuarial valuation as of June 30, 2021, was performed by Gabriel Roeder Smith (GRS). The total OPEB liability, net OPEB liability, and sensitivity information as of June 30, 2021, were based on an actuarial valuation date of June 30, 2021. The total OPEB liability was rolled-forward from the valuation date (June 30, 2017) to the plan's fiscal year ending June 30, 2019, using generally accepted actuarial principles. There have been no changes in actuarial assumptions since June 30, 2018 (other than the blended discount rate used to calculate the total OPEB liability). However, during the 2018 legislative session, House Bill 185 was enacted, which updated the benefit provisions for active members who die in the line of duty. The system shall now pay 100% of the insurance premium for spouses and children of all active members who die in the line of duty. The total OPEB liability as of June 30, 2019, is determined using these updated benefit provisions.

Determined by the Actuarial Valuation as of:	June 30, 2019
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Amortization Method:	Level Percent of Pay
Amortization Period:	30 Year, Closed period at June 30, 2019 <i>Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases</i>
Payroll Growth Rate:	2.00%
Investment Rate of Return:	6.25%
Inflation:	2.30%
Salary Increases:	3.30% to 10.30%, varies by service
Mortality:	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.
Health Trend rates:	
Pre – 65	Initial trend starting at 6.25% at January 1, 2021 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2020 premiums were known at the time of the valuation and were incorporated into the liability measurement.
Post-65	Initial trend starting at 5.50% at January 1, 2021 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years. The 2020 premiums were known at the time of the valuation and were incorporated into the liability measurement.
Phase-in Provision	"Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018.

Plan description – Classified employees of the District are provided OPEBs through the County Employees Retirement System (CERS)—a cost-sharing, multiple-employer defined benefit OPEB plan administered by the Kentucky General Assembly. CERS issues a publicly available financial report that can be obtained at <https://kyret.ky.gov>.

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

PIKE COUNTY BOARD OF EDUCATION
Notes to the Required Supplementary Information
for the Year Ended June 30, 2022

Kentucky Retirement System – County Employee OPEB Plan

Medical Insurance Plan

Plan description – Under the provisions of Kentucky Revised Statute Section 61.701, the KRS Board administers the Kentucky Retirement Systems Insurance Fund. The statutes provide for a single insurance fund to provide group hospital and medical benefits to retirees drawing a benefit from the three pension funds administered by KRS: (1) KERS; (2) CERS; and (3) SPRS. The assets of the Insurance Fund are also segregated by plan.

Benefits provided – The Kentucky Retirement Systems' Insurance Fund (Insurance Fund) was established to provide hospital and medical insurance for eligible members receiving benefits from KERS, CERS, and SPRS. The eligible non-Medicare retirees are covered by the Department of Employee Insurance (DEI) plans. KRS submits the premium payments to DEI. The Board contracts with Humana to provide health care benefits to the eligible Medicare retirees through a Medicare Advantage Plan. The Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance.

As a result of House Bill 290 (2004 Kentucky General Assembly), medical insurance benefits are calculated differently for members who began participating on, or after, July 1, 2003. Once members reach a minimum vesting period of 10 years, non-hazardous employees whose participation began on, or after, July 1, 2003, earn \$10 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Hazardous employees whose participation began on, or after, July 1, 2003 earn \$15 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Upon death of a hazardous employee, the employee's spouse receives \$10 per month for insurance benefits for each year of the deceased employee's earned hazardous service. This dollar amount is subject to adjustment annually, which is currently 1.5%, based upon Kentucky Revised Statutes. This benefit is not protected under the inviolable contract provisions of Kentucky Revised Statute 16.652, 61.692 and 78.852. The Kentucky General Assembly reserves the right to suspend or reduce this benefit if, in its judgment, the welfare of the Commonwealth so demands.

Contributions: Funding for CERS is provided by members who contribute 5% (6.00% for employees hired after September 1, 2008) of their salary through payroll deductions and by employers of members who contribute 17.06% of the member's salary. The contribution requirements of CERS are established and may be amended by the CERS Board of Trustees.

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

At June 30, 2022, the Kentucky School District reported a liability of \$11,482,009 for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022 the District's proportion was .599755 percent, which was an increase of .11344 percent from its proportion measured as of June 30, 2019 (.486319 percent).

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

District's proportionate share of the net OPEB liability	\$11,482,009
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PIKE COUNTY BOARD OF EDUCATION
Notes to the Required Supplementary Information
for the Year Ended June 30, 2022

Kentucky Retirement System – County Employee OPEB Plan

For the year ended June 30, 2022, the District recognized OPEB expense of \$1,598,173. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Liability Experience	\$ 1,805,549	\$ 3,428,146
Changes of assumptions	3,044,099	10,677
Investment Experience	578,497	2,374,698
Changes in proportion and differences between District contributions and proportionate share of contributions	1,693,222	943,465
District contributions subsequent to the measurement date	729,370	0
Total	\$ 7,850,737	\$ 6,756,986

Of the total amount reported as deferred outflows of resources related to OPEB, \$729,370 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Year Ended June 30:	
2022	\$ 1,131,950
2023	129,572
2024	126,758
2025	(294,530)
2026	0
ther after	0
	\$ 1,093,750

PIKE COUNTY BOARD OF EDUCATION
Notes to the Required Supplementary Information
for the Year Ended June 30, 2022

Kentucky Retirement System – County Employee OPEB Plan

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

Determined by the Actuarial Valuation as of:	June 30, 2019
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Amortization Method:	Level Percent of Pay
Amortization Period:	30 Year, Closed period at June 30, 2019 <i>Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases</i>
Payroll Growth Rate:	2.00%
Investment Rate of Return	6.25%
Inflation:	2.30%
Salary Increases:	3.30% to 10.30%, varies by service
Mortality:	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.
Health Trend rates:	
Pre – 65	Initial trend starting at 6.25% at January 1, 2021 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2020 premiums were known at the time of the valuation and were incorporated into the liability measurement.
Post-65	Initial trend starting at 5.50% at January 1, 2021 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years. The 2020 premiums were known at the time of the valuation and were incorporated into the liability measurement.
Phase-in Provision	"Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018.

The mortality table used for active members:

1. For Pre-retirement, PUB-2010 General Mortality table, for the Nonhazardous Plans, and the PUB-2010 Public Safety Mortality table for the Hazardous Plans, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.
2. For Post-retirement (non- disabled), System-specific mortality table based on mortality experience from 2013-2018, disabled) projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.
3. For Post-retirement (disabled), PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

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

PIKE COUNTY BOARD OF EDUCATION
Notes to the Required Supplementary Information
for the Year Ended June 30, 2022

Kentucky Retirement System – County Employee OPEB Plan

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

Asset Class	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Growth		
US Equity	21.75%	5.70%
Non US Equity	21.75%	6.35%
Private Equity	10.00%	9.70%
Speciality Credit/High Yield	15.00%	2.80%
Liquidity		
Core Bonds	10.00%	0.00%
Cash	1.50%	0.60%
Diversifying Strategies		
Real Estate	10.00%	5.40%
Real Return	10.00%	4.55%
Total	<u>100.00%</u>	

Discount Rate – Single discount rates of 5.20% for CERS Nonhazardous plans were used to measure the total OPEB liability as of June 30, 2021. The single discount rates are based on the expected rate of return on OPEB plan investments of 6.25%, and a municipal bond rate of 1.92%, as reported in Fidelity Index’s “20-Year Municipal GO AA Index” as of June 30, 2021. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, each plan’s fiduciary net position and future contributions were projected to be sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the plan. However, the cost associated with the implicit employer subsidy was not included in the calculation of the plans actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the plans trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the ACFR.

The projection of cash flows used to determine the single discount rate must include an assumption regarding future employer contributions made each year. Future contributions are projected assuming that each participating employer in each insurance plan contributes the actuarially determined employer contribution each future year calculated in accordance with the current funding policy, as most recently revised by House Bill 8, passed during the 2021 legislative session. The assumed future employer contributions reflect the provisions of House Bill 362 (passed during the 2018 legislative session) which limit the increases to the employer contribution rates to 12% over the prior fiscal year through June 30 2028, for the CERS plans.

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

	<u>1% Decrease Rate (4.20%)</u>	<u>Current Discount Rate (5.20%)</u>	<u>1% Increase Rate (6.20%)</u>
System’s Net OPEB Liability	\$ 15,764,712	\$ 11,482,009	\$ 7,967,342

PIKE COUNTY BOARD OF EDUCATION
Notes to the Required Supplementary Information
for the Year Ended June 30, 2022

Kentucky Retirement System – County Employee OPEB Plan

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

	1% Decrease	Current Discount Rate	1% Increase
System's Net OPEB Liability	\$ 8,265,682	\$ 11,482,009	\$ 15,367,197

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

**COMBINING FINANCIAL STATEMENTS
AND OTHER SUPPLEMENTARY INFORMATION**

**PIKE COUNTY BOARD OF EDUCATION
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2022**

	<u>Capital Outlay Fund</u>	<u>Building Fund</u>	<u>District Activity</u>	<u>School Activity Funds</u>	<u>Total Non- Major Governmental Funds</u>
<u>ASSETS AND RESOURCES</u>					
Cash and Cash Equivalents	\$ 0	\$ 126,370	\$ 165,862	\$ 1,170,025	\$ 1,462,257
Accounts Receivable	0	0	0	866	866
Due From Other Funds	0	0	0	0	0
Total Assets	<u>\$ 0</u>	<u>\$ 126,370</u>	<u>\$ 165,862</u>	<u>\$ 1,170,891</u>	<u>\$ 1,463,123</u>
<u>LIABILITIES AND FUND BALANCE</u>					
Liabilities					
Accounts Payable	\$ 0	\$ 0	\$ 19,858	\$ 8,942	\$ 28,800
Summer Payrolls	0	0	0	0	
Other Liabilities	0	0	0	0	0
Other Liabilities	0	0	0	0	0
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 19,858</u>	<u>\$ 8,942</u>	<u>\$ 28,800</u>
Deferred Revenue	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Fund Balances					
Restricted:					
Other	\$ 0	\$ 126,370	\$ 146,004	\$ 1,161,949	\$ 1,434,323
Future Construction	0	0	0	0	0
Debt Service	0	0	0	0	0
Committed:					
Site Based Carryforward	0	0	0	0	0
Sick-leave	0	0	0	0	0
Worker's Compensation	0	0	0	0	0
Assigned:					
Purchase Obligations	0	0	0	0	0
Unassigned	0	0	0	0	0
Total Fund Balances	<u>\$ 0</u>	<u>\$ 126,370</u>	<u>\$ 146,004</u>	<u>\$ 1,161,949</u>	<u>\$ 1,434,323</u>
Total Liabilities and Fund Balances	<u>\$ 0</u>	<u>\$ 126,370</u>	<u>\$ 165,862</u>	<u>\$ 1,170,891</u>	<u>\$ 1,463,123</u>

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

PIKE COUNTY BOARD OF EDUCATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Capital Outlay Fund	Building Fund	District Activity	School Activity Funds	Total Non-Major Governmental Funds
REVENUES					
From Local Sources					
Taxes					
Property	\$ 0	\$ 2,171,170	\$ 0	\$ 0	\$ 2,171,170
Motor Vehicles	0	0	0	0	0
Utilities	0	0	0	0	0
Other	0	0	0	0	0
Earnings on Investments	0	0	0	0	0
Other Local Revenues	0	0	4,771	3,387,469	3,392,240
Intergovernmental- State	753,138	4,727,578	0	0	5,480,716
Intergovernmental-Indirect Federal	0	0	0	0	0
Total Revenues	\$ 753,138	\$ 6,898,748	\$ 4,771	\$ 3,387,469	\$ 11,044,126
EXPENDITURES					
Instruction	\$ 0	\$ 0	\$ 113,914	\$ 0	\$ 113,914
Support Services					
Student	0	0	0	0	0
Instruction Staff	0	0	4,817	0	4,817
District Administrative	0	0	0	0	0
School Administrative	0	0	14,750	3,152,285	3,167,035
Business	0	0	0	1	1
Plant Operation and Maint.	0	0	68,561	0	68,561
Student Transportation	0	0	0	0	0
Food Service	0	0	0	0	0
Community Services	0	0	0	0	0
Facilities Acquisitions and Construction	0	0	0	0	0
Site Improvement	0	0	0	0	0
Building Improvements	0	0	0	0	0
Debt Service					
Principal	0	0	0	0	0
Interest	0	0	0	0	0
Total Expenditures	\$ 0	\$ 0	\$ 202,042	\$ 3,152,286	\$ 3,354,328
Excess (Deficit) of Revenues over Expenditures	\$ 753,138	\$ 6,898,748	\$ (197,271)	\$ 235,183	\$ 7,689,798
Other Financing Sources (Uses)					
Proceeds from Sales of Bonds	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Proceeds from Capital Leases	0	0	0	0	0
Proceeds from Sales of Fixed Assets	0	0	0	0	0
Operating Transfer, In	0	0	218,581	0	218,581
Operating Transfer, Out	(753,138)	(6,898,748)	0	(218,581)	(7,870,467)
Total Other Financing Sources	\$ (753,138)	\$ (6,898,748)	\$ 218,581	\$ (218,581)	\$ (7,651,886)
Net Change in Fund Balance	\$ 0	\$ 0	\$ 21,310	\$ 16,602	\$ 37,912
Fund Balance - Beginning	0	126,370	124,694	1,145,347	1,396,411
Prior Period Adjustment	0	0	0	0	0
Fund Balance - Ending	\$ 0	\$ 126,370	\$ 146,004	\$ 1,161,949	\$ 1,434,323

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

**PIKE COUNTY BOARD OF EDUCATION
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND DUE TO STUDENT GROUPS
SCHOOL ACTIVITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

SCHOOLS	Cash Balance July 1, 2021	Receipts	Disburse- ments	Cash Balance June 30, 2022	Accounts Receivable	Accounts Payable	Due to Students June 30, 2022
HIGH SCHOOLS							
Belfry	\$ 137,933	\$ 443,732	\$ 425,453	\$ 156,212	\$ 0.00	\$ 0	\$ 156,212
East Ridge	110,154	211,457	214,839	106,772	0.00	0	106,772
Phelps	43,489	174,849	153,611	64,727	0.00	0	64,727
Pike Central	97,958	378,986	376,828	100,116	0.00	0	100,116
Shelby Valley	127,109	415,204	431,427	110,886	0.00	0	110,886
MIDDLE SCHOOLS							
Belfry Middle	42,840	192,968	195,532	40,276	0.00	5,758	34,518
ELEMENTARY SCHOOLS							
Belfry Elementary	73,659	116,415	127,661	62,413	0.00	1,136	61,277
Bevins	43,414	52,425	42,744	53,095	0.00	0	53,095
Dorton	59,652	124,343	131,093	52,902	0.00	0	52,902
Elkhorn City	51,202	141,256	151,591	40,867	0.00	0	40,867
Feds Creek	15,539	62,724	57,945	20,318	0.00	0	20,318
Johns Creek	83,120	219,461	232,866	69,715	0.00	1,000	68,715
Kimper	31,327	29,631	28,405	32,553	0.00	98	32,455
Millard	63,010	190,954	202,165	51,799	0.00	950	50,849
Mullins	45,677	297,770	292,616	50,831	0.00	0	50,831
Phelps	22,637	67,003	63,701	25,939	0.00	0	25,939
Valley	107,481	265,839	249,478	123,842	866.00	0	124,708
DAY TREATMENT CENTERS							
Pike County Day Treatment	8,144	3,206	4,588	6,762	0.00	0	6,762
TOTALS	<u>\$ 1,164,345</u>	<u>\$ 3,388,223</u>	<u>\$ 3,382,543</u>	<u>\$ 1,170,025</u>	<u>\$ 866.00</u>	<u>\$ 8,942</u>	<u>\$ 1,161,949</u>

**PIKE COUNTY BOARD OF EDUCATION
BELFRY HIGH SCHOOL
ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022**

Fund	Cash Balance July 1, 2021	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2022	Accounts Receivable	Accounts Payable	Due to Students June 30, 2022
GENERAL	\$ 504	\$ 1,776	\$ 5,067	\$ 3,805	\$ 1,018	\$ 0	\$ 0	\$ 1,018
ACADEMIC	0	0	575	575	0	0	0	0
TENNIS	0	231	2,001	1,770	0	0	0	0
SPIRIT TEAM	446	545	0	0	991	0	0	991
GOLF TEAM	50	0	335	285	0	0	0	0
NANCY SCOTT	500	500	500	0	500	0	0	500
INSTRUCTIONAL FEE	11,507	19,601	14,509	(7,468)	9,131	0	0	9,131
DEBBIE HUNTER	500	500	500	0	500	0	0	500
ESPORTS	0	268	139	0	129	0	0	129
PHOTOGRAPHY	0	1,126	0	0	1,126	0	0	1,126
FACULTY	2,148	5,365	5,763	0	1,750	0	0	1,750
JAG	620	0	204	0	416	0	0	416
HOMECOMING	0	2,110	1,439	0	671	0	0	671
VARSITY COURT	420	0	146	0	274	0	0	274
HONOR SOCIETY	397	1,249	1,145	0	501	0	0	501
WRESTLING	0	3,935	3,020	(915)	0	0	0	0
STLP	834	13	875	28	0	0	0	0
YGA-KYA	0	0	0	0	0	0	0	0
MU ALPHA THETA	129	345	286	0	188	0	0	188
HOBY	0	990	2,275	1,285	0	0	0	0
PERSEVERE SCHOLARSHIP	1,000	1,000	2,000	0	0	0	0	0
JAMES WILLIS STUL	3,545	500	2,000	0	2,045	0	0	2,045
STUDENT COMMUNITY	1,000	0	0	0	1,000	0	0	1,000
DESIRE SCHOLARSHIP	3,000	2,000	4,000	0	1,000	0	0	1,000
EASTERN KY STRONG	4,332	1,500	12	(1,143)	4,677	0	0	4,677
EASTERN LEVEL	382	0	0	0	382	0	0	382
EKSTRONG ARH	0	7,300	6,712	(588)	0	0	0	0
EKSTRONG PMC	0	4,000	5,731	1,731	0	0	0	0

**PIKE COUNTY BOARD OF EDUCATION
BELFRY HIGH SCHOOL
ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022**

Fund	Cash Balance July 1, 2021	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2022	Accounts Receivable	Accounts Payable	Due to Students June 30, 2022
LINK CREW	0	0	841	841	0	0	0	0
STARTUP	0	17,486	44,555	27,069	0	0	0	0
STORES	7,855	39,934	19,515	(15,986)	12,288	0	0	12,288
ROBOTICS	3,405	5,455	3,663	0	5,197	0	0	5,197
PLTW PROJECT	1,828	10,000	4,144	0	7,684	0	0	7,684
FCA	240	105	0	0	345	0	0	345
DR MARY JOHNSON SCHOLARSHIP	5,000	5,000	5,000	0	5,000	0	0	5,000
HOSA	458	4,738	3,486	0	1,710	0	0	1,710
FOOTBALL	25,897	86,996	78,566	(5,741)	28,586	0	0	28,586
YOUTH FOOTBALL	13	0	0	0	13	0	0	13
FOOTBALL II	2,669	0	0	0	2,669	0	0	2,669
FOOTBALL II RAIN	0	6,520	0	0	6,520	0	0	6,520
BOYS BASKETBALL	3,195	32,114	30,445	(4,864)	0	0	0	0
YOUTH BASKETBALL	29	0	0	0	29	0	0	29
GIRLS BASKETBALL	2,581	22,772	21,709	(3,593)	51	0	0	51
BASEBALL	2,742	10,135	11,771	(407)	699	0	0	699
REGION BASEBALL	0	4,768	508	(4,260)	0	0	0	0
VARSIITY CHEER	5,165	17,921	17,222	0	5,864	0	0	5,864
VARSIITY CHEER NATIONALS	0	978	0	0	978	0	0	978
JV CHEERLEADERS	2,117	1,310	3,420	0	7	0	0	7
REGION SOFTBALL	0	5,805	508	(5,297)	0	0	0	0
SOFTBALL	4,876	17,164	9,429	(6,435)	6,176	0	0	6,176
DISTRICT BASEBALL/SOFTBALL	0	0	0	0	0	0	0	0
VOLLEYBALL	2,552	9,703	2,833	(2,504)	6,918	0	0	6,918
ART HONOR SOCIETY	564	195	209	0	550	0	0	550
SWIM TEAM	1,841	9,791	9,982	0	1,650	0	0	1,650
SPECIAL NEEDS	1,731	3,905	3,848	2,500	4,288	0	0	4,288
SPECIAL NEEDS II	5,990	0	2,650	0	3,340	0	0	3,340

**PIKE COUNTY BOARD OF EDUCATION
BELFRY HIGH SCHOOL
ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022**

Fund	Cash Balance July 1, 2021	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2022	Accounts Receivable	Accounts Payable	Due to Students June 30, 2022
BOYS SOCCER	2	8,315	6,633	(632)	1,052	0	0	1,052
GIRLS SOCCER	2,709	3,967	4,353	(1,261)	1,062	0	0	1,062
REGION BOYS SOCCER	0	1,384	183	(1,201)	0	0	0	0
JR CLASS	0	10,304	8,063	(2,241)	0	0	0	0
SENIOR CLASS	3,694	301	3,740	1,985	2,240	0	0	2,240
JR ROTC	1,043	906	1,773	0	176	0	0	176
KYTSA	0	2,045	2,474	429	0	0	0	0
SADD	589	0	0	0	589	0	0	589
YALSA	647	529	230	0	946	0	0	946
SPEECH & DRAMA	1,770	448	973	0	1,245	0	0	1,245
SPANISH	266	0	0	0	266	0	0	266
CLAY TARGET LEAGUE	536	4,925	2,541	0	2,920	0	0	2,920
FBLA	251	440	430	0	261	0	0	261
CHILDREN INC	1,939	15,144	14,835	(662)	1,586	0	0	1,586
YOUTH SERVICE CENTER	3,485	39	1,948	300	1,876	0	0	1,876
PIRATE PANTRY	380	300	159	0	521	0	0	521
YEARBOOK	7,968	21,271	16,206	0	13,033	0	0	13,033
CHARITABLE GAMING	1	0	0	0	1	0	0	1
TRACK	50	4,482	3,107	0	1,425	0	0	1,425
BAND	217	60	125	0	152	0	0	152
CHOIR	80	1,022	1,365	263	0	0	0	0
SCHOOL NEWSPAPER	244	201	453	8	0	0	0	0
DAF ATHLETICS	0	0	8,569	8,569	0	0	0	0
DAF BUILDING/GROUND	0	0	13,755	13,755	0	0	0	0
TOTAL	\$ 137,933	\$ 443,732	\$ 425,453	\$ 0	\$ 156,212	\$ 0	\$ 0	\$ 156,212

**PIKE COUNTY BOARD OF EDUCATION
EAST RIDGE HIGH SCHOOL
ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022**

<u>Fund</u>	<u>Cash Balance July 1, 2021</u>	<u>Receipts</u>	<u>Disburse- ments</u>	<u>Transfers</u>	<u>Cash Balance June 30, 2022</u>	<u>Accounts Receivable</u>	<u>Accounts Payable</u>	<u>Due to Students June 30, 2022</u>
GENERAL	\$ 6,514	\$ 3,301	\$ 1,209	\$ (6,233)	\$ 2,373	\$ 0	\$ 0	\$ 2,373
LIBRARY	44	0	0	0	44	0	0	44
AP EXAMS	62	1,080	1,080	0	62	0	0	62
SCHOLARSHIPS	29,755	31,083	34,500	32	26,370	0	0	26,370
PARKING	1,800	599	0	0	2,399	0	0	2,399
TEXTBOOKS	5,018	0	0	0	5,018	0	0	5,018
SCIENCE DEPT	66	16	82	0	0	0	0	0
STUDENT ACTIVITY	39	0	0	0	39	0	0	39
SCOREBOARD	0	3,200	0	3,500	6,700	0	0	6,700
WARRIOR WEARHOUSE	3,014	9,145	12,758	3,183	2,584	0	0	2,584
STUDENTS INCENTIVES	75	0	0	0	75	0	0	75
FMD	130	1,453	1,227	(155)	201	0	0	201
ARCHERY	0	6,427	6,126	(45)	256	0	0	256
ACADEMIC TEAM	0	1,651	1,840	500	311	0	0	311
ATHLETICS	11,005	13,340	13,645	(5,175)	5,525	0	0	5,525
STARTUP CHANGE	0	600	600	0	0	0	0	0
BOYS BASKETBALL	0	6,395	7,297	1,500	598	0	0	598
GIRLS BASKETBALL	121	4,714	6,335	1,500	0	0	0	0
PEEWEE FOOTBALL	239	0	0	0	239	0	0	239
FOOTBALL	0	9,351	8,356	2,400	3,395	0	0	3,395
ER MS FOOTBALL	0	2,465	1,696	0	769	0	0	769
SOFTBALL	2,789	5,729	6,614	(1,386)	518	0	0	518
BASEBALL	2,790	3,398	5,809	614	993	0	0	993
ER MS BASEBALL	705	0	0	0	705	0	0	705
ER MS BASEBALL BOOSTERS	268	0	0	0	268	0	0	268

**PIKE COUNTY BOARD OF EDUCATION
EAST RIDGE HIGH SCHOOL
ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022**

Fund	Cash Balance July 1, 2021	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2022	Accounts Receivable	Accounts Payable	Due to Students June 30, 2022
ERMS BASEBALL BOOST CONC	586	0	0	0	586	0	0	586
VOLLEYBALL	4,028	2,600	3,703	1,600	4,525	0	0	4,525
GOLF	0	0	175	175	0	0	0	0
CROSS COUNTRY	0	7,593	7,034	(327)	232	0	0	232
TRACK BOYS/GIRLS	1,341	10,395	9,221	(1,005)	1,510	0	0	1,510
CULTURE CLUB	942	1,990	2,920	105	117	0	0	117
DANCE TEAM	3,671	1,025	4,329	0	367	0	0	367
SPANISH	67	0	0	0	67	0	0	67
SOPHOMORES	0	3,178	2,595	0	583	0	0	583
JROTC VENDING	10,366	7,586	3,359	(7,715)	6,878	0	0	6,878
TEACHERS LOUNGE CONC	148	617	500	0	265	0	0	265
STUDENT VENDING	5,235	268	0	0	5,503	0	0	5,503
DUAL CREDIT	54	1,170	0	(1,170)	54	0	0	54
BAND/CHOIR	1,249	9,328	10,641	64	0	0	0	0
CLASS OF 2025	0	7,034	6,828	50	256	0	0	256
JROTC DRILL TEAM	2,489	0	314	3,000	5,175	0	0	5,175
DRAMA	181	0	0	0	181	0	0	181
JUNIORS	0	806	806	0	0	0	0	0
ANNUAL YEARBOOK	6,228	4,251	2,881	0	7,598	0	0	7,598
PICTURES	968	0	0	0	968	0	0	968
BETA CLUB	183	0	0	0	183	0	0	183
NATIONAL HONOR SOCIETY	3	1,120	898	0	225	0	0	225
NEWSPAPER	96	0	0	0	96	0	0	96
CHILDREN INC	207	1,927	(1,382)	0	3,516	0	0	3,516

**PIKE COUNTY BOARD OF EDUCATION
EAST RIDGE HIGH SCHOOL
ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022**

<u>Fund</u>	<u>Cash Balance July 1, 2021</u>	<u>Receipts</u>	<u>Disburse- ments</u>	<u>Transfers</u>	<u>Cash Balance June 30, 2022</u>	<u>Accounts Receivable</u>	<u>Accounts Payable</u>	<u>Due to Students June 30, 2022</u>
GUIDANCE COUNSELOR	307	0	0	0	307	0	0	307
ATHLETIC SIGN ADV	1,558	0	130	(1,428)	0	0	0	0
GYM SIGN ADS	0	4,850	45	(4,800)	5	0	0	5
NANCY RATLIFF SHOL	832	1,500	0	(32)	2,300	0	0	2,300
PROM	1,250	8,990	10,131	0	109	0	0	109
HOMECOMING ACTIVITIES	2,721	0	238	0	2,483	0	0	2,483
STUDENT ENRICHMENT	468	5,021	4,754	0	735	0	0	735
REG/DIST BB/SB TOUR	0	0	0	0	0	0	0	0
SENIORS	0	25,741	23,910	(307)	1,524	0	0	1,524
SIGNS	0	400	0	0	400	0	0	400
GIFTED AND TALENTED	53	120	0	0	173	0	0	173
FBLA	489	0	80	0	409	0	0	409
DAF INSTRUCTION	0	0	1,000	1,000	0	0	0	0
DAF BUILDING/GROUNDS/M&R	0	0	10,555	10,555	0	0	0	0
Total	<u>\$ 110,154</u>	<u>\$ 211,457</u>	<u>\$ 214,839</u>	<u>\$ 0</u>	<u>\$ 106,772</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 106,772</u>

**PIKE COUNTY BOARD OF EDUCATION
PHELPS HIGH SCHOOL
ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022**

Fund	Cash Balance July 1, 2021	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2022	Accounts Receivable	Accounts Payable	Due to Students June 30, 2022
DISTRICT GATE BSBL/SFBL	\$ 0	\$ 1,616	\$ 858	\$ (758)	\$ 0	\$ 0	\$ 0	\$ 0
DISTRICT PROGRAM BOOK	0	3,744	600	(3,144)	0	0	0	0
DISTRICT TSHIRTS	0	2,170	640	(1,530)	0	0	0	0
DISTRICT CONCESSION	0	2,644	316	(2,328)	0	0	0	0
DISTRICT GATE/SPONSORSHIP	0	6,024	6,192	168	0	0	0	0
DISTRICT SPONSORSHIP	0	5,500	0	(5,500)	0	0	0	0
MUALPHA THETA	0	65	30	0	35	0	0	35
GS AWARDS/SHCOLARSHIP	1,190	500	1,000	0	690	0	0	690
START UP MONEY	0	700	700	0	0	0	0	0
PHARMACY TECH CLASS	434	0	0	0	434	0	0	434
CROSS COUNTRY	3	0	0	0	3	0	0	3
ESPORTS	537	0	102	0	435	0	0	435
SPANISH	155	0	112	0	43	0	0	43
STEM AWARDS/SCHOLARSHIP	397	500	0	0	897	0	0	897
TRACK	321	275	727	394	263	0	0	263
DB AWARDS/SCHOLARSHIP	0	800	0	0	800	0	0	800
GENERAL SPORTS FUND	8,014	9,097	17,774	6,220	5,557	0	0	5,557
SR CLASS	39	827	468	0	398	0	0	398
FRYCS DONATIONS	83	0	0	0	83	0	0	83
VOLLEYBALL	4,299	2,240	3,456	882	3,965	0	0	3,965
JH VOLLEYBALL	2,486	2,025	1,942	232	2,801	0	0	2,801
JKG	0	931	785	100	246	0	0	246
LOCKERS	0	235	0	(235)	0	0	0	0
CHEER	1,549	4,838	6,401	100	86	0	0	86
WRESTLING	433	1,546	1,890	200	289	0	0	289

**PIKE COUNTY BOARD OF EDUCATION
PHELPS HIGH SCHOOL
ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022**

Fund	Cash Balance July 1, 2021	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2022	Accounts Receivable	Accounts Payable	Due to Students June 30, 2022
BOYS VARSITY BASKETBALL	5,404	6,266	6,557	2,297	7,410	0	0	7,410
BOYS VARSITY CONCESSION	0	746	34	(712)	0	0	0	0
GIRLS VARSITY BASKETBALL	2,597	12,514	4,281	2,755	13,585	0	0	13,585
CON GIRLS VASITY BBALL	0	2,088	64	(2,024)	0	0	0	0
FOOTBALL	2,468	11,853	11,581	1,918	4,658	0	0	4,658
BASEBALL	1,949	5,843	4,334	642	4,100	0	0	4,100
SOFTBALL	1,335	4,678	3,857	1,098	3,254	0	0	3,254
JH BASEBALL	1,091	4,669	5,481	461	740	0	0	740
CONCESSION JH BASEBALL	0	1,419	60	(1,359)	0	0	0	0
DANCE	61	0	0	0	61	0	0	61
JH BOYS BASKETBALL	824	2,270	4,719	1,801	176	0	0	176
JH FOOTBALL	1	0	0	0	1	0	0	1
JH GIRLS BASKETBALL	377	1,544	1,146	(12)	763	0	0	763
PHELPS ELEM LL BBALL	3,002	340	956	(2,000)	386	0	0	386
NATIONAL HONOR SOCIETY	0	340	0	0	340	0	0	340
JROTC	632	1,653	576	300	2,009	0	0	2,009
FBLA	39	110	110	0	39	0	0	39
VARSITY ACADEMIC TEAM	72	0	0	0	72	0	0	72
JR HIGH ACADEMIC TEAM	1	1,164	843	0	322	0	0	322
PROM	11	9,279	8,562	0	728	0	0	728
CHILDREN INC	263	21,402	21,427	0	238	0	0	238
SCHOOL STORE	0	16,400	12,531	(1,629)	2,240	0	0	2,240
PEPSI VENDING MACH	0	0	0	0	0	0	0	0
TEACHER VENDING (POP)	766	3,277	2,862	0	1,181	0	0	1,181
TEACHER VENDING/SNACK	585	94	379	0	300	0	0	300

**PIKE COUNTY BOARD OF EDUCATION
PHELPS HIGH SCHOOL
ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022**

<u>Fund</u>	<u>Cash Balance July 1, 2021</u>	<u>Receipts</u>	<u>Disburse- ments</u>	<u>Transfers</u>	<u>Cash Balance June 30, 2022</u>	<u>Accounts Receivable</u>	<u>Accounts Payable</u>	<u>Due to Students June 30, 2022</u>
BASEBALL CONCESSION	0	2,051	572	(1,479)	0	0	0	0
4-H CLUB	2	0	0	0	2	0	0	2
PARKING TAGS	0	120	0	0	120	0	0	120
GRAPHICS ACCOUNT	0	0	146	146	0	0	0	0
FMD UNIT	66	0	0	0	66	0	0	66
BAND	636	7,879	4,595	0	3,920	0	0	3,920
GENERAL SPORTS FUND	518	237	1,747	1,111	119	0	0	119
JH ACTIVITIES	17	1,143	1,125	0	35	0	0	35
SPELLING TEAM	403	0	0	0	403	0	0	403
BETA CLUB	416	225	219	0	422	0	0	422
CON JH BOYS BASKETBALL	0	1,613	47	(1,566)	0	0	0	0
CON JH GIRLS BASKETBALL	0	1,045	0	(1,045)	0	0	0	0
SOFTBALL CONCESSION	0	1,556	33	(1,523)	0	0	0	0
FOOTBALL CONCESSIONS	0	1,721	507	(1,214)	0	0	0	0
JH FOOTBALL CONCESSIONS	0	0	0	0	0	0	0	0
VOLLEYBALL CONCESSIONS	0	1,430	246	(1,184)	0	0	0	0
JH VOLLEYBALL CONCESSIONS	0	1,603	273	(1,331)	(1)	0	0	(1)
JR HIGH CHEER	13	0	0	0	13	0	0	13
DAF ATHLETICS	0	0	2,879	2,879	0	0	0	0
DAF BUILDING/GROUNDS M&R	0	0	6,869	6,869	0	0	0	0
TOTAL	<u>\$ 43,489</u>	<u>\$ 174,849</u>	<u>\$ 153,611</u>	<u>\$ 0</u>	<u>\$ 64,727</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 64,727</u>

**PIKE COUNTY BOARD OF EDUCATION
PIKE COUNTY CENTRAL HIGH SCHOOL
ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022**

Fund	Cash Balance July 1, 2021	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2022	Accounts Receivable	Accounts Payable	Due to Students June 30, 2022
GENERAL FUND	\$ 72	\$ 668	\$ 1,708	\$ 2,056	\$ 1,088	\$ 0	\$ 0	\$ 1,088
PARKING PERMITS	0	792	0	(792)	0	0	0	0
MEMORIAL	227	0	0	0	227	0	0	227
CONCESSION	2,794	28,288	15,973	(10,060)	5,049	0	0	5,049
AP CLASSES	1,096	0	149	0	947	0	0	947
HALL OF FAME	50	0	0	0	50	0	0	50
STAFF VENDING	1,255	2,405	2,648	0	1,012	0	0	1,012
ATHLETIC	6,991	34,816	37,773	(319)	3,715	0	0	3,715
START UP MONEY	0	2,000	2,000	0	0	0	0	0
BOYS VARISTY CHEER	1,063	16,477	19,184	1,645	1	0	0	1
VARSITY CHEERLEADING	0	8,401	5,550	0	2,851	0	0	2,851
BASEBALL	3,856	21,187	21,901	0	3,142	0	0	3,142
BASEBALL CONCESSION	4,065	3,747	2,292	0	5,520	0	0	5,520
BOYS BASKETBALL	210	7,230	9,062	1,622	0	0	0	0
BOYS BB CONCESSION	50	49	0	(99)	0	0	0	0
FOOTBALL	4,065	22,477	19,266	0	7,276	0	0	7,276
FOOTBALL CONCESSION	5,206	3,678	1,114	0	7,770	0	0	7,770
GIRLS BASKETBALL	2,037	21,251	25,469	2,181	0	0	0	0
GIRLS BB CONCESSION	2,270	2,519	997	(3,488)	304	0	0	304
SOFTBALL	14,669	17,383	24,241	0	7,811	0	0	7,811
SOFTBALL CONCESSION	2,249	3,143	280	0	5,112	0	0	5,112
VOLLEYBALL	2,197	10,520	10,936	(1,781)	0	0	0	0
VOLLEYBALL CONCESSION	2,465	1,640	753	(7)	3,345	0	0	3,345
60TH DISTRICT VOLLEYBALL	9	0	171	163	1	0	0	1
WRESTLING	50	0	0	0	50	0	0	50

**PIKE COUNTY BOARD OF EDUCATION
PIKE COUNTY CENTRAL HIGH SCHOOL
ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022**

Fund	Cash Balance July 1, 2021	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2022	Accounts Receivable	Accounts Payable	Due to Students June 30, 2022
BOYS TRACK	0	2,820	2,504	0	316	0	0	316
GIRLS TRACK	0	195	1,366	1,171	0	0	0	0
GOLF (GIRLS)	1,610	1,380	1,153	0	1,837	0	0	1,837
GOLF (BOYS)	0	1,745	1,606	781	920	0	0	920
BASS FISHING	167	257	0	0	424	0	0	424
TENNIS	573	0	0	0	573	0	0	573
SOCCER	0	4,187	250	0	3,937	0	0	3,937
15TH REGIONAL BASKETBALL	0	32,050	32,050	0	0	0	0	0
ARCHERY	0	200	0	0	200	0	0	200
ACADEMIC	1,082	0	0	0	1,082	0	0	1,082
FBLA	545	0	0	0	545	0	0	545
CULINARY SKILLS	53	0	0	0	53	0	0	53
FCCLA	309	0	0	0	309	0	0	309
PEP CLUB	563	0	94	0	469	0	0	469
PROJECT PROM	456	5,425	5,387	0	494	0	0	494
STUDENT ACTIVITIES	944	10,046	9,715	0	1,275	0	0	1,275
SCIENCE CLUB	246	0	0	0	246	0	0	246
STUDENT COUNCIL	458	0	0	0	458	0	0	458
SPANISH CLUB	235	0	0	0	235	0	0	235
FCA	641	125	599	0	167	0	0	167
FEA	533	0	0	0	533	0	0	533
NHS	1,583	2,935	1,029	0	3,489	0	0	3,489
ART	667	0	0	0	667	0	0	667
CLASS OF 2021	530	0	0	(530)	0	0	0	0

**PIKE COUNTY BOARD OF EDUCATION
PIKE COUNTY CENTRAL HIGH SCHOOL
ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022**

Fund	Cash Balance July 1, 2021	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2022	Accounts Receivable	Accounts Payable	Due to Students June 30, 2022
CLASS OF 2022	0	4,995	4,702	500	793	0	0	793
CLASS OF 2019	306	0	0	(306)	0	0	0	0
PROM	3,592	9,290	11,414	0	1,468	0	0	1,468
CLASS OF 2020	1,221	0	0	(1,221)	0	0	0	0
BAND	14,763	70,716	72,892	0	12,587	0	0	12,587
CHORUS	374	5,230	4,615	0	989	0	0	989
DANCE TEAM	931	0	0	0	931	0	0	931
COLOR GUARD	237	0	0	0	237	0	0	237
JR. ROTC	966	41	677	0	330	0	0	330
HOSA	284	4,673	2,450	0	2,507	0	0	2,507
MEDICAID NURSE	109	300	235	0	174	0	0	174
JOURNALISM	83	0	0	0	83	0	0	83
YEARBOOK	0	3,914	4,010	2,362	2,266	0	0	2,266
LIBRARY	0	65	65	0	0	0	0	0
HVPA	49	0	0	0	49	0	0	49
EXPLORER'S	836	599	1,725	949	659	0	0	659
HISTORY CLUB	710	0	0	0	710	0	0	710
KEY CLUB	554	0	0	0	554	0	0	554
NATIONAL HISTORY DAY	567	0	0	0	567	0	0	567
CHILDREN INC	4,235	9,127	9,301	(2,349)	1,712	0	0	1,712
DAF ATHLETICS	0	0	800	800	0	0	0	0
DAF PRINCIPAL	0	0	792	792	0	0	0	0
DAF BUILDING/GROUND	0	0	5,930	5,930	0	0	0	0
Total	\$ 97,958	\$ 378,986	\$ 376,828	\$ 0	\$ 100,116	\$ 0	\$ 0	\$ 100,116

**PIKE COUNTY BOARD OF EDUCATION
SHELBY VALLEY HIGH SCHOOL
ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022**

Fund	Cash Balance July 1, 2021	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2022	Accounts Receivable	Accounts Payable	Due to Students June 30, 2022
DAF BUILDING GROUNDS M & R	\$ 0	\$ 0	\$ 13,538	\$ 13,538	\$ 0	\$ 0	\$ 0	\$ 0
ESPORTS	0	1,968	1,562	0	406	0	0	406
ARCHERY	0	2,045	3,961	1,916	0	0	0	0
ACADEMIC TEAM	0	6,612	6,504	0	108	0	0	108
ALUMNI ASSOCIATION	25,070	0	3,288	0	21,782	0	0	21,782
BAND BOOSTERS	4,430	14,175	10,885	0	7,720	0	0	7,720
ATHLETICS	3,952	21,257	21,877	445	3,776	0	0	3,776
BLUE CREW	0	1,182	1,353	171	0	0	0	0
BASS FISHING TEAM	0	1,485	3,441	1,957	0	0	0	0
BASEBALL	0	1,595	3,878	2,283	0	0	0	0
BASEBALL BOOSTERS	5,768	2,829	5,016	0	3,582	0	0	3,582
BASKETBALL-BOYS	0	3,925	4,720	795	0	0	0	0
BASKETBALL GIRLS	0	3,679	3,701	22	(0)	0	0	(0)
GIRLS B BALL BOOSTERS	4,582	11,308	13,209	0	2,681	0	0	2,681
BETA CLUB	571	2,920	3,488	162	164	0	0	164
CHEERLEADING	14,917	19,197	33,356	1,500	2,259	0	0	2,259
CHOIR	476	2,454	1,097	0	1,833	0	0	1,833
CATS	4,216	0	3,564	0	653	0	0	653
BAND/CHOIR	56	1,701	491	0	1,267	0	0	1,267
CHILDREN INC	2,159	6,292	7,888	0	563	0	0	563
VENDING CONCESSIONS	14,576	62,448	28,752	(32,321)	15,951	0	0	15,951

**PIKE COUNTY BOARD OF EDUCATION
SHELBY VALLEY HIGH SCHOOL
ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022**

<u>Fund</u>	<u>Cash Balance July 1, 2021</u>	<u>Receipts</u>	<u>Disburse- ments</u>	<u>Transfers</u>	<u>Cash Balance June 30, 2022</u>	<u>Accounts Receivable</u>	<u>Accounts Payable</u>	<u>Due to Students June 30, 2022</u>
CULINARY SKILLS	162	900	1,221	158	0	0	0	0
DANCE TEAM	0	8,845	6,738	0	2,107	0	0	2,107
DISTRICT TOURNAMENT	0	17,529	10,433	(7,096)	0	0	0	0
FBLA	2,635	324	270	0	2,689	0	0	2,689
FCCLA	350	3,812	4,285	124	(0)	0	0	(0)
FCA	454	2,125	2,128	0	452	0	0	452
ALL A TOURNAMENT	0	2,155	3,658	1,503	0	0	0	0
FILM/VIDEO CLASS	762	0	0	(762)	0	0	0	0
FOOTBALL	0	4,585	11,222	6,636	0	0	0	0
SV MIDDLE FOOTBALL BOOSTERS	381	7,500	5,631	(2,250)	0	0	0	0
FRESHMAN CLASS	0	9,226	5,289	0	3,937	0	0	3,937
LIBRARY	453	1,481	1,658	0	276	0	0	276
LOCKER RENTAL	65	45	0	(85)	25	0	0	25
GENERAL	9,740	7,465	15,965	0	1,240	0	0	1,240
GOLF	0	2,053	2,159	105	0	0	0	0
JROTC	2,896	2,385	5,174	392	500	0	0	500
YEARBOOK	1,337	4,260	1,668	0	3,929	0	0	3,929
TECHNOLOGY FEE	0	3,995	10	0	3,985	0	0	3,985
TEACHERS LOUNGE	780	3,292	2,996	0	1,076	0	0	1,076
JUNIOR CLASS	611	10,256	6,200	(215)	4,453	0	0	4,453
JAG	650	0	0	0	650	0	0	650
NATIONAL HONOR SOCIETY	517	5,300	4,663	(162)	992	0	0	992
PARKING PERMITS	220	935	0	(1,040)	115	0	0	115

**PIKE COUNTY BOARD OF EDUCATION
SHELBY VALLEY HIGH SCHOOL
ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022**

Fund	Cash Balance July 1, 2021	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2022	Accounts Receivable	Accounts Payable	Due to Students June 30, 2022
PICTURE ORDERS	201	1,278	0	(201)	1,278	0	0	1,278
PROM	73	31,916	28,781	(292)	2,916	0	0	2,916
PROJECT PROM	2,793	640	3,725	292	0	0	0	0
SCIENCE FAIR	202	0	0	0	202	0	0	202
SENIOR CLASS	0	90,754	92,351	1,604	7	0	0	7
SOCCER BOYS	300	0	0	0	300	0	0	300
SOCCER GIRLS	0	0	1,920	1,920	0	0	0	0
SOFTBALL	0	1,868	10,097	8,230	0	0	0	0
SOPHOMORE CLASS	397	6,012	4,368	(397)	1,645	0	0	1,645
SOFTBALL BOOSTERS	6,599	2,420	8,753	1,700	1,966	0	0	1,966
SEASON STARTUP	0	2,500	2,500	0	0	0	0	0
TENNIS	0	1,722	2,440	718	0	0	0	0
INSTRUCTION FEE	5,513	6,053	0	(5,723)	5,843	0	0	5,843
TRACK	0	177	1,302	1,125	0	0	0	0
WILDCAT DEN	901	0	0	0	901	0	0	901
VOLLEYBALL	0	120	5,067	4,947	0	0	0	0
VOLLEYBALL BOOSTER	3,601	4,204	1,144	0	6,661	0	0	6,661
SV MIDDLE SOFTBALL BOOSTER	3,743	0	2,043	(1,700)	0	0	0	0
TOTAL	\$ 127,109	\$ 415,204	\$ 431,427	\$ (0)	\$ 110,886	\$ 0	\$ 0	\$ 110,886

**PIKE COUNTY BOARD OF EDUCATION
BOARD MEMBERS AND OTHER OFFICERS OF THE BOARD
JUNE 30, 2022**

<u>NAME</u>	<u>Title</u>	<u>ADDRESS</u>
Ireland Blankenship	Chairman	Virgie, KY
Nee Jackson	Vice-Chairman (Resigned April 2022)	Forest Hills, KY
Joshua Leonard	Appointed April 2022	South Williamson, KY
Stephany Lowe		Pikeville, KY
Dwayne Abshire		Phyllis, KY
Shane Hurley		Phelps, KY
Kenneth R. Adkins	Superintendent	
Freddie Bowling	Assistant Superintendent	

**OTHER REPORTS REQUIRED
BY GOVERNMENT AUDITING STANDARD**

Wallen, Puckett, & Anderson, PSC
CERTIFIED PUBLIC ACCOUNTANTS

106 Fourth Street • Post Office Box 1349 • Pikeville, Kentucky 41502

J. Don Wallen, CPA
L. Kevin Puckett, CPA
James K. Anderson, CPA
Johnny K. White, CPA

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FAX 606-432-8466

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

Kentucky State Committee for Board of Education Audits
Members of the Pike County Board of Education
Pikeville, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, Appendix I to the Independent auditor, contract-general audit requirements, and Appendix II to the Independent Auditor's contract-state audit requirement, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Pike County Board Of Education, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Pike County Board Of Education's basic financial statements, and have issued our report thereon dated November 15, 2022.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

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.

WALLEN, PUCKETT, AND ANDERSON, P. S. C.

Wallen, Puckett and Anderson, PSC

Certified Public Accountants
Pikeville, Kentucky

November 15, 2022

Wallen, Puckett, & Anderson, PSC
CERTIFIED PUBLIC ACCOUNTANTS

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

Kentucky State Committee for Board of Education Audits
Members of the Pike County Board of Education
Pikeville, Kentucky

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Pike County Board of Education's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Pike County Board of Education's major federal programs for the year ended June 30, 2022. Pike County Board of Education's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Pike County Board of Education 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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Pike County Board of Education and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Pike County Board of Education's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Pike County Board of Education's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Pike County Board of Education's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Pike County Board of Education's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Pike County Board of Education's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Pike County Board of Education's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Pike County Board of Education's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

WALLEN, PUCKETT, AND ANDERSON, P. S. C.

Wallen, Puckett and Anderson, PSC

Certified Public Accountants
Pikeville, Kentucky

November 15, 2022

FEDERAL FINANCIAL ASSISTANCE

**PIKE COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

<u>Federal Grantor</u> <u>Pass-Through Grantor</u> <u>/Program or Cluster Title</u>	Federal Assistance Listing Number	Pass- Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed Through State Department of Education:			
Title I Part A Cluster			
Title I Grants to Local Educational Agencies	84.010	3100002	\$ 1,254,139
Title I - School Improvement Part A-Educational Recovery Staff	84.010	3220002	55,563
Title I Grants to Local Educational Agencies	84.010	3100002	2,190,982
Title I - School Improvement Part A-Educational Recovery Staff	84.010	3220002	39,666
Total Title I Part A Cluster			<u>\$ 3,540,350</u>
Special Education Cluster			
Special Education-Grants to States (IDEA, Part B)	84.027	3810002	\$ 1,513,249
Special Education-Grants to States (IDEA, Part B) - Private	84.027A	3810002	234
Special Education-Grants to States (IDEA, Part B)	84.027	3810002	875,378
Special Education-Grants to States (IDEA, Part B) - Private	84.027A	3810002	0
Special Education-Grants to States (IDEA, Part B) - Private	84.027A	3810002	0
Special Education-Grants to States (IDEA, Part B) - Preschool	84.173	3800002	43,411
	84.173	3800002	28,550
Total Special Education Cluster			<u>\$ 2,460,822</u>
Title I – Homeless Children & Youth	84.196A	3990002	60,954
			<u>\$ 60,954</u>
Career and Technical Education-Basic Grants to States (Perkins V)			
Vocational Education Basic	84.048	3710002	\$ 5,321
Vocational Education Basic	84.048	3710002	1,638
Vocational Education Basic	84.048	3710002	2,832
Vocational Education Basic	84.048	3710002	32,909
			<u>\$ 42,700</u>
Title IV-Rural/Low Income	84.358B	3140002	\$ 152,872
Title IV-Rural/Low Income	84.358B	3140002	152,872
			<u>\$ 152,872</u>
Striving Readers Comp Literacy	84.371C	3220002	\$ 69,227
Striving Readers Comp Literacy	84.371C	3220002	214,377
			<u>\$ 283,604</u>
Title IV-Part A	84.424A	3420002	\$ 974
Title IV-Part A	84.424A	3420002	198,351
Title IV-Part A	84.424A	3420002	199,325
			<u>\$ 199,325</u>
Race to the Top - District			
ESSER III Funds	84.425D	3420002	(72,240)
ESSER III Funds	84.425D	3420002	619,974

See accompanying notes to schedule of expenditures of federal awards.

**PIKE COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

<u>Federal Grantor</u>	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
<u>Pass-Through Grantor</u>			
<u>/Program or Cluster Title</u>			
ESSER III-KY VIRTUAL LIBRAR3Y	84.425U	N/A	8,124
COVID-19 - ARP HOMELESS	84.425W	N/A	87,445
ESSER II - Direct 85%	84.425D	N/A	1,028,515
ESSER II - Direct 85%	84.425D	N/A	3,484,149
ESSER II - Direct 85%	84.425D	N/A	9,854
ESSER II - Direct 85%	84.425D	N/A	105,200
ESSER Funds (COVID-19)	84.425D	N/A	330,647
CARES - DIGITAL LEARNING COACH	84.425D	400003	0
ESSER KENTUCKY NEW TEACHER SUPPORT	84.425D	N/A	2,341
GEER FUNDS (COVID-19)	84.425C	GEER	72,614
			<u>\$ 5,676,623</u>
 Improving Teacher Quality	 84.367	 3230002	
 Race to the Top - District	 84.416A	 N/A	
Total from State Department of Education			<u>\$ 12,417,250</u>
 <u>Passed Through Berea College</u>			
Gaining Early Awareness and Readiness for Undergraduate Programs (GE	84.334A	N/A	\$ 182,492
Gaining Early Awareness and Readiness for Undergraduate Programs (GE	84.334A	N/A	1,212,548
Gaining Early Awareness and Readiness for Undergraduate Programs (GE	84.334A	N/A	0
Total pass-through Berea College			<u>\$ 1,395,040</u>
 <u>Passed Through Department of Juvenile Justice</u>			
Title I- Neglected and Delinquent Children - Day Treatment	84.013	N/A	\$ 16,334
Title I- Neglected and Delinquent Children - Day Treatment	84.013	N/A	23,500
Total pass-through Department of Juvenile Justice			<u>\$ 39,834</u>
Total US Department of Education			<u>\$ 13,852,124</u>
 <u>US DEPARTMENT OF DEFENSE</u>			
MJROTC	12.000	N/A	\$ 21,034
MJROTC	12.000	N/A	153,504
Total MJROTC			<u>\$ 174,538</u>
Total U. S. Department of Defense			<u>\$ 174,538</u>
 <u>US DEPARTMENT OF THE TREASURY</u>			
LAST MILE INTERNET	21.019	N/A	\$ 0
Passed Through State Department of Education:			
SEEK Corona Virus Releif Fund	21.019/21.UO4	CARES	0
Total			<u>\$ 0</u>
Total U. S. Department of the Treasury			<u>\$ 0</u>
 <u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
<u>Passed Through Big Sandy Community Action Program</u>			
Head Start	93.600	04CH0712	\$ 830,787

See accompanying notes to schedule of expenditures of federal awards.

**PIKE COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

Federal Grantor	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
<u>Pass-Through Grantor</u>			
<u>/Program or Cluster Title</u>			
Head Start	93.600	04CH0712	17,189
Head Start	93.600	04CH0712	59,315
Head Start	93.600	04CH0712	23,206
Head Start	93.600	04CH0712	2,068,310
Total Head Start			<u>\$ 2,998,807</u>
Promoting Adolescent Health	93.079	2100001	0
Total U. S. Department of Health and Human Services			<u>\$ 2,998,807</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Child Nutrition Clusters			
<u>Passed Through State Department of Agriculture</u>			
Food Donation	10.555	N/A	\$ 417,512
<u>Passed Through State Department of Education</u>			
School Breakfast Program	10.553	7760005	1,535,973
National School Lunch Program	10.555	7750002	4,362,926
State Administrative Expenses for Child Nutrition	10.560	7700001	9,674
State Pandemic Electronic Benefit Transfer (P-EBT) Administrative Costs Grant	10.649	9990000	5,814
Summer Food Service Program For Children	10.559	7740023	\$ 2,260
Summer Food Service Program For Children	10.559	7690024	232
Total Summer Food Service Program For Children			<u>\$ 2,492</u>
Total Child Nutrition Clusters			<u>\$ 6,334,391</u>
Total U.S. Department of Agriculture			<u>\$ 6,334,391</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 23,359,860</u>

See accompanying notes to schedule of expenditures of federal awards.

**PIKE COUNTY BOARD OF EDUCATION
NOTES TO THE SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
JUNE 30, 2022**

NOTE A—BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Pike County Board of Education 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 Pike County Board of Education, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Pike County Board of Education.

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) The Pike County Board of Education has elected to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

NOTE C – FOOD DISTRIBUTION

Non-monetary assistance is reported in the schedule at the fair value of the commodities disbursed totaling \$417,512.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**PIKE COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Pike County Board of Education were prepared in accordance with GAAP.
2. No significant deficiencies disclosed during the audit of the financial statements. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of Pike County Board of Education were disclosed during the audit.
4. No significant deficiency in internal control over major federal award programs disclosed during the audit. No material weaknesses are reported.
5. The auditor's report on compliance for the major federal award programs for Pike County Board of Education expresses an unmodified opinion on all major federal programs.
6. No Audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a) are reported in this Schedule.
7. The programs tested as major programs were:

Name	CFDA #
US Department of Education – Title I Grants to Local Educational Agencies	84.010
US Department of Education – IDEA	84.027/84.173

8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Pike County Board of Education was determined to be a low-risk auditee.

SECTION II – FINDINGS – FINANCIAL STATEMENT AUDIT

There were no findings related to federal awards.

SECTION III – FINDINGS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

There were no findings or questioned costs related to the major federal programs which are required to be reported in accordance with 2 CFR Section 200.516(a) of the Uniform Guidance.

**PIKE COUNTY BOARD OF EDUCATION
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022**

There were no findings in the prior year.

MANAGEMENT LETTER AND MANAGEMENT POINTS

Wallen, Puckett, & Anderson, PSC
CERTIFIED PUBLIC ACCOUNTANTS

106 Fourth Street • Post Office Box 1349 • Pikeville, Kentucky 41502

J. Don Wallen, CPA
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606-432-8833
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MANAGEMENT LETTER

Members of the Board of Education and Management
Pike County Board of Education
Pikeville, Kentucky

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Pike County Board of Education (the "District") as of and for the year ended June 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

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. We did not identify any deficiency in internal control that we considered to be material. However, we did identify certain immaterial items and those items are described on the accompanying schedule.

The District's written responses to the comments identified during our audit have not been subjected to the audit procedures applied in the audit of the financial statements and accordingly, we express no opinion on them.

This communication is intended solely for the information and use of management, the members of the Finance Committee and of the Board, others within the District, and the Kentucky Department of Education, and is not intended to be and should not be used by anyone other than these specified parties. We appreciate the opportunity to serve the District and are available at your convenience to answer questions or assist in the implementation of these suggestions.

WALLEN, PUCKETT, AND ANDERSON, P. S. C.

Wallen, Puckett and Anderson, PSC

Certified Public Accountants
Pikeville, Kentucky

November 15, 2022

**PIKE COUNTY BOARD OF EDUCATION
MANAGEMENT LETTER POINTS
FOR THE YEAR ENDED JUNE 30, 2022**

KIMPER ELEMENTARY
2022-01

One instance of expenditures tested where the purchase order approval date was missing. The Redbook requires purchase orders to be approved before an order is placed.

This was not a repeat finding.

Management Response:

The CFO has instructed all personnel of the importance of having purchase orders approved prior to an order being placed.

KIMPER ELEMENTARY
2022-02

Six instances of expenditures tested resulted in the purchase order being approved after the invoice date or check date. The Redbook requires purchase orders to be approved before an order is placed.

This was not a repeat finding.

Management Response:

The CFO has instructed all personnel of the importance of having purchase orders approved prior to an order being placed.

PHELPS HIGH SCHOOL
2022-03

Four of the twenty-five expenditures tested resulted in purchase orders not being approved until after the invoice date or check date. The Redbook requires purchase orders be approved before an order is placed.

This was a repeat finding.

Management Response:

The CFO has instructed all personnel of the importance of having purchase orders approved prior to an order being placed.

EAST RIDGE HIGH SCHOOL
2022-04

One instance of expenditures tested where the purchase order approval date was missing. The Redbook requires purchase orders to be approved before an order is placed.

This was not a repeat finding.

Management Response:

The CFO has instructed all personnel of the importance of having purchase orders approved prior to an order being placed.

**PIKE COUNTY BOARD OF EDUCATION
MANAGEMENT LETTER POINTS
FOR THE YEAR ENDED JUNE 30, 2022**

DORTON ELEMENTARY
2022-05

One instance of expenditures tested where the purchase order approval date after the invoice date. The Redbook requires purchase orders to be approved before an order is placed.

This was not a repeat finding.

Management Response:

The CFO has instructed all personnel of the importance of having purchase orders approved prior to an order being placed.

NORTH POINT ACADEMY
2022-06

Four instances of expenditures tested where the purchase order approval date after the invoice date. The Redbook requires purchase orders to be approved before an order is placed.

This was not a repeat finding.

Management Response:

The CFO has instructed all personnel of the importance of having purchase orders approved prior to an order being placed.

MULLINS ELEMENTARY
2022-07

One instance of expenditures tested where the purchase order approval date was missing. The Redbook requires purchase orders to be approved before an order is placed.

This was not a repeat finding.

Management Response:

The CFO has instructed all personnel of the importance of having purchase orders approved prior to an order being placed.

MULLINS ELEMENTARY
2022-08

One instance of expenditures tested where the principal had not signed the purchase order, plus there was no approval date on the purchase order. The Redbook requires purchase orders to be approved before an order is placed.

This was not a repeat finding.

Management Response:

The CFO has instructed all personnel of the importance of having purchase orders approved prior to an order being placed.

**PIKE COUNTY BOARD OF EDUCATION
MANAGEMENT LETTER POINTS
FOR THE YEAR ENDED JUNE 30, 2022**

MULLINS ELEMENTARY

2022-09

One instance of a check having only one signature. The Redbook requires two authorized signatures.

This was not a repeat finding.

Management Response:

The CFO has instructed all personnel of the importance of having two authorized personnel sign every check.

**PIKE COUNTY BOARD OF EDUCATION
MANAGEMENT LETTER POINTS – PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022**

BELFRY ELEMENTARY SCHOOL
2021-01

Two of the twenty-five expenditures tested resulted in an invoice not being present. The Redbook requires all invoices to be retained.

This is repeated finding.

Management Response:

The CFO has impressed upon the principal and treasurer that this is a report finding and has strongly emphasized the importance of the requirement and necessity of retaining all invoices.

BEVINS ELEMENTARY
2021-02

One of the twenty-five expenditures tested resulted in the purchase order being approved after the invoice date or check date. The Redbook requires purchase orders to be approved before an order is placed.

Management Response:

The CFO has instructed all personnel of the importance of having purchase orders approved prior to an order being placed.

JOHNS CREEK ELEMENTARY
2021-03

The Redbook requires all checks are required to have two signatures. One out of twenty-five checks pulled had only one signature.

Management Response:

The CFO has impressed upon the principal and treasurer the requirement that all checks written are signed by two authorized individuals.

KIMPER ELEMENTARY
2021-04

Three of the twenty-five expenditures tested resulted in the purchase order being approved after the invoice date or check date. The Redbook requires purchase orders to be approved before an order is placed.

Management Response:

The CFO has instructed all personnel of the importance of having purchase orders approved prior to an order being placed.

MILLARD ELEMENTARY
2021-05

Form FSA-15B (listing of Accounts Payable and Accounts Receivable) was prepared for the fiscal year. However, three invoices for accounts payable were omitted from the form.

Management Response:

The CFO has instructed treasurer to take more care in completing, FSA-15B, for the year end reports.

**PIKE COUNTY BOARD OF EDUCATION
MANAGEMENT LETTER POINTS – PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022**

PHELPS ELEMENTARY

2021-06

Eight of the twenty-five expenditures tested resulted in purchase orders not being approved until after the invoice date or check date. The Redbook requires purchase orders be approved before an order is placed.

Management Response:

The CFO has instructed all personnel of the importance of having purchase orders approved prior to an order being placed.

PIKE CENTRAL HIGH SCHOOL

2021-07

There was one item of twenty-five expenditures tested that resulted in an invoice not being present. The Red Book requires all invoices be retained. This is repeated finding

This was a repeat of 2020-05 the deficiency in paragraph two of prior year findings.

Management Response:

The CFO has impressed upon the principal and treasurer that this is a report finding and has strongly emphasized the importance of the requirement and necessity of retaining all invoices.