

PIKE COUNTY BOARD OF EDUCATION
PIKEVILLE, KENTUCKY

FINANCIAL STATEMENTS
SUPPLEMENTAL INFORMATION AND
INDEPENDENT AUDITORS REPORT

YEAR ENDED JUNE 30, 2023

Wallen, Puckett, & Associates, psc

CERTIFIED PUBLIC ACCOUNTANTS
POST OFFICE BOX 1349
PIKEVILLE, KENTUCKY 41502

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Wallen, Puckett, & Associates, PSC

CERTIFIED PUBLIC ACCOUNTANTS

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

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

Phone: 606-432-8833
Fax: 606-432-8466

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, 2023, 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, 2023, 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.

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 5–8 and 59-61 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, 2023, 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, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

PIKE COUNTY SCHOOL SYSTEM – PIKEVILLE, KENTUCKY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2023

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 FY23 (ending for FY22), the beginning cash and investment balance from all funds for the District was \$26,867,965.83 of which \$4,257,642.27 was reserved for summer payrolls already written (Fund 1), \$1,170,025.82 was on deposit in individual school checking accounts (Fund 25), \$165,861.91 was reserved for school District Activity Funds (DAF-Fund 21), \$3,028,114.08 was Reserved for Food Service use (Fund 51), and \$6,212,346.95 was in the Reserved for Construction Fund (Fund 360).
- The General Fund (Fund 1) had \$102,484,175.49 in revenue, which consisted of a beginning balance of \$11,588,111.67, the state program (SEEK) funding, property, unmined minerals, utilities, and motor vehicle taxes. There were \$81,461,379.74 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 \$22,739,678.24. In FY22, the year-end Unreserved Fund 1 Balance was \$10,553,459.18. For FY23, the year-end Unreserved Fund 1 Balance is \$19,765,908.53, an increase of \$,212,449.35. 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 tax collection for FY23 was excellent, including the receipt of delinquent taxes. The district continued to use COVID funding to augment district services that included staffing, which also saved the general fund money.
- 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, 2023 was \$142,490.06.
- 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, 2023 was \$1,290,909.99.
- 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, 2022, the district’s total principal debt decreased by \$7,634,901.14 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. No new bonds were sold in FY23.
- 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 \$2,513,556.15. On June 30, 2023, the Food Service program had Restricted-Net Assets, excluding pension, of \$3,813,517.50 and a \$3,565,105.47 cash balance. Note: For the 22-23 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 10-11 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 10-18 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 19-57 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 \$50,547,177 as of June 30, 2023.

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, 2023

The current year's financial statements reflect the following:

	June 30, 2023	June 30, 2022
Current Assets	\$ 60,153,252	\$ 39,114,038
Noncurrent Assets	172,118,315	172,960,394
Total Assets	\$ 232,271,567	\$ 212,074,432
Deferred Outflows of Resources	\$ 31,489,991	\$ 22,993,605
Current Liabilities	\$ 18,283,409	\$ 16,076,894
Noncurrent Liabilities	165,522,376	170,722,850
Total Liabilities	\$ 183,805,785	\$ 186,799,744
Deferred Inflows of Resources	\$ 29,408,596	\$ 30,727,686
Net Position		
Invested in Capital Assets, Net of Related Debt	\$ 67,397,447	\$ 60,755,035
Restricted	22,085,770	9,905,881
Unassigned	(38,936,040)	(53,120,309)
Total Net Position	\$ 50,547,177	\$ 17,540,607

Comments on Budget Comparisons

- The District's total revenues for the fiscal year ended June 30, 2023, including beginning balances and on-behalf payments for all funds, except construction and debt service, were \$155,610,274.06.
- 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 \$7,876,239.74 more than budgeted or approximately 11 percentage points. The majority of this increase was due to the improvement in tax revenue, the substantial upturn in prevailing interest rates on investments and the increase in indirect cost due to federal COVID funding, which cannot be budgeted within the fiscal year.
- 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 \$4,425,942.01 less than budgeted, or approximately 7%. 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 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, 2023, and 2022.

	June 30, 2023	June 30, 2022
Revenues		
Beginning Balance	\$ 16,771,885.68	\$ 13,185,113.37
Local revenue sources	23,508,110.66	20,182,055.93
State revenue sources	69,211,621.19	61,789,202.65
Federal Revenue	28,893,396.42	23,522,642.69
Other Sources	8,820,236.11	3,222,087.88
Total Revenues	\$ 147,205,250.06	\$ 121,901,102.52
Expenses		
Instruction	\$ 58,765,119.11	\$ 51,267,769.45
Student Support Services	5,106,067.34	4,974,394.81
Instructional Support	5,925,435.96	4,659,585.48
District Administration	2,307,760.59	2,310,756.90
School Administration	5,209,505.88	4,792,383.09
Business Support	1,708,619.30	1,518,694.14
Plant Operations	15,955,154.78	15,369,081.87
Student Transportation	9,247,387.55	9,268,904.04
Food Service Operations	8,335,218.14	8,257,875.17
Community Support	2,476,857.83	2,036,884.76
Construction/Land	1,741,657.78	207,642.96
Debt Service	388,570.58	316,815.02
Other/Fund Transfers	2,977,518.24	1,947,626.33
Total Expenses	\$ 120,144,873.08	\$ 106,928,414.02
Revenue in Excess of Expense	\$ 27,060,376.98	\$ 14,972,688.50

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 \$8,000,000 in contingency, well above the required amount.

FY24 CONCERNS

In FY24, 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. 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 2023-2024 budget include an aging bus fleet, aging facilities and overcrowding at a major school.

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, 2023

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash & Cash Equivalents	\$ 37,685,088	\$ 3,565,106	\$ 41,250,194
Accounts Receivable	11,060,470	22,894	11,083,364
Amounts held by Fiscal Agents	2,380,768	0	2,380,768
Inventory	0	228,098	228,098
Due From Other Funds	<u>5,210,828</u>	<u>0</u>	<u>5,210,828</u>
Total Current Assets	<u>\$ 56,337,154</u>	<u>\$ 3,816,098</u>	<u>\$ 60,153,252</u>
Non – Current Assets			
Capital Assets, Net	\$ 166,991,216	\$ 86,851	\$ 167,078,067
Construction in Progress	4,709,814	0	4,709,814
Lease Asset	<u>330,434</u>	<u>0</u>	<u>330,434</u>
Total Non – Current Assets	<u>\$ 172,031,464</u>	<u>\$ 86,851</u>	<u>\$ 172,118,315</u>
TOTAL ASSETS	<u>\$ 228,368,618</u>	<u>\$ 3,902,949</u>	<u>\$ 232,271,567</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred Outflow from Pensions	\$ 9,773,184	\$ 1,059,258	\$ 10,832,442
Deferred Outflow from OPEB -TRS	10,886,742	0	10,886,742
Deferred Outflow from OPEB -CERS	<u>9,166,440</u>	<u>604,367</u>	<u>9,770,807</u>
Total Deferred Outflows of Resources	<u>\$ 29,826,366</u>	<u>\$ 1,663,625</u>	<u>\$ 31,489,991</u>
LIABILITIES			
Accounts Payable	\$ 1,141,663	\$ 2,580	\$ 1,144,243
Summer Payrolls	2,969,989	0	2,969,989
Interest Payable	584,240	0	584,240
Due to Other Funds	5,305,611	0	5,305,611
Other Liabilities	144,176	0	144,176
Long-term Liabilities			
Capital Leases due within 1 year	382,146	0	382,146
Sick Leave due within 1 year	310,000	0	310,000
Lease Obligations due within 1 year	173,004	0	173,004
Bond Payments due within 1 year	7,270,000	0	7,270,000
Bond Payments due in more than 1 year	94,815,000	0	94,815,000
Capital Leases due in more than 1 year	1,923,288	0	1,923,288
Sick Leave payable in more than 1 year	4,461,017	0	4,461,017
Lease Obligations due in more than 1 year	208,515	0	208,515
Pension Liabilities	32,289,122	3,499,627	35,788,749
OPEB Liabilities-TRS	18,555,000	0	18,555,000
OPEB Liabilities-CERS	<u>8,815,362</u>	<u>955,445</u>	<u>9,770,807</u>
Total Liabilities	<u>\$ 179,348,133</u>	<u>\$ 4,457,652</u>	<u>\$ 183,805,785</u>
Deferred Inflows of Resources			
Deferred Inflows From Pensions	\$ 8,357,317	\$ 905,800	\$ 9,263,117
Deferred Inflows From OPEB-TRS	8,580,000	0	8,580,000
Deferred Inflows From OPEB-CERS	6,525,171	707,225	7,232,396
Unearned Revenue	<u>4,333,083</u>	<u>0</u>	<u>4,333,083</u>
Total Deferred Inflows of Resources	<u>\$ 27,795,571</u>	<u>\$ 1,613,025</u>	<u>\$ 29,408,596</u>
NET POSITION			
Invested in Capital Assets, Net of Related Debt	\$ 67,310,596	\$ 86,851	\$ 67,397,447
Restricted	22,676,724	(590,954)	22,085,770
Unrestricted	<u>(38,936,040)</u>	<u>0</u>	<u>(38,936,040)</u>
NET POSITION	<u>\$ 51,051,280</u>	<u>\$ (504,103)</u>	<u>\$ 50,547,177</u>

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, 2023**

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	\$ 55,335,329	\$ 13,000	\$ 15,424,681	\$ 0	\$ (39,897,648)	\$ 0	\$ (39,897,648)
Support Services							
Student	4,512,988	0	701,104	0	(3,811,884)	0	(3,811,884)
Instruction Staff	982,127	0	2,700,835	0	1,718,708	0	1,718,708
District Administrative	2,307,761	0	0	0	(2,307,761)	0	(2,307,761)
School Administrative	9,031,598	0	91,573	0	(8,940,025)	0	(8,940,025)
Business	1,822,915	0	231,602	0	(1,591,313)	0	(1,591,313)
Plant Operation and Maint.	21,479,820	0	912,288	0	(20,567,532)	0	(20,567,532)
Student Transportation	8,667,813	0	97,305	0	(8,570,508)	0	(8,570,508)
Central Office	0	0	0	0	0	0	0
Community Service Activities	2,476,858	0	2,144,660	0	(332,198)	0	(332,198)
Facilities Acquisition and Construction	1,250,707	0	0	0	(1,250,707)	0	(1,250,707)
Interest on Long Term Debt	2,813,514	0	0	0	(2,813,514)	0	(2,813,514)
Bond Discounts	0	0	0	0	0	0	0
Total Government Activities	\$ 110,681,430	\$ 13,000	\$ 22,304,048	\$ 0	\$ (88,364,382)	\$ 0	\$ (88,364,382)
Business Type Activities:							
Food Service	\$ 8,359,579	\$ 369,037	\$ 9,262,614	\$ 0	0	1,272,072	1,272,072
Total Business Type Activities	\$ 8,359,579	\$ 369,037	\$ 9,262,614	\$ 0	\$ 0	\$ 1,272,072	\$ 1,272,072
Total Primary Government	\$ 119,041,009	\$ 382,037	\$ 31,566,662	\$ 0	\$ (88,364,382)	\$ 1,272,072	\$ (87,092,310)
General Revenues							
Taxes					\$ 23,633,537	\$ 0	\$ 23,633,537
Investment Earnings					1,022,388	0	1,022,388
State and Formula Grants					90,741,680	0	90,741,680
Gains on Sales of Fixed Assets					15,981	0	15,981
Other Local					4,811,663	0	4,811,663
Operating Transfer					575,391	(575,391)	0
Total					\$ 120,800,640	\$ (575,391)	\$ 120,225,249
Change in Net Position					32,436,258	696,681	33,132,939
Net Position – Beginning					18,741,392	(1,200,784)	17,540,608
Prior Period Adjustment					(126,370)	0	(126,370)
Net Position - Ending					\$ 51,051,280	\$ (504,103)	\$ 50,547,177

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

**PIKE COUNTY BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2023**

	General Fund	Special Revenue	Construction Fund	Debt Service Fund	Non-Major Governmental Funds	Total Governmental Fund
ASSETS AND RESOURCES						
Cash and Cash Equivalents	\$ 19,337,465	\$ 0	\$ 16,914,223	\$ 0	\$ 1,433,400	\$ 37,685,088
Accounts Receivable	1,353,494	9,667,041	0	0	39,935	11,060,470
Amounts held by Fiscal Agents	0	0	0	2,380,768	0	2,380,768
Due From Other Funds	5,210,828	0	0	0	0	5,210,828
Total Assets and Resources	<u>\$ 25,901,787</u>	<u>\$ 9,667,041</u>	<u>\$ 16,914,223</u>	<u>\$ 2,380,768</u>	<u>\$ 1,473,335</u>	<u>\$ 56,337,154</u>
LIABILITIES AND FUND BALANCE						
Liabilities						
Accounts Payable	\$ 474,105	\$ 500,601	\$ 134,341	\$ 0	\$ 32,616	\$ 1,141,663
Summer Payrolls	2,969,989	0	0	0	0	2,969,989
Due to Other Funds	0	4,714,079	591,532	0	0	5,305,611
Other Liabilities	24,898	119,278	0	0	0	144,176
Total Liabilities	<u>\$ 3,468,992</u>	<u>\$ 5,333,958</u>	<u>\$ 725,873</u>	<u>\$ 0</u>	<u>\$ 32,616</u>	<u>\$ 9,561,439</u>
Deferred Inflows of Resources						
Deferred Revenue	\$ 0	\$ 4,333,083	\$ 0	\$ 0	\$ 0	4,333,083
Total Deferred Inflows of Resources	<u>\$ 0</u>	<u>\$ 4,333,083</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,333,083</u>
Fund Balance						
Restricted:						
Other	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,440,719	\$ 1,440,719
Future Construction	0	0	16,188,350	0	0	16,188,350
Debt Service	0	0	0	2,380,768	0	2,380,768
Committed:						
Site Based Carryforward	295,571	0	0	0	0	295,571
Sick-leave	214,700	0	0	0	0	214,700
Worker's Compensation	1,300,000	0	0	0	0	1,300,000
Assigned:						
Purchase Obligations	856,616	0	0	0	0	856,616
Unassigned	19,765,908	0	0	0	0	19,765,908
Total Fund Balance	<u>\$ 22,432,795</u>	<u>\$ 0</u>	<u>\$ 16,188,350</u>	<u>\$ 2,380,768</u>	<u>\$ 1,440,719</u>	<u>\$ 42,442,632</u>
Total Liabilities and Fund Balance	<u>\$ 25,901,787</u>	<u>\$ 9,667,041</u>	<u>\$ 16,914,223</u>	<u>\$ 2,380,768</u>	<u>\$ 1,473,335</u>	<u>\$ 56,337,154</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, 2023**

Fund balance per fund financial statements	\$	42,442,632
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.		171,701,030
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		653,263
Amortization of Lease Asset		(322,829)
Lease Obligation		(381,519)
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		29,826,366
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		(23,462,488)
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		(4,771,017)
Capital Leases payable		(2,305,434)
Accrued Interest on Bonds		(584,240)
KISBIT		0
Pension Liability		(32,289,122)
OPEB Liabilities-TRS		(18,555,000)
OPEB Liabilities-CERS		(8,815,362)
Bonds		(102,085,000)
Net Position for Governmental Activities	<u>\$</u>	<u>51,051,280</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, 2023

	General Fund	Special Revenue	Construction Fund	Debt Service Fund	Non-Major Governmental Funds	Total Governmental Fund
REVENUES						
From Local Sources						
Taxation						
Property	\$ 14,371,311	\$ 0	\$ 0	\$ 0	\$ 2,234,150	\$ 16,605,461
Motor Vehicles	3,034,109	0	0	0	0	3,034,109
Utilities	3,881,904	0	0	0	0	3,881,904
Other	112,063	0	0	0	0	112,063
Earnings on Investments	1,022,388	0	0	0	0	1,022,388
Other Local Revenues	174,080	543,219	0	0	4,111,990	4,829,289
Intergovernmental- State	63,680,913	2,974,034	14,661,000	3,371,450	6,170,874	90,858,271
Intergovernmental-Federal	262,145	21,925,312	0	0	0	22,187,457
Total Revenues	\$ 86,538,913	\$ 25,442,565	\$ 14,661,000	\$ 3,371,450	\$ 12,517,014	\$ 142,530,942
EXPENDITURES						
Instruction	\$ 39,412,605	\$ 15,424,681	\$ 0	\$ 0	\$ 122,229	\$ 54,959,515
Support Services						
Student	4,404,964	701,104	0	0	0	5,106,068
Instruction Staff	3,215,870	2,700,835	0	0	8,731	5,925,436
District Administrative	2,307,761	0	0	0	0	2,307,761
School Administrative	5,105,473	91,573	0	0	3,818,065	9,015,111
Business	1,477,017	231,602	0	0	0	1,708,619
Plant Operation and Maint.	15,012,668	912,287	0	0	30,199	15,955,154
Student Transportation	9,150,082	97,305	0	0	0	9,247,387
Food Service	0	0	0	0	0	0
Community Services	332,198	2,144,660	0	0	0	2,476,858
Facilities Acquisitions and Construction	193,145	1,548,512	0	0	0	1,741,657
Site Improvement	0	0	348,474	0	0	348,474
Building Improvements	0	0	3,385,178	0	0	3,385,178
Debt Service						
Principal	346,578	0	0	7,680,000	0	8,026,578
Interest	41,993	0	0	2,765,949	0	2,807,942
Bond Issuance Costs	0	0	0	0	0	0
Total Expenditures	\$ 81,000,354	\$ 23,852,559	\$ 3,733,652	\$ 10,445,949	\$ 3,979,224	\$ 123,011,738
Excess (Deficit) of Revenues over Expenditures	\$ 5,538,559	\$ 1,590,006	\$ 10,927,348	\$ (7,074,499)	\$ 8,537,790	\$ 19,519,204
Other Financing Sources (Uses)						
Proceeds from Sales of Bonds	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Premium on Bond Issuance	0	0	0	0	0	0
Bond Discounts	0	0	0	0	0	0
Proceeds from Capital Leases	670,614	0	0	0	0	670,614
KISBIT Payments	0	0	0	0	0	0
Proceeds from Sales of Fixed Assets	32,457	0	0	0	0	32,457
Operating Transfer, In	3,654,081	158,159	302,868	7,074,499	192,935	11,382,542
Operating Transfer, Out	(461,027)	(1,748,165)	0	0	(8,597,959)	(10,807,151)
Total Other Financing Sources	\$ 3,896,125	\$ (1,590,006)	\$ 302,868	\$ 7,074,499	\$ (8,405,024)	\$ 1,278,462
Net Change in Fund Balance	\$ 9,434,684	\$ 0	\$ 11,230,216	\$ 0	\$ 132,766	\$ 20,797,666
Fund Balance - Beginning	12,998,111	0	4,958,134	2,380,768	1,434,323	21,771,336
Prior Period Adjustment	0	0	0	0	(126,370)	(126,370)
Fund Balance - Ending	\$ 22,432,795	\$ 0	\$ 16,188,350	\$ 2,380,768	\$ 1,440,719	\$ 42,442,632

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, 2023**

Net change in total fund balances per fund financial statements	\$ 20,797,666
 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.	5,790,122
Cost of Assets Disposed	(16,476)
The cost of capital assets is allocated over their useful lives and reported as depreciation expense.	(6,458,212)
Proceeds from capital leases are reported as financing source in governmental funds end 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.	(675,240)
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	7,680,000
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	346,578
Interest Payable	9,299
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.	(31,358)
 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	50,570
Pension Expense	930,888
Other Post Employment Benefits (OPEB) - TRS	892,670
Other Post Employment Benefits (OPEB) - CERS	3,119,751
Change in net Position of governmental activities	\$ 32,436,258

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, 2023

	<u>Food Service</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 3,565,106
Accounts Receivable	22,894
Inventory	228,098
Total Current Assets	\$ 3,816,098
Capital Assets-net of depreciation	86,851
Total Assets	\$ 3,902,949
Deferred Outflows of Resources	
Deferred outflows from Pension	\$ 1,059,258
Deferred outflows from OPEB	604,367
	\$ 1,663,625
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 2,580
OPEB Liability - Long-Term	955,445
Pension Liability - Long Term	3,499,627
Total Current Liabilities	\$ 4,457,652
Deferred Inflows of Resources	
Deferred inflows from pension	\$ 905,800
Deferred inflows from OPEB	707,225
	\$ 1,613,025
Net Position	
Investment in Capital Asset, Net of Debt	\$ 86,851
Restricted	(590,954)
Unrestricted	0
Total Net Position	\$ (504,103)

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, 2023**

	<u>Food Service</u>
OPERATING REVENUES:	
Lunchroom Sales	\$ 369,037
TOTAL OPERATING REVENUES	\$ 369,037
OPERATING EXPENSES:	
Salaries and Wages	\$ 2,337,437
Contract Services	56,158
Materials and Supplies	5,888,229
Depreciation	24,360
TOTAL OPERATING EXPENSES	\$ 8,306,184
Operating Income (Loss)	\$ (7,937,147)
NON-OPERATING REVENUES (EXPENSES)	
Federal Grants	\$ 6,331,505
State Grants	43,118
On Behalf of Payments	2,513,556
Donated Commodities	374,435
Interest Income	0
Interest Expense	(53,395)
NON-OPERATING REVENUES (EXPENSES)	\$ 9,209,219
Net Income (Loss) Before Operating Transfers	\$ 1,272,072
Operating Transfers	(575,391)
Increase in net position	\$ 696,681
Net Position - Beginning	(1,200,784)
Net Position - Ending	\$ (504,103)

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, 2023**

	<u>Food Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from:	
Lunchroom Sales	\$ 369,037
Cash Paid to/for:	
Employees	(3,120,782)
Contract Service	(56,158)
Supplies	(3,023,206)
	<u>\$ (5,831,109)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Other Income	1
Net Cash Provided (Used) by Investing Activities	<u>\$ 1</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Transfers to other funds	\$ (575,391)
Interest Paid	(53,395)
Net Cash (Used) by Capital and Related Financing Activities	<u>\$ (628,786)</u>
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES	
Operational Grants	\$ 6,996,886
Net Cash Provided(Used) by Financing Activities	<u>\$ 6,996,886</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 536,992
Cash and Cash Equivalents - Beginning	3,028,114
Cash and Cash Equivalents - Ending	<u>\$ 3,565,106</u>
Reconciliation of Operating Income (Loss)	
To Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	\$ (7,937,147)
Adjustments to Reconcile Operating Income to Net Cash	
Operating Activities:	
Depreciation	24,360
On Behalf of Payments	2,513,556
Commodities Used	374,435
Change in Assets and Liabilities:	
(Increase) Decrease	
Inventory	(22,974)
Deferred outflows	(8,010)
Increase (Decrease) in:	
Accounts Payable	6
Deferred inflows	8,712
OPEB liability	(254,197)
Pension liability	(529,850)
Net Cash provided (Used) by Operating Activities	<u>\$ (5,831,109)</u>
Schedule of Non Cash Transactions:	
On Behalf of Payments	\$ 2,513,556
Donated Commodities Received From Federal Government	374,435

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

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

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.

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

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, 2023

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). \$374,435 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 current 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.

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

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, 2023 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, 2023

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 asset's 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, 2023 are as follows:

From	To	Purpose	Amount
Special Revenue Fund	General Fund	Operations	\$ 4,714,079

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

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, 2023. 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, 2023

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, 2023

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, 2023.

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 Activities / Proprietary Fund	Total
Accounts Receivable	\$ 1,353,494	\$ 22,894	\$ 1,376,388
District Activity	31,632	0	31,632
School Activity	8,304	0	8,304
Grants Receivable	9,667,041	0	9,667,041
	<u>\$ 11,060,471</u>	<u>\$ 22,894</u>	<u>\$ 11,083,365</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, 2023

NOTE 7 – CASH AND CASH EQUIVALENTS

At year-end, the carrying amount of the Board’s cash and cash equivalents was \$41,250,193, and the bank balance, per statements, was \$45,051,966. Of the total cash balance, \$529,548 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, 2023 consist of the following:

Breakdown By Bank:	<u>Bank Balance</u>
Community Trust Bank	\$ 45,022,418
US Bank	<u>29,548</u>
Total Bank Balance	<u>\$ 45,051,966</u>
	<u>Book Balance</u>
Breakdown per financial Statements:	
Governmental Funds	\$ 37,685,088
Proprietary Funds	<u>3,565,106</u>
Total Book Balance	<u>\$ 41,250,194</u>
The securities pledged as collateral are:	
FHLB Letter of Credit-Community Trust Bank	\$ 44,522,418
Other Securities	0
FDIC	<u>529,548</u>
Total collateral pledged	<u>\$ 45,051,966</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 2023, 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, 2023

NOTE 9 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2023, was as follows:

<u>Governmental Activities</u>	<u>7/1/2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>6/30/2023</u>
Land	\$ 9,641,518	\$ 0	\$ 0	\$ 9,641,518
Total Non-Depreciable	<u>\$ 9,641,518</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 9,641,518</u>
Land improvements	\$ 17,202,580	\$ 0	\$ 0	\$ 17,202,580
Buildings	236,436,860	1,375,585	0	237,812,445
Technology equipment	11,232,247	593,080	1,446,992	10,378,335
Vehicles	17,138,546	931,733	1,264,366	16,805,913
General equipment	4,298,542	40,707	81,155	4,258,094
Infrastructure	89,638	0	0	89,638
Construction in progress	1,860,797	4,224,602	1,375,585	4,709,814
Total Depreciable	<u>\$ 288,259,210</u>	<u>\$ 7,165,707</u>	<u>\$ 4,168,098</u>	<u>\$ 291,256,819</u>
Total at historical cost	<u>\$ 297,900,728</u>			<u>\$ 300,898,337</u>
Less: Accumulated depreciation				
Land improvements	\$ 10,108,734	\$ 434,475	\$ 0	\$ 10,543,209
Buildings	89,028,134	5,085,709	0	94,113,843
Technology equipment	8,804,040	467,091	1,430,404	7,840,727
Vehicles	13,996,852	352,159	1,264,366	13,084,645
General equipment	3,514,252	114,296	81,267	3,547,281
Infrastructure	63,120	4,482	0	67,602
Total accumulated depreciation	<u>\$ 125,515,132</u>	<u>\$ 6,458,212</u>	<u>\$ 2,776,037</u>	<u>\$ 129,197,307</u>
Governmental Activities				
Capital Assets-net	<u>\$ 172,385,596</u>			<u>\$ 171,701,030</u>
Business-Type Activities				
	<u>7/1/2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>6/30/2023</u>
Technology equipment	\$ 97,573	\$ 0	\$ 725	\$ 96,848
Vehicles	62,506	0	0	62,506
General equipment	2,330,259	0	0	2,330,259
Total at historical cost	<u>\$ 2,490,338</u>	<u>\$ 0</u>	<u>\$ 725</u>	<u>\$ 2,489,613</u>
Less: Accumulated depreciation				
Technology equipment	\$ 86,942	\$ 0	\$ 725	\$ 86,217
Vehicles	62,506	0	0	62,506
General equipment	2,229,679	24,360	0	2,254,039
Total accumulated depreciation	<u>\$ 2,379,127</u>	<u>\$ 24,360</u>	<u>\$ 725</u>	<u>\$ 2,402,762</u>
Business-Type Activities				
Capital Assets-net	<u>\$ 111,211</u>			<u>\$ 86,851</u>

Depreciation expense was allocated to governmental functions.

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

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>\$ 590,954</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, 2023

NOTE 16- TRANSFER OF FUNDS

The following transfers were made during the year:

Type	From Fund		To Fund		Purpose	Amount
Operating	General	1	Special Revenue	2	Matching	\$ 158,159
Operating	General	1	Construction	360	Construction	302,868
Operating	Special Revenue	2	General	1	Indirect Costs	1,748,165
Operating	School Activity	25	District Activity	21	Operating	192,935
Operating	Food Service	51	General	1	Indirect Costs	575,391
Operating	Capital Outlay	310	General	1	Debt Service	753,138
Operating	Building	320	Debt Service	400	Bond Payment	7,074,499
Operating	Debt Service	320	General	1	project to project	577,387
						<u>\$ 11,382,542</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	\$ 9,018,950
Life Insurance	14,967
Administrative Fees	119,572
Health Reimbursement Account	647,850
Federal Reimbursement	(1,026,867)
KTRS	15,950,844
KTRS OPEB	348,939
Technology	178,979
Debt Service	3,371,450
Total On-Behalf Payments	<u>\$ 28,624,684</u>
General Fund	22,739,678
Debt Service	3,371,450
Food Service	2,513,556
Total On-Behalf Payments	<u>\$ 28,624,684</u>

NOTE 18 – SUBSEQUENT EVENTS

Subsequent events were considered through November 15, 2023, which represents the date of our report.

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 19 - Future Accounting Pronouncements

The GASB has issued several reporting standards that became effective for fiscal 2024 and later years' financial statements.

Statement No. 100, Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. Fiscal years beginning after 6/15/2023 and all reporting periods thereafter.

Statement No. 101, Compensated Absences, the objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. Fiscal years beginning after 12/15/2023 and all reporting periods thereafter.

PIKE COUNTY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2023

NOTE 20 - 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>
2024	\$ 173,004	\$ 9,816	\$ 182,820
2025	116,441	4,833	121,274
2026	68,353	1,792	70,145
2027	21,968	364	22,332
2028	1,753	7	1,760
2029-2033	0	0	0
	<u>\$ 381,519</u>	<u>\$ 16,812</u>	<u>\$ 398,331</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 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.

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.

PIKE COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 20 - LEASE OBLIGATIONS (Concluded)

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 amount 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.

Enterprise Fleet Management – entered 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 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 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%.

Enterprise Fleet Management – entered a five-year lease for a vehicle on September 1, 2022. Monthly payments of \$879.84 are due, with the first payment made on September 1, 2022. The estimated useful life of the asset is 5 years. The annual interest rate charged on the lease is 3.25%.

Canon Financial Servies - A four-year lease for a copier for the board offices. Monthly payments are in the amount of \$253.27. Lease is cancelable by either party upon ninety days written notice.

Canon Financial Servies - A four-year lease for a copier for the Dorton Elementary School. Monthly payments are in the amount of \$177.93. Lease is cancelable by either party upon ninety days written notice.

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 21 – BONDED DEBT AND LEASE OBLIGATIONS

The amounts shown in the accompanying financial statements as lease obligations represent the Board’s future obligations to make lease payments relating to the bonds issued aggregating \$102,085,000. 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 30,2023.

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

Issue Date	Proceeds	Rates	Balance June 30, 2023
November 1, 2011	\$ 11,000,000	4.620%	\$ 11,000,000
June 1, 2012	18,720,000	2.000% - 3.000%	1,605,000
May 1, 2013	3,880,000	1.000% - 2.000%	305,000
June 1, 2014	8,350,000	2.000% - 4.000%	6,985,000
June 1,2015	3,650,000	2.000% - 4.000%	3,410,000
September 1,2015	7,505,000	0.600% - 3.700%	7,140,000
February 1,2016	11,690,000	0.750% - 2.500%	7,635,000
February 1,2016	20,885,000	0.750% - 3.150%	20,440,000
August 1, 2016	19,400,000	1.000% - 3.000%	14,670,000
March 1, 2018	3,530,000	3.600%	3,320,000
September 1,2018	1,940,000	1.900% - 3.375%	1,430,000
July 29, 2020	9,300,000	2.000%	720,000
October 22, 2020	21,500,000	1.750%	19,020,000
July 7, 2021	845,000	1.000% - 1.400%	765,000
June 9, 2022	3,920,000	2.500% - 4.100%	3,640,000
			<u>\$ 102,085,000</u>

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.

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

	Beginning Balance	Additions	Payments	Ending Balance
Bonds	\$ 109,765,000	\$ 0	\$ 7,680,000	\$ 102,085,000
Sick Leave	4,821,587	231,048	281,618	4,771,017
Capital Leases	1,976,772	675,240	346,578	2,305,434
Total	<u>\$ 116,563,359</u>	<u>\$ 906,288</u>	<u>\$ 8,308,196</u>	<u>\$ 109,161,451</u>

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 21 – BONDED DEBT AND LEASE OBLIGATIONS (Concluded)

Assuming the issues are not called prior to scheduled maturity, the minimum obligations of the funds at June 30, 2023 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*		
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
	<u>\$ 68,475,947</u>	<u>\$ 13,920,285</u>	<u>\$ 737,000</u>	<u>\$ 22,609,053</u>	<u>\$ 4,085,828</u>	<u>\$ 3,119,463</u>	<u>\$ 3,811,500</u>	<u>\$ 116,759,076</u>

PIKE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2023

NOTE 22 – LEASE COMMITMENTS

Commitments under operating lease agreements for equipment provide the minimum future rental payments as of June 30, 2023 as follows:

	Principal	Interest	Total
June 30, 2024	\$ 382,146	\$ 59,751	\$ 441,897
June 30, 2025	376,339	52,718	429,057
June 30, 2026	230,999	43,110	274,109
June 30, 2027	236,725	31,205	267,930
June 30, 2028	242,957	31,129	274,086
Thereafter	836,268	64,904	901,172
Total	\$ 2,305,434	\$ 282,817	\$ 2,588,251

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, 2023, this amount totaled \$4,771,017 of which \$310,000 is committed in the current year fund balance of the General Fund.

PIKE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2023

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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.

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 25 – RETIREMENT PLANS

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Payroll	\$ 61,868,907	\$ 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
KTRS Total Payroll	38,411,047	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
KTRS Contribution - Employee Portion	4,953,632	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
KTRS Contribution - District Portion	2,092,411	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
KTRS Contribution- Commonwealth of Kentucky (on behalf of Payments)	15,950,844	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
KTRS Contribution - District Federal Employees	903,703	922,880	844,021	579,754	610,743	480,450	505,378	488,764	502,839	523,154
CERS Total Payroll	23,457,860	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
Contributions CERS Requirement for CERS	4,771,355	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
CERS Contribution - Employee Portion	824,031	762,265	844,903	681,915	751,654	759,539	692,392	772,067	741,068	758,674
CERS Contribution - District Portion	3,947,325	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
KTRS Total Payroll-- --PLUS--CERS Total Payroll	61,868,907	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
KTRS Contribution - --PLUS--CERS Contribution - Employee Portion	5,777,663	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
KTRS Contribution - --PLUS--CERS Contribution - District Portion	6,039,736	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

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

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.

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.

PIKE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2023

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

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.

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

At June 30, 2023, 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	<u>\$174,820,718</u>
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The net pension liability was measured as of June 30, 2022, 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, 2022, the District's proportion was 1.0319 percent.

For the year ended June 30, 2023, the District recognized pension expense of \$6,376,370 and Revenue of \$6,376,370 for support provided by the state. At June 30, 2023, 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, 2022 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	2.13%
Measurement Date	3.37%
Year FNP is projected to Deplete	N/a
Single Equivalent Interest Rate	
Prior Measurement Date	7.10%
Measurement Date	7.10%
Post-Retirement Benefit Increases	1.50% Annually

PIKE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2023

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

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.

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	\$ 223,113,995	\$ 174,820,718	\$ 134,571,855

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

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

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, 2022 is the actuarial valuation date upon which the TPL is based. An expected TPL is determined as of June 30, 2022 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, 2023

**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, 2023, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2022. An expected total pension liability as of June 30, 2022 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, 2022. At June 30, 2023, the District's proportion was .495071%.

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

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

For the year ended June 30, 2022, the District recognized pension expense of \$1,601,638. At June 30, 2022, 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	\$ 38,263
Changes of Assumptions	0
Investment Experience	4,869,777
Changes in Proportion & Differences Between Employer Contributions & Proportionate Share of Contributions	2,805,864
District Contributions Subsequent to Measurement Date	3,118,538
	\$ 10,832,442
Deferred Inflows of Resources for:	
Liability Experience	\$ 318,714
Assumption Changes	0
Investment Experience	3,952,283
Changes in Proportion & Differences Between Employer Contributions & Proportionate Share of Contributions	4,992,120
	\$ 9,263,117

District contributions subsequent to the measurement date of \$3,118,538 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to CERS will be recognized in pension expense as follows:

Year	Amount
2023	\$ 2,958,861
2024	(2,105,469)
2025	(300,748)
2026	1,016,681
2027	0
Thereafter	0
	\$ 1,569,325

PIKE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2023

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, 2022. 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, 2020
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 period at June 30, 2019
	Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases
Payroll Growth Rate	2.0% for CERS non-hazardous and Hazardous, and 0.0% for KERS 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%
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 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.

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

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

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 Asset Allocation	Long-Term Expected Real Rate of Return
Equity		
Public Equity	32.50%	4.45%
Private Equity	7.00%	10.15%
Fixed Income		
Core Fixed Income	20.50%	0.28%
Specialty Credit	15.00%	2.28%
Cash	5.00%	(0.91)%
Inflation Protected		
Real Estate	10.00%	3.67%
Real Return	10.00%	4.07%
Total	100.00%	

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, 2023, is based on the June 30, 2022. 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, 2023

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	\$44,731,496	\$35,788,749	\$28,392,356

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, 2023 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, 2023

**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, 2023

**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, 2023, the Kentucky School District reported a liability of \$9,770,807 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, 2022, 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, 2023, the District’s proportion was .495097 percent, which was in decrease of .104658% percent from its proportion measured as of June 30, 2022 (.599719 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	\$9,770,807
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For the year ended June 30, 2022, the District recognized OPEB expense of \$1,163,089. At June 30, 2023, 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	\$ 983,513	\$ 2,240,673
Changes of assumptions	1,545,321	1,273,336
Investment Experience	1,819,425	1,422,852
Changes in proportion and differences between District contributions and proportionate share of contributions	1,261,278	2,295,535
District contributions subsequent to the measurement date	570,994	0
Total	<u>\$ 6,180,531</u>	<u>\$ 7,232,396</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$570,994 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, 2023. 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:	
2024	\$ 234,526
2025	(333,763)
2026	(640,325)
2027	(312,303)
2028	0
Thereafter	0
	<u>\$ (1,051,865)</u>

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

**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, 2023 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, 2020
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>
Inflation	2.30%
Payroll Growth Rate	2.0% for CERS Nonhazardous and CERS Hazardous
Salary Increases	3.30% to 10.30%, varies by service for CERS Nonhazardous
Investment Rate of Return	6.25%
Healthcare Trend Rates	
Pre – 65	Initial trend starting at 6.20% at January 1, 2024, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Post – 65	Initial trend starting at 9.00% in 2024, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years
Mortality	
Pre-retirement	PUB-2010 General Mortality table, for the Nonhazardous Systems, and the PUB-2010 Public Safety Mortality table for the Hazardous Systems, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010
Post-retirement (non-disabled)	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
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, 2023

**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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity		
Public	50.00%	4.45%
Private Equity	10.00%	10.15%
Fixed Income		
Core Bonds	10.00%	0.28%
Specialty Credit/High Yield	10.00%	2.28%
Cash	0.00%	-0.91%
Inflation Protected		
Real Estate	7.00%	3.67%
Real Return	13.00%	4.55%
	<u>100.00%</u>	
Expected Real Return		4.28%
Long Term Inflation Assumption		2.30%
Expected Nominal Return for Portfolio		<u>6.58%</u>

Discount Rate – Single discount rates of 5.70% for CERS Nonhazardous plans were used to measure the total OPEB liability as of June 30, 2022. The single discount rates are based on the expected rate of return on OPEB plan investments of 6.58%, and a municipal bond rate of 3.69%, as reported in Fidelity Index’s “20-Year Municipal GO AA Index” as of June 30, 2022. 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 (4.70%)</u>	<u>Current Discount Rate (5.70%)</u>	<u>1% Increase Rate (6.70%)</u>
Systems' net OPEB liability	\$ 13,062,010	\$ 9,770,807	\$ 7,050,078

PIKE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2023

**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:

	1% Decrease	Current Trend Rate	1% Increase
Systems' net OPEB liability:	\$ 7,264,378	\$ 9,770,807	\$ 12,780,500

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

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

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, 2023

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	\$ 18,555,000
State's proportionate share of the net OPEB	0
Medical Insurance	6,096,000
Life Insurance	303,000
Total liability associated with the District	<u>\$ 24,954,000</u>

For the year ended June 30, 2023, the District recognized OPEB expense of \$822,196 and revenue of \$822,196 for support provided by the State. At June 30, 2023, 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, \$991,742 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, 2023. 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 0	\$ 7,800,000
Changes of assumptions	3,768,000	0
Net difference between projected and actual earnings on pension plan investments	986,000	0
Changes in proportion and differences between District contributions and proportionate share of contributions	5,141,000	780,000
District contributions subsequent to the measurement date	991,742	0
Total	<u>\$ 10,886,742</u>	<u>\$ 8,580,000</u>

Year ended June 30:	
2024	\$ 425,742
2025	(366,000)
2026	(153,000)
2027	1,076,000
2028	942,000
Thereafter	382,000
	<u>\$ 2,306,742</u>

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

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

Actuarial assumptions – The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Assumptions

A summary of the actuarial assumptions as of the latest actuarial valuation follows.

	MIF	LIF
Valuation date	June 30, 2021	June 30, 2021
Investment rate of return	7.10%, net of OPEB plan investment expense, including inflation	7.10%, net of OPEB plan investment expense, including inflation
Projected salary increases	3.0 - 7.5%, including wage inflation	3.0 - 7.5%, including wage inflation
Inflation rate	2.50%	2.50%
Real wage growth	0.25%	0.25%
Wage inflation	2.75%	2.75%
Municipal bond index rate	3.37%	2.13%
Discount rate	7.10%	7.10%
Single equivalent interest rate	7.10%, net of OPEB plan investment expense, including price inflation	7.10%, net of OPEB plan investment expense, including price inflation
Health care cost trends		
KEHP group	7% for fiscal year 2022 decreasing to an ultimate rate of 4.5% by fiscal year 2032	
MEHP group	5.125% for fiscal year 2022* decreasing to an ultimate rate of 4.5% by fiscal year 2025	
Medicare Part B premiums	6.97% for fiscal year 2022 with an ultimate rate of 4.5% by 2034	

*Based on known expected increase in Medicare-eligible costs in the year following the valuation date, an increase rate of 20% was used for 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, 2022 valuation of the Health Trust were based on a review of recent plan experience done concurrently with the June 30, 2022 valuation. The health care cost trend assumption was updated for the June 30, 2022 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, 2023

**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
U.S. Equity	40%	4.4%
International Equity	23%	5.6%
Fixed income	18%	(0.1%)
Real estate	6%	4.0%
Private equity	5%	6.9%
Additional categories	6%	2.1%
Cash	2%	(0.3%)
Total	100%	

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, 2023

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	\$ 13,910,000	\$ 18,555,000	\$ 24,332,000
Life Insurance Trust	-	-	-
System's Net OPEB Liability	<u>\$ 13,910,000</u>	<u>\$ 18,555,000</u>	<u>\$ 24,332,000</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	\$ 23,438,000	\$ 18,555,000	\$ 14,643,000

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

NOTE 30 – PRIOR PERIOD ADJUSTMENT

Building Fund Net Assets and Revenues were overstated by \$126,370 in 2022.

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, 2023

	GENERAL FUND			VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES:				
From Local Sources				
Taxation				
Property	\$ 11,300,000	\$ 11,300,000	\$ 14,371,311	\$ 3,071,311
Motor Vehicles	2,600,000	2,600,000	3,034,109	434,109
Utilities	4,000,000	4,000,000	3,881,904	(118,096)
Other	50,000	50,000	112,063	62,063
Other Local Sources	140,000	140,000	174,080	34,080
Earnings on Investments	50,000	50,000	1,022,388	972,388
State Sources	59,825,159	59,827,499	63,680,913	3,853,414
Federal Sources	150,000	150,000	262,145	112,145
TOTAL REVENUES	\$ 78,115,159	\$ 78,117,499	\$ 86,538,913	\$ 8,421,414
EXPENDITURES:				
Instruction	\$ 48,722,677	\$ 48,714,265	\$ 39,412,605	\$ 9,301,660
Support Services:				
Student	3,736,478	3,736,478	4,404,964	(668,486)
Instructional Staff	2,611,407	2,619,719	3,215,870	(596,151)
District Administration	2,920,018	2,920,018	2,307,761	612,257
School Administration	3,906,800	3,906,800	5,105,473	(1,198,673)
Business	1,145,505	1,145,505	1,477,017	(331,512)
Plant Operations & Maintenance	12,490,349	12,492,789	15,012,668	(2,519,879)
Student Transportation	6,016,284	6,016,284	9,150,082	(3,133,798)
Community Service	7,500	7,500	332,198	(324,698)
Site Acquisition & Constr.	200,115	200,115	193,145	6,970
Architectural/Engineering	0	0	0	0
Debt Service				
Principal	346,178	346,178	346,578	(400)
Interest	41,993	41,993	41,993	0
Contingency	8,000,000	8,000,000	0	8,000,000
TOTAL EXPENDITURES	\$ 90,145,304	\$ 90,147,644	\$ 81,000,354	\$ 9,147,290
Excess (Deficit) of Revenues over Expenditures	\$ (12,030,145)	\$ (12,030,145)	\$ 5,538,559	\$ 17,568,704
OTHER FINANCING SOURCES (USES):				
Proceeds from Capital Leases	\$ 0	\$ 0	\$ 670,614	\$ 670,614
KISBIT Payments	0	0	0	0
Proceeds from Sale of Fixed Assets	0	0	32,457	32,457
Operating Transfers In	617,033	617,033	3,654,081	3,037,048
Operating Transfers Out	(175,000)	(175,000)	(461,027)	(286,027)
	\$ 442,033	\$ 442,033	\$ 3,896,125	\$ 3,454,092
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing (Uses)	\$ (11,588,112)	\$ (11,588,112)	\$ 9,434,684	\$ 21,022,796
Fund Balance - Beginning	11,588,112	11,588,112	12,998,111	1,409,999
Fund Balance - Ending	\$ 0	\$ 0	\$ 22,432,795	\$ 22,432,795

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, 2023

	SPECIAL REVENUE			VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES:				
Local Sources	\$ 827,480	\$ 893,043	\$ 543,219	\$ (349,824)
Earnings on Investments	0	0	0	0
State Sources	2,549,676	3,077,628	2,974,034	(103,594)
Federal Sources	9,853,179	10,110,323	21,925,312	11,814,989
TOTAL REVENUES	\$ 13,230,335	\$ 14,080,994	\$ 25,442,565	\$ 11,361,571
EXPENDITURES:				
Instruction	\$ 9,230,003	\$ 9,998,841	\$ 15,424,681	\$ (5,425,840)
Support Services:				
Student	335,978	343,585	701,104	(357,519)
Instructional Staff	1,319,321	1,544,121	2,700,835	(1,156,714)
District Administration	0	0	0	0
School Administration	0	0	91,573	(91,573)
Business	254,791	244,257	231,602	12,655
Plant Operations & Maintenance	1,000	1,000	912,287	(911,287)
Student Transportation	97,418	100,738	97,305	3,433
Central Office	0	0	0	0
Food Service Operations	0	0	0	0
Other	0	0	0	0
Community Service	2,024,792	1,907,545	2,144,660	(237,115)
Facilities Acquisition & Construction	0	0	1,548,512	(1,548,512)
Contingency	0	0	0	0
TOTAL EXPENDITURES	\$ 13,263,303	\$ 14,140,087	\$ 23,852,559	\$ (9,712,472)
Excess (Deficit) of Revenues over Expenditures	\$ (32,968)	\$ (59,093)	\$ 1,590,006	\$ 1,649,099
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	\$ 175,000	\$ 175,000	\$ 158,159	\$ (16,841)
Operating Transfers Out	(142,032)	(142,502)	(1,748,165)	(1,605,663)
TOTAL OTHER FINANCING SOURCES (USES):	\$ 32,968	\$ 32,498	\$ (1,590,006)	\$ (1,622,504)
Net Change in Fund Balance	\$ 0	\$ (26,595)	\$ 0	\$ 26,595
Fund Balance - Beginning	0	0	0	0
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (26,595)</u>	<u>\$ 0</u>	<u>\$ 26,595</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, 2023

	CONSTRUCTION FUND			VARIANCE
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	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	0	0
Other Local Revenues	0	0	0	0
Intergovernmental-State	0	14,661,000	14,661,000	0
Intergovernmental – Indirect Federal	0	0	0	0
Intergovernmental – Direct Federal	0	0	0	0
TOTAL REVENUES	\$ 0	\$ 14,661,000	\$ 14,661,000	\$ 0
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	9,275,304	3,385,178	5,890,126
Site Improvements	0	0	348,474	(348,474)
TOTAL EXPENDITURES	\$ 0	\$ 9,275,304	\$ 3,733,652	\$ 5,541,652
Excess (Deficit) of Revenues over Expenditures	\$ 0	\$ 5,385,696	\$ 10,927,348	\$ 5,541,652
OTHER FINANCING SOURCES (USES):				
Bonds Proceeds	\$ 0	\$ 0	\$ 0	\$ 0
Premium on Bond Issuance	0	0	0	0
Bond Discounts	0	0	0	0
Operating Transfers In	0	9,275,034	302,868	(8,972,166)
Operating Transfers Out	0	0	0	0
TOTAL OTHER FINANCING SOURCES (USES):	\$ 0	\$ 9,275,034	\$ 302,868	\$ (8,972,166)
Net Change in Fund Balance	\$ 0	\$ 14,660,730	\$ 11,230,216	\$ (3,430,514)
Fund Balance - Beginning	0	0	4,958,134	4,958,134
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 14,660,730</u>	<u>\$ 16,188,350</u>	<u>\$ 1,527,620</u>

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, 2023**

Last Ten Fiscal Years **	2022-2023	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									
Commonwealth's proportion of the net pension liability	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
Commonwealth's proportionate share of the net pension liability	\$ 0	\$ 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%	100.0000%
Commonwealth's proportionate share of the net pension liability associated with the District	\$ 174,820,718	\$ 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>\$ 174,820,718</u>	<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	\$ 38,411,047	\$ 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	\$ 0
Commonwealth's proportionate share of the net pension liability as a percentage of District's covered-employee payroll	21.9717%	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	56.4000%	65.6000%	58.2700%	58.8000%	59.3000%	39.8300%	54.6000%	55.3000%	45.5907%

Schedule of State Contributions

	2022-2023	2021-2022	2020-2021	2019-2020	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13
Contractually required contribution	\$ 15,950,844	\$ 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
Contributions in relation to the contractually required contribution	15,950,844	10,802,392	10,525,964	11,010,813	10,417,762	11,103,259	5,819,247	1,567,395	6,133,500	4,733,237	4,986,637
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 4,296,565</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>						
District's covered payroll	\$ 38,411,047	\$ 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	41.5267%	28.7131%	24.8046%	34.5481%	28.0757%	30.1640%	15.2354%	4.5855%	15.6849%	11.9167%	12.7357%

** 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, 2023

Last Ten Fiscal Years **

	2022-2023	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%	0.599896%	0.486460%	0.549032%	0.56995%	0.57442%	0.59071%	0.61359%	0.62367%		
District's proportionate share of the net pension liability	35,788,749	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	23,457,860	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	152.56613%	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	52.42%	57.33%	47.81%	50.45%	53.54%	55.32%	55.50%	59.97%	66.80%		
Schedule of District Contributions											
	2022-2023	2021-2022	2020-2021	2019-2020	2018-2019	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13
Contractually required contribution	\$ 3,118,538	\$ 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	3,118,538	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	\$ 0
District's covered payroll	23,457,860	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	13.2942%	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.

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, 2023

	<u>2023</u>	<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)	0.747427%	0.556658%	0.552358%	0.573923%	0.569656%	0.613982%
District's proportionate share of the collective net OPEB liability (asset)	\$ 18,555,000	\$ 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>6,399,000</u>	<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>\$ 24,954,000</u>	<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	38,411,047	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	48.306%	31.748%	32.850%	52.706%	45.262%	59.476%
Plan fiduciary net position as a percentage of the total OPEB liability	60.950%	39.046%	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, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	991,712	988,072	975,503	999,356	\$ 1,014,736	\$ 1,051,925
Contributions in relation to the						
Contractually required contribution	<u>991,712</u>	<u>988,072</u>	<u>975,503</u>	<u>999,356</u>	<u>1,014,736</u>	<u>1,051,925</u>
Contribution deficiency (excess)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>\$ 0</u>	<u>\$ 0</u>
District's covered-employee payroll	\$ 38,411,047	\$ 37,621,763	\$ 42,435,552	\$ 31,871,005	\$ 37,105,911	\$ 36,809,662
Contributions as a percentage of covered- employee payroll	2.58%	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, 2023

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, 2022

Actuarial Assumptions

A summary of the actuarial assumptions as of the latest actuarial valuation follows.

	MIF	LIF
Valuation date	June 30, 2021	June 30, 2021
Investment rate of return	7.10%, net of OPEB plan investment expense, including inflation	7.10%, net of OPEB plan investment expense, including inflation
Projected salary increases	3.0 - 7.5%, including wage inflation	3.0 - 7.5%, including wage inflation
Inflation rate	2.50%	2.50%
Real wage growth	0.25%	0.25%
Wage inflation	2.75%	2.75%
Municipal bond index rate	3.37%	2.13%
Discount rate	7.10%	7.10%
Single equivalent interest rate	7.10%, net of OPEB plan investment expense, including price inflation	7.10%, net of OPEB plan investment expense, including price inflation
Health care cost trends		
KEHP group	7% for fiscal year 2022 decreasing to an ultimate rate of 4.5% by fiscal year 2032	
MEHP group	5.125% for fiscal year 2022* decreasing to an ultimate rate of 4.5% by fiscal year 2025	
Medicare Part B premiums	6.97% for fiscal year 2022 with an ultimate rate of 4.5% by 2034	

*Based on known expected increase in Medicare-eligible costs in the year following the valuation date, an increase rate of 20% was used for 2021.

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.

PIKE COUNTY BOARD OF EDUCATION
Notes to Required Supplementary Information - Kentucky Teachers Retirement System
For the Year Ended June 30, 2023

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 are contributed by the state.

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

At June 30, 2023, 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	\$	18,555,000
State’s proportionate share of the net OPEB liability associated with the District		
Medical Insurance		6,096,000
Life Insurance		303,000
Total liability associated with the District		\$ 24,954,000

For the year ended June 30, 2023, the District recognized OPEB expense of \$822,196 and revenue of \$822,196 for support provided by the State. At June 30, 2023, 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	\$ 7,800,000
Changes of assumptions	3,768,000	0
Net difference between projected and actual earnings on pension plan investments	986,000	0
Changes in proportion and differences between District contributions and proportionate share of contributions	5,141,000	780,000
District contributions subsequent to the measurement date	991,742	0
Total	\$ 10,886,742	\$ 8,580,000

	Year ended June 30:	
Of the total amount reported as deferred outflows of resources related to OPEB, \$991,742 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, 2023. 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:	2024	\$ 425,742
	2025	(366,000)
	2026	(153,000)
	2027	1,076,000
	2028	942,000
	There After	382,000
		\$ 2,306,742

PIKE COUNTY BOARD OF EDUCATION
Notes to Required Supplementary Information - Kentucky Teachers Retirement System
For the Year Ended June 30, 2023

Actuarial assumptions – The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	MIF	LIF
	June 30, 2021	June 30, 2021
Valuation date	June 30, 2021	June 30, 2021
Investment rate of return	7.10%, net of OPEB plan investment expense, including inflation	7.10%, net of OPEB plan investment expense, including inflation
Projected salary increases	3.0 - 7.5%, including wage inflation	3.0 - 7.5%, including wage inflation
Inflation rate	2.50%	2.50%
Real wage growth	0.25%	0.25%
Wage inflation	2.75%	2.75%
Municipal bond index rate	3.37%	2.13%
Discount rate	7.10%	7.10%
Single equivalent interest rate	7.10%, net of OPEB plan investment expense, including price inflation	7.10%, net of OPEB plan investment expense, including price inflation
Health care cost trends		
KEHP group	7% for fiscal year 2022 decreasing to an ultimate rate of 4.5% by fiscal year 2032	
MEHP group	5.125% for fiscal year 2022* decreasing to an ultimate rate of 4.5% by fiscal year 2025	
Medicare Part B premiums	6.97% for fiscal year 2022 with an ultimate rate of 4.5% by 2034	

*Based on known expected increase in Medicare-eligible costs in the year following the valuation date, an increase rate of 20% was used for 2022.

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, 2021, 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, 2022 valuation of the Health Trust were based on a review of recent plan experience done concurrently with the June 30, 2022 valuation. The health care cost trend assumption was updated for the June 30, 2022 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 COUNTY BOARD OF EDUCATION
Notes to Required Supplementary Information - Kentucky Teachers Retirement System
For the Year Ended June 30, 2023

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
U.S. Equity	40%	4.4%
International Equity	23%	5.6%
Fixed income	18%	(0.1%)
Real estate	6%	4.0%
Private equity	5%	6.9%
Additional categories	6%	2.1%
Cash	2%	(0.3%)
Total	100%	

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%	

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.

PIKE COUNTY BOARD OF EDUCATION
Notes to Required Supplementary Information - Kentucky Teachers Retirement System
For the Year Ended June 30, 2023

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	\$ 13,910,000	\$ 18,555,000	\$ 24,332,000

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, 2023

	<u>2023</u>	<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)	0.495097%	0.599755%	0.486319%	5.489250%	0.569928%	0.574428%
District's proportionate share of the collective net OPEB liability (asset)	<u>\$ 9,770,807</u>	<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>\$ 9,770,807</u></u>	<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	23,457,860	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	41.653%	53.717%	50.671%	50.477%	50.744%	58.873%
Plan fiduciary net position as a percentage of the total OPEB liability	60.950%	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, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 887,051	\$ 1,068,862	\$ 837,519	\$ 889,060	\$ 663,929	\$ 661,534
Contributions in relation to the Contractually required contribution	<u>(887,051)</u>	<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>	<u>\$ 0</u>
District's covered-employee payroll	\$ 23,457,860	\$ 21,375,190	\$ 23,175,462	\$ 18,290,845	\$ 19,941,375	\$ 19,615,193
Contributions as a percentage of covered- employee payroll	3.78%	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, 2023

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, 2022, was performed by Gabriel Roeder Smith (GRS). The total OPEB liability, net OPEB liability, and sensitivity information as of June 30, 2022, were based on an actuarial valuation date of June 30, 2022. The total OPEB liability was rolled-forward from the valuation date (June 30, 2020) to the plan’s fiscal year ending June 30, 2022, using generally accepted actuarial principles. There have been no changes in actuarial assumptions since June 30, 2020 (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, 2022, is determined using these updated benefit provisions.

Determined by the	
Actuarial Valuation as of:	June 30, 2020
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>
Inflation	2.30%
Payroll Growth Rate	2.0% for CERS Nonhazardous and CERS Hazardous
Salary Increases	3.30% to 10.30%, varies by service for CERS Nonhazardous
Investment Rate of Return	6.25%
Healthcare Trend Rates	
Pre – 65	Initial trend starting at 6.20% at January 1, 2024, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Post – 65	Initial trend starting at 9.00% in 2024, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years
Mortality	
Pre-retirement	PUB-2010 General Mortality table, for the Nonhazardous Systems, and the PUB-2010 Public Safety Mortality table for the Hazardous Systems, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010
Post-retirement (non-disabled)	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
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

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, 2023

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, 2023, the Kentucky School District reported a liability of \$9,770,807 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, 2022, 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, 2023 the District's proportion was .495097 percent, which was a decrease of .104658 percent from its proportion measured as of June 30, 2022 (.599755 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	\$9,770,807
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PIKE COUNTY BOARD OF EDUCATION
Notes to the Required Supplementary Information
for the Year Ended June 30, 2023

Kentucky Retirement System – County Employee OPEB Plan

For the year ended June 30, 2023, the District recognized OPEB expense of \$1,163,089. At June 30, 2023, 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	\$ 983,513	\$ 2,240,673
Changes of assumptions	1,545,321	1,273,336
Investment Experience	1,819,425	1,422,852
Changes in proportion and differences between District contributions and proportionate share of contributions	1,261,278	2,295,535
District contributions subsequent to the measurement date	570,994	0
Total	\$ 6,180,531	\$ 7,232,396

Of the total amount reported as deferred outflows of resources related to OPEB, \$570,994 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, 2023. 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:	
2023	\$ 234,526
2024	(333,763)
2025	(640,325)
2026	(312,303)
2027	0
ther after	0
	\$ (1,051,865)

PIKE COUNTY BOARD OF EDUCATION
Notes to the Required Supplementary Information
for the Year Ended June 30, 2023

Kentucky Retirement System – County Employee OPEB Plan

Actuarial assumptions – The total OPEB liability in the June 30, 2022 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, 2020
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>
Inflation	2.30%
Payroll Growth Rate	2.0% for CERS Nonhazardous and CERS Hazardous
Salary Increases	3.30% to 10.30%, varies by service for CERS Nonhazardous
Investment Rate of Return	6.25%
Healthcare Trend Rates	
Pre – 65	Initial trend starting at 6.20% at January 1, 2024, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Post – 65	Initial trend starting at 9.00% in 2024, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years
Mortality	
Pre-retirement	PUB-2010 General Mortality table, for the Nonhazardous Systems, and the PUB-2010 Public Safety Mortality table for the Hazardous Systems, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010
Post-retirement (non-disabled)	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
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, 2023

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	Target Allocation	Long-Term Expected Real Rate of Return
Equity		
Public Equity	50.00%	4.45%
Private Equity	10.00%	10.15%
Fixed Income		
Core Bonds	10.00%	0.28%
Specialty Credit/High Yield	10.00%	2.28%
Cash	0.00%	-0.91%
Inflation Protected		
Real Estate	7.00%	3.67%
Real Return	13.00%	4.07%
	<u>100.00%</u>	
Expected Real Return		<u>4.28%</u>
Long Term Inflation Assumption		<u>2.30%</u>
Expected Nominal Return for Portfolio		<u>6.58%</u>

Discount Rate – Single discount rates of 5.70% for the CERS non-hazardous insurance plan were used to measure the total OPEB liability as of June 30, 2022. The single discount rates are based on the expected rate of return on OPEB plan investments of 6.58% and a municipal bond rate of 3.69%, as reported in Fidelity Index’s “20-Year Municipal GO AA Index” as of June 30, 2022. 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 separately and were 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 is not currently being included in the calculation of the plan’s actuarially determined contributions, and it is our understanding that any cost associated with the implicit subsidy will not be paid out of the plan’s trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

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 5.70%, 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 (4.70%) or 1-percentage-point higher (6.70%) than the current rate:

	1% Decrease Rate (4.70%)	Current Discount Rate (5.70%)	1% Increase Rate (6.70%)
System’s Net OPEB Liability	\$ 13,062,010	\$ 9,770,807	\$ 7,050,078

PIKE COUNTY BOARD OF EDUCATION
Notes to the Required Supplementary Information
for the Year Ended June 30, 2023

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	\$ 7,264,378	\$ 9,770,807	\$ 12,780,500

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, 2023**

	<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	\$ 0	\$ 142,490	\$ 1,290,910	\$ 1,433,400
Accounts Receivable	0	0	31,632	8,303	39,935
Amounts held by Fiscal Agents	0	0	0	0	0
Due From Other Funds	0	0	0	0	0
Total Assets	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 174,122</u>	<u>\$ 1,299,213</u>	<u>\$ 1,473,335</u>
<u>LIABILITIES AND FUND BALANCE</u>					
Liabilities					
Accounts Payable	\$ 0	\$ 0	\$ 8,802	\$ 23,814	\$ 32,616
Summer Payrolls	0	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>\$ 8,802</u>	<u>\$ 23,814</u>	<u>\$ 32,616</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	\$ 0	\$ 165,320	\$ 1,275,399	\$ 1,440,719
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>\$ 0</u>	<u>\$ 165,320</u>	<u>\$ 1,275,399</u>	<u>\$ 1,440,719</u>
Total Liabilities and Fund Balances	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 174,122</u>	<u>\$ 1,299,213</u>	<u>\$ 1,473,335</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, 2023

	Capital Outlay Fund	Building Fund	District Activity	School Activity Funds	Total Non-Major Governmental Funds
REVENUES					
From Local Sources					
Taxes					
Property	\$ 0	\$ 2,234,150	\$ 0	\$ 0	\$ 2,234,150
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	0	4,111,990	4,111,990
Intergovernmental- State	753,138	5,417,736	0	0	6,170,874
Intergovernmental-Indirect Federal	0	0	0	0	0
Total Revenues	\$ 753,138	\$ 7,651,886	\$ 0	\$ 4,111,990	\$ 12,517,014
EXPENDITURES					
Instruction	\$ 0	\$ 0	\$ 122,229	\$ 0	\$ 122,229
Support Services					
Student	0	0	0	0	0
Instruction Staff	0	0	8,731	0	8,731
District Administrative	0	0	0	0	0
School Administrative	0	0	12,460	3,805,605	3,818,065
Business	0	0	0	0	0
Plant Operation and Maint.	0	0	30,199	0	30,199
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
Bond Issuance Costs	0	0	0	0	0
Total Expenditures	\$ 0	\$ 0	\$ 173,619	\$ 3,805,605	\$ 3,979,224
Excess (Deficit) of Revenues over Expenditures	\$ 753,138	\$ 7,651,886	\$ (173,619)	\$ 306,385	\$ 8,537,790
Other Financing Sources (Uses)					
Proceeds from Sales of Bonds	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Premium on Bond Issuance	0	0	0	0	0
Bond Discounts	0	0	0	0	0
Proceeds from Capital Leases	0	0	0	0	0
KISBIT Payments	0	0	0	0	0
Proceeds from Sales of Fixed Assets	0	0	0	0	0
Operating Transfer, In	0	0	192,935	0	192,935
Operating Transfer, Out	(753,138)	(7,651,886)	0	(192,935)	(8,597,959)
Total Other Financing Sources	\$ (753,138)	\$ (7,651,886)	\$ 192,935	\$ (192,935)	\$ (8,405,024)
Net Change in Fund Balance	\$ 0	\$ 0	\$ 19,316	\$ 113,450	\$ 132,766
Fund Balance - Beginning	0	126,370	146,004	1,161,949	1,434,323
Prior Period Adjustment	0	(126,370)	0	0	(126,370)
Fund Balance - Ending	\$ 0	\$ 0	\$ 165,320	\$ 1,275,399	\$ 1,440,719

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, 2023**

SCHOOLS	Cash Balance July 1, 2022	Receipts	Disburse- ments	Cash Balance June 30, 2023	Accounts Receivable	Accounts Payable	Due to Students June 30, 2023
HIGH SCHOOLS							
Belfry	\$ 156,212	\$ 464,207	\$ 453,932	\$ 166,487	\$ 2,559	\$ 0	\$ 169,046
East Ridge	106,772	257,246	235,680	128,338	0	0	128,338
Phelps	64,727	172,196	161,906	75,017	644	894	74,767
Pike Central	100,116	488,723	512,645	76,194	1,406	2,311	75,289
Shelby Valley	110,886	492,008	471,122	131,772	0	0	131,772
MIDDLE SCHOOLS							
Belfry Middle	40,276	222,879	226,331	36,824	0	6,369	30,455
ELEMENTARY SCHOOLS							
Belfry Elementary	62,413	136,060	152,773	45,700	0	1,660	44,040
Bevins	53,095	62,750	51,391	64,454	0	0	64,454
Dorton	52,902	128,236	137,698	43,440	218	28	43,630
Elkhorn City	40,867	173,566	186,328	28,105	104	0	28,209
Feds Creek	20,318	54,934	62,939	12,313	362	0	12,675
Johns Creek	69,715	274,629	258,450	85,894	0	930	84,964
Kimper	32,553	23,827	27,030	29,350	0	0	29,350
Millard	51,799	278,339	232,619	97,519	0	5,884	91,635
Mullins	50,831	425,114	406,378	69,567	2,926	3,472	69,021
Phelps	25,939	81,952	79,479	28,412	0	679	27,733
Valley	123,842	359,353	320,245	162,950	84	1,587	161,447
DAY TREATMENT CENTERS							
Pike County Day Treatment	6,762	8,534	6,722	8,574	0	0	8,574
TOTALS	<u>\$ 1,170,025</u>	<u>\$ 4,104,553</u>	<u>\$ 3,983,668</u>	<u>\$ 1,290,910</u>	<u>\$ 8,303</u>	<u>\$ 23,814</u>	<u>\$ 1,275,399</u>

**PIKE COUNTY BOARD OF EDUCATION
BELFRY HIGH SCHOOL
ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023**

Fund	Cash Balance July 1, 2022	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2023	Accounts Receivable	Accounts Payable	Due to Students June 30, 2023
GENERAL	\$ 1,018	\$ 6,059	\$ 8,034	\$ 2,817	\$ 1,860	\$ 0	\$ 0	\$ 1,860
ACADEMIC	0	0	1,059	1,059	0	0	0	0
TENNIS	0	0	1,346	1,346	0	0	0	0
SPIRIT TEAM	991	685	564	0	1,112	0	0	1,112
GOLF TEAM	0	0	344	344	0	0	0	0
NANCY SCOTT	500	500	500	0	500	0	0	500
INSTRUCTIONAL FEE	9,131	6,970	6,009	(5,813)	4,279	0	0	4,279
DEBBIE HUNTER	500	500	500	0	500	0	0	500
ESPORTS	129	1,118	1,191	58	114	0	0	114
PHOTOGRAPHY	1,126	960	385	(1,700)	1	0	0	1
FACULTY	1,750	9,847	4,326	0	7,271	0	0	7,271
JAG	416	97	697	184	0	0	0	0
HOMECOMING	671	3,100	626	0	3,145	0	0	3,145
VARSITY COURT	274	0	181	0	93	0	0	93
HONOR SOCIETY	501	935	987	0	449	0	0	449
WRESTLING	0	8,062	4,795	(3,267)	0	0	0	0
STLP	0	1,730	1,606	0	124	0	0	124
YGA-KYA	0	0	0	0	0	0	0	0
MU ALPHA THETA	188	202	196	0	194	0	0	194
HOBY	0	0	1,090	1,090	0	0	0	0
BILLY HATFIELD MINIS	0	1,000	1,000	0	0	0	0	0
PERSEVERE SCHOLARSHIP	0	1,000	0	0	1,000	0	0	1,000
JAMES WILLIS STUL	2,045	5,500	2,000	0	5,545	0	0	5,545
KY BLOOD CENTER	0	1,137	0	0	1,137	0	0	1,137
STUDENT COMMUNITY	1,000	0	0	0	1,000	0	0	1,000
DESIRE SCHOLARSHIP	1,000	0	1,000	0	0	0	0	0
EASTERN KY STRONG	4,677	18,995	11,907	0	11,765	0	0	11,765
EASTERN LEVEL	382	0	0	0	382	0	0	382

**PIKE COUNTY BOARD OF EDUCATION
BELFRY HIGH SCHOOL
ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023**

Fund	Cash Balance July 1, 2022	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2023	Accounts Receivable	Accounts Payable	Due to Students June 30, 2023
LINK CREW	0	105	279	174	0	0	0	0
STARTUP	0	15,689	48,755	33,066	0	0	0	0
STORES	12,288	34,765	20,490	(16,949)	9,614	0	0	9,614
ROBOTICS	5,197	6,408	4,410	0	7,195	0	0	7,195
PLTW PROJECT	7,684	24,500	9,590	(1,715)	20,879	0	0	20,879
FCA	345	0	0	0	345	0	0	345
DR MARY JOHNSON SCHOLARSHIP	5,000	5,000	5,000	0	5,000	0	0	5,000
HOSA	1,710	8,529	7,412	(14)	2,813	0	0	2,813
FOOTBALL	28,586	61,564	58,853	(5,811)	25,486	0	0	25,486
YOUTH FOOTBALL	13	1,000	770	0	243	0	0	243
FOOTBALL II	2,669	0	0	0	2,669	0	0	2,669
FOOTBALL II RAIN	6,520	750	6,975	(295)	0	0	0	0
DISTRICT BASKETBALL	0	9,872	5,346	(4,526)	0	0	0	0
BOYS BASKETBALL	0	31,229	23,763	(5,207)	2,259	0	0	2,259
YOUTH BASKETBALL	29	0	0	0	29	0	0	29
GIRLS BASKETBALL	51	14,341	11,685	(2,494)	213	0	0	213
BASEBALL	699	16,805	16,378	(1,126)	0	0	0	0
VARSITY CHEER	5,864	14,781	18,885	0	1,760	0	0	1,760
VARSITY CHEER NATIONALS	978	28,838	29,816	0	0	0	0	0
JV CHEERLEADERS	7	1,357	158	0	1,206	0	0	1,206
SOFTBALL	6,176	6,140	10,735	(1,017)	564	0	0	564
VOLLEYBALL	6,918	4,029	1,988	(1,403)	7,556	0	0	7,556
ART HONOR SOCIETY	550	420	0	0	970	0	0	970
SWIM TEAM	1,650	8,967	10,615	0	2	0	0	2
SPECIAL NEEDS	4,288	4,527	5,891	2,324	5,248	0	0	5,248
SPECIAL NEEDS II	3,340	0	0	0	3,340	0	0	3,340
DISTRICT BOYS/GIRLS SC	0	2,621	362	(2,259)	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, 2023**

Fund	Cash Balance July 1, 2022	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2023	Accounts Receivable	Accounts Payable	Due to Students June 30, 2023
BOYS SOCCER	1,052	12,313	10,061	(1,883)	1,421	0	0	1,421
GIRLS SOCCER	1,062	12,864	6,981	(6,662)	283	0	0	283
SOCCER B/G 2A	0	861	288	(573)	0	0	0	0
JR CLASS	0	12,190	11,427	(763)	0	0	0	0
SENIOR CLASS	2,240	100	1,500	(78)	762	0	0	762
JR ROTC	176	3,307	3,840	357	0	0	0	0
KYTSA	0	600	2,118	1,518	0	0	0	0
SADD	589	0	0	0	589	0	0	589
YALSA	946	195	202	0	939	0	0	939
SPEECH & DRAMA	1,245	0	218	0	1,027	0	0	1,027
SPANISH	266	0	0	0	266	0	0	266
CLAY TARGET LEAGUE	2,920	3,064	4,933	0	1,051	0	0	1,051
FBLA	261	4,158	5,698	2,218	939	2,559	0	3,498
CHILDREN INC	1,586	11,045	10,476	0	2,155	0	0	2,155
YOUTH SERVICE CENTER	1,876	1,160	1,288	0	1,748	0	0	1,748
PIRATE PANTRY	521	125	0	0	646	0	0	646
YEARBOOK	13,033	18,781	16,017	0	15,797	0	0	15,797
CHARITABLE GAMING	1	0	0	0	1	0	0	1
TRACK	1,425	1,677	2,826	0	276	0	0	276
BAND	152	3,011	1,846	(592)	725	0	0	725
CHOIR	0	1,622	2,214	592	0	0	0	0
DAF ATHLETICS	0	0	5,000	5,000	0	0	0	0
DAF BUILDING/GROUND	0	6,500	18,500	12,000	0	0	0	0
TOTAL	\$ 156,212	\$ 464,207	\$ 453,932	\$ 0	\$ 166,487	\$ 2,559	\$ 0	\$ 169,046

**PIKE COUNTY BOARD OF EDUCATION
EAST RIDGE HIGH SCHOOL
ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023**

Fund	Cash Balance July 1, 2022	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2023	Accounts Receivable	Accounts Payable	Due to Students June 30, 2023
GENERAL	\$ 2,373	\$ 8,012	\$ 2,333	\$ (2,211)	\$ 5,841	\$ 0	\$ 0	\$ 5,841
LIBRARY	44	0	0	0	44	0	0	44
AP EXAMS	62	650	660	0	52	0	0	52
SCHOLARSHIPS	26,370	30,508	26,500	0	30,378	0	0	30,378
PARKING	2,399	430	0	0	2,829	0	0	2,829
TEXTBOOKS	5,018	0	0	0	5,018	0	0	5,018
STUDENT ACTIVITY	39	0	0	0	39	0	0	39
SCOREBOARD	6,700	5,350	0	(5,457)	6,593	0	0	6,593
WARRIOR WEARHOUSE	2,584	14,430	13,887	4,507	7,634	0	0	7,634
STUDENTS INCENTIVES	75	0	0	0	75	0	0	75
LITTLE LEAGUE BASKETBALL	0	5,641	3,245	(2,004)	392	0	0	392
FMD	201	2,746	2,543	(41)	363	0	0	363
ARCHERY	256	5,282	5,959	421	0	0	0	0
ACADEMIC TEAM	311	210	250	0	271	0	0	271
AUDIO VISUAL	0	2,830	2,870	350	310	0	0	310
ATHLETICS	5,525	14,009	11,956	(3,324)	4,254	0	0	4,254
DISTRICT BB TOURNEY	0	13,280	10,429	(2,851)	0	0	0	0
STARTUP CHANGE	0	600	0	(600)	0	0	0	0
BOYS BASKETBALL	598	7,844	6,492	2,285	4,235	0	0	4,235
GIRLS BASKETBALL	0	2,920	5,196	2,285	9	0	0	9
PEEWEE FOOTBALL	239	0	0	0	239	0	0	239
FOOTBALL	3,395	10,629	14,807	936	153	0	0	153
ER MS FOOTBALL	769	15,141	15,545	0	365	0	0	365
SOFTBALL	518	5,834	10,414	4,064	2	0	0	2
BASEBALL	993	2,929	4,519	1,369	772	0	0	772
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, 2023**

Fund	Cash Balance July 1, 2022	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2023	Accounts Receivable	Accounts Payable	Due to Students June 30, 2023
ERMS BASEBALL BOOST CONC	586	0	0	0	586	0	0	586
VOLLEYBALL	4,525	2,976	5,622	60	1,939	0	0	1,939
DISTRIC VB TOUR	0	2,177	1,380	409	1,206	0	0	1,206
CROSS COUNTRY	232	2,279	1,265	(790)	456	0	0	456
TRACK BOYS/GIRLS	1,510	4,537	411	(816)	4,820	0	0	4,820
CULTURE CLUB	117	0	0	0	117	0	0	117
CHEERLEADERS	0	0	1,140	1,140	0	0	0	0
DANCE TEAM	367	3,849	3,971	0	245	0	0	245
SPANISH	67	97	96	0	68	0	0	68
SOPHOMORES	583	0	0	0	583	0	0	583
JROTC VENDING	6,878	9,447	5,263	0	11,062	0	0	11,062
TEACHERS LOUNGE CONC	265	756	746	0	275	0	0	275
STUDENT VENDING	5,503	18	0	0	5,521	0	0	5,521
DUAL CREDIT	54	1,490	70	(1,420)	54	0	0	54
BAND/CHOIR	0	11,776	11,806	30	0	0	0	0
CLASS OF 2025	256	0	0	(256)	0	0	0	0
JROTC DRILL TEAM	5,175	1,424	1,326	(1,694)	3,579	0	0	3,579
DRAMA	181	0	0	0	181	0	0	181
ANNUAL YEARBOOK	7,598	2,803	135	0	10,266	0	0	10,266
PICTURES	968	673	0	0	1,641	0	0	1,641
BETA CLUB	183	0	0	0	183	0	0	183
NATIONAL HONOR SOCIETY	225	890	922	84	277	0	0	277
NEWSPAPER	96	0	0	0	96	0	0	96
CHILDREN INC	3,516	2,939	2,026	(885)	3,544	0	0	3,544

**PIKE COUNTY BOARD OF EDUCATION
EAST RIDGE HIGH SCHOOL
ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023**

<u>Fund</u>	<u>Cash Balance July 1, 2022</u>	<u>Receipts</u>	<u>Disburse- ments</u>	<u>Transfers</u>	<u>Cash Balance June 30, 2023</u>	<u>Accounts Receivable</u>	<u>Accounts Payable</u>	<u>Due to Students June 30, 2023</u>
GUIDANCE COUNSELOR	307	0	242	0	65	0	0	65
GYM SIGN ADS	5	5,050	0	(5,055)	0	0	0	0
NANCY RATLIFF SHOL	2,300	0	800	0	1,500	0	0	1,500
PROM	109	10,400	6,902	0	3,607	0	0	3,607
HOMECOMING ACTIVITIES	2,483	0	302	0	2,181	0	0	2,181
STUDENT ENRICHMENT	735	1,700	2,250	0	185	0	0	185
HOSA	0	437	321	0	116	0	0	116
SENIOR TRIP	0	33,562	32,861	0	701	0	0	701
SENIORS	1,524	0	0	0	1,524	0	0	1,524
SIGNS	400	0	0	0	400	0	0	400
GIFTED AND TALENTED	173	0	0	0	173	0	0	173
SMILE CLUB	0	0	0	0	0	0	0	0
DOLLYWOOD	0	8,017	8,241	297	73	0	0	73
AWARDS BANQUET	0	200	0	0	200	0	0	200
FBLA	409	270	606	0	73	0	0	73
FLAG FOOTBALL	0	204	66	(138)	0	0	0	0
DAF INSTRUCTION	0	0	1,800	1,800	0	0	0	0
DAF BUILDING/GROUNDS/M&R	0	0	7,505	7,505	0	0	0	0
Total	<u>\$ 106,772</u>	<u>\$ 257,246</u>	<u>\$ 235,680</u>	<u>\$ 0</u>	<u>\$ 128,338</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 128,338</u>

**PIKE COUNTY BOARD OF EDUCATION
PHELPS HIGH SCHOOL
ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023**

Fund	Cash Balance July 1, 2022	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2023	Accounts Receivable	Accounts Payable	Due to Students June 30, 2023
MUALPHA THETA	\$ 35	\$ 0	\$ 0	\$ (35)	\$ 0	\$ 0	\$ 0	\$ 0
GS AWARDS/SCHOLARSHIP	690	310	1,000	0	0	0	0	0
START UP MONEY	0	650	650	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	435	0	0	0	435	0	0	435
SPANISH	43	0	0	0	43	0	0	43
STEM AWARDS/SCHOLARSHIP	897	500	500	0	897	0	0	897
TRACK	263	700	1,672	1,605	896	0	0	896
COUNTY SPONSORSHIP	0	5,506	1,170	(4,336)	0	0	0	0
COUNTY TSHIRTS	0	672	0	(672)	0	0	0	0
COUNTY CONCESSION	0	5,297	722	(4,575)	0	0	0	0
COUNTY GATE	0	6,854	2,347	(4,507)	0	0	0	0
DB AWARDS/SCHOLARSHIP	800	0	250	0	550	0	0	550
GENERAL FUND	5,557	7,903	23,276	16,373	6,557	644	0	7,201
SR CLASS	398	429	585	0	242	0	0	242
FRYCS DONATIONS	83	163	186	0	60	0	0	60
VOLLEYBALL	3,965	3,723	3,541	422	4,569	0	0	4,569
JH VOLLEYBALL	2,801	1,510	2,326	597	2,582	0	0	2,582
JKG	246	374	572	0	48	0	0	48
CHEER	86	1,220	1,050	0	256	0	0	256
WRESTLING	289	626	150	0	765	0	0	765

**PIKE COUNTY BOARD OF EDUCATION
PHELPS HIGH SCHOOL
ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023**

Fund	Cash Balance July 1, 2022	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2023	Accounts Receivable	Accounts Payable	Due to Students June 30, 2023
BOYS VARSITY BASKETBALL	7,410	10,403	12,366	1,623	7,070	0	0	7,070
BOYS VARSITY CONCESSION	0	4,055	0	(4,055)	0	0	0	0
GIRLS VARSITY BASKETBALL	13,585	13,828	20,670	1,436	8,179	0	0	8,179
CON GIRLS VASITY BBALL	0	2,629	209	(2,420)	0	0	0	0
FOOTBALL	4,658	9,854	8,192	676	6,996	0	0	6,996
BASEBALL	4,100	2,198	4,459	(649)	1,190	0	0	1,190
SOFTBALL	3,254	1,950	1,923	(101)	3,180	0	0	3,180
JH BASEBALL	740	3,377	4,954	1,002	165	0	0	165
CONCESSION JH BASEBALL	0	2,019	0	(2,019)	0	0	0	0
DANCE	61	0	0	(61)	0	0	0	0
JH BOYS BASKETBALL	176	4,826	8,010	10,565	7,557	0	0	7,557
JH FOOTBALL	1	0	0	0	1	0	0	1
JH GIRLS BASKETBALL	763	0	100	0	663	0	0	663
PHELPS ELEM LL BBALL	386	592	438	0	540	0	0	540
NATIONAL HONOR SOCIETY	340	813	1,153	0	0	0	0	0
JROTC	2,009	0	162	500	2,347	0	0	2,347
FBLA	39	70	70	0	39	0	0	39
VARSITY ACADEMIC TEAM	72	0	0	0	72	0	0	72
JR HIGH ACADEMIC TEAM	322	0	0	0	322	0	0	322
PROM	728	5,590	4,921	0	1,397	0	0	1,397
CHILDREN INC	238	19,071	18,914	0	395	0	0	395
SCHOOL STORE	2,240	16,004	12,190	(644)	5,410	0	0	5,410
PEPSI VENDING MACH	0	0	0	0	0	0	0	0
TEACHER VENDING (POP)	1,181	11,942	10,520	300	2,903	0	0	2,903
TEACHER VENDING/SNACK	300	0	0	(300)	0	0	0	0
VENDING STORE	0	3,061	1,115	(1,596)	350	0	0	350
STLP	0	120	115	0	5	0	0	5

**PIKE COUNTY BOARD OF EDUCATION
PHELPS HIGH SCHOOL
ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023**

Fund	Cash Balance July 1, 2022	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2023	Accounts Receivable	Accounts Payable	Due to Students June 30, 2023
BASEBALL CONCESSION	0	1,004	536	(467)	1	0	0	1
4-H CLUB	2	0	0	0	2	0	0	2
PARKING TAGS	120	0	0	0	120	0	0	120
FMD UNIT	66	450	530	15	1	0	0	1
BAND	3,920	7,108	7,094	0	3,934	0	894	3,040
GENERAL SPORTS FUND	119	1,068	862	3,190	3,515	0	0	3,515
JH ACTIVITIES	35	0	0	0	35	0	0	35
SPELLING TEAM	403	0	0	(403)	0	0	0	0
BETA CLUB	422	120	265	0	277	0	0	277
CON JH BOYS BASKETBALL	0	3,426	702	(2,724)	0	0	0	0
SOFTBALL CONCESSION	0	1,445	0	(1,445)	0	0	0	0
FOOTBALL CONCESSIONS	0	4,720	891	(3,829)	0	0	0	0
VOLLEYBALL CONCESSIONS	0	2,337	287	(2,050)	0	0	0	0
JH VOLLEYBALL CONCESSIONS	(1)	1,679	262	(1,416)	0	0	0	0
JR HIGH CHEER	13	0	0	0	13	0	0	13
TOTAL	\$ 64,727	\$ 172,196	\$ 161,907	\$ 0	\$ 75,016	\$ 644	\$ 894	\$ 74,766

**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, 2023**

Fund	Cash Balance July 1, 2022	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2023	Accounts Receivable	Accounts Payable	Due to Students June 30, 2023
GENERAL FUND	\$ 1,088	\$ 2,646	\$ 4,846	\$ 1,112	\$ 0	\$ 0	\$ 0	\$ 0
PARKING PERMITS	0	460	0	0	460	0	0	460
MEMORIAL	227	0	0	0	227	0	0	227
CONCESSION	5,049	23,357	14,168	(14,176)	62	0	0	62
AP CLASSES	947	0	0	0	947	0	0	947
HALL OF FAME	50	0	0	0	50	0	0	50
SCHOOL PICTURES	0	213	0	0	213	0	0	213
STAFF VENDING	1,012	2,558	3,227	0	343	0	0	343
ATHLETIC	3,715	35,549	44,762	5,853	355	0	0	355
START UP MONEY	0	1,000	1,000	0	0	0	0	0
BOYS VARISTY CHEER	1	0	1	0	0	0	0	0
VARSITY CHEERLEADING	2,851	32,847	33,166	0	2,532	0	0	2,532
VARSITY CHEERLEADING CONCESSION	0	1,498	0	0	1,498	0	0	1,498
BASEBALL	3,142	48,827	51,853	0	116	0	0	116
BASEBALL CONCESSION	5,520	4,734	1,803	(788)	7,663	0	0	7,663
BOYS BASKETBALL	0	11,841	10,428	0	1,413	0	0	1,413
BOYS BB CONCESSION	0	5,067	1,831	188	3,424	0	0	3,424
FOOTBALL	7,276	22,147	33,282	7,000	3,141	0	941	2,200
FOOTBALL CONCESSION	7,770	5,108	469	(7,000)	5,409	0	0	5,409
GIRLS BASKETBALL	0	10,769	12,381	1,612	0	0	0	0
GIRLS BB CONCESSION	304	4,594	1,507	(1,612)	1,779	0	0	1,779
SOFTBALL	7,811	25,946	39,585	5,828	0	746	0	746
SOFTBALL CONCESSION	5,112	2,823	0	(5,578)	2,357	0	0	2,357
VOLLEYBALL	0	15,289	8,520	(1,708)	5,061	0	0	5,061
VOLLEYBALL CONCESSION	3,345	2,615	934	0	5,026	0	0	5,026
60TH DISTRICT VOLLEYBALL	1	0	0	(1)	0	0	0	0
WRESTLING	50	525	403	0	172	0	0	172

**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, 2023**

Fund	Cash Balance July 1, 2022	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2023	Accounts Receivable	Accounts Payable	Due to Students June 30, 2023
BOYS TRACK	316	1,199	4,024	2,509	0	0	0	0
GIRLS TRACK	0	375	372	0	3	0	0	3
GOLF (GIRLS)	1,837	0	1,636	0	201	0	0	201
GOLF (BOYS)	920	9,260	7,595	600	3,185	0	468	2,717
BASS FISHING	424	0	0	0	424	0	0	424
TENNIS	573	0	0	(573)	0	0	0	0
SOCCER	3,937	7,900	8,056	(1,346)	2,435	0	0	2,435
SOCCER CONCESSION	0	709	0	0	709	0	0	709
15TH REGIONAL BASKETBALL	0	30,050	30,050	0	0	0	0	0
ARCHERY	200	9,224	7,230	0	2,194	0	0	2,194
ARCHERY CONCESSION	0	1,199	0	0	1,199	0	0	1,199
SENIOR TRIP	0	26,820	27,416	596	0	0	0	0
ACADEMIC	1,082	0	725	0	357	0	0	357
INTERACT	0	1,335	804	0	531	0	0	531
FBLA	545	0	140	0	405	0	0	405
CULINARY SKILLS	53	0	0	(53)	0	0	0	0
FCCLA	309	0	0	(309)	0	0	0	0
PEP CLUB	469	0	0	0	469	0	0	469
PROJECT PROM	494	8,400	8,235	(1)	658	0	0	658
STUDENT ACTIVITIES	1,275	8,388	8,268	(1,395)	0	0	0	0
SCIENCE CLUB	246	0	0	0	246	0	0	246
STUDENT COUNCIL	458	35	0	0	493	0	0	493
SPANISH CLUB	235	0	0	0	235	0	0	235
BETA CLUB	0	9,690	8,751	0	939	0	0	939
FCA	167	0	0	0	167	0	0	167
FEA	533	0	0	0	533	0	0	533
NHS	3,489	2,490	2,849	0	3,130	0	0	3,130
ART	667	140	0	0	807	0	0	807

**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, 2023**

Fund	Cash Balance July 1, 2022	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2023	Accounts Receivable	Accounts Payable	Due to Students June 30, 2023
CLASS OF 2022	793	0	0	0	793	0	0	793
CLASS OF 2023	0	4,975	4,536	250	689	0	0	689
PROM	1,468	9,410	10,190	200	888	0	0	888
BAND	12,587	52,966	60,666	(2,770)	2,117	660	577	2,200
BAND TRIP	0	18,004	20,774	2,770	0	0	0	0
CHORUS	989	8,134	7,735	0	1,388	0	0	1,388
DANCE TEAM	931	0	0	(931)	0	0	0	0
COLOR GUARD	237	0	0	0	237	0	0	237
JR. ROTC	330	131	445	1	17	0	0	17
HOSA	2,507	2,269	2,382	0	2,394	0	0	2,394
MEDICAID NURSE	174	808	888	1	95	0	0	95
JOURNALISM	83	3,354	0	(1,499)	1,938	0	0	1,938
YEARBOOK	2,266	605	7,425	4,554	0	0	0	0
THEATRE	0	51	0	0	51	0	0	51
HVPA	49	0	0	0	49	0	0	49
EXPLORER'S	659	2,319	2,120	598	1,456	0	0	1,456
HISTORY CLUB	710	0	0	(710)	0	0	0	0
KEY CLUB	554	0	0	0	554	0	0	554
NATIONAL HISTORY DAY	567	0	0	0	567	0	0	567
CHILDREN INC	1,712	8,070	7,091	(1,298)	1,393	0	0	1,393
DAF ATHLETICS	0	0	0	0	0	0	325	(325)
DAF PRINCIPAL	0	0	1,100	1,100	0	0	0	0
DAF BUILDING/GROUND	0	0	6,976	6,976	0	0	0	0
Total	\$ 100,116	\$ 488,723	\$ 512,645	\$ 0	\$ 76,194	\$ 1,406	\$ 2,311	\$ 75,289

**PIKE COUNTY BOARD OF EDUCATION
SHELBY VALLEY HIGH SCHOOL
ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023**

Fund	Cash Balance July 1, 2022	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2023	Accounts Receivable	Accounts Payable	Due to Students June 30, 2023
DAF ATHLETICS	\$ 0	\$ 0	\$ 3,000	\$ 3,000	\$ 0	\$ 0	\$ 0	\$ 0
ESPORTS	406	599	0	264	1,269	0	0	1,269
TECHNOLOGY STUDENTS	0	600	245	0	355	0	0	355
ARCHERY	0	19,262	11,967	(238)	7,057	0	0	7,057
ACADEMIC TEAM	108	4,438	4,944	397	(1)	0	0	(1)
ALUMNI ASSOCIATION	21,782	0	0	0	21,782	0	0	21,782
BAND BOOSTERS	7,720	11,625	16,330	(200)	2,815	0	0	2,815
ATHLETICS	3,776	39,947	21,725	(21,357)	641	0	0	641
BASEBALL	0	0	4,334	4,334	0	0	0	0
BASEBALL BOOSTERS	3,582	12,046	10,060	0	5,568	0	0	5,568
BASKETBALL-BOYS	0	0	1,489	1,489	0	0	0	0
BASKETBALL GIRLS	0	0	1,205	1,205	0	0	0	0
GIRLS B BALL BOOSTERS	2,681	6,107	4,014	0	4,774	0	0	4,774
BETA CLUB	164	934	931	0	167	0	0	167
CTE ENTERPRISES	0	0	0	2,015	2,015	0	0	2,015
CHEERLEADING	2,259	28,419	15,820	231	15,089	0	0	15,089
CHOIR	1,833	2,549	2,712	0	1,670	0	0	1,670
CATS	653	4,586	8,743	3,504	0	0	0	0
BAND/CHOIR	1,267	66,948	68,118	0	97	0	0	97
CHILDREN INC	563	7,136	6,510	0	1,189	0	0	1,189

**PIKE COUNTY BOARD OF EDUCATION
SHELBY VALLEY HIGH SCHOOL
ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023**

Fund	Cash Balance July 1, 2022	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2023	Accounts Receivable	Accounts Payable	Due to Students June 30, 2023
VENDING CONCESSIONS	15,951	66,010	33,413	(33,336)	15,212	0	0	15,212
CROSS COUNTRY	0	0	1,318	1,318	0	0	0	0
CULINARY SKILLS	0	0	1,009	1,500	491	0	0	491
DANCE TEAM	2,107	16,657	8,414	0	10,350	0	0	10,350
YOUTH SERVICE CENTER	0	2,500	2,403	0	97	0	0	97
FBLA	2,689	410	1,330	0	1,769	0	0	1,769
FCCLA	0	2,802	2,843	201	160	0	0	160
FCA	452	1,907	1,476	0	883	0	0	883
FOOTBALL	0	0	12,818	12,818	0	0	0	0
FRESHMAN CLASS	3,937	468	341	(3,937)	127	0	0	127
LIBRARY	276	818	689	0	405	0	0	405
LOCKER RENTAL	25	75	0	(100)	0	0	0	0
GENERAL	1,239	14,075	20,647	5,873	540	0	0	540
GOLF	0	540	1,647	1,107	0	0	0	0
JROTC	499	5,799	5,962	131	467	0	0	467
JV CHEERLEADING	0	3,964	3,265	0	699	0	0	699
YEARBOOK	3,929	5,004	2,180	0	6,753	0	0	6,753
TECHNOLOGY FEE	3,985	1,972	0	0	5,957	0	0	5,957
TEACHERS LOUNGE	1,076	1,658	2,393	0	341	0	0	341
JUNIOR CLASS	4,453	4,522	2,835	(3,352)	2,788	0	0	2,788
JAG	650	0	67	0	583	0	0	583

**PIKE COUNTY BOARD OF EDUCATION
SHELBY VALLEY HIGH SCHOOL
ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023**

Fund	Cash Balance July 1, 2022	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2023	Accounts Receivable	Accounts Payable	Due to Students June 30, 2023
NATIONAL HONOR SOCIETY	991	5,432	5,798	0	625	0	0	625
PARKING PERMITS	115	1,050	135	(1,030)	0	0	0	0
PICTURE ORDERS	1,278	175	0	(1,278)	175	0	0	175
PROM	2,916	12,983	16,308	980	571	0	0	571
PROJECT PROM	0	1,200	765	0	435	0	0	435
SCIENCE FAIR	202	0	0	0	202	0	0	202
SENIOR CLASS	7	116,671	124,377	7,699	0	0	0	0
SOCCER BOYS	300	850	328	0	822	0	0	822
SOCCER GIRLS	0	250	875	875	250	0	0	250
SOFTBALL	0	0	2,880	2,880	0	0	0	0
SOPHOMORE CLASS	1,644	4,087	2,231	2,293	5,793	0	0	5,793
SOFTBALL BOOSTERS	1,966	2,675	904	0	3,737	0	0	3,737
SEASON STARTUP	0	2,500	2,500	0	0	0	0	0
TENNIS	0	820	1,813	993	0	0	0	0
INSTRUCTION FEE	5,843	3,040	0	(6,000)	2,883	0	0	2,883
TRACK	0	300	1,972	1,672	0	0	0	0
WILDCAT DEN	901	40	1,353	412	0	0	0	0
VOLLEYBALL	0	0	5,174	5,174	0	0	0	0
VOLLEYBALL BOOSTER	6,661	5,558	8,049	0	4,170	0	0	4,170
TOTAL	\$ 110,886	\$ 492,008	\$ 471,122	\$ 0	\$ 131,772	\$ 0	\$ 0	\$ 131,772

**PIKE COUNTY BOARD OF EDUCATION
BOARD MEMBERS AND OTHER OFFICERS OF THE BOARD
JUNE 30, 2023**

<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, & Associates, PSC

CERTIFIED PUBLIC ACCOUNTANTS

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

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

Phone: 606-432-8833
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, 2023, 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, 2023.

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, 2023

Wallen, Puckett, & Associates, PSC

CERTIFIED PUBLIC ACCOUNTANTS

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

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

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Fax: 606-432-8466

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, 2023. 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, 2023.

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, 2023

FEDERAL FINANCIAL ASSISTANCE

**PIKE COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

<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>U.S. DEPARTMENT OF EDUCATION</u>			
Passed Through State Department of Education:			
Title I Part A Cluster			
Title I Grants to Local Educational Agencies	84.010	3100002	\$ 1,525,666
Title I Grants to Local Educational Agencies - Parent Involvement	84.010	3100002	45,901
Title I Grants to Local Educational Agencies	84.010	3100002	2,944,776
Title I Grants to Local Educational Agencies - Parent Involvement	84.010	3100002	39,493
Total Title I Part A Cluster			<u>\$ 4,555,836</u>
Special Education Cluster			
Special Education-Grants to States (IDEA, Part B)	84.027	3810002	\$ 900,237
Special Education-Grants to States (IDEA, Part B) - Private	84.027A	3810002	10,016
Special Education-Grants to States (IDEA, Part B)	84.027	3810002	1,108,326
Special Education-Grants to States (IDEA, Part B) - Private	84.027A	3810002	12,115
Special Education-Grants to States (IDEA, Part B) - ARP IDEA-B	84.027X	3810002	251
Special Education-Grants to States (IDEA, Part B) - Preschool	84.173	3800002	20,773
	84.173	3800002	51,399
Total Special Education Cluster			<u>\$ 2,103,117</u>
Career and Technical Education-Basic Grants to States (Perkins V)			
Vocational Education Basic	84.048	3710002	\$ 7,288
Vocational Education Basic	84.048	3710002	21,261
Vocational Education Basic	84.048	3710002	6,434
Vocational Education Basic	84.048	3710002	51,902
			<u>\$ 86,885</u>
Title IV-Rural/Low Income	84.358B	3140002	\$ 26,774
Title IV-Rural/Low Income	84.358B	3140002	146,868
			<u>\$ 173,642</u>
Striving Readers Comp Literacy	84.371C	3220002	\$ 162,349
Striving Readers Comp Literacy	84.371C	3220002	113,203
			<u>\$ 275,552</u>
Title IV-Part A	84.424A	3420002	\$ 57,955
Title IV-Part A	84.424A	3420002	178,636
			<u>\$ 236,591</u>

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, 2023**

<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>			
<u>Race to the Top - District</u>			
ESSER III Funds	84.425D	3420002	\$ 2,307,657
ESSER III Funds	84.425D	3420002	824,813
ESSER III-KY VIRTUAL LIBRARY	84.425U	N/A	9,133
ESSER III-DIGITAL LEARNING COACH	84.425U	NA	9,881
ESSER III-PREDICTOR IMPLEMENT PRJ-ARP	84.425U	N/A	53,561
COVID-19 - ARP HOMELESS	84.425W	N/A	95,189
COVID-19 - ARP HOMELESS	84.425W	N/A	53,319
ESSER II - Direct 85%	84.425D	N/A	720,985
ESSER II - Direct 85%	84.425D	N/A	5,228,107
ESSER II - Direct 85%	84.425D	N/A	542,098
Deeper Learning Initiative	84.425O	N/A	22,718
			<u>\$ 9,867,461</u>
 <u>Passed Through Berea College</u>			
Gaining Early Awareness and Readiness for Undergraduate Programs (GE	84.334A	N/A	\$ 166,152
Gaining Early Awareness and Readiness for Undergraduate Programs (GE	84.334A	N/A	1,186,920
Total pass-through Berea College			<u>\$ 1,353,072</u>
 <u>Passed Through Department of Juvenile Justice</u>			
Title I State Agency Program for Neglected and Delinquent Children	84.013	N/A	\$ 15,895
Total pass-through Department of Juvenile Justice			<u>\$ 15,895</u>
Total US Department of Education			<u>\$ 18,668,051</u>
 <u>US DEPARTMENT OF DEFENSE</u>			
MJROTC	12.000	N/A	\$ 25,638
MJROTC	12.000	N/A	170,188
Total MJROTC			<u>\$ 195,826</u>
Total U. S. Department of Defense			<u>\$ 195,826</u>
 <u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
<u>Passed Through Big Sandy Community Action Program</u>			
Head Start Covid Funding Cleaning	93.600	04CH0712	\$ 22,543
Head Start	93.600	04CH0712	771,338
Head Start	93.600	04CH0712	2,266,956
Total Head Start			<u>\$ 3,060,837</u>
Promoting Adolescent Health	93.079	2100001	598
Total U. S. Department of Health and Human Services			<u>\$ 3,061,435</u>

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, 2023**

<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>			
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Child Nutrition Clusters			
<u>Passed Through State Department of Agriculture</u>			
Food Donation	10.555	N/A	\$ 374,435
<u>Passed Through State Department of Education</u>			
School Breakfast Program	10.553	7760005	2,148,035
National School Lunch Program	10.555	7750002	3,904,265
National School Lunch Program	10.555	9980000	269,779
State Administrative Expenses for Child Nutrition	10.560	7700001	9,496
Total Summer Food Service Program For Children			<u>\$ 0</u>
Total Child Nutrition Clusters			<u>\$ 6,706,010</u>
Total U.S. Department of Agriculture			<u>\$ 6,706,010</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u><u>\$ 28,631,322</u></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, 2023**

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, 2023. 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 \$374,435.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**PIKE COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023**

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 were 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 was 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 Agriculture – Child Nutrition Cluster	
School Breakfast Program	10.553
National School Lunch Program	10.555
Special Milk Program for Children	10.556
Summer Food Service Program for Children	10.559
State Administrative Expenses for Child Nutrition	10.560

8. The threshold for distinguishing Types A and B programs was \$858,938.
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, 2023**

There were no findings in the prior year.

MANAGEMENT LETTER AND MANAGEMENT POINTS

Wallen, Puckett, & Associates, PSC

CERTIFIED PUBLIC ACCOUNTANTS

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

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

Phone: 606-432-8833
Fax: 606-432-8466

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, 2023, 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, 202+

**PIKE COUNTY BOARD OF EDUCATION
MANAGEMENT LETTER POINTS
FOR THE YEAR ENDED JUNE 30, 2023**

ELKHORN CITY ELEMENTARY
2023-01

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

This was not a repeat finding.

Management Response:

The CFO has instructed all personnel of the importance of retaining all invoices.

ELKHORN CITY ELEMENTARY
2023-02

Eleven 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.

FEDS CREEK ELEMENTARY
2023-03

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

This was not a repeat finding.

Management Response:

The CFO has instructed all personnel of the importance of retaining all invoices.

FEDS CREEK ELEMENTARY
2023-04

Ten 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.

**PIKE COUNTY BOARD OF EDUCATION
MANAGEMENT LETTER POINTS
FOR THE YEAR ENDED JUNE 30, 2023**

FEDS CREEK ELEMENTARY
2023-05

Two instances of expenditures tested resulted in purchase orders that were not approved by the principal. 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.

FEDS CREEK ELEMENTARY
2023-06

Two instances of ticket sales summaries tested resulted in summaries that were not properly completed. The Redbook requires ticket sales summaries to be properly completed and signed.

This was not a repeat finding.

Management Response:

The CFO has instructed all personnel of the importance of properly completing and signing all ticket sales summaries.

KIMPER ELEMENTARY
2023-07

One instance 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 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
2023-08

One instance of expenditures tested resulted in a missing approval date on the purchase order. The Redbook requires purchase orders to 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.

**PIKE COUNTY BOARD OF EDUCATION
MANAGEMENT LETTER POINTS
FOR THE YEAR ENDED JUNE 30, 2023**

MULLINS ELEMENTARY
2023-09

One of the twenty-five expenditures tested resulted in a purchase order 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 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
2023-10

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.

**PIKE COUNTY BOARD OF EDUCATION
MANAGEMENT LETTER POINTS-PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023**

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.

Management Response:

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

The deficiency was not corrected. Repeat findings for 2023 were noted.

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.

Management Response:

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

The deficiency was not corrected. Repeat findings for 2023 were noted.

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.

Management Response:

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

The deficiency was not corrected. Repeat findings for 2023 were noted.

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.

Management Response:

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

The deficiency was corrected and no repeat findings for 2023 were noted.

**PIKE COUNTY BOARD OF EDUCATION
MANAGEMENT LETTER POINTS-PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023**

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.

Management Response:

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

The deficiency was corrected and no repeat findings for 2023 were noted.

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.

Management Response:

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

The deficiency was corrected and no repeat findings for 2023 were noted.

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.

Management Response:

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

The deficiency was corrected and no repeat findings for 2023 were noted.

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.

Management Response:

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

The deficiency was corrected and no repeat findings for 2023 were noted.

**PIKE COUNTY BOARD OF EDUCATION
MANAGEMENT LETTER POINTS-PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023**

MULLINS ELEMENTARY
2022-09

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

Management Response:

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

The deficiency was corrected and no repeat findings for 2023 were noted.