

PIKE COUNTY BOARD OF EDUCATION
PIKEVILLE, KENTUCKY

FINANCIAL STATEMENTS
SUPPLEMENTAL INFORMATION AND
INDEPENDENT AUDITORS REPORT

YEAR ENDED JUNE 30, 2019

Wallen, Puckett, & Anderson, PSC

CERTIFIED PUBLIC ACCOUNTANTS
POST OFFICE BOX 1349
PIKEVILLE, KENTUCKY 41502

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Pike County Board Of Education, as of and for the year ended June 30, 2019, 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.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Pike County Board Of Education, as of June 30, 2019, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4–8 and 51–53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Pike County Board of Education's basic financial statements. The combining and individual nonmajor fund financial statements, fiduciary funds financial statements, the statement of receipts, disbursements, and due to student groups are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, fiduciary funds financial statements, the statement of receipts, disbursements, and due to student groups and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the fiduciary funds financial statements, the statement of receipts, disbursements, and due to student groups 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, 2019, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the 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, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

**PIKE COUNTY SCHOOL SYSTEM – PIKEVILLE, KENTUCKY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2019**

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, 2019. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

FINANCIAL HIGHLIGHTS

- The beginning cash and investment balance from all funds for the District was \$15,200,685, of which \$4,886,836 was in the Reserved for Construction Fund.
- The General Fund (Fund 1) had \$83,290,035.20 in revenue, which consisted of a beginning balance of \$3,302,934.84, the state program (SEEK) funding, property, unmined minerals, utilities, and motor vehicle taxes. There was a carry-forward on the balance sheet of \$200,000 for Sick leave and \$200,000 reserve for worker's compensation that are not reflected in the overall revenues. There were \$77,891,744.88 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 \$19,291,272.01. In FY18, the year-end Unreserved Fund 1 Balance was \$2,661,159.74. For FY19, the year-end Unreserved Fund 1 Balance is \$4,072,732.50, an increase of \$1,411,572.76. The increase is attributed to a 13% increase in tax collection participation (number of tax tickets actually paid of overall number issued), the payment of School Food Service indirect cost and major district initiatives to decrease overall expenditures.
- 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 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 a 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, 2018, the district's total principal debt decreased by \$7,404,901.17 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. The school district initiated one bond sale in FY19 for \$1,940,000 for a new HVAC system at Phelps High and a new Chiller at Pike Central High School.
- The School Food Service Fund (Fund 51) was used to receipt and expend funds associated with the school feeding programs. Both revenues and expenditures include state on-behalf payments of \$937,846.84. On June 30, 2019, the Food Service program had Restricted Net-Assets of (\$2,542,077), which includes pension liabilities of (\$4,726,754) and an operating balance of \$2,184,677. This a decrease of \$993,674 over the prior year Restricted-Net Position. The decrease was due to the purchase of new equipment, and changes in pension liabilities. Note: For the 18-19 school year, the Board continued the Community Eligibility Option (CEO) program. This program requires free breakfast and lunch for all students, regardless of income.

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 10-19 of this report.

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20-50 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 \$535,476 as of June 30, 2019.

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.

Net Position for the period ending June 30, 2019

The current year's financial statements as a result of implementing GASB 34 reflect the following.

| | <u>June 30, 2019</u> | <u>June 30, 2018</u> |
|---|-----------------------|-----------------------|
| Current Assets | \$ 19,222,273 | \$ 19,480,286 |
| Noncurrent Assets | <u>184,692,236</u> | <u>185,548,513</u> |
| Total Assets | <u>\$ 203,914,509</u> | <u>\$ 205,028,799</u> |
| Deferred Outflows of Resources | <u>\$ 8,431,554</u> | <u>\$ 11,421,733</u> |
| Current Liabilities | \$ 16,182,366 | \$ 14,557,712 |
| Noncurrent Liabilities | <u>187,521,323</u> | <u>195,929,806</u> |
| Total Liabilities | <u>\$ 203,703,689</u> | <u>\$ 210,487,518</u> |
| Deferred Inflows of Resources | <u>\$ 8,106,898</u> | <u>\$ 5,346,014</u> |
| Net Position | | |
| Invested in Capital Assets, Net of Related Debt | \$ 58,740,939 | \$ 54,434,021 |
| Restricted | 2,042,555 | 5,621,848 |
| Unassigned | <u>(60,248,018)</u> | <u>(59,438,869)</u> |
| Total Net Position | <u>\$ 535,476</u> | <u>\$ 617,000</u> |

Comments on Budget Comparisons

- The District's total revenues for the fiscal year ended June 30, 2019, including beginning balances and on-behalf payments for all funds, except construction and debt service, were \$112,947,126.
- 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, was \$2,926,749.86 **more** than budgeted or approximately 4.8 percentage points. The majority of this increase was due to the unexpected and unbudgeted increase in the payment of tax tickets.
- 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 \$721,540.46 **less** than budgeted, or approximately 1.2%. 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.

The following table presents a summary of revenue and expense, for all funds except Construction and Debt Service, for the fiscal year ended June 30, 2019 and 2018.

| | June 30, 2019 | June 30, 2018 |
|-------------------------------------|--------------------------|--------------------------|
| Revenues | | |
| Beginning Balance | \$ 2,163,201.00 | \$ 356,423.00 |
| Local revenue sources | 21,935,451.00 | 20,837,612.00 |
| State revenue sources | 61,308,689.00 | 64,064,319.00 |
| Federal Revenue | 15,845,340.00 | 13,818,500.00 |
| Other Sources | 1,286,351.00 | 1,405,090.00 |
| Total Revenues | \$ 102,539,032.00 | \$ 100,481,944.00 |
| Expenses | | |
| Instruction | \$ 53,086,027.00 | \$ 52,527,560.00 |
| Student Support Services | 4,885,163.00 | 4,401,057.00 |
| Instructional Support | 4,784,300.00 | 4,957,698.00 |
| District Administration | 2,472,526.00 | 2,654,695.00 |
| School Administration | 5,248,420.00 | 4,976,162.00 |
| Business Support | 1,441,086.00 | 1,412,464.00 |
| Plant Operations | 11,355,049.00 | 11,270,717.00 |
| Student Transportation | 5,534,280.00 | 5,462,905.00 |
| Food Service Operations | 7,674,331.00 | 6,694,836.00 |
| Community Support | 1,854,997.00 | 1,763,136.00 |
| Construction/Land | 173,314.00 | 168,120.00 |
| Debt Service | 177,124.00 | 175,846.00 |
| Other/Fund Transfers | 634,929.00 | 811,305.00 |
| Total Expenses | \$ 99,321,546.00 | \$ 97,276,501.00 |
| Revenue in Excess of Expense | \$ 3,217,486.00 | \$ 3,205,443.00 |

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 \$1,350,000 in contingency, which was slightly above the required amount.

FY20 CONCERNS

In FY20, the biggest concern of the district will be the instability of the collection of tax related revenues, which are impacted by the economy and the continual decline of the coal and natural gas industries in the area. The number of businesses closing and/or filing bankruptcy has a negative effect on both General Property Taxes and Unmined Mineral Taxes, as well as the loss of students due to families leaving the area to look for employment. Additionally, due to the increase in taxpayer burden, the Board did not pass the Compensating Tax Rate for 19-20, which reduces the district's potential tax revenue. In addition, the district faces the continual underfunding of the state SEEK program and full-day Kindergarten, the continual loss of students and fluctuating fuel and energy costs. Other major concerns for the 2019-2020

budget include the continual increase in CERS rates for classified staff (12% per year), the KSBIT assessment on prior Worker's Comp coverage, an aging bus fleet, aging facilities and overcrowding at a major school. Lastly, the political environment during a Governor Election year leaves the District concerned for the future funding of education in Kentucky.

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, 2019

| | Governmental Activities | Business-Type Activities | Total |
|---|------------------------------|------------------------------|------------------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash & Cash Equivalents | \$ 9,325,822 | \$ 2,053,489 | \$ 11,379,311 |
| Accounts Receivable | 4,828,624 | 21,186 | 4,849,810 |
| Inventory | 0 | 136,684 | 136,684 |
| Due From Other Funds | 2,856,468 | 0 | 2,856,468 |
| Total Current Assets | <u>\$ 17,010,914</u> | <u>\$ 2,211,359</u> | <u>\$ 19,222,273</u> |
| Non – Current Assets | | | |
| Capital Assets, Net | \$ 161,857,249 | \$ 214,593 | \$ 162,071,842 |
| Construction in Progress | 22,620,394 | 0 | 22,620,394 |
| Total Non – Current Assets | <u>\$ 184,477,643</u> | <u>\$ 214,593</u> | <u>\$ 184,692,236</u> |
| TOTAL ASSETS | <u>\$ 201,488,557</u> | <u>\$ 2,425,952</u> | <u>\$ 203,914,509</u> |
| DEFERRED OUTFLOW OF RESOURCES | | | |
| Deferred Outflow from Pensions | \$ 5,472,340 | \$ 666,308 | \$ 6,138,648 |
| Deferred Outflow from OPEB | 2,073,580 | 219,326 | 2,292,906 |
| Total Deferred Outflows of Resources | <u>\$ 7,545,920</u> | <u>\$ 885,634</u> | <u>\$ 8,431,554</u> |
| LIABILITIES | | | |
| Accounts Payable | \$ 854,367 | \$ 26,682 | \$ 881,049 |
| Summer Payrolls | 4,038,848 | 0 | 4,038,848 |
| Interest Payable | 614,472 | 0 | 614,472 |
| Due to Other Funds | 2,856,468 | 0 | 2,856,468 |
| Other Liabilities | 26,560 | 0 | 26,560 |
| Long-term Liabilities | | | |
| Capital Leases due within 1 year | 153,195 | 0 | 153,195 |
| KSBIT payable due within 1 year | 71,774 | 0 | 71,774 |
| Sick Leave due within 1 year | 350,000 | 0 | 350,000 |
| Bond Payments due within 1 year | 7,190,000 | 0 | 7,190,000 |
| Bond Payments due in more than 1 year | 117,840,000 | 0 | 117,840,000 |
| KSBIT due in more than 1 year | 71,774 | 0 | 71,774 |
| Capital Leases due in more than 1 year | 768,102 | 0 | 768,102 |
| Sick Leave payable in more than 1 year | 4,335,858 | 0 | 4,335,858 |
| Pension Liabilities | 30,944,433 | 3,767,198 | 34,711,631 |
| OPEB Liabilities | 28,695,764 | 1,098,194 | 29,793,958 |
| Total Liabilities | <u>\$ 198,811,615</u> | <u>\$ 4,892,074</u> | <u>\$ 203,703,689</u> |
| Deferred Inflows of Resources | | | |
| Deferred Inflows From Pensions | \$ 2,542,580 | \$ 527,374 | \$ 3,069,954 |
| Deferred Inflows From OPEB | 4,240,016 | 219,622 | 4,459,638 |
| Unearned Revenue | 577,306 | 0 | 577,306 |
| Total Deferred Inflows of Resources | <u>\$ 7,359,902</u> | <u>\$ 746,996</u> | <u>\$ 8,106,898</u> |
| NET POSITION | | | |
| Invested in Capital Assets, Net of Related Debt | \$ 58,526,346 | \$ 214,593 | \$ 58,740,939 |
| Restricted | | | |
| Food Service | 0 | (2,542,077) | (2,542,077) |
| Other | 146,679 | 0 | 146,679 |
| Future Construction | 1,478,967 | 0 | 1,478,967 |
| Debt Service | 1,633,428 | 0 | 1,633,428 |
| Committed | | | |
| Site Based Carryover | 109,445 | 0 | 109,445 |
| Sick-leave | 350,000 | 0 | 350,000 |
| Worker's Compensation | 750,000 | 0 | 750,000 |
| Assigned | | | |
| Purchase Obligations | 116,113 | 0 | 116,113 |
| Unassigned | (60,248,018) | 0 | (60,248,018) |
| NET POSITION | <u>\$ 2,862,960</u> | <u>\$ (2,327,484)</u> | <u>\$ 535,476</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, 2019

| 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 | \$ 59,348,333 | \$ 14,255 | \$ 7,984,764 | \$ 0 | \$ (51,349,314) | \$ 0 | \$ (51,349,314) |
| Support Services | | | | | | | |
| Student | 4,885,163 | 0 | 183,876 | 0 | (4,701,287) | 0 | (4,701,287) |
| Instruction Staff | 7,310,095 | 0 | 1,545,899 | 0 | (5,764,196) | 0 | (5,764,196) |
| District Administrative | 2,472,526 | 0 | 0 | 0 | (2,472,526) | 0 | (2,472,526) |
| School Administrative | 5,248,420 | 0 | 0 | 0 | (5,248,420) | 0 | (5,248,420) |
| Business | 1,441,086 | 0 | 196,192 | 0 | (1,244,894) | 0 | (1,244,894) |
| Plant Operation and Maint. | 11,030,098 | 0 | 41,015 | 0 | (10,989,083) | 0 | (10,989,083) |
| Student Transportation | 5,534,280 | 0 | 96,680 | 0 | (5,437,600) | 0 | (5,437,600) |
| Central Office | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Community Service Activities | 1,854,997 | 0 | 1,638,879 | 0 | (216,118) | 0 | (216,118) |
| Facilities Acquisition and Construction | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest on Long Term Debt | 4,167,898 | 0 | 0 | 0 | (4,167,898) | 0 | (4,167,898) |
| Bond Issuance Cost | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Bond Discounts (Premiums) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Government Activities | \$ 103,292,896 | \$ 14,255 | \$ 11,687,305 | \$ 0 | \$ (91,591,336) | \$ 0 | \$ (91,591,336) |
| Business Type Activities: | | | | | | | |
| Food Service | \$ 7,674,331 | \$ 406,663 | \$ 6,604,907 | \$ 0 | 0 | (662,761) | (662,761) |
| Total Business Type Activities | \$ 7,674,331 | \$ 406,663 | \$ 6,604,907 | \$ 0 | \$ 0 | \$ (662,761) | \$ (662,761) |
| Total Primary Government | \$ 110,967,227 | \$ 420,918 | \$ 18,292,212 | \$ 0 | \$ (91,591,336) | \$ (662,761) | \$ (92,254,097) |
| General Revenues | | | | | | | |
| Taxes | | | | | \$ 22,154,571 | \$ 0 | \$ 22,154,571 |
| Investment Earnings | | | | | 251,539 | 66,871 | 318,410 |
| State and Formula Grants | | | | | 68,085,280 | 0 | 68,085,280 |
| Gains on Sales of Fixed Assets | | | | | 40,458 | 0 | 40,458 |
| Other Local | | | | | 1,573,854 | 0 | 1,573,854 |
| Operating Transfer | | | | | 455,328 | (455,328) | 0 |
| SFCC Principal Payment | | | | | 0 | 0 | 0 |
| Total | | | | | \$ 92,561,030 | \$ (388,457) | \$ 92,172,573 |
| Change in Net Position | | | | | 969,694 | (1,051,218) | (81,524) |
| Net Position – Beginning | | | | | 1,893,266 | (1,276,266) | 617,000 |
| Prior Period Adjustment | | | | | 0 | 0 | 0 |
| Net Position - Ending | | | | | \$ 2,862,960 | \$ (2,327,484) | \$ 535,476 |

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

PIKE COUNTY BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2019

| | General Fund | Special Revenue | Construction Fund | Debt Service Fund | Non-Major Governmental Funds | Total Governmental Fund |
|--------------------------------------|---------------------|---------------------|---------------------|---------------------|------------------------------|-------------------------|
| ASSETS AND RESOURCES | | | | | | |
| Cash and Cash Equivalents | \$ 5,923,808 | \$ 0 | \$ 1,610,777 | \$ 1,633,428 | \$ 157,809 | \$ 9,325,822 |
| Investments | 0 | 0 | 0 | 0 | 0 | 0 |
| Accounts Receivable | 1,131,715 | 3,696,909 | 0 | 0 | 0 | 4,828,624 |
| Due From Other Funds | 2,856,468 | 0 | 0 | 0 | 0 | 2,856,468 |
| Total Assets and Resources | <u>\$ 9,911,991</u> | <u>\$ 3,696,909</u> | <u>\$ 1,610,777</u> | <u>\$ 1,633,428</u> | <u>\$ 157,809</u> | <u>\$ 17,010,914</u> |
| LIABILITIES AND FUND BALANCE | | | | | | |
| Liabilities | | | | | | |
| Accounts Payable | \$ 448,292 | \$ 263,135 | \$ 131,810 | \$ 0 | \$ 11,130 | \$ 854,367 |
| Summer Payrolls | 4,038,848 | 0 | 0 | 0 | 0 | 4,038,848 |
| Due to Other Funds | 0 | 2,856,468 | 0 | 0 | 0 | 2,856,468 |
| Other Liabilities | 26,560 | 0 | 0 | 0 | 0 | 26,560 |
| Total Liabilities | <u>\$ 4,513,700</u> | <u>\$ 3,119,603</u> | <u>\$ 131,810</u> | <u>\$ 0</u> | <u>\$ 11,130</u> | <u>\$ 7,776,243</u> |
| Deferred Inflows of Resources | | | | | | |
| Deferred Revenue | \$ 0 | \$ 577,306 | \$ 0 | \$ 0 | \$ 0 | 577,306 |
| Total Deferred Inflows of Resources | <u>\$ 0</u> | <u>\$ 577,306</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 577,306</u> |
| Fund Balance | | | | | | |
| Restricted: | | | | | | |
| Other | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 146,679 | \$ 146,679 |
| Future Construction | 0 | 0 | 1,478,967 | 0 | 0 | 1,478,967 |
| Debt Service | 0 | 0 | 0 | 1,633,428 | 0 | 1,633,428 |
| Committed: | | | | | | |
| Site Based Carryforward | 109,445 | 0 | 0 | 0 | 0 | 109,445 |
| Sick-leave | 350,000 | 0 | 0 | 0 | 0 | 350,000 |
| Worker's Compensation | 750,000 | 0 | 0 | 0 | 0 | 750,000 |
| Assigned: | | | | | | |
| Purchase Obligations | 116,113 | 0 | 0 | 0 | 0 | 116,113 |
| Unassigned | 4,072,733 | 0 | 0 | 0 | 0 | 4,072,733 |
| Total Fund Balance | <u>\$ 5,398,291</u> | <u>\$ 0</u> | <u>\$ 1,478,967</u> | <u>\$ 1,633,428</u> | <u>\$ 146,679</u> | <u>\$ 8,657,365</u> |
| Total Liabilities and Fund Balance | <u>\$ 9,911,991</u> | <u>\$ 3,696,909</u> | <u>\$ 1,610,777</u> | <u>\$ 1,633,428</u> | <u>\$ 157,809</u> | <u>\$ 17,010,914</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, 2019**

| | |
|---|---------------------|
| Fund balance per fund financial statements | \$ 8,657,365 |
| 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. | 184,477,643 |
| 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 | 7,545,920 |
| 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 | (6,782,596) |
| 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 | (4,685,858) |
| Capital Leases payable | (921,297) |
| Accrued Interest on Bonds | (614,472) |
| KISBIT | (143,548) |
| Pension Liability | (30,944,433) |
| OPEB Liabilities | (28,695,764) |
| Bonds | (125,030,000) |
| Other | |
| Net Position for Governmental Activities | <u>\$ 2,862,960</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, 2019

| | General Fund | Special Revenue | Construction Fund | Debt Service Fund | Non-Major Governmental Funds | Total Governmental Fund |
|--|----------------------|----------------------|-----------------------|----------------------|------------------------------|-------------------------|
| REVENUES | | | | | | |
| From Local Sources | | | | | | |
| Taxes | | | | | | |
| Property | \$ 13,266,469 | \$ 0 | \$ 0 | \$ 0 | \$ 2,213,892 | \$ 15,480,361 |
| Motor Vehicles | 2,496,419 | 0 | 0 | 0 | 0 | 2,496,419 |
| Utilities | 3,696,025 | 0 | 0 | 0 | 0 | 3,696,025 |
| Other | 481,766 | 0 | 0 | 0 | 0 | 481,766 |
| Earnings on Investments | 198,580 | 0 | 52,959 | 0 | 0 | 251,539 |
| Other Local Revenues | 695,809 | 641,104 | 0 | 0 | 251,196 | 1,588,109 |
| Intergovernmental- State | 58,091,825 | 2,232,618 | 0 | 4,507,884 | 4,715,579 | 69,547,906 |
| Intergovernmental-Federal | 195,109 | 10,029,570 | 0 | 0 | 0 | 10,224,679 |
| Total Revenues | \$ 79,122,002 | \$ 12,903,292 | \$ 52,959 | \$ 4,507,884 | \$ 7,180,667 | \$ 103,766,804 |
| EXPENDITURES | | | | | | |
| Instruction | \$ 43,265,939 | \$ 9,686,047 | \$ 0 | \$ 0 | \$ 134,041 | \$ 53,086,027 |
| Support Services | | | | | | |
| Student | 4,678,835 | 206,328 | 0 | 0 | 0 | 4,885,163 |
| Instruction Staff | 3,740,835 | 1,029,140 | 0 | 0 | 14,325 | 4,784,300 |
| District Administrative | 2,472,526 | 0 | 0 | 0 | 0 | 2,472,526 |
| School Administrative | 5,231,451 | 0 | 0 | 0 | 16,969 | 5,248,420 |
| Business | 1,168,105 | 272,981 | 0 | 0 | 0 | 1,441,086 |
| Plant Operation and Maint. | 11,265,965 | 13,370 | 0 | 0 | 75,714 | 11,355,049 |
| Student Transportation | 5,437,600 | 96,680 | 0 | 0 | 0 | 5,534,280 |
| Food Service | 0 | 0 | 0 | 0 | 0 | 0 |
| Community Services | 124,248 | 1,730,749 | 0 | 0 | 0 | 1,854,997 |
| Facilities Acquisitions and Construction | 173,314 | 0 | 5,272,507 | 0 | 0 | 5,445,821 |
| Purchase Professional Services | 0 | 0 | 0 | 0 | 0 | 0 |
| Site Improvement | 0 | 0 | 0 | 0 | 0 | 0 |
| Building Improvements | 0 | 0 | 0 | 0 | 0 | 0 |
| Debt Service | | | | | | |
| Principal | 153,195 | 0 | 0 | 6,950,000 | 0 | 7,103,195 |
| Interest | 23,929 | 0 | 0 | 4,152,169 | 0 | 4,176,098 |
| Bond Issuance Costs | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Expenditures | \$ 77,735,942 | \$ 13,035,295 | \$ 5,272,507 | \$ 11,102,169 | \$ 241,049 | \$ 107,386,962 |
| Excess (Deficit) of Revenues over Expenditures | \$ 1,386,060 | \$ (132,003) | \$ (5,219,548) | \$ (6,594,285) | \$ 6,939,618 | \$ (3,620,158) |
| Other Financing Sources (Uses) | | | | | | |
| Proceeds from Sales of Bonds | \$ 0 | \$ 0 | \$ 1,940,000 | \$ 0 | \$ 0 | \$ 1,940,000 |
| Premium on Bond Issuance | 0 | 0 | 0 | 0 | 0 | 0 |
| Bond Discounts | 0 | 0 | 0 | 0 | 0 | 0 |
| Proceeds from Capital Leases | 0 | 0 | 0 | 0 | 0 | 0 |
| KISBIT Payments | 0 | 0 | 0 | 0 | 0 | 0 |
| Proceeds from Sales of Fixed Assets | 50,785 | 0 | 0 | 0 | 0 | 50,785 |
| Operating Transfer, In | 814,313 | 155,802 | 0 | 6,594,285 | 0 | 7,564,400 |
| Operating Transfer, Out | (155,802) | (23,799) | 0 | 0 | (6,929,471) | (7,109,072) |
| Total Other Financing Sources | \$ 709,296 | \$ 132,003 | \$ 1,940,000 | \$ 6,594,285 | \$ (6,929,471) | \$ 2,446,113 |
| Net Change in Fund Balance | \$ 2,095,356 | \$ 0 | \$ (3,279,548) | \$ 0 | \$ 10,147 | \$ (1,174,045) |
| Fund Balance - Beginning | 3,302,935 | 0 | 4,758,515 | 1,633,428 | 136,532 | 9,831,410 |
| Fund Balance - Ending | \$ 5,398,291 | \$ 0 | \$ 1,478,967 | \$ 1,633,428 | \$ 146,679 | \$ 8,657,365 |

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, 2019**

Net change in total fund balances per fund financial statements \$ (1,174,045)

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. 5,760,444

The cost of capital assets is allocated over their useful lives and reported as depreciation expense. (6,559,177)

Bond proceeds are reported as financing source in governmental funds and thus contributes to the change in fund balance. In the statement of Net Positions, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of Net Positions. (1,940,000)

Bond payments are recognized as expenditures of current financial resources in the fund financial statements but are reductions of liabilities in the statement of financial position 6,950,000

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 153,195

Interest Payable 8,200

Estimated claims that are not mature are not reported in this statement. The KSBIT liability is recorded in the statement of activities. 71,774

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 225,098

Pension Expense (2,434,411)

Other Post Employment Benefits (OPEB) (91,384)

Other

Change in net Position of governmental activities \$ 969,694

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, 2019

| | <u>Food Service</u> |
|--|------------------------------|
| ASSETS | |
| Current Assets | |
| Cash and Cash Equivalents | \$ 2,053,489 |
| Accounts Receivable | 21,186 |
| Inventory | 136,684 |
| | |
| Total Current Assets | <u>\$ 2,211,359</u> |
| | |
| Capital Assets-net of depreciation | 214,593 |
| | |
| Total Assets | <u><u>\$ 2,425,952</u></u> |
| | |
| Deferred Outflows of Resources | |
| Deferred outflows from Pension | \$ 666,308 |
| Deferred outflows from OPEB | 219,326 |
| | <u>\$ 885,634</u> |
| | |
| LIABILITIES | |
| Current Liabilities | |
| Accounts Payable | \$ 26,682 |
| OPEB Liability - Long-Term | 1,098,194 |
| Pension Liability - Long Term | 3,767,198 |
| Total Current Liabilities | <u>\$ 4,892,074</u> |
| | |
| Deferred Inflows of Resources | |
| Deferred inflows from pension | \$ 527,374 |
| Deferred inflows from OPEB | 219,622 |
| | <u>\$ 746,996</u> |
| | |
| Net Position | |
| Investment in Capital Asset, Net of Debt | \$ 214,593 |
| Restricted | (2,542,077) |
| Unrestricted | 0 |
| | |
| Total Net Position | <u><u>\$ (2,327,484)</u></u> |

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

PIKE COUNTY BOARD OF EDUCATION

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN NET POSITION PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2019

| | <u>Food Service</u> |
|--|-----------------------|
| OPERATING REVENUES: | |
| Lunchroom Sales | \$ 405,339 |
| Other Operating Revenues | 1,324 |
| | <u>406,663</u> |
| TOTAL OPERATING REVENUES | <u>\$ 406,663</u> |
| OPERATING EXPENSES: | |
| Salaries and Wages | \$ 3,361,793 |
| Contract Services | 38,962 |
| Materials and Supplies | 3,687,231 |
| Expendable Equipment | 491,458 |
| Depreciation | 57,544 |
| Other Operating Expenses | 37,343 |
| | <u>7,674,331</u> |
| TOTAL OPERATING EXPENSES | <u>\$ 7,674,331</u> |
| Operating Income (Loss) | <u>\$ (7,267,668)</u> |
| NON-OPERATING REVENUES (EXPENSES) | |
| Federal Grants | \$ 5,308,705 |
| State Grants | 46,399 |
| On Behalf of Payments | 937,847 |
| Donated Commodities | 311,956 |
| Interest Income | 66,871 |
| Interest Expense | 0 |
| Loss on Disposal of Assets | 0 |
| | <u>6,671,778</u> |
| NON-OPERATING REVENUES (EXPENSES) | <u>\$ 6,671,778</u> |
| Net Income (Loss) Before Operating Transfers | \$ (595,890) |
| Operating Transfers | (455,328) |
| | <u>(1,051,218)</u> |
| Increase in net position | <u>\$ (1,051,218)</u> |
| Net Position - Beginning | (1,276,266) |
| Restatement of Beginning Net Position | 0 |
| Net Position - Ending | <u>\$ (2,327,484)</u> |

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, 2019

| | <u>Food Service</u> |
|---|------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Cash Received from: | |
| Lunchroom Sales | \$ 477,467 |
| Other Activities | 1,324 |
| Cash Paid to/for: | |
| Employees | (2,785,799) |
| Contract Service | (38,962) |
| Supplies | (2,455,051) |
| Expendable Equipment | (491,458) |
| Other | (37,343) |
| Net Cash Provided (Used) by Operating Activities | <u>\$ (5,329,822)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Receipt of Interest Income | \$ 66,871 |
| Net Cash Provided (Used) by Investing Activities | <u>\$ 66,871</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | |
| Transfers to other funds | (455,328) |
| Net Cash (Used) by Capital and Related Financing Activities | <u>\$ (455,328)</u> |
| CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES | |
| Operational Grants | \$ 5,355,104 |
| Net Cash Provided(Used) by Financing Activities | <u>\$ 5,355,104</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | \$ (363,175) |
| Cash and Cash Equivalents - Beginning | 2,416,664 |
| Cash and Cash Equivalents - Ending | <u><u>\$ 2,053,489</u></u> |
| Reconciliation of Operating Income (Loss) | |
| To Net Cash Provided (Used) by Operating Activities | |
| Operating Income (Loss) | \$ (7,267,668) |
| Adjustments to Reconcile Operating Income to Net Cash | |
| Operating Activities: | |
| Depreciation | 57,544 |
| On Behalf of Payments | 937,847 |
| Commodities Used | 311,956 |
| Change in Assets and Liabilities: | |
| (Increase) Decrease | |
| Accounts Receivable | 72,128 |
| Inventory | (144) |
| Deferred outflows | 351,446 |
| Increase (Decrease) in: | |
| Accounts Payable | (17,479) |
| Deferred inflows | 251,239 |
| OPEB liability | (152,467) |
| Pension liability | 125,776 |
| Net Cash provided (Used) by Operating Activities | <u><u>\$ (5,329,822)</u></u> |
| Schedule of Non Cash Transactions: | |
| On Behalf of Payments | \$ 937,847 |
| Donated Commodities Received From Federal Government | 311,956 |

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

PIKE COUNTY BOARD OF EDUCATION
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
June 30, 2019

| | <u>Activity Funds</u> |
|--------------------------|-----------------------|
| ASSETS | |
| Cash and Equivalents | \$ 1,032,669 |
| Accounts Receivable | 1,574 |
| TOTAL ASSETS | <u>\$ 1,034,243</u> |
| LIABILITIES | |
| Accounts Payable | \$ 29,575 |
| Due to Student Groups | 1,004,668 |
| Total Liabilities | <u>\$ 1,034,243</u> |
| NET POSITION | <u><u>\$ 0</u></u> |

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

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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, 2019

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 **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, 2019

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). \$311,956 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

The Activity Fund consists of Agency Funds and accounts for activities of student groups and other types of activities requiring clearing accounts. These funds are accounted for in accordance with Uniform Program of Accounting for School Activity Funds.

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, 2019

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.

PROPERTY 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, 2019 to finance the General Fund operations were \$.88.7 per: \$100 valuation for real property, \$.88.7 per \$100 valuation for business personal property and \$.553 per \$100 valuation for motor vehicles.

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, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CAPITAL ASSETS

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

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

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

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

INTERFUND BALANCES

On fund financial statements, receivables and payables resulting from short-term inter-fund loans are classified as "inter-fund receivables/payables". These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for the residual amounts due between government and business-type activities, which are presented as internal balances. Inter-fund receivables/payables as of June 30, 2019 are as follows:

| From | To | Purpose | Amount |
|-----------------|--------------|------------|---------------|
| Special Revenue | General Fund | Operations | \$ 2,856,468. |

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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, 2019. 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, 2019

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, 2019

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, 2019.

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:

| | Governmental Activities / Governmental Funds | Business Type Activities / Proprietary | Total |
|---|---|---|---------------------|
| Accounts and Grants Receivable from outside sources | | | |
| Accounts Receivable | \$ 1,131,715 | \$ 21,186 | \$ 1,152,901 |
| Grants Receivable | 3,696,909 | 0 | 3,696,909 |
| | <u>\$ 4,828,624</u> | <u>\$ 21,186</u> | <u>\$ 4,849,810</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, 2019

NOTE 7 – CASH AND CASH EQUIVALENTS

At year-end, the carrying amount of the Board's cash and cash equivalents was \$12,412,133. Of the total cash balance, \$530,039 was covered by Federal Depository Insurance with the remainder covered by collateral held by the pledging bank's trust departments in the Board's name.

General Fund, cash and cash equivalents at June 30, 2019 consist of the following:

| | |
|--|----------------------|
| | <u>Bank Balance</u> |
| Community Trust Bank | \$ 12,673,147 |
| US Bank | 30,039 |
| Barclay | <u>1,633,428</u> |
| Total Bank Balance | <u>\$ 14,336,614</u> |
| | |
| | <u>Book Balance</u> |
| Breakdown per financial Statements: | |
| Governmental Funds | \$ 9,325,822 |
| Fiduciary Funds | 1,032,822 |
| Proprietary Funds | <u>2,053,489</u> |
| Total Book Balance | <u>\$ 12,412,133</u> |
| | |
| The securities pledged as collateral are: | |
| FHLB Letter of Credit-Community Trust Bank | \$ 18,234,537 |
| Other Securities | 0 |
| FDIC | <u>530,039</u> |
| Total securities pledged | <u>\$ 18,764,576</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 2019, 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, 2019

NOTE 9 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2019 was as follows:

| <u>Governmental Activities</u> | Balance July 1, 2018 | Additions | Deductions | Balance June 30, 2019 |
|--|-------------------------|---------------|---------------|--------------------------|
| Land | \$ 9,001,549 | \$ 639,969 | \$ 0 | \$ 9,641,518 |
| Total Non Depreciable | \$ 9,001,549 | \$ 639,969 | \$ 0 | \$ 9,641,518 |
| Land improvements | \$ 17,202,580 | \$ 0 | \$ 0 | \$ 17,202,580 |
| Buildings | 180,778,721 | 32,187,547 | 0 | 212,966,268 |
| Technology equipment | 10,371,525 | 719,185 | 208,892 | 10,881,818 |
| Vehicles | 16,221,520 | 53,727 | 15,062 | 16,260,185 |
| General equipment | 3,408,623 | 54,275 | 3,755 | 3,459,143 |
| Infrastructure | 89,638 | 0 | 0 | 89,638 |
| Construction in progress | 50,504,325 | 5,268,585 | 33,152,516 | 22,620,394 |
| Total Depreciable | \$ 278,576,932 | \$ 38,283,319 | \$ 33,380,225 | \$ 283,480,026 |
| Total at historical cost | \$ 287,578,481 | \$ 38,923,288 | \$ 33,380,225 | \$ 293,121,544 |
| Less: Accumulated depreciation | | | | |
| Land improvements | \$ 8,277,609 | \$ 462,275 | \$ 0 | \$ 8,739,884 |
| Buildings | 69,717,331 | 4,615,369 | 0 | 74,332,700 |
| Technology equipment | 8,254,062 | 471,888 | 197,688 | 8,528,262 |
| Vehicles | 12,918,457 | 874,190 | 15,063 | 13,777,584 |
| General equipment | 3,089,453 | 130,974 | 4,630 | 3,215,797 |
| Infrastructure | 45,193 | 4,481 | 0 | 49,674 |
| Total accumulated depreciation | \$ 102,302,105 | \$ 6,559,177 | \$ 217,381 | \$ 108,643,901 |
| Governmental Activities | | | | |
| Capital Assets-net | \$ 185,276,376 | | | \$ 184,477,643 |
| | Balance July 1, 2018 | Additions | Deductions | Balance June 30, 2019 |
| <u>Business-Type Activities</u> | | | | |
| Technology equipment | \$ 101,708 | \$ 0 | \$ 4,136 | \$ 97,572 |
| Vehicles | 62,506 | 0 | 0 | 62,506 |
| General equipment | 2,380,332 | 0 | 48,818 | 2,331,514 |
| Total at historical cost | \$ 2,544,546 | \$ 0 | \$ 52,954 | \$ 2,491,592 |
| Less: Accumulated depreciation | | | | |
| Technology equipment | 85,631 | \$ 2,787 | \$ 4,136 | 84,282 |
| Vehicles | 40,125 | 12,501 | 0 | 52,626 |
| General equipment | 2,146,653 | 42,256 | 48,818 | 2,140,091 |
| Total accumulated depreciation | \$ 2,272,409 | \$ 57,544 | \$ 52,954 | \$ 2,276,999 |
| Business-Type Activities | | | | |
| Capital Assets-net | \$ 272,137 | | | \$ 214,593 |

Depreciation expense was allocated to governmental functions.

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 10 – BONDED DEBT AND LEASE OBLIGATIONS

On August 16, 2018 the district approved School Building Revenue bonds-series 2018, in the amount of \$1,940,000. The proceeds of this issue are to be used to finance HVAC work for Phelps High School and chiller installation for Pike Central High School. The issue carries interest at 1.90%-3.375% and matures September 1,2018. Principal payments are to be made in September of each year and interest payments will be made in March and September of each year. The amounts are included in the schedule of bond payments.

The amounts shown in the accompanying financial statements as lease obligations represents the Board's future obligations to make lease payments relating to the bonds issued aggregating \$125,030,000. 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 30,2019.

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

| Issue Date | Proceeds | Rates | Balance June 30, 2019 |
|------------------|--------------|-----------------|--------------------------|
| November 1, 2006 | \$ 5,460,000 | 3.500% - 3.800% | \$ 515,000 |
| June 1, 2009 | 10,695,000 | 1.000% - 3.200% | 2,405,000 |
| October 1, 2009 | 1,735,000 | 1.200% - 4.125% | 1,095,000 |
| October 4, 2010 | 6,400,000 | 0.700% - 3.100% | 2,430,000 |
| November 1, 2011 | 29,670,000 | 2.000% - 4.000% | 22,855,000 |
| November 1, 2011 | 11,000,000 | 4.620% | 11,000,000 |
| June 1, 2012 | 18,720,000 | 2.000% - 3.000% | 9,280,000 |
| May 1, 2013 | 3,880,000 | 1.000% - 2.000% | 1,795,000 |
| June 1, 2014 | 8,350,000 | 2.000% - 4.000% | 7,625,000 |
| June 1,2015 | 3,650,000 | 2.000% - 4.000% | 3,560,000 |
| September 1,2015 | 7,505,000 | 0.600% - 3.700% | 7,355,000 |
| February 1,2016 | 11,690,000 | 0.750% - 2.500% | 10,625,000 |
| February 1,2016 | 20,885,000 | 0.750% - 3.150% | 20,675,000 |
| March 29, 2016 | 500,000 | 5.750% - | 500,000 |
| August 1, 2016 | 19,400,000 | 1.000% - 3.000% | 17,885,000 |
| March 1, 2018 | 3,530,000 | 3.600% - | 3,490,000 |
| September 1,2018 | 1,940,000 | 1.900% - 3.375% | 1,940,000 |
| | | | <u>\$ 125,030,000</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.

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 10 – BONDED DEBT AND LEASE OBLIGATIONS (Concluded)

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

| | Beginning Balance | Additions | Payments | Ending Balance |
|----------------|-----------------------|---------------------|---------------------|-----------------------|
| Bonds | \$ 130,040,000 | \$ 1,940,000 | \$ 6,950,000 | \$ 125,030,000 |
| Sick Leave | 4,910,956 | 34,138 | 259,236 | 4,685,858 |
| Capital Leases | 1,074,492 | 0 | 153,195 | 921,297 |
| Judgements | 215,322 | 0 | 71,774 | 143,548 |
| Total | <u>\$ 136,240,770</u> | <u>\$ 1,974,138</u> | <u>\$ 7,434,205</u> | <u>\$ 130,780,703</u> |

Assuming the issues are not called prior to scheduled maturity, the minimum obligations of the funds at June 30, 2019 for debt service, (principal and interest) are as follows:

| | Pike County Board | | | KY Construction Commission | | | | |
|-------------|-------------------|----------------|------------|----------------------------|----------------|--------------|--------------|----------------|
| | Local | Local Interest | Sinking | KSFCC | | | Federal | |
| | Principal Total | Total | Fund | Principal Total | Interest Total | Sinking Fund | Rebate | Total |
| 2019 - 2020 | \$ 4,016,647 | \$ 2,645,254 | \$ 67,473 | \$ 3,173,353 | \$ 887,936 | \$ 387,428 | \$ 508,200 | \$ 11,686,291 |
| 2020 - 2021 | 4,125,970 | 2,534,601 | 64,413 | 2,824,030 | 816,254 | 390,488 | 508,200 | 11,263,956 |
| 2021 - 2022 | 4,227,982 | 2,431,842 | 66,001 | 2,232,018 | 758,301 | 388,900 | 508,200 | 10,613,244 |
| 2022 - 2023 | 4,344,189 | 2,317,993 | 67,393 | 2,285,811 | 709,501 | 387,508 | 508,200 | 10,620,595 |
| 2023 - 2024 | 4,473,771 | 2,190,956 | 63,688 | 2,256,229 | 647,526 | 391,213 | 508,200 | 10,531,583 |
| 2024 - 2025 | 4,608,801 | 2,053,980 | 64,836 | 2,026,199 | 573,493 | 390,065 | 508,200 | 10,225,574 |
| 2025 - 2026 | 4,769,361 | 1,892,069 | 65,736 | 2,055,639 | 497,348 | 389,165 | 508,200 | 10,177,518 |
| 2026 - 2027 | 4,940,719 | 1,717,853 | 66,436 | 2,124,281 | 430,733 | 388,465 | 508,200 | 10,176,687 |
| 2027 - 2028 | 5,121,083 | 1,541,779 | 66,864 | 1,863,917 | 378,165 | 388,037 | 508,200 | 9,868,045 |
| 2028 - 2029 | 5,310,852 | 1,347,438 | 67,017 | 1,404,148 | 334,836 | 387,884 | 508,200 | 9,360,375 |
| 2029 - 2030 | 5,526,632 | 1,142,074 | 61,575 | 1,408,368 | 297,239 | 393,326 | 508,200 | 9,337,414 |
| 2030 - 2031 | 5,756,828 | 926,551 | 63,593 | 1,353,172 | 259,630 | 391,308 | 254,100 | 9,005,182 |
| 2031 - 2032 | 6,047,170 | 713,017 | 0 | 1,387,830 | 222,783 | 0 | 0 | 8,370,800 |
| 2032 - 2033 | 4,182,108 | 549,055 | 0 | 1,427,892 | 183,435 | 0 | 0 | 6,342,490 |
| 2033 - 2034 | 4,321,199 | 409,638 | 0 | 1,468,801 | 141,039 | 0 | 0 | 6,340,677 |
| 2034 - 2035 | 3,989,725 | 264,758 | 0 | 1,330,275 | 97,345 | 0 | 0 | 5,682,103 |
| 2035 - 2036 | 3,715,387 | 134,051 | 0 | 1,369,613 | 58,124 | 0 | 0 | 5,277,175 |
| 2036 - 2037 | 444,711 | 31,756 | | 1,090,289 | 19,744 | | | 1,586,500 |
| 2037 - 2038 | 462,600 | 16,191 | 0 | 62,400 | 2,184 | 0 | 0 | 543,375 |
| | \$ 80,385,735 | \$ 24,860,856 | \$ 785,025 | \$ 33,144,265 | \$ 7,315,616 | \$ 4,673,787 | \$ 5,844,300 | \$ 157,009,584 |

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 11 – LEASE COMMITMENTS

Commitments under operating lease agreements for equipment provide the minimum future rental payments as of June 30, 2019 as follows:

| | Principal | Interest | Total |
|---------------|-------------------|------------------|-------------------|
| June 30, 2020 | \$ 153,195 | \$ 20,864 | \$ 174,059 |
| June 30, 2021 | 159,578 | 17,801 | 177,379 |
| June 30, 2022 | 159,578 | 14,609 | 174,187 |
| June 30, 2023 | 163,833 | 11,019 | 174,852 |
| June 30, 2024 | 140,429 | 7,128 | 147,557 |
| Thereafter | 144,684 | 3,617 | 148,301 |
| Total | <u>\$ 921,297</u> | <u>\$ 75,038</u> | <u>\$ 996,335</u> |

NOTE 12 – 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, 2019, this amount totaled \$4,485,858 of which \$350,000 is committed in the current year fund balance of the General Fund.

NOTE 13 - WORKER'S COMPENSATION INSURANCE LIABILITY

In order to satisfy the outstanding claims and deficits of the Kentucky School Board Insurance Trust (KSBIT), a non-profit, self-insured pool, the District entered into an agreement to pay \$574,195 to settle all claims. The District has elected to pay 25% by August 31, 2014, and to pay the balance in equal installments for 6 years. This amount is interest free and is to be paid upon the following remaining schedule:

| | |
|-----------|-------------------|
| 8/30/2020 | \$ 71,774 |
| 8/30/2021 | 71,774 |
| 8/30/2022 | 0 |
| 8/30/2023 | 0 |
| 8/29/2024 | 0 |
| Total | <u>\$ 143,548</u> |

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 14 – 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 15 – RETIREMENT PLANS

| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Total Payroll | \$ 57,047,286 | \$ 56,424,855 | \$ 55,835,533 | \$ 54,017,948 | \$ 53,846,133 | \$ 54,615,508 | \$ 53,952,393 |
| KTRS Total Payroll | 37,105,911 | 36,809,662 | 38,195,439 | 34,181,498 | 39,104,554 | 39,719,440 | 39,154,705 |
| KTRS Contribution - Employee Portion | 4,769,967 | 4,731,682 | 4,909,951 | 5,012,018 | 4,731,997 | 4,508,198 | 4,250,166 |
| KTRS Contribution - District Portion | 1,610,155 | 1,495,235 | 1,557,017 | 1,567,395 | 1,308,933 | 1,065,247 | 910,472 |
| KTRS Contribution - Commonwealth of Kentucky (on behalf of Payments) | 10,417,762 | 11,103,259 | 5,819,247 | 5,863,960 | 6,133,500 | 4,733,237 | 4,986,637 |
| KTRS Contribution - District Federal Employees | 610,743 | 480,450 | 505,378 | 488,764 | 502,839 | 523,154 | 558,573 |
| CERS Total Payroll | 19,941,375 | 19,615,193 | 17,640,094 | 19,050,950 | 17,811,339 | 17,855,475 | 16,778,226 |
| Contributions Requirement for CERS | 3,770,154 | 3,492,697 | 3,136,162 | 3,269,302 | 3,238,427 | 3,507,180 | 3,493,671 |
| CERS Contribution - Employee Portion | 751,654 | 759,539 | 692,392 | 772,067 | 741,068 | 758,674 | 730,880 |
| CERS Contribution - District Portion | 3,018,500 | 2,733,158 | 2,443,771 | 2,497,234 | 2,497,359 | 2,748,507 | 2,762,791 |
| KTRS Total Payroll--PLUS--CERS Total Payroll | 57,047,286 | 56,424,855 | 55,835,533 | 53,232,449 | 56,915,893 | 57,574,916 | 55,932,931 |
| KTRS Contribution - Employee Portion--PLUS--CERS Contribution - Employee Portion | 5,521,621 | 5,491,221 | 5,602,343 | 5,784,085 | 5,473,065 | 5,266,872 | 4,981,046 |
| KTRS Contribution - District Portion--PLUS--CERS Contribution - District Portion | 4,628,655 | 4,228,393 | 4,000,787 | 4,064,629 | 3,806,292 | 3,813,754 | 3,673,263 |

NOTE 16 – RETIREMENT PLAN

Teachers' Retirement System of the State of Kentucky (KTRS)

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

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

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

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 16 - RETIREMENT PLAN (Continued)

Teachers' Retirement System of the State of Kentucky (KTRS) (Continued)

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

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

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

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

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

Medical Insurance Plan

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

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

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

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 16 - RETIREMENT PLAN (Continued)

Teachers' Retirement System of the State of Kentucky (KTRS) (Continued)

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

At June 30, 2019, 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>\$143,777,280</u> |
|---|----------------------|

The net pension liability was measured as of June 30, 2019, 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, 2018, the District's proportion was 1.0980 percent. For the year ended June 30, 2019, the District recognized pension expense of \$10,417,762 and Revenue of \$10,417,762 for support provided by the state. At June 30, 2019, 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, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|-----------------------------------|---|
| Investment rate of return | 7.50%, net of pension plan investment expense, including inflation. |
| Projected salary increases | 3.50 – 7.30%, including inflation |
| Inflation rate | 3.00% |
| Municipal Bond Index Rate | |
| Prior Measurement Date | 3.56% |
| Measurement Date | 3.89% |
| Year FNP is projected to Deplete | 2040 |
| Single Equivalent Interest Rate | |
| Prior Measurement Date | 4.49% |
| Measurement Date | 7.50% |
| Post-Retirement Benefit Increases | 1.50% Annually |

Mortality rates were based on the RP-2000 Combined Mortality Table projected to 2025 using scale BB (set forward two years for males and one year for females) is used for death after service retirement and beneficiaries.

The last experience study was prepared as of June 30, 2015, submitted to and adopted by the Board on September 19, 2016.

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

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 16 - RETIREMENT PLAN (Continued)

Teachers' Retirement System of the State of Kentucky (KTRS)(Concluded)

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 |
|-----------------------|-------------------|--|
| U.S. Equity | 40.0% | 4.2% |
| International Equity | 22.0% | 5.2% |
| Fixed Income | 15.0% | 1.2% |
| Additional Categories | 8.0% | 3.3% |
| Real Estate | 6.0% | 3.8% |
| Private Equity | 7.0% | 6.3% |
| Cash | 2.0% | 0.9% |
| Total | 100.0% | |

** Includes Hedge Funds, High Yield and Non-U.S. Developed Bonds.*

Discount rate - The discount rate used to measure the total pension liability was 7.50%. 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 current contribution rates and the Employer contributions will be made at statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members until the 2040 plan year and as a result, the Municipal Bond Index Rate was used in the determination of the Single Equivalent Interest Rate (SEIR). There was a change in the Municipal Bond Index Rate from the Prior Measurement Date to the Measurement Date, so as required under GASB 68, the SEIR at the Measurement Date of 7.50% was calculated using the Municipal Bond Index Rate as of the Measurement Date (3.89%). This change in the discount rate is considered a change in actuarial assumptions under GASB 68.

The following table presents the District's proportionate share of the net pension liability of the System, calculated using the discount rate of 4.49%, 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 (8.50%) or 1-percentage-point higher (6.50%) than the current rate (\$ thousands):

| | 1% Decrease (6.50%) | Current Discount Rate (7.50%) | 1% Increase (8.50%) |
|--------------------------------|------------------------|----------------------------------|------------------------|
| System's net pension liability | 184,296,686 | 143,777,280 | 109,685,615 |

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, 2017 is the actuarial valuation date upon which the TPL is based. An expected TPL is determined as of June 30, 2018 using standard roll forward techniques. The procedure used to determine the TPL as of June 30, 2018 is shown on page 5 of the GASB 67 report for KTRS submitted on November 6, 2018

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, 2019

NOTE 16 - RETIREMENT PLAN (Continued)

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, 2019, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2018. An expected total pension liability as of June 30, 2018 was determined using standard roll-forward techniques. The District's proportion of the net pension liability was based on contributions to CERS during the fiscal year ended June 30, 2018. At June 30, 2018, the District's proportion was .569949%.

For the year ended June 30, 2019, the District recognized pension expense of \$5,554,220. At June 30, 2019, 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:

| | |
|---|---------------------|
| Difference Between Expected & Actual Experience | \$ 1,132,196 |
| Related to pensions from the net difference between projected and actual earnings on pension plan investments | 1,614,116 |
| Changes of Assumptions | <u>3,392,336</u> |
| | <u>\$ 6,138,648</u> |

Deferred Inflows of Resources for:

| | |
|---|---------------------|
| Liability Experience | \$ 508,105 |
| Assumption Changes | 0 |
| Investment Experience | 2,030,328 |
| Changes in Proportion & Differences Between Employer Contributions & Proportionate Share of Contributions | <u>531,521</u> |
| | <u>\$ 3,069,954</u> |

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 16 - RETIREMENT PLAN (Continued)

KENTUCKY RETIREMENT SYSTEM

County Employees Retirement System (CERS) (Continued)

District contributions subsequent to the measurement date of \$2,045,460 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, 2019. 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 |
|------|---------------------|
| 2019 | \$ 2,446,498 |
| 2020 | 1,239,639 |
| 2021 | (431,738) |
| 2022 | (186,304) |
| 2023 | 0 |
| | <u>\$ 3,068,095</u> |

Actuarial Methods and Assumptions: The total pension liability for CERS was determined by applying procedures to the actuarial valuation as of June 30, 2016. The financial reporting actuarial valuation as of June 30, 2017, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

| | |
|-------------------------------|---|
| Valuation Date | June 30, 2016 |
| Experience Study | July 1, 2008- June 30, 2013 |
| Actuarial Cost Method | Entry Age Normal Cost |
| Amortization Method | Level percentage of payroll, closed |
| Remaining Amortization Period | 27 years |
| Payroll Growth Rate | 4.00% |
| Asset Valuation Method | 20% of the difference between the market value of assets and the expected actuarial value of assets is recognized |
| Inflation | 3.25% |
| Salary Increase | 4.00%, average, including inflation |
| Investment Rate of Return | 7.50%, net of pension plan investment expense, including inflation |

The rates of mortality for the period after service retirement are according to the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females) for all healthy retired members and beneficiaries. The RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement. These assumptions are used to measure the probabilities of each benefit payment being made after retirement. These assumptions contain margin for mortality improvements.

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, 2019

NOTE 16 - RETIREMENT PLAN (Continued)

KENTUCKY RETIREMENT SYSTEM

County Employees Retirement System (CERS)(Continued)

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

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|-------------------------|-------------------|--|
| US Equity* | 17.50% | |
| US Large Cap | 5.00% | 4.50% |
| US Mid Cap | 6.00% | 4.50% |
| US Small Cap | 6.50% | 5.50% |
| Non US Equity | 17.50% | |
| International Developed | 12.50% | 6.50% |
| Emerging Markets | 5.00% | 7.25% |
| Global Bonds | 4.00% | 3.00% |
| Credit Fixed | 24.00% | 3.63% |
| Global IG Credit | 2.00% | 3.75% |
| High Yield | 7.00% | 5.50% |
| EMD | 5.00% | 6.00% |
| Illiquid Private | 10.00% | 8.50% |
| Private Equity | 10.00% | 6.50% |
| Real Estate | 5.00% | 9.00% |
| Absolute Return | 10.00% | 5.00% |
| Real Return | 10.00% | 5.00% |
| Cash | 2.00% | 1.50% |
| 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, 2017, is based on the June 30, 2017, actuarial valuation for the first year of implementation. As a result, there are no differences between expected and actual experience or changes in assumptions subject to amortization. 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, 2019

NOTE 16 - RETIREMENT PLAN (Continued)

KENTUCKY RETIREMENT SYSTEM

County Employees Retirement System (CERS)(Continued)

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 | \$43,698,349 | \$34,711,631 | \$27,182,336 |

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, 2018 the District had payables to CERS in the amount of \$0 for June's covered payroll with contributions required to be paid in July.

NOTE 17 – 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.

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 17 – OTHER POST EMPLOYMENT BENEFIT PLANS (Continued)

Teachers Retirement System OPEB Plan (Continued)

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

Contributions – In order to fund the post-retirement healthcare benefit, seven and one-half percent (7.50%) of the gross annual payroll of members is contributed. Three 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.

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

At June 30, 2019, the District reported a liability of \$19,765,000 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, 2018, 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, 2018, the District's proportion was 0.569656 percent, which was a decrease of .044314 from its proportion measured as of June 30, 2017 (0.61397 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 | \$ 19,765,000 |
| State's proportionate share of the net OPEB | |
| Medical Insurance | 17,034,000 |
| Life Insurance | 292,000 |
| Total liability associated with the District | <u>\$ 37,091,000</u> |

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 17 – OTHER POST EMPLOYMENT BENEFIT PLANS (Continued)

Teachers Retirement System OPEB Plan (Continued)

For the year ended June 30, 2018, the District recognized OPEB expense of \$2,589,000 and revenue of \$1,164,000 for support provided by the State. At June 30, 2018, 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, \$0 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expensed as follows:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 0 | \$ 1,012,000 |
| Changes of assumptions | 272,000 | 0 |
| Net difference between projected and actual earnings on pension plan investments | 0 | 80,000 |
| Changes in proportion and differences between District contributions and proportionate share of contributions | 0 | 1,344,000 |
| District contributions subsequent to the measurement date | 0 | 0 |
| Total | <u>\$ 272,000</u> | <u>\$ 2,436,000</u> |

Year ended June 30:

| | |
|------------|---------------------|
| 2020 | \$ 413,000 |
| 2021 | 413,000 |
| 2022 | 413,000 |
| 2023 | 377,000 |
| 2024 | 383,000 |
| Thereafter | 165,000 |
| | <u>\$ 2,164,000</u> |

Actuarial assumptions – The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------------|--|
| Valuation Date | June 30, 2017 |
| Actuarial Cost Method | Entry age |
| Investment rate of return | 7.50%, net of OPEB plan investment expense, including inflation. |
| Projected salary increases | 3.50 – 7.30%, including inflation |
| Inflation rate | 3.00% |
| Municipal Bond Index Rate | 3.89% |
| Discount Rate | 7.50% |
| Single Equivalent Interest Rate | 7.50% |

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

The remaining actuarial assumptions (e.g. initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2017 valuation were based on a review of recent plan experience done concurrently with the June 30, 2017 valuation.

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 17 – OTHER POST EMPLOYMENT BENEFIT PLANS (Continued)

Teachers Retirement System OPEB Plan (Continued)

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

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

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|-----------------------|-------------------|--|
| U.S. Equity | 40.0% | 4.2% |
| International Equity | 22.0% | 5.2% |
| Fixed Income | 15.0% | 1.2% |
| Additional Categories | 8.0% | 3.3% |
| Real Estate | 6.0% | 3.8% |
| Private Equity | 7.0% | 6.3% |
| Cash (LIBOR) | 2.0% | 0.9% |
| Total | 100.0% | |

Discount rate - The discount rate used to measure the total OPEB liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at statutorily required rates. Based on those assumptions, the 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 8.00%, as well as what the District's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

| | 1% Decrease (7.00%) | Current Discount Rate (8.00%) | 1% Increase (9.00%) |
|-----------------------------|------------------------|----------------------------------|------------------------|
| Systems' net OPEB liability | \$ 22,995,310 | \$ 19,765,000 | \$ 16,789,406 |

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 | \$ 16,260,257 | \$ 19,765,000 | \$ 23,741,340 |

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 BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 17 – OTHER POST EMPLOYMENT BENEFIT PLANS (Continued)

Note 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 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 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, 2019

NOTE 17 – OTHER POST EMPLOYMENT BENEFIT PLANS (Continued)

Note 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, 2019, the Kentucky School District reported a liability of \$3,000,000 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, 2017, 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, 2017, the District's proportion was 1.86 percent, which was an increase of .0001 from its proportion measured as of June 30, 2016 (1.85 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 | \$10,118,958 |
|--|--------------|

For the year ended June 30, 2018, the District recognized OPEB expense of \$1,290,944. At June 30, 2019, 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 | \$ 0 | \$ 1,179,230 |
| Changes of assumptions | 2,020,906 | 23,379 |
| Investment Experience | 0 | 696,998 |
| Changes in proportion and differences between District contributions and proportionate share of contributions | 0 | 124,031 |
| District contributions subsequent to the measurement date | 0 | 0 |
| Total | <u>\$ 2,020,906</u> | <u>\$ 2,023,638</u> |

Of the total amount reported as deferred outflows of resources related to OPEB, \$0 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, 2019. 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: | |
|---------------------|-------------------|
| 2018 | \$ 11,636 |
| 2019 | 11,636 |
| 2020 | 11,636 |
| 2021 | 147,005 |
| 2022 | (112,244) |
| Thereafter | (72,403) |
| | <u>\$ (2,734)</u> |

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 17 – OTHER POST EMPLOYMENT BENEFIT PLANS (Continued)

Note County Employee Retirement System OPEB Plan (Continued)

Actuarial assumptions – The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|-------------------------------|---|
| Valuation Date | June 30, 2016 |
| Experience Study | July 1, 2008 - June 30, 2013 |
| Actuarial Cost Method | Entry Age Normal |
| Amortization Method | Level Percent of Pay |
| Remaining Amortization Period | 27 Years, Closed |
| Payroll Growth Rate | 4.00% |
| Asset Valuation Method | 20% of the difference between the market value of assets and the expected actuarial value of assets is |
| Inflation | 3.25% |
| Salary Increases | 4.00% , Average |
| Investment Rate of Return | 7.50% |
| Healthcare Trend Rates | |
| Pre-65 | Initial trend starting at 7.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 5 years. |
| Post - 65 | Initial trend starting at 5.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 2 years. |

The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). 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 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, 2019

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 |
|-------------------------|-------------------|--|
| US Equity* | | |
| Large Cap | 5.00% | 4.50% |
| US Mid Cap | 6.00% | 4.50% |
| US Small Cap | 6.50% | 5.50% |
| Non US Equity | | |
| International Developed | 12.50% | 6.50% |
| Emerging Markets | 5.00% | 7.25% |
| Global Bonds | 4.00% | 3.00% |
| Credit Fixed | | |
| Global Credit | 2.00% | 3.75% |
| High Yield | 7.00% | 5.50% |
| Emerging Market Debt | 5.00% | 6.00% |
| Illiquid Private | 10.00% | 8.50% |
| Private Equity | 10.00% | 6.50% |
| Real Estate | 5.00% | 9.00% |
| Absolute Return | 10.00% | 5.00% |
| Real Return | 10.00% | 7.00% |
| Cash | 2.00% | 1.50% |
| Total | <u>100.00%</u> | |

Discount Rate - The projection of cash flows used to determine the discount rate of 5.83% for KERS Non-hazardous, 5.97% for KERS Hazardous, 5.85% for CERS Non-hazardous, and 5.97% for CERS Hazardous assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 26 years (closed) amortization period of the unfunded actuarial accrued liability. The discount rate determination used an expected rate of return of 6.25%, and a municipal bond rate of 3.56%, as reported in Fidelity Index's "20 -Year Municipal GO AA Index" as of June 30, 2017. However, the cost associated with the implicit employer subsidy was not included in the calculation of the System's actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the System's 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 nominal rates of return for each major asset class are summarized in the CAFR.

The following table presents the District's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 5.85%, 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 (4.85%) or 1-percentage-point higher (6.85%) than the current rate:

| | 1% Decrease (4.85%) | Current Discount Rate (5.85%) | 1% Increase (6.85%) |
|-----------------------------|------------------------|----------------------------------|------------------------|
| Systems' net OPEB liability | \$ 13,142,905 | \$ 10,118,958 | \$ 7,543,109 |

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 17 – OTHER POST EMPLOYMENT BENEFIT PLANS (Continued)

Note County Employee Retirement System OPEB Plan (Continued)

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 | \$ 7,533,665 | \$ 10,118,958 | \$ 13,166,275 |

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

NOTE 18 - 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 19 –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 20 - 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 21 - DEFICITS

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

| | |
|-------------------|-------------|
| Construction Fund | \$3,279,547 |
| Food Service | 1,051,218 |

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 22 - 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.

NOTE 23- TRANSFER OF FUNDS

The following transfers were made during the year:

| Type | From Fund | To Fund | Purpose | Amount |
|--------------|-----------|---------|----------------|---------------------|
| Operating | 1 | 2 | Matching | \$ 155,802 |
| Operating | 2 | 1 | Indirect Costs | 23,799 |
| Operating | 310 | 1 | Capital Outlay | 335,186 |
| Operating | 51 | 1 | Indirect Costs | 455,328 |
| Debt Service | 320 | 400 | Bond Payment | 6,187,558 |
| Operating | 310 | 400 | Construction | 406,727 |
| | | | | <u>\$ 7,564,400</u> |

NOTE 24 - ON BEHALF OF PAYMENTS

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

| | |
|------------------------------|----------------------|
| Health Insurance | \$ 8,878,258 |
| Life Insurance | 15,606 |
| Administrative Fees | 128,874 |
| Health Reimbursement Account | 604,081 |
| Federal Reimbursement | (821,832) |
| KTRS | 11,302,402 |
| Technology | 121,729 |
| Debt Service | 4,507,884 |
| Total On-Behalf Payments | <u>\$ 24,737,002</u> |
| General Fund | 19,291,272 |
| Debt Service | 4,507,884 |
| Food Service | 937,846 |
| Total On-Behalf Payments | <u>\$ 24,737,002</u> |

NOTE 25 – SUBSEQUENT EVENTS

Subsequent events were considered through November 15, 2019, which represents the date of our report.

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 26 - Future Accounting Pronouncements

The GASB has issued several reporting standards that will become effective for fiscal 2019 and later years' financial statements.

- Statement No. 83, Certain Asset Retirement Obligations, addresses accounting and financial reporting for certain asset retirement obligations.
- Statement No. 84, Fiduciary Activities, establishes criteria for identifying fiduciary activities of all state and local governments.
- 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.
- Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements, the objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements
- Statement No. 89 Accounting for Interest Cost Incurred before the End of a Construction Period, the objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

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, 2019

| | GENERAL FUND | | | VARIANCE |
|---|-----------------------|-----------------------|----------------------|----------------------------|
| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | FAVORABLE (UNFAVORABLE) |
| REVENUES: | | | | |
| From Local Sources | | | | |
| Taxation | \$ 17,200,000 | \$ 17,360,000 | \$ 19,940,680 | \$ 2,580,680 |
| Other Local Sources | 433,200 | 446,200 | 695,809 | 249,609 |
| Earnings on Investments | 30,000 | 75,000 | 198,580 | 123,580 |
| State Sources | 54,989,511 | 54,029,420 | 58,091,825 | 4,062,405 |
| Federal Sources | 200,000 | 200,000 | 195,108 | (4,892) |
| TOTAL REVENUES | <u>\$ 72,852,711</u> | <u>\$ 72,110,620</u> | <u>\$ 79,122,002</u> | <u>\$ 7,011,382</u> |
| EXPENDITURES: | | | | |
| Instruction | \$ 44,500,226 | \$ 45,178,398 | \$ 43,265,939 | \$ 1,912,459 |
| Support Services: | | | | |
| Student | 3,283,091 | 3,319,685 | 4,678,835 | (1,359,150) |
| Instructional Staff | 2,702,856 | 2,637,870 | 3,740,835 | (1,102,965) |
| District Administration | 2,950,015 | 3,103,175 | 2,472,526 | 630,649 |
| School Administration | 3,544,278 | 3,605,576 | 5,231,451 | (1,625,875) |
| Business | 1,172,595 | 1,111,626 | 1,168,105 | (56,479) |
| Plant Operations & Maintenance | 10,041,317 | 10,351,523 | 11,265,965 | (914,442) |
| Student Transportation | 5,446,123 | 4,649,776 | 5,437,600 | (787,824) |
| Community Service | 3,850 | 3,850 | 124,248 | (120,398) |
| Site Acquisition & Constr. | 166,545 | 168,410 | 173,314 | (4,904) |
| Debt Service | | | | |
| Principal | 153,194 | 153,195 | 153,195 | 0 |
| Interest | 23,929 | 23,929 | 23,929 | 0 |
| Contingency | 1,600,000 | 1,350,000 | 0 | 1,350,000 |
| TOTAL EXPENDITURES | <u>\$ 75,588,019</u> | <u>\$ 75,657,013</u> | <u>\$ 77,735,942</u> | <u>\$ (2,078,929)</u> |
| Excess (Deficit) of Revenues over Expenditures | <u>\$ (2,735,308)</u> | <u>\$ (3,546,393)</u> | <u>\$ 1,386,060</u> | <u>\$ 4,932,453</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Proceeds from Capital Leases | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| KISBIT Payments | 0 | 0 | 0 | 0 |
| Proceeds from Sale of Fixed Assets | 0 | 50,000 | 50,785 | 785 |
| Operating Transfers In | 875,308 | 823,459 | 814,313 | 9,146 |
| Operating Transfers Out | (140,000) | (140,000) | (155,802) | (15,802) |
| | <u>\$ 735,308</u> | <u>\$ 733,459</u> | <u>\$ 709,296</u> | <u>\$ (5,871)</u> |
| Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing (Uses) | <u>\$ (2,000,000)</u> | <u>\$ (2,812,934)</u> | <u>\$ 2,095,356</u> | <u>\$ 4,926,582</u> |
| Fund Balance - Beginning | 2,000,000 | 2,902,934 | 3,302,935 | 400,001 |
| Fund Balance - Ending | <u>\$ 0</u> | <u>\$ 90,000</u> | <u>\$ 5,398,291</u> | <u>\$ 5,326,583</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, 2019

| | SPECIAL REVENUE | | | VARIANCE FAVORABLE (UNFAVORABLE) |
|--|----------------------|----------------------|----------------------|--|
| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | |
| REVENUES: | | | | |
| Local Sources | \$ 574,760 | \$ 737,435 | \$ 641,104 | \$ (96,331) |
| Earnings on Investments | 0 | 0 | 0 | 0 |
| State Sources | 2,244,556 | 2,388,442 | 2,232,618 | (155,824) |
| Federal Sources | 7,946,230 | 9,386,390 | 10,029,570 | 643,180 |
| TOTAL REVENUES | \$ 10,765,546 | \$ 12,512,267 | \$ 12,903,292 | \$ 391,025 |
| EXPENDITURES: | | | | |
| Instruction | \$ 7,488,758 | \$ 9,167,531 | \$ 9,686,047 | \$ (518,516) |
| Support Services: | | | | |
| Student | 205,319 | 239,693 | 206,328 | 33,365 |
| Instructional Staff | 1,019,430 | 1,037,458 | 1,029,140 | 8,318 |
| District Administration | 0 | 0 | 0 | 0 |
| School Administration | 0 | 0 | 0 | 0 |
| Business | 193,010 | 211,364 | 272,981 | (61,617) |
| Plant Operations & Maintenance | 26,629 | 1,000 | 13,370 | (12,370) |
| Student Transportation | 96,680 | 96,680 | 96,680 | 0 |
| Central Office | 0 | 0 | 0 | 0 |
| Food Service Operations | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 |
| Community Service | 1,854,758 | 1,892,746 | 1,730,749 | 161,997 |
| Facilities Acquisition & Construction | 0 | 0 | 0 | 0 |
| Contingency | 0 | 0 | 0 | 0 |
| TOTAL EXPENDITURES | \$ 10,884,584 | \$ 12,646,472 | \$ 13,035,295 | \$ (388,823) |
| Excess (Deficit) of Revenues over Expenditures | \$ (119,038) | \$ (134,205) | \$ (132,003) | \$ 2,202 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Bonds Proceeds | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Proceeds from Sale of Fixed Assets | 0 | 0 | 0 | 0 |
| Operating Transfers In | 140,000 | 140,000 | 155,802 | 15,802 |
| Operating Transfers Out | (20,962) | (22,805) | (23,799) | (994) |
| TOTAL OTHER FINANCING SOURCES (USES): | \$ 119,038 | \$ 117,195 | \$ 132,003 | \$ 14,808 |
| Net Change in Fund Balance | \$ 0 | \$ (17,010) | \$ 0 | \$ 17,010 |
| Fund Balance - Beginning | 0 | 0 | 0 | 0 |
| Fund Balance - Ending | <u>\$ 0</u> | <u>\$ (17,010)</u> | <u>\$ 0</u> | <u>\$ 17,010</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, 2019

| | CONSTRUCTION FUND | | | |
|--|--------------------|---------------------|---------------------|--|
| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE FAVORABLE (UNFAVORABLE) |
| REVENUES: | | | | |
| From Local Sources | | | | |
| Taxation | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Motor Vehicle | 0 | 0 | 0 | 0 |
| Utilities | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 |
| Tuition & Fees | 0 | 0 | 0 | 0 |
| Earnings on Investments | 0 | 0 | 52,959 | 52,959 |
| Other Local Revenues | 0 | 0 | 0 | 0 |
| Intergovernmental-State | 0 | 0 | 0 | 0 |
| Intergovernmental – Indirect Federal | 0 | 0 | 0 | 0 |
| Intergovernmental – Direct Federal | 0 | 0 | 0 | 0 |
| TOTAL REVENUES | \$ 0 | \$ 0 | \$ 52,959 | \$ 52,959 |
| EXPENDITURES: | | | | |
| Instruction | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Support Services: | | | | |
| Student | 0 | 0 | 0 | 0 |
| Instructional Staff | 0 | 0 | 0 | 0 |
| District Administration | 0 | 0 | 0 | 0 |
| School Administration | 0 | 0 | 0 | 0 |
| Business | 0 | 0 | 0 | 0 |
| Plant Operations & Maintenance | 0 | 0 | 0 | 0 |
| Student Transportation | 0 | 0 | 0 | 0 |
| Central Office | 0 | 0 | 0 | 0 |
| Food Service Operations | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 |
| Community Service | 0 | 0 | 0 | 0 |
| Facilities Acquisition & Construction | 0 | 0 | 0 | 0 |
| Building Improvements | 0 | 0 | 5,063,420 | (5,063,420) |
| Site Improvements | 0 | 172,200 | 209,087 | (36,887) |
| Bond Issuance Costs | 0 | 0 | 0 | 0 |
| TOTAL EXPENDITURES | \$ 0 | \$ 172,200 | \$ 5,272,507 | \$ (5,100,307) |
| Excess (Deficit) of Revenues over Expenditures | \$ 0 | \$ (172,200) | \$ (5,219,548) | \$ (5,047,348) |
| OTHER FINANCING SOURCES (USES): | | | | |
| Bonds Proceeds | \$ 0 | \$ 0 | \$ 1,940,000 | \$ 1,940,000 |
| Premium on Bond Issuance | 0 | 0 | 0 | 0 |
| Operating Transfers In | 0 | 0 | 0 | 0 |
| Operating Transfers Out | 0 | 0 | 0 | 0 |
| TOTAL OTHER FINANCING SOURCES (USES): | \$ 0 | \$ 0 | \$ 1,940,000 | \$ 1,940,000 |
| Net Change in Fund Balance | \$ 0 | \$ (172,200) | \$ (3,279,548) | \$ (3,107,348) |
| Fund Balance - Beginning | 0 | 0 | 4,758,515 | 4,758,515 |
| Fund Balance - Ending | <u>\$ 0</u> | <u>\$ (172,200)</u> | <u>\$ 1,478,967</u> | <u>\$ 1,651,167</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, 2019**

Last Ten Fiscal Years **

| | 2018-19 | 2017-18 | 2016-17 | 2015-16 | 2014-15 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Schedule of the District's Proportionate Share of the Net Pension Liability | | | | | |
| District's proportion of the net pension liability | 0.0000% | 0.0000% | 0.0000% | 0.0000% | 0.0000% |
| District's proportionate share of the net pension liability | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Commonwealth's proportion of the net pension liability associated with the District | 0.0000% | 0.0000% | 0.0000% | 0.0000% | 0.0000% |
| Commonwealth's proportionate share of the net pension liability associated with the District | \$ 143,777,280 | \$ 312,509,016 | \$ 353,664,994 | \$ 283,538,388 | \$ 260,475,099 |
| Total | <u>\$ 143,777,280</u> | <u>\$ 312,509,016</u> | <u>\$ 353,664,994</u> | <u>\$ 283,538,388</u> | <u>\$ 260,475,099</u> |
| District's covered-employee payroll | \$ 37,105,911 | \$ 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 |
| Commonwealth's proportionate share of the net pension liability as a percentage of District's covered-employee payroll | 25.8079% | 11.7788% | 10.7999% | 12.0553% | 15.0128% |
| Plan fiduciary net position as a percentage of the total pension liability | 35.2200% | 35.2200% | 35.2200% | 42.4900% | 45.5907% |

Schedule of District Contributions

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

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

PIKE COUNTY BOARD OF EDUCATION
County Employees Retirement System Non-Hazardous
FOR THE YEAR ENDED JUNE 30, 2019

Last Ten Fiscal Years **

| | 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 | 0.56995% | 0.57442% | 0.59071% | 0.61359% | 0.62367% |
| District's proportionate share of the net pension liability | 34,711,631 | 33,623,037 | 29,084,219 | 26,381,351 | 20,234,000 |
| District's covered-employee payroll | 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 | 174.06839% | 171.41324% | 164.87565% | 138.47788% | 113.60179% |
| Plan fiduciary net position as a percentage of the total pension liability | 59.07100% | 59.07100% | 59.07100% | 61.35900% | 62.36680% |

| | 2018-2019 | 2017-18 | 2016-17 | 2015-16 | 2014-15 | 2013-14 | 2012-13 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Schedule of District Contributions | | | | | | | |
| Contractually required contribution | \$ 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 | 3,730,476 | 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 |
| District's covered payroll | 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 | 18.7072% | 17.8061% | 13.8535% | 13.1087% | 14.0212% | 15.3931% | 16.4665% |

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

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

PIKE COUNTY BOARD OF EDUCATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET OPEB LIABILITY - MEDICAL INSURANCE PLAN
Teachers' Retirement System Kentucky
Last 10 Fiscal Years*
FOR THE YEAR ENDED JUNE 30, 2018

| | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|---|----------------------|----------------------|----------------------|
| District's proportion of the collective net OPEB liability (asset) | 0.61398% | 0.61398% | 0.613962% |
| District's proportionate share of the collective net OPEB liability (asset) | \$ 21,893,000 | \$ 21,893,000 | 21,675,000 |
| State's proportionate share of the collective net OPEB liability (asset) associated with the District | <u>17,884,000</u> | <u>17,884,000</u> | <u>17,706,000</u> |
| Total | <u>\$ 39,777,000</u> | <u>\$ 39,777,000</u> | <u>\$ 39,381,000</u> |
| District's covered-employee payroll | 36,809,662 | 36,809,662 | 38,195,439 |
| District's proportionate share of the collective net OPEB liability (asset) as a percentage of its covered-employee payroll | 59.476% | 59.476% | 56.748% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 0.372% | 0.372% | 0.481% |

* 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, 2019

| | <u>2019</u> | <u>2018</u> |
|---|-------------------|-------------------|
| Contractually required contribution | 1,051,925 | 1,051,925 |
| Contributions in relation to the | | |
| Contractually required contribution | 1,051,025 | 1,051,025 |
| Contribution deficiency (excess) | <u>2,102,950</u> | <u>2,102,950</u> |
| District's covered-employee payroll | \$ 36,809,662 | \$ 38,195,439 |
| Contributions as a percentage of covered- employee payroll | 2.86% | 2.75% |

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, 2019

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, 2017:

| | |
|--|---|
| Valuation date | June 30, 2016 |
| Actuarial cost method | Entry Age Normal |
| Amortization method | Level Percent of Payroll |
| Amortization period | 30 years, Open |
| Asset valuation method | Five-year smoothed value |
| Inflation | 3.00% |
| Real wage growth | 0.50% |
| Wage inflation | 3.50% |
| Salary increases, including wage inflation | 3.50% - 7.20% |
| Discount rate | 8.00% |
| Health care cost trends | |
| Under 65 | 7.75% for FY 2017 decreasing to an ultimate rate of 5.00% by FY 2023 |
| Ages 65 and older | 5.75% for FY 2017 decreasing to an ultimate rate of 5.00% by FY 2020 |
| Medicare Part B premiums | 1.02% for FY 2017 with an ultimate rate of 5.00% by 2029 |
| Under age 65 claims | the current premium charged by KEHP is used as the base cost and is projected forward using only the health care trend assumption (no implicit rate subsidy is recognized). |

Life Insurance Plan

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

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

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

PIKE COUNTY BOARD OF EDUCATION
Notes to Required Supplementary Information - Kentucky Teachers Retirement System
For the Year Ended June 30, 2019

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

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

| | |
|--|----------------------|
| District's proportionate share of the net OPEB liability | \$ 19,765,000 |
| State's proportionate share of the net OPEB liability associated with the District | |
| Medical Insurance | 17,034,000 |
| Life Insurance | 292,000 |
| Total liability associated with the District | <u>\$ 37,091,000</u> |

For the year ended June 30, 2019, the District recognized OPEB expense of \$1,889,229 and revenue of \$874,493 for support provided by the State. At June 30, 2019, 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 | \$ 1,012,000 |
| Changes of assumptions | 272,000 | 0 |
| Net difference between projected and actual earnings on pension plan investments | 0 | 80,000 |
| Changes in proportion and differences between District contributions and proportionate share of contributions | 0 | 1,344,000 |
| District contributions subsequent to the measurement date | 0 | 0 |
| Total | <u>\$ 272,000</u> | <u>\$ 2,436,000</u> |

Year ended June 30:

| | |
|-------------|------------------------|
| 2020 | \$ 413,000.00 |
| 2021 | 413,000.00 |
| 2022 | 413,000.00 |
| 2023 | 377,000.00 |
| 2024 | 383,000.00 |
| There After | 165,000.00 |
| | <u>\$ 2,164,000.00</u> |

Of the total amount reported as deferred outflows of resources related to OPEB, \$0 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, 2018. 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:

PIKE COUNTY BOARD OF EDUCATION
Notes to Required Supplementary Information - Kentucky Teachers Retirement System
For the Year Ended June 30, 2019

Actuarial assumptions – The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------------|--|
| Valuation Date | 6/30/2017 |
| Actuarial Assumptions: | |
| Actuarial Cost Method | Entry Age |
| Amortization Method | Level Percent of Payroll |
| Amortization Period | 23 years, closed |
| Asset Valuation Method | Five-year smoothed value |
| Investment Rate of Return | 8.00%, net of OPEB plan investment expense, including inflation. |
| Projected Salary Increases | 3.50 - 7.20%, including wage inflation |
| Inflation Rate | 3.00% |
| Real Wage Growth | 0.50% |
| Wage Inflation | 3.50% |
| Municipal Bond Index Rate | 3.89% |
| Discount Rate | 8.00% |
| Single Equivalent Interest Rate | 8.00%, net of OPEB plan investment expense, including price inflation |
| Health Care Cost Trends | |
| Under Age 65 | 7.75% for fiscal year 2018 decreasing to an ultimate rate of 5.00% by fiscal year 2024 |
| Ages 65 and Older | 5.75% fiscal year 2018 decreasing to an ultimate rate of 5.00% by fiscal year 2021 |
| Medicare Part B Premiums | 0.00% for fiscal year 2018 with an ultimate rate of 5.00% by 2030 |

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

The remaining actuarial assumptions (e.g. initial per capita costs, rate of plan participation, rates of plan election, etc.) used in the June 30, 2017 valuation were based on a review of recent plan experience done concurrently with the June 30, 2017 valuation.

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

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

| Asset Class* | Target Allocation | 30 Year Expected Geometric Real Rate of Return |
|-----------------------|--------------------------|---|
| Global Equity | 58.0% | 4.6% |
| Fixed Income | 9.0% | 1.2% |
| Real Estate | 5.5% | 3.8% |
| Private Equity | 6.5% | 6.3% |
| Additional Categories | 20.0% | 3.3% |
| Cash | 1.0% | 0.9% |
| Total | 100.0% | |

PIKE COUNTY BOARD OF EDUCATION
Notes to Required Supplementary Information - Kentucky Teachers Retirement System
For the Year Ended June 30, 2019

Discount rate - The discount rate used to measure the total OPEB liability for life insurance was 8.00%. The projection of cash flows used to determine the discount rate assumed that the employer contributions will be made at statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

| | <u>1% Decrease Rate (7.00%)</u> | <u>Current Discount Rate (8.00%)</u> | <u>1% Increase Rate (9.00%)</u> |
|--------------------------------|-------------------------------------|--|-------------------------------------|
| Systems' net pension liability | \$ 22,995,310 | \$ 19,765 | \$ 16,789,406 |

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*

| | <u>2019</u> | <u>2018</u> | |
|---|----------------------|----------------------|-------|
| District's proportion of the collective net OPEB liability (asset) | 0.569928% | 0.574428% | ##### |
| District's proportionate share of the collective net OPEB liability (asset) | \$ 10,118,958 | \$ 11,547,968 | |
| Total | <u>\$ 10,118,958</u> | <u>\$ 11,547,968</u> | |
| District's covered-employee payroll | 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 | 50.744% | 58.873% | |
| Plan fiduciary net position as a percentage of the total OPEB liability | 0.570% | 0.574% | |

* 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
County Employees Retirement Plan
Last 10 Fiscal Years*

| | <u>2019</u> | <u>2018</u> |
|---|---------------|---------------|
| Contractually required contribution | \$ 663,929 | \$ 661,534 |
| Contributions in relation to the | | |
| Contractually required contribution | (663,929) | (661,534) |
| Contribution deficiency (excess) | <u>\$ 0</u> | <u>\$ 0</u> |
| District's covered-employee payroll | \$ 19,941,375 | \$ 19,615,193 |
| Contributions as a percentage of covered- employee payroll | 3.33% | 3.37% |

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

PIKE COUNTY BOARD OF EDUCATION
Notes to the Required Supplementary Information
for the Year Ended June 30, 2019

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, 2018, was performed by Gabriel Roeder Smith (GRS). The total OPEB liability, net OPEB liability, and sensitivity information as of June 30, 2018, were based on an actuarial valuation date of June 30, 2017. The total OPEB liability was rolled-forward from the valuation date (June 30, 2017) to the plan's fiscal year ending June 30, 2018, using generally accepted actuarial principles. There have been no changes in actuarial assumptions since June 30, 2017 (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, 2018, is determined using these updated benefit provisions.

| | |
|---------------------------|--|
| Inflation | 2.30% |
| Payroll Growth Rate | 0.0% for KERS non-hazardous, and 2.0% for CERS nonhazardous and hazardous |
| Salary Increase | 3.05%, average |
| Investment Rate of Return | 6.25% |
| Pre – 65 | Initial trend starting at 7.00% at January 1, 2020, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years. |
| Post-65 | Initial trend starting at 5.00% at January 1, 2020, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 10 years. |

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 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 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

PIKE COUNTY BOARD OF EDUCATION
Notes to the Required Supplementary Information
for the Year Ended June 30, 2019

Kentucky Retirement System – County Employee OPEB Plan

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, 2019, the Kentucky School District reported a liability of \$10,118,958 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, 2018, 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, 2018, the District's proportion was .569928 percent, which was a decrease of .0045 percent from its proportion measured as of June 30, 2018 (.574428 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 | \$10,118,958 |
|--|--------------|

For the year ended June 30, 2019, the District recognized OPEB expense of \$1,290,944. At June 30, 2019, 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 | \$ 0 | \$ 1,179,230 |
| Changes of assumptions | 2,020,906 | 23,379 |
| Investment Experience | 0 | 696,998 |
| Changes in proportion and differences between District contributions and proportionate share of contributions | 0 | 124,031 |
| District contributions subsequent to the measurement date | 0 | 0 |
| Total | <u>\$ 2,020,906</u> | <u>\$ 2,023,638</u> |

PIKE COUNTY BOARD OF EDUCATION
Notes to the Required Supplementary Information
for the Year Ended June 30, 2019

Kentucky Retirement System – County Employee OPEB Plan

Of the total amount reported as deferred outflows of resources related to OPEB, \$0 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, 2019. 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: | | |
|---------------------|----|-----------|
| 2018 | \$ | 11,636 |
| 2019 | | 11,636 |
| 2020 | | 11,636 |
| 2021 | | 147,005 |
| 2022 | | (112,244) |
| ther after | | (72,403) |
| | \$ | (2,734) |

Actuarial assumptions – The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|-----------------------------|--|
| Inflation rate | 2.30% |
| Payroll Growth Rate | 2.00% |
| Projected salary increases | 3.05% Average |
| Investment rate of return | 6.25% |
| Healthcare cost trend rates | |
| Under 65 | Initial trend starting at 7.00% at January 1, 2020, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years. |
| Ages 65 and Older | Initial trend starting at 5.00% at January 1, 2020, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 10 years. |

The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). 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 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, 2019

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 |
|-------------------------|-------------------|--|
| US Equity* | | |
| Large Cap | 5.00% | 4.50% |
| US Mid Cap | 6.00% | 4.50% |
| US Small Cap | 6.50% | 5.50% |
| Non US Equity | | |
| International Developed | 12.50% | 6.50% |
| Emerging Markets | 5.00% | 7.25% |
| Global Bonds | 4.00% | 3.00% |
| Credit Fixed | | |
| Global Credit | 2.00% | 3.75% |
| High Yield | 7.00% | 5.50% |
| Emerging Market Debt | 5.00% | 6.00% |
| Illiquid Private | 10.00% | 8.50% |
| Private Equity | 10.00% | 6.50% |
| Real Estate | 5.00% | 9.00% |
| Absolute Return | 10.00% | 5.00% |
| Real Return* | 10.00% | 7.00% |
| Cash | 2.00% | 1.50% |
| Total | 100.00% | |

Discount Rate - The projection of cash flows used to determine the discount rate of 5.83% for KERS Non-hazardous, 5.87% for KERS Hazardous, 5.84% for CERS Non-hazardous, and 5.96% for CERS Hazardous assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 26 years (closed) amortization period of the unfunded actuarial accrued liability. The discount rate determination used an expected rate of return of 6.25%, and a municipal bond rate of 3.56%, as reported in Fidelity Index's "20 –Year Municipal GO AA Index" as of June 30, 2017. However, the cost associated with the implicit employer subsidy was not included in the calculation of the System's actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the System's 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 nominal rates of return for each major asset class are summarized in the CAFR.

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

| | 1% Decrease ▼ (4.85%) | Current Discount Rate (5.85%) | 1% Increase ▼ (6.85%) |
|-----------------------------|-----------------------------|----------------------------------|-----------------------------|
| Systems' net OPEB liability | \$ 13,142,905 | \$ 10,118,958 | \$ 7,543,109 |

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

PIKE COUNTY BOARD OF EDUCATION
Notes to the Required Supplementary Information
for the Year Ended June 30, 2019

Kentucky Retirement System – County Employee OPEB Plan

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 | \$ 7,533,665 | \$ 10,118,958 | \$ 13,166,275 |

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, 2019**

| | Capital Outlay Fund | Building Fund | District Activity | Total Non- Major Governmental Funds |
|-------------------------------------|------------------------|---------------|----------------------|--|
| <u>ASSETS AND RESOURCES</u> | | | | |
| Cash and Cash Equivalents | \$ 0 | \$ 0 | \$ 157,809 | \$ 157,809 |
| Investments | 0 | 0 | 0 | 0 |
| Accounts Receivable | 0 | 0 | 0 | 0 |
| Due From Other Funds | 0 | 0 | 0 | 0 |
| Total Assets | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 157,809</u> | <u>\$ 157,809</u> |
| <u>LIABILITIES AND FUND BALANCE</u> | | | | |
| Liabilities | | | | |
| Accounts Payable | \$ 0 | \$ 0 | \$ 11,130 | \$ 11,130 |
| Summer Payrolls | 0 | 0 | 0 | |
| Other Liabilities | 0 | 0 | 0 | 0 |
| Other Liabilities | 0 | 0 | 0 | 0 |
| Total Liabilities | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 11,130</u> | <u>\$ 11,130</u> |
| Deferred Revenue | | | | |
| | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Total Liabilities | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| Fund Balances | | | | |
| Restricted: | | | | |
| Other | \$ 0 | \$ 0 | \$ 146,679 | \$ 146,679 |
| Future Construction | 0 | 0 | 0 | 0 |
| Debt Service | 0 | 0 | 0 | 0 |
| Committed: | | | | |
| Site Based Carryforward | 0 | 0 | 0 | 0 |
| Sick-leave | 0 | 0 | 0 | 0 |
| Worker's Compensation | 0 | 0 | 0 | 0 |
| Assigned: | | | | |
| Purchase Obligations | 0 | 0 | 0 | 0 |
| Unassigned | 0 | 0 | 0 | 0 |
| Total Fund Balances | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 146,679</u> | <u>\$ 146,679</u> |
| Total Liabilities and Fund Balances | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 157,809</u> | <u>\$ 157,809</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, 2019

| | Capital Outlay Fund | Building Fund | District Activity | Total Non-Major Governmental Funds |
|--|------------------------|-----------------------|----------------------|--|
| REVENUES | | | | |
| From Local Sources | | | | |
| Taxes | | | | |
| Property | \$ 0 | \$ 2,213,892 | \$ 0 | \$ 2,213,892 |
| Motor Vehicles | 0 | 0 | 0 | 0 |
| Utilities | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 |
| Earnings on Investments | 0 | 0 | 0 | 0 |
| Other Local Revenues | 0 | 0 | 251,196 | 251,196 |
| Intergovernmental- State | 741,913 | 3,973,666 | 0 | 4,715,579 |
| Intergovernmental-Indirect Federal | 0 | 0 | 0 | 0 |
| Total Revenues | \$ 741,913 | \$ 6,187,558 | \$ 251,196 | \$ 7,180,667 |
| EXPENDITURES | | | | |
| Instruction | \$ 0 | \$ 0 | \$ 134,041 | \$ 134,041 |
| Support Services | | | | |
| Student | 0 | 0 | 0 | 0 |
| Instruction Staff | 0 | 0 | 14,325 | 14,325 |
| District Administrative | 0 | 0 | 0 | 0 |
| School Administrative | 0 | 0 | 16,969 | 16,969 |
| Business | 0 | 0 | 0 | 0 |
| Plant Operation and Maint. | 0 | 0 | 75,714 | 75,714 |
| Student Transportation | 0 | 0 | 0 | 0 |
| Food Service | 0 | 0 | 0 | 0 |
| Community Services | 0 | 0 | 0 | 0 |
| Facilities Acquisitions and Construction | 0 | 0 | 0 | 0 |
| Purchase Professional Services | 0 | 0 | 0 | 0 |
| Site Improvement | 0 | 0 | 0 | 0 |
| Building Improvements | 0 | 0 | 0 | 0 |
| Debt Service | | | | |
| Principal | 0 | 0 | 0 | 0 |
| Interest | 0 | 0 | 0 | 0 |
| Bond Issuance Costs | 0 | 0 | 0 | 0 |
| Total Expenditures | \$ 0 | \$ 0 | \$ 241,049 | \$ 241,049 |
| Excess (Deficit) of Revenues over Expenditures | \$ 741,913 | \$ 6,187,558 | \$ 10,147 | \$ 6,939,618 |
| Other Financing Sources (Uses) | | | | |
| Proceeds from Sales of Bonds | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Premium on Bond Issuance | 0 | 0 | 0 | 0 |
| Bond Discounts | 0 | 0 | 0 | 0 |
| Proceeds from Capital Leases | 0 | 0 | 0 | 0 |
| Proceeds from Sales of Fixed Assets | 0 | 0 | 0 | 0 |
| Operating Transfer, In | 0 | 0 | 0 | 0 |
| Operating Transfer, Out | (741,913) | (6,187,558) | 0 | (6,929,471) |
| Total Other Financing Sources | \$ (741,913) | \$ (6,187,558) | \$ 0 | \$ (6,929,471) |
| Net Change in Fund Balance | \$ 0 | \$ 0 | \$ 10,147 | \$ 10,147 |
| Fund Balance - Beginning | 0 | 0 | 136,532 | 136,532 |
| Fund Balance - Ending | \$ 0 | \$ 0 | \$ 146,679 | \$ 146,679 |

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, 2019**

| SCHOOLS | Cash Balance July 1, 2018 | Receipts | Disburse- ments | Cash Balance June 30, 2019 | Accounts Receivable | Accounts Payable | Due to Students June 30, 2019 |
|------------------------------|------------------------------|---------------------|---------------------|-------------------------------|------------------------|---------------------|----------------------------------|
| HIGH SCHOOLS | | | | | | | |
| Belfry | \$ 148,213 | \$ 447,665 | \$ 436,998 | \$ 158,880 | \$ 0 | \$ 12,126 | \$ 146,754 |
| East Ridge | 53,646 | 226,690 | 192,790 | 87,546 | 0 | 0 | 87,546 |
| Phelps | 56,511 | 187,341 | 186,943 | 56,910 | 0 | 1,283 | 55,627 |
| Pike Central | 57,687 | 375,753 | 387,137 | 46,303 | 1,509 | 1,275 | 46,537 |
| Shelby Valley | 99,431 | 405,343 | 372,089 | 132,685 | 0 | 0 | 132,685 |
| MIDDLE SCHOOLS | | | | | | | |
| Belfry Middle | 31,374 | 172,851 | 172,634 | 31,592 | 0 | 12,548 | 19,044 |
| ELEMENTARY SCHOOLS | | | | | | | |
| Belfry Elementary | 97,956 | 107,457 | 154,859 | 50,554 | 0 | 0 | 50,554 |
| Bevins | 42,962 | 55,181 | 52,590 | 45,553 | 0 | 0 | 45,553 |
| Dorton | 71,644 | 129,463 | 135,043 | 66,065 | 0 | 0 | 66,065 |
| Elkhorn City | 65,569 | 163,976 | 159,393 | 70,152 | 0 | 0 | 70,152 |
| Feds Creek | 7,006 | 84,334 | 72,757 | 18,583 | 0 | 0 | 18,583 |
| Johns Creek | 39,274 | 238,434 | 228,647 | 49,061 | 0 | 556 | 48,505 |
| Kimper | 26,581 | 36,521 | 33,294 | 29,808 | 0 | 0 | 29,808 |
| Millard | 43,124 | 231,962 | 237,570 | 37,516 | 0 | 991 | 36,525 |
| Mullins | 58,366 | 297,099 | 323,562 | 31,903 | 0 | 433 | 31,470 |
| Phelps | 24,981 | 91,828 | 97,010 | 19,799 | 0 | 105 | 19,694 |
| Valley | 73,796 | 17,486 | 1,261 | 90,021 | 65 | 258 | 89,828 |
| DAY TREATMENT CENTERS | | | | | | | |
| Pike County Day Treatment | 9,345 | 3,938 | 3,545 | 9,738 | 0 | 0 | 9,738 |
| TOTALS | <u>\$ 1,007,466</u> | <u>\$ 3,273,323</u> | <u>\$ 3,248,121</u> | <u>\$ 1,032,669</u> | <u>\$ 1,574</u> | <u>\$ 29,575</u> | <u>\$ 1,004,668</u> |

**PIKE COUNTY BOARD OF EDUCATION
BELFRY HIGH SCHOOL
ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019**

| Fund | Cash Balance July 1, 2018 | Receipts | Disburse- ments | Transfers | Cash Balance June 30, 2019 | Accounts Receivable | Accounts Payable | Due to Students June 30, 2019 |
|-------------------------|------------------------------|----------|--------------------|-----------|-------------------------------|------------------------|---------------------|----------------------------------|
| GENERAL | \$ 1,612 | \$ 1,678 | \$ 3,305 | \$ 2,216 | \$ 2,201 | \$ 0 | \$ 3,283 | \$ (1,082) |
| ACADEMIC | 45 | 3,390 | 3,048 | 0 | 387 | 0 | 0 | 387 |
| TENNIS | 66 | 99 | 2,720 | 2,555 | 0 | 0 | 0 | 0 |
| SPIRIT TEAM | 189 | 0 | 0 | 0 | 189 | 0 | 0 | 189 |
| GOLF TEAM | 272 | 1,843 | 891 | 0 | 1,224 | 0 | 0 | 1,224 |
| NANCY SCOTT | 400 | 500 | 400 | 0 | 500 | 0 | 0 | 500 |
| DEBBIE HUNTER | 500 | 500 | 500 | 0 | 500 | 0 | 0 | 500 |
| PHOTOGRAPHY | 0 | 2,500 | 0 | 0 | 2,500 | 0 | 0 | 2,500 |
| HARVEST BAZAAR | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CHARITABLE GAMING | 1 | 0 | 0 | 0 | 1 | 0 | 0 | 1 |
| FACULTY | 3,434 | 9,165 | 8,053 | 0 | 4,546 | 0 | 0 | 4,546 |
| JAG | 0 | 0 | 40 | 40 | 0 | 0 | 0 | 0 |
| VARSDITY COURT | 0 | 0 | 317 | 317 | 0 | 0 | 0 | 0 |
| BAND II | 2,268 | 839 | 3,244 | 136 | (0) | 0 | 0 | (0) |
| HOMECOMING | 0 | 0 | 733 | 733 | 0 | 0 | 0 | 0 |
| HONOR SOCIETY | 756 | 1,150 | 1,328 | 0 | 578 | 0 | 0 | 578 |
| WRESTLING | 0 | 1,530 | 5,044 | 3,613 | 100 | 0 | 0 | 100 |
| STLP | 1,214 | 1,278 | 1,856 | 0 | 636 | 0 | 0 | 636 |
| YGA-KYA | 0 | 6,810 | 8,818 | 2,008 | 0 | 0 | 0 | 0 |
| MU ALPHA THETA | 185 | 368 | 298 | 0 | 255 | 0 | 0 | 255 |
| RUSH RUNYON SCHOLARSHIP | 0 | 605 | 0 | 0 | 605 | 0 | 0 | 605 |
| PERSEVERE SCHOLARSHIP | 0 | 1,000 | 0 | 0 | 1,000 | 0 | 0 | 1,000 |
| LASTING OPP NEW GO | 0 | 0 | 0 | 1,000 | 1,000 | 0 | 0 | 1,000 |
| STUDENT COMMUNITY | 0 | 1,000 | 0 | 0 | 1,000 | 0 | 0 | 1,000 |
| DIGITAL MEDIA | 150 | 0 | 178 | 28 | 0 | 0 | 0 | 0 |
| STORES | 8,388 | 40,752 | 23,942 | (14,022) | 11,176 | 0 | 0 | 11,176 |

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

**PIKE COUNTY BOARD OF EDUCATION
BELFRY HIGH SCHOOL
ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019**

| Fund | Cash Balance July 1, 2018 | Receipts | Disburse- ments | Transfers | Cash Balance June 30, 2019 | Accounts Receivable | Accounts Payable | Due to Students June 30, 2019 |
|-----------------------------|------------------------------|----------|--------------------|-----------|-------------------------------|------------------------|---------------------|----------------------------------|
| ROBOTICS | 6,705 | 10,564 | 8,429 | 0 | 8,840 | 0 | 0 | 8,840 |
| PIRATE PANTRY | 425 | 0 | 105 | 0 | 320 | 0 | 0 | 320 |
| DR MARY JOHNSON SCHOLARSHIP | 5,000 | 5,000 | 5,000 | 0 | 5,000 | 0 | 0 | 5,000 |
| CHARLES JOHNSON GR. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| HOSA | 1,713 | 3,868 | 4,093 | 0 | 1,488 | 0 | 0 | 1,488 |
| FOOTBALL | 28,313 | 87,427 | 88,104 | (4,252) | 23,384 | 0 | 4,200 | 19,184 |
| YOUTH FOOTBALL | 613 | 7,195 | 7,798 | 0 | 10 | 0 | 0 | 10 |
| FOOTBALL II | 43,773 | 0 | 0 | 0 | 43,773 | 0 | 0 | 43,773 |
| BOYS BASKETBALL | 0 | 47,320 | 45,582 | (1,730) | 7 | 0 | 0 | 7 |
| YOUTH BASKETBALL | 30 | 0 | 0 | 0 | 30 | 0 | 0 | 30 |
| DISTRICT BASKETBALL | 1 | 0 | 0 | 0 | 1 | 0 | 0 | 1 |
| GIRLS BASKETBALL | 0 | 21,682 | 23,402 | 1,730 | 10 | 0 | 0 | 10 |
| BASEBALL | 9 | 19,957 | 20,560 | 595 | 0 | 0 | 0 | 0 |
| 60TH DISTRICT BASEBALL | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| BOYS CHEERLEADERS | 8,820 | 30,578 | 35,624 | 4,957 | 8,730 | 0 | 4,643 | 4,087 |
| LEAD OUR NEXT GEN | 1,000 | 2,000 | 1,000 | (1,000) | 1,000 | 0 | 0 | 1,000 |
| SOFTBALL | 0 | 12,092 | 14,033 | 1,941 | 0 | 0 | 0 | 0 |
| VOLLEYBALL | 12 | 6,626 | 5,704 | 0 | 934 | 0 | 0 | 934 |
| ART HONOR SOCIETY | 529 | 917 | 710 | 0 | 737 | 0 | 0 | 737 |
| SPECIAL NEEDS | 1,114 | 2,456 | 2,661 | 0 | 909 | 0 | 0 | 909 |
| SPECIAL NEEDS II | 0 | 5,370 | 5,469 | 589 | 490 | 0 | 0 | 490 |
| BOYS & GIRLS SOCCER | 4,888 | 9,794 | 10,339 | 0 | 4,343 | 0 | 0 | 4,343 |
| JR CLASS | 0 | 9,600 | 7,639 | (1,961) | 0 | 0 | 0 | 0 |
| JROTC | 0 | 287 | 1,839 | 1,551 | 0 | 0 | 0 | 0 |
| SADD | 692 | 779 | 837 | 0 | 634 | 0 | 0 | 634 |
| YALSA | 580 | 317 | 349 | 51 | 599 | 0 | 0 | 599 |
| SPEECH & DRAMA | 1,315 | 1,341 | 252 | 0 | 2,404 | 0 | 0 | 2,404 |
| MARQUEE | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| FBLA | 0 | 1,078 | 2,043 | 964 | 0 | 0 | 0 | 0 |
| YOUTH SERVICE CENTER | 3,893 | 0 | 0 | 0 | 3,893 | 0 | 0 | 3,893 |

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

**PIKE COUNTY BOARD OF EDUCATION
BELFRY HIGH SCHOOL
ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019**

| Fund | Cash Balance July 1, 2018 | Receipts | Disburse- ments | Transfers | Cash Balance June 30, 2019 | Accounts Receivable | Accounts Payable | Due to Students June 30, 2019 |
|---------------------|------------------------------|-------------------|--------------------|-------------|-------------------------------|------------------------|---------------------|----------------------------------|
| CHILDREN INC. | 598 | 13,091 | 12,436 | (589) | 664 | 0 | 0 | 664 |
| ANNUAL | 4,866 | 23,488 | 19,268 | (278) | 8,808 | 0 | 0 | 8,808 |
| VARNEY SCHOLARSHIP | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CHOIR | 0 | 2,165 | 3,737 | 1,573 | 0 | 0 | 0 | 0 |
| TRACK | 0 | 525 | 1,164 | 639 | 0 | 0 | 0 | 0 |
| SOUTHS SCHOLARSHIP | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| BAND | 0 | 3,032 | 2,084 | (948) | 0 | 0 | 0 | 0 |
| EASTERN KY LEVEL UP | 1,450 | 0 | 1,068 | 0 | 382 | 0 | 0 | 382 |
| SCHOOL NEWSPAPER | 170 | 55 | 175 | 0 | 50 | 0 | 0 | 50 |
| HOBY | 165 | 845 | 1,410 | 400 | 0 | 0 | 0 | 0 |
| INSTRUCTIONAL FEE | 1,580 | 19,141 | 11,301 | (5,669) | 3,751 | 0 | 0 | 3,751 |
| JV CHEERLEADERS | 134 | 259 | 0 | 0 | 393 | 0 | 0 | 393 |
| JAMES WILLIS STUL | 3,545 | 500 | 1,000 | 0 | 3,045 | 0 | 0 | 3,045 |
| FCA | 320 | 0 | 0 | 0 | 320 | 0 | 0 | 320 |
| SENIOR CLASS | 3,421 | 0 | 2,205 | 745 | 1,961 | 0 | 0 | 1,961 |
| FOOTBALL III | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CHEER KAPOs | 1,252 | 5,537 | 1,318 | (4,957) | 514 | 0 | 0 | 514 |
| EASTERN KY STRONG | 1,807 | 12,406 | 11,353 | 0 | 2,860 | 0 | 0 | 2,860 |
| SPANISH | 0 | 1,736 | 1,536 | 0 | 200 | 0 | 0 | 200 |
| DAF INSTRUCTION | 0 | 0 | 7,200 | 7,200 | 0 | 0 | 0 | 0 |
| CHEER NATIONALS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| HONORS MUSIC | 0 | 2,856 | 3,455 | (177) | (776) | 0 | 0 | (776) |
| DAF BUILDING/GRO | 0 | 775 | 1 | 0 | 774 | 0 | 0 | 774 |
| TOTAL | \$ 148,213 | \$ 447,665 | \$ 436,998 | \$ 0 | \$ 158,880 | \$ 0 | \$ 12,126 | \$ 146,754 |

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

**PIKE COUNTY BOARD OF EDUCATION
EAST RIDGE HIGH SCHOOL
ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019**

| Fund | Cash Balance July 1, 2018 | Receipts | Disburse- ments | Transfers | Cash Balance June 30, 2019 | Accounts Receivable | Accounts Payable | Due to Students June 30, 2019 |
|-------------------------------|------------------------------|----------|--------------------|------------|-------------------------------|------------------------|---------------------|----------------------------------|
| GENERAL | \$ 1,859 | \$ 5,897 | 1,691 | \$ (1,976) | \$ 4,089 | \$ 0 | \$ 0 | \$ 4,089 |
| LIBRARY | 27 | 17 | 0 | 0 | 44 | 0 | 0 | 44 |
| AP EXAMS | 5 | 3,385 | 0 | (3,275) | 115 | 0 | 0 | 115 |
| SCHOLARSHIPS | 2,480 | 27,169 | 8,750 | 0 | 20,899 | 0 | 0 | 20,899 |
| PARKING | 995 | 690 | 0 | 0 | 1,685 | 0 | 0 | 1,685 |
| TEXTBOOKS | 5,018 | 0 | 0 | 0 | 5,018 | 0 | 0 | 5,018 |
| SCIENCE DEPT | 1 | 330 | 265 | 0 | 66 | 0 | 0 | 66 |
| STUDENT ACTIVITY | 39 | 0 | 0 | 0 | 39 | 0 | 0 | 39 |
| ROBOTICS CLUB | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| WARRIOR WAREHOUSE | 2,962 | 9,956 | 9,016 | (4) | 3,898 | 0 | 0 | 3,898 |
| FMD | 402 | 3,318 | 2,874 | (518) | 328 | 0 | 0 | 328 |
| ACADEMIC TEAM | 0 | 946 | 2,051 | 1,105 | 0 | 0 | 0 | 0 |
| ATHLETICS | 1,892 | 15,342 | 9,041 | (575) | 7,619 | 0 | 0 | 7,619 |
| DISTRICT BASKETBALL | 0 | 19,400 | 13,174 | (6,226) | 0 | 0 | 0 | 0 |
| REST. BOY'S BSKTBALL BOOSTERS | 0 | 3,359 | 160 | (3,199) | 0 | 0 | 0 | 0 |
| BOYS BASKETBALL | 0 | 6,729 | 17,100 | 10,371 | 0 | 0 | 0 | 0 |
| REST BOYS BSKT BOOSTERS | 0 | 5,330 | 2,365 | (2,965) | (0) | 0 | 0 | (0) |
| GIRLS BASKETBALL | 0 | 7,087 | 9,074 | 2,504 | 517 | 0 | 0 | 517 |
| REST FB BOOSTERS CO | 0 | 7,163 | 2,542 | (4,621) | 0 | 0 | 0 | 0 |
| RESTRICTED FB BOOSTERS | 0 | 4,430 | 688 | (3,742) | 0 | 0 | 0 | 0 |
| FOOTBALL | 0 | 10,321 | 23,572 | 13,251 | 0 | 0 | 0 | 0 |
| ER MIDDLE SCHOOL FB | 0 | 2,040 | 1,950 | (90) | 0 | 0 | 0 | 0 |
| SOFTBALL | 0 | 2,799 | 3,567 | 769 | 0 | 0 | 0 | 0 |

**PIKE COUNTY BOARD OF EDUCATION
EAST RIDGE HIGH SCHOOL
ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019**

| Fund | Cash Balance July 1, 2018 | Receipts | Disburse- ments | Transfers | Cash Balance June 30, 2019 | Accounts Receivable | Accounts Payable | Due to Students June 30, 2019 |
|----------------------------|------------------------------|----------|--------------------|-----------|-------------------------------|------------------------|---------------------|----------------------------------|
| ERMS BASEBALL BO CON | | | | | 0 | 0 | 0 | 0 |
| BASEBALL | 0 | 2,479 | 3,248 | 769 | 0 | 0 | 0 | 0 |
| ER MS BASEBALL | 323 | 1,872 | 1,490 | 0 | 705 | 0 | 0 | 705 |
| ER MS BASEBALL BO | 268 | 0 | 0 | 0 | 268 | 0 | 0 | 268 |
| ER MS BASEBALL BO | 586 | 0 | 0 | 0 | 586 | 0 | 0 | 586 |
| VOLLEYBALL | 0 | 3,432 | 3,432 | 0 | 0 | 0 | 0 | 0 |
| DISTRICT VB TOUR | 0 | 1,734 | 702 | 0 | 1,032 | 0 | 0 | 1,032 |
| 15TH ALL A VOLLEYBALL TOUR | 979 | 0 | 0 | 0 | 979 | 0 | 0 | 979 |
| CHEERLEADERS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| GOLF | 0 | 0 | 460 | 460 | 0 | 0 | 0 | 0 |
| CROSS COUNTRY | 0 | 2,966 | 2,377 | 0 | 589 | 0 | 0 | 589 |
| TRACK BOYS | 79 | 4,261 | 3,329 | 618 | 1,629 | 0 | 0 | 1,629 |
| CULTURE CLUB | 3,009 | 7,501 | 8,772 | 413 | 2,151 | 0 | 0 | 2,151 |
| TRACK GIRLS | 617 | 0 | 0 | (618) | (1) | 0 | 0 | (1) |
| DANCE TEAM | 0 | 391 | 0 | 0 | 391 | 0 | 0 | 391 |
| DUAL CREDIT | 54 | 315 | 0 | 0 | 369 | 0 | 0 | 369 |
| TEACHERS LOUNGE | 189 | 2,586 | 2,376 | 0 | 399 | 0 | 0 | 399 |
| BAND | 0 | 8,980 | 8,677 | 13 | 316 | 0 | 0 | 316 |
| CHOIR | 13 | 0 | 0 | (13) | 0 | 0 | 0 | 0 |
| JROTC VENDING | 5,389 | 5,417 | 2,538 | 0 | 8,268 | 0 | 0 | 8,268 |
| JROTC DRILL TEAM | 2,842 | 6,694 | 6,599 | 540 | 3,477 | 0 | 0 | 3,477 |
| STUDENT VENDING | 3,253 | 2,189 | 0 | 0 | 5,442 | 0 | 0 | 5,442 |
| DRAMA | 36 | 0 | 0 | 0 | 36 | 0 | 0 | 36 |

**PIKE COUNTY BOARD OF EDUCATION
EAST RIDGE HIGH SCHOOL
ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019**

| Fund | Cash Balance July 1, 2018 | Receipts | Disburse- ments | Transfers | Cash Balance June 30, 2019 | Accounts Receivable | Accounts Payable | Due to Students June 30, 2019 |
|---------------------------|------------------------------|-------------------|--------------------|-------------|-------------------------------|------------------------|---------------------|----------------------------------|
| ANNUAL/YEARBOOK | 7,862 | 5,351 | 6,865 | 0 | 6,349 | 0 | 0 | 6,349 |
| PICTURES | 1,299 | 0 | 0 | (1,000) | 299 | 0 | 0 | 299 |
| BETA CLUB | 183 | 0 | 0 | 0 | 183 | 0 | 0 | 183 |
| NATIONAL HONOR SOC. | 50 | 964 | 996 | (17) | 1 | 0 | 0 | 1 |
| CHILDREN INC. | 566 | 5,486 | 4,185 | (1,867) | 0 | 0 | 0 | 0 |
| NANCY RATLIFF SCHOLARSHIP | 2,232 | 2,100 | 2,000 | 0 | 2,332 | 0 | 0 | 2,332 |
| GUIDANCE COUNSELOR | 489 | 1,587 | 1,413 | 0 | 663 | 0 | 0 | 663 |
| ATHLETIC SIGN ADVER | 0 | 7,300 | 595 | (6,705) | 0 | 0 | 0 | 0 |
| PROM | 4,505 | 9,160 | 10,657 | 0 | 3,008 | 0 | 0 | 3,008 |
| HOMECOMING ACTIVITIES | 1,489 | 1,253 | 260 | 0 | 2,482 | 0 | 0 | 2,482 |
| SENIORS | 764 | 2,766 | 3,132 | 348 | 746 | 0 | 0 | 746 |
| STUDENT ENRICHMENT | 479 | 4,125 | 4,460 | 0 | 144 | 0 | 0 | 144 |
| DAF INSTRUCTION | 0 | 0 | 6,085 | 6,085 | 0 | 0 | 0 | 0 |
| GIFTED AND TALENTED | 53 | 0 | 0 | 0 | 53 | 0 | 0 | 53 |
| RST. BOY'S BSKTBALL CON. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| DAF BUILDING/GRO | 0 | 0 | 166 | 166 | 0 | 0 | 0 | 0 |
| FBLA | 358 | 71 | 94 | 0 | 335 | 0 | 0 | 335 |
| | <u>\$ 53,646</u> | <u>\$ 226,690</u> | <u>\$ 192,790</u> | <u>\$ 0</u> | <u>\$ 87,546</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 87,546</u> |

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

**PIKE COUNTY BOARD OF EDUCATION
PHELPS HIGH SCHOOL
ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019**

| Fund | Cash Balance July 1, 2018 | Receipts | Disburse- ments | Transfers | Cash Balance June 30, 2019 | Accounts Receivable | Accounts Payable | Due to Students June 30, 2019 |
|--------------------------|------------------------------|----------|--------------------|-----------|-------------------------------|------------------------|---------------------|----------------------------------|
| GENERAL | \$ 7,964 | \$ 9,504 | \$ 3,454 | \$ 233 | \$ 14,247 | \$ 0 | \$ 1,020 | \$ 13,227 |
| PHARMACY TECH CLASSES | 0 | 430 | 0 | 0 | 430 | 0 | 0 | 430 |
| TRACK/CROSS COUNTRY | 0 | 2,241 | 2,147 | 450 | 544 | 0 | 0 | 544 |
| 60TH DISTRICT BASKETBALL | 0 | 11,865 | 8,407 | (3,458) | 0 | 0 | 0 | 0 |
| 60TH DISTRICT CONCESSION | 0 | 3,960 | 110 | (3,850) | 0 | 0 | 0 | 0 |
| DISTRICT PROGRAM/T-SHIRT | 0 | 3,389 | 1,256 | (2,134) | 0 | 0 | 0 | 0 |
| COLA MACHINES | 502 | 3,868 | 2,526 | (1,581) | 263 | 0 | 263 | 0 |
| SR. CLASS | 70 | 761 | 1,002 | 0 | (171) | 0 | 0 | (171) |
| VOLLEYBALL | 770 | 6,312 | 6,270 | 817 | 1,629 | 0 | 0 | 1,629 |
| JR. HIGH VOLLEYBALL | 179 | 5,620 | 7,671 | 2,672 | 800 | 0 | 0 | 800 |
| FRYSC | 20 | 163 | 0 | 0 | 183 | 0 | 0 | 183 |
| JKG | 0 | 922 | 854 | 0 | 68 | 0 | 0 | 68 |
| LOCKERS | 0 | 810 | 0 | (810) | 0 | 0 | 0 | 0 |
| CHEER | 177 | 8,029 | 7,384 | 0 | 822 | 0 | 0 | 822 |
| WRESTLING | 208 | 0 | 0 | 0 | 208 | 0 | 0 | 208 |
| JH BASEBALL | 1,940 | 2,205 | 3,824 | 1,270 | 1,591 | 0 | 0 | 1,591 |
| CONCESSION JH BASEBALL | 0 | 1,270 | 0 | (1,270) | 0 | 0 | 0 | 0 |
| VAR BOYS BASKETBALL | 464 | 14,089 | 11,430 | 5,652 | 8,775 | 0 | 0 | 8,775 |
| FOOTBALL | 1,216 | 17,596 | 12,440 | 1,357 | 7,729 | 0 | 0 | 7,729 |
| PHELPS LL BASEBALL | 4,522 | 918 | 3,876 | 0 | 1,564 | 0 | 0 | 1,564 |
| BASEBALL | 97 | 6,202 | 5,382 | 841 | 1,758 | 0 | 0 | 1,758 |
| BASEBALL CONCESSIONS | 0 | 1,261 | 0 | (1,261) | 0 | 0 | 0 | 0 |
| VAR GIRLS BASKETBALL | 576 | 6,595 | 11,935 | 5,313 | 550 | 0 | 0 | 550 |
| SOFTBALL | 1,817 | 3,775 | 5,579 | 253 | 265 | 0 | 0 | 265 |

PIKE COUNTY BOARD OF EDUCATION
 PHELPS HIGH SCHOOL
 ACTIVITY FUNDS
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2019

| Fund | Cash Balance July 1, 2018 | Receipts | Disburse- ments | Transfers | Cash Balance June 30, 2019 | Accounts Receivable | Accounts Payable | Due to Students June 30, 2019 |
|---------------------------------|------------------------------|----------|--------------------|-----------|-------------------------------|------------------------|---------------------|----------------------------------|
| JH FOOTBALL | 517 | 1,374 | 2,185 | 755 | 460 | 0 | 0 | 460 |
| JH BOYS BASKETBALL | 6,361 | 4,477 | 10,181 | 637 | 1,294 | 0 | 0 | 1,294 |
| CONCESSIONS GIRLS BASKETBALL | 0 | 2,428 | 575 | (1,852) | 0 | 0 | 0 | 0 |
| BOYS VARSITY CONCESSIONS | 0 | 3,154 | 815 | (2,339) | 0 | 0 | 0 | 0 |
| VARSITY ACADEMIC TEAM | 112 | 0 | 0 | 0 | 112 | 0 | 0 | 112 |
| JR HIGH ACADEMIC TEAM | 75 | 106 | 180 | 0 | 1 | 0 | 0 | 1 |
| PROM | 101 | 6,065 | 6,146 | 0 | 20 | 0 | 0 | 20 |
| CHILDREN INC | 12,881 | 16,774 | 28,419 | 0 | 1,236 | 0 | 0 | 1,236 |
| CONCESSIONS JH BOYS BASKETBALL | 0 | 2,234 | 1,069 | (1,165) | 0 | 0 | 0 | 0 |
| JH GIRLS BASKETBALL | 1,579 | 656 | 1,183 | (72) | 980 | 0 | 0 | 980 |
| NH SOCIETY | 0 | 580 | 385 | 0 | 195 | 0 | 0 | 195 |
| JROTC | 1,584 | 152 | 1,359 | 350 | 726 | 0 | 0 | 726 |
| FBLA | 209 | 297 | 442 | 0 | 64 | 0 | 0 | 64 |
| SCHOOL STORE | 0 | 5,693 | 3,932 | (1,761) | 0 | 0 | 0 | 0 |
| LIBRARY FUND | 0 | 28 | 0 | (28) | 0 | 0 | 0 | 0 |
| PEPSI VENDING MACH | 483 | 4,711 | 4,831 | (362) | 0 | 0 | 0 | 0 |
| TEACHER VENDING (POP) | 827 | 3,526 | 2,664 | (199) | 1,490 | 0 | 0 | 1,490 |
| CONCESSIONS JH GIRLS BASKETBALL | 0 | 341 | 293 | (48) | 0 | 0 | 0 | 0 |
| SOFTBALL CONCESSIONS | 0 | 1,384 | 458 | (926) | 0 | 0 | 0 | 0 |
| VOLLEYBALL CONCESSIONS | 0 | 2,280 | 0 | (2,280) | 0 | 0 | 0 | 0 |
| JH VOLLEYBALL CONCESSIONS | 0 | 2,162 | 503 | (1,659) | 0 | 0 | 0 | 0 |
| TEACHERS VENDING/SN | 4,711 | 1,027 | 3,927 | 199 | 2,010 | 0 | 0 | 2,010 |
| VENDING STORE | 0 | 1,596 | 960 | (636) | 0 | 0 | 0 | 0 |

**PIKE COUNTY BOARD OF EDUCATION
PHELPS HIGH SCHOOL
ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019**

| Fund | Cash Balance July 1, 2018 | Receipts | Disburse- ments | Transfers | Cash Balance June 30, 2019 | Accounts Receivable | Accounts Payable | Due to Students June 30, 2019 |
|------------------------------|------------------------------|-------------------|--------------------|-------------|-------------------------------|------------------------|---------------------|----------------------------------|
| AP ENVIROMENTAL SC | 504 | 0 | 0 | (504) | 0 | 0 | 0 | 0 |
| YEARBOOK | 0 | 15 | 0 | (15) | 0 | 0 | 0 | 0 |
| 4-H CLUB | 106 | 0 | 104 | 0 | 2 | 0 | 0 | 2 |
| JR HIGH FOOTBALL CONCESSIONS | 0 | 759 | 116 | (643) | 0 | 0 | 0 | 0 |
| JR HIGH CHEER | 325 | 579 | 862 | 0 | 42 | 0 | 0 | 42 |
| BAND | 3,240 | 6,513 | 8,062 | 0 | 1,691 | 0 | 0 | 1,691 |
| GRAPHICS ACCOUNT | 175 | 0 | 0 | 0 | 175 | 0 | 0 | 175 |
| DANCE | 66 | 475 | 480 | 0 | 61 | 0 | 0 | 61 |
| FMD UNIT | 0 | 1,025 | 605 | 0 | 420 | 0 | 0 | 420 |
| GENERAL SPORTS FUND | 858 | 837 | 3,310 | 4,516 | 2,901 | 0 | 0 | 2,901 |
| JUNIOR HIGH ACTIVITIES | 417 | 675 | 580 | 0 | 512 | 0 | 0 | 512 |
| SPELLING TEAM | 402 | 0 | 0 | 0 | 402 | 0 | 0 | 402 |
| FOOTBALL CONCESSIONS | 0 | 2,847 | 0 | (3,019) | (172) | 0 | 0 | (172) |
| STLP | 0 | 240 | 0 | 0 | 240 | 0 | 0 | 240 |
| BETA CLUB | 285 | 547 | 211 | 0 | 621 | 0 | 0 | 621 |
| DAF ATHLETICS | 0 | 0 | 368 | 368 | 0 | 0 | 0 | 0 |
| DAF LIBRARY | 0 | 0 | 28 | 28 | 0 | 0 | 0 | 0 |
| DAF BUILDING/GROUNDS | 171 | 1 | 6,161 | 6,161 | 172 | 0 | 0 | 172 |
| TOTAL | \$ 56,511 | \$ 187,341 | \$ 186,943 | \$ 0 | \$ 56,910 | \$ 0 | \$ 1,283 | \$ 55,627 |

**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, 2019**

| Fund | Cash Balance July 1, 2018 | Receipts | Disburse- ments | Transfers | Cash Balance June 30, 2019 | Accounts Receivable | Accounts Payable | Due to Students June 30, 2019 |
|-------------------------|------------------------------|----------|--------------------|-----------|-------------------------------|------------------------|---------------------|----------------------------------|
| GENERAL FUND | \$ 1,119 | \$ 483 | \$ 1,369 | \$ (156) | \$ 77 | \$ 0 | \$ 0 | \$ 77 |
| PARKING PERMITS | 0 | 730 | 0 | (730) | 0 | 0 | 0 | 0 |
| STUDENT FEES | 0 | 3,395 | (120) | (3,515) | 0 | 0 | 0 | 0 |
| MEMORIAL | 227 | 0 | 0 | 0 | 227 | 0 | 0 | 227 |
| AP CLASSES | 1,053 | 100 | 225 | 0 | 928 | 0 | 0 | 928 |
| HALL OF FAME | 1,018 | 0 | 0 | (968) | 50 | 0 | 0 | 50 |
| SCHOOL PICTURES | 0 | 983 | 0 | (983) | 0 | 0 | 0 | 0 |
| STAFF VENDING | 3,645 | 4,131 | 3,370 | (50) | 4,356 | 0 | 74 | 4,282 |
| ATHLETICS | 455 | 33,562 | 33,551 | (62) | 405 | 0 | 402 | 3 |
| BOYS VAR CHEERLEADERS | 4,242 | 18,016 | 16,375 | 0 | 5,883 | 0 | 0 | 5,883 |
| BASEBALL | 0 | 21,396 | 16,812 | 0 | 4,584 | 0 | 379 | 4,205 |
| BASEBALL CONCESSIONS | 0 | 3,284 | 1,565 | 0 | 1,719 | 0 | 0 | 1,719 |
| BOYS BASKETBALL | 4,475 | 10,205 | 20,588 | 5,751 | (157) | 0 | 0 | (157) |
| BOYS BB CONCESSIONS | 2,878 | 4,845 | 2,033 | (5,691) | (1) | 0 | 0 | (1) |
| FOOTBALL | 0 | 16,727 | 17,201 | 1,935 | 1,461 | 0 | 0 | 1,461 |
| FOOTBALL CONCESSIONS | 0 | 4,757 | 2,823 | (1,935) | (1) | 0 | 0 | (1) |
| GIRL'S BASKETBALL | 2,145 | 12,720 | 24,825 | 2,046 | (7,915) | 0 | 0 | (7,915) |
| GIRL'S BASK CONCESSIONS | 200 | 3,047 | 1,201 | (2,046) | 1 | 0 | 0 | 1 |
| SOFTBALL | 0 | 7,200 | 13,536 | 4,827 | (1,509) | 1,509 | 0 | 0 |
| SOFTBALL CONCESSIONS | 0 | 2,209 | 0 | (2,209) | (0) | 0 | 0 | (0) |
| VOLLEYBALL | 603 | 7,563 | 7,622 | 1,260 | 1,804 | 0 | 0 | 1,804 |
| VOLLEYBALL CONCESSIONS | 1,260 | 3,085 | 509 | (1,260) | 2,576 | 0 | 0 | 2,576 |
| 60TH DIST VOLLEYBALL | 9 | 0 | 0 | 0 | 9 | 0 | 0 | 9 |
| 60TH DIST BASEBALL | | | | | 0 | 0 | 0 | 0 |
| WRESTLING | 411 | 1,580 | 1,613 | 0 | 378 | 0 | 0 | 378 |
| WRESTLING CONCESSIONS | 199 | 0 | 0 | 0 | 199 | 0 | 0 | 199 |

**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, 2019**

| Fund | Cash Balance July 1, 2018 | Receipts | Disburse- ments | Transfers | Cash Balance June 30, 2019 | Accounts Receivable | Accounts Payable | Due to Students June 30, 2019 |
|--------------------------|------------------------------|----------|--------------------|-----------|-------------------------------|------------------------|---------------------|----------------------------------|
| BOY'S TRACK | 0 | 2,538 | 2,058 | 0 | 480 | 0 | 0 | 480 |
| GIRL'S TRACK | 0 | 0 | 62 | 62 | 0 | 0 | 0 | 0 |
| GOLF | 471 | 1,817 | 2,260 | 0 | 28 | 0 | 0 | 28 |
| SOCCER | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| SOCCER CONCESSIONS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| BASS FISHING | 2,451 | 6,026 | 7,695 | (180) | 602 | 0 | 0 | 602 |
| TENNIS | 1,356 | 0 | 405 | 0 | 951 | 0 | 0 | 951 |
| 15TH REGIONAL BASKETBALL | 0 | 19,350 | 19,350 | 0 | 0 | 0 | 0 | 0 |
| T-SHIRTS | 226 | 0 | 0 | (226) | 1 | 0 | 0 | 1 |
| ROBOTICS | 504 | 0 | 431 | 0 | 73 | 0 | 0 | 73 |
| ACADEMIC | 2,205 | 1,288 | 1,510 | 0 | 1,983 | 0 | 0 | 1,983 |
| FBLA | 545 | 0 | 0 | 0 | 545 | 0 | 0 | 545 |
| CULINARY SKILLS | 53 | 0 | 0 | 0 | 53 | 0 | 0 | 53 |
| ENTREPEURSHIP | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| FCCLA | 444 | 0 | 135 | 0 | 309 | 0 | 0 | 309 |
| PEP CLUB | 574 | 65 | 531 | 0 | 108 | 0 | 0 | 108 |
| PROJECT PROM | 253 | 6,960 | 7,003 | 0 | 210 | 0 | 0 | 210 |
| STUDENT ACTIVITIES | 296 | 9,491 | 9,131 | 0 | 656 | 0 | 420 | 236 |
| SCIENCE CLUB | 18 | 30,624 | 30,642 | 0 | 0 | 0 | 0 | 0 |
| STUDENT COUNCIL | 63 | 824 | 525 | 0 | 362 | 0 | 0 | 362 |
| SPANISH CLUB | 18 | 0 | 0 | (18) | 0 | 0 | 0 | 0 |
| CENTRAL HOPE | 277 | 0 | 0 | (277) | 0 | 0 | 0 | 0 |
| FCA | 314 | 612 | 485 | 0 | 441 | 0 | 0 | 441 |
| FEA | 533 | 0 | 0 | 0 | 533 | 0 | 0 | 533 |
| NHS | 1,668 | 2,310 | 2,020 | 0 | 1,958 | 0 | 0 | 1,958 |
| ART | 746 | 263 | 343 | 0 | 666 | 0 | 0 | 666 |
| CLASS OF 2017 | 33 | 0 | 0 | (33) | 0 | 0 | 0 | 0 |

**PIKE COUNTY BOARD OF EDUCATION
PIKE COUNTY CENTRAL HIGH SCHOOL**

ACTIVITY FUNDS

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019**

| Fund | Cash Balance July 1, 2018 | Receipts | Disburse- ments | Transfers | Cash Balance June 30, 2019 | Accounts Receivable | Accounts Payable | Due to Students June 30, 2019 |
|----------------------|------------------------------|-------------------|--------------------|-------------|-------------------------------|------------------------|---------------------|----------------------------------|
| CLASS OF 2018 | 137 | 0 | 0 | (137) | 0 | 0 | 0 | 0 |
| CLASS OF 2019 | 0 | 6,709 | 6,523 | 120 | 306 | 0 | 0 | 306 |
| PROM | 1,840 | 13,400 | 10,221 | (120) | 4,899 | 0 | 0 | 4,899 |
| BAND | 6,407 | 51,547 | 48,065 | (2,570) | 7,319 | 0 | 0 | 7,319 |
| BAND CONCESSIONS | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| BAND TRIP | 0 | 29,055 | 30,685 | 1,630 | (0) | 0 | 0 | (0) |
| CHORUS | 404 | 7,406 | 9,115 | 940 | (365) | 0 | 0 | (365) |
| DANCE TEAM | 653 | 4,364 | 3,705 | 50 | 1,362 | 0 | 0 | 1,362 |
| COLOR GUARD | 117 | 392 | 267 | 0 | 242 | 0 | 0 | 242 |
| JR. ROTC | 537 | 1,967 | 1,361 | 0 | 1,143 | 0 | 0 | 1,143 |
| HOSA | 51 | 2,960 | 2,899 | 0 | 112 | 0 | 0 | 112 |
| MEDICAID NURSE | 10 | 1,856 | 1,806 | 0 | 60 | 0 | 0 | 60 |
| JOURNALISM | 83 | 0 | 0 | 0 | 83 | 0 | 0 | 83 |
| YEARBOOK | 2,419 | 2,366 | 3,959 | 0 | 826 | 0 | 0 | 826 |
| SPEECH | 865 | 0 | 0 | (865) | 0 | 0 | 0 | 0 |
| LIBRARY | 408 | 165 | 200 | 0 | 373 | 0 | 0 | 373 |
| HVPA | 49 | 0 | 0 | 0 | 49 | 0 | 0 | 49 |
| EXPLORER'S | 736 | 1,286 | 1,870 | 120 | 272 | 0 | 0 | 272 |
| HISTORY CLUB | 1,449 | 2,568 | 2,453 | 0 | 1,564 | 0 | 0 | 1,564 |
| KEY CLUB | 403 | 1,414 | 1,667 | 180 | 330 | 0 | 0 | 330 |
| NATIONAL HISTORY DAY | 567 | 0 | 0 | 0 | 567 | 0 | 0 | 567 |
| CHILDREN INC | 3,004 | 6,111 | 7,430 | (120) | 1,565 | 0 | 0 | 1,565 |
| DAF INSTRUCTION | 0 | 0 | 62 | 62 | (0) | 0 | 0 | 0 |
| DAF ATHLETICS | 0 | 0 | 4,298 | 4,298 | 0 | 0 | 0 | 0 |
| DAF PROFESSIONAL | 0 | 0 | 22 | 22 | 0 | 0 | 0 | 0 |
| DAF PRINCIPAL | 561 | 1 | 845 | 845 | 562 | 0 | 0 | 562 |
| | <u>\$ 57,687</u> | <u>\$ 375,753</u> | <u>\$ 387,137</u> | <u>\$ 0</u> | <u>\$ 46,303</u> | <u>\$ 1,509</u> | <u>\$ 1,275</u> | <u>\$ 46,537</u> |

**PIKE COUNTY BOARD OF EDUCATION
SHELBY VALLEY HIGH SCHOOL
ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019**

| Fund | Cash Balance July 1, 2018 | Receipts | Disburse- ments | Transfers | Cash Balance June 30, 2019 | Accounts Receivable | Accounts Payable | Due to Students June 30, 2019 |
|---------------------------|------------------------------|----------|--------------------|-----------|-------------------------------|------------------------|---------------------|----------------------------------|
| DAF INSTRUCTION | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| DAF LIBRARY | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| DAF PRINCIPALS OFFICE | 0 | 0 | 2,002 | 2,002 | 0 | 0 | 0 | 0 |
| DAF BUILDING/GROUNDS | 0 | 0 | 13,436 | 13,436 | 0 | 0 | 0 | 0 |
| YOUTH SERVICE | 5 | 0 | 0 | (5) | 0 | 0 | 0 | 0 |
| ACADEMIC TEAM | 0 | 9,755 | 10,502 | 746 | (1) | 0 | 0 | (1) |
| ALUMNI ASSOCIATION | 70 | 25,000 | 0 | 0 | 25,070 | 0 | 0 | 25,070 |
| BAND BOOSTERS | 2,130 | 21,809 | 18,358 | 60 | 5,641 | 0 | 0 | 5,641 |
| ATHLETICS | 191 | 49,450 | 10,488 | (28,039) | 11,114 | 0 | 0 | 11,114 |
| BAND | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| BLUE CREW | 147 | 0 | 0 | (147) | 0 | 0 | 0 | 0 |
| BASS FISHING | 200 | 0 | 0 | (200) | 0 | 0 | 0 | 0 |
| BASEBALL | 0 | 200 | 7,578 | 7,378 | 0 | 0 | 0 | 0 |
| BASEBALL BOOSTERS | 226 | 4,850 | 4,247 | 0 | 829 | 0 | 0 | 829 |
| BASKETBALL-GIRLS | 0 | 700 | 7,554 | 6,854 | 0 | 0 | 0 | 0 |
| GIRLS BASKETBALL BOOSTERS | 971 | 12,973 | 13,345 | 0 | 599 | 0 | 0 | 599 |
| BETA CLUB | 345 | 728 | 733 | 0 | 340 | 0 | 0 | 340 |
| BOYS BASKETBALL | 0 | 300 | 6,880 | 6,580 | 0 | 0 | 0 | 0 |
| CHEERLEADING | 0 | 18,623 | 18,003 | 300 | 920 | 0 | 0 | 920 |
| CHOIR | 1,401 | 4,435 | 4,124 | 0 | 1,712 | 0 | 0 | 1,712 |
| CATS | 2,777 | 1,824 | 1,854 | 1,156 | 3,903 | 0 | 0 | 3,903 |
| CHILDREN, INC. | 671 | 7,735 | 7,892 | (110) | 404 | 0 | 0 | 404 |
| CONCESSIONS | 8,276 | 21,940 | 5,769 | (24,446) | 1 | 0 | 0 | 1 |
| GAME CONCESSIONS | 490 | 8,656 | 5,037 | (4,108) | 1 | 0 | 0 | 1 |
| CROSS COUNTRY | 0 | 125 | 929 | 804 | 0 | 0 | 0 | 0 |

**PIKE COUNTY BOARD OF EDUCATION
SHELBY VALLEY HIGH SCHOOL
ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019**

| Fund | Cash Balance July 1, 2018 | Receipts | Disburse- ments | Transfers | Cash Balance June 30, 2019 | Accounts Receivable | Accounts Payable | Due to Students June 30, 2019 |
|------------------------|------------------------------|----------|--------------------|-----------|-------------------------------|------------------------|---------------------|----------------------------------|
| CULINARY SKILLS | 0 | 575 | 939 | 1,022 | 658 | 0 | 0 | 658 |
| DANCE TEAM | 40 | 5,302 | 8,376 | 3,534 | 500 | 0 | 0 | 500 |
| DUAL CREDIT | 3,336 | 0 | 0 | (3,336) | 0 | 0 | 0 | 0 |
| DISTRICT TOURNAMENT | 4,123 | 2,835 | 2,333 | (4,625) | 0 | 0 | 0 | 0 |
| REGIONAL TOURNAMENT | 2,389 | 0 | 0 | (2,389) | 0 | 0 | 0 | 0 |
| FBLA | 1,765 | 549 | 416 | 0 | 1,898 | 0 | 0 | 1,898 |
| FCCLA | 37 | 3,752 | 7,283 | 3,494 | 0 | 0 | 0 | 0 |
| FCA | 584 | 840 | 969 | 0 | 455 | 0 | 0 | 455 |
| ALL "A" TOURNAMENT | 0 | 3,077 | 2,130 | (947) | 0 | 0 | 0 | 0 |
| FILM CLASS | 762 | 0 | 0 | 0 | 762 | 0 | 0 | 762 |
| FOOTBALL | 0 | 800 | 19,868 | 19,068 | 0 | 0 | 0 | 0 |
| SV MIDDLE FOOTBALL | 0 | 7,431 | 3,624 | 0 | 3,807 | 0 | 0 | 3,807 |
| FRESHMAN CLASS | 368 | 670 | 361 | (368) | 309 | 0 | 0 | 309 |
| LIBRARY | 1 | 709 | 709 | 1,299 | 1,300 | 0 | 0 | 1,300 |
| LOCKER RENTAL | 2,931 | 1,060 | 0 | 0 | 3,991 | 0 | 0 | 3,991 |
| GENERAL | 14,303 | 22,730 | 26,005 | 1,668 | 12,696 | 0 | 0 | 12,696 |
| GOLF | 0 | 1,340 | 2,810 | 1,897 | 427 | 0 | 0 | 427 |
| HELP DESK | 1,033 | 0 | 0 | (1,033) | 0 | 0 | 0 | 0 |
| JROTC | 2,727 | 6,011 | 6,887 | 0 | 1,851 | 0 | 0 | 1,851 |
| YEARBOOK | 2,817 | 5,010 | 5,907 | (20) | 1,900 | 0 | 0 | 1,900 |
| TEACHERS LOUNGE | 1,219 | 3,544 | 2,401 | (300) | 2,062 | 0 | 0 | 2,062 |
| JUNIOR CLASS | 2,689 | 5,750 | 3,423 | (373) | 4,643 | 0 | 0 | 4,643 |
| NATIONAL HONOR SOCIETY | 2,799 | 4,940 | 5,668 | 0 | 2,071 | 0 | 0 | 2,071 |
| PARKING PERMITS | 1,265 | 1,500 | 0 | (2,002) | 763 | 0 | 0 | 763 |
| PICTURE ORDERS | 1,626 | 2,754 | 1,085 | 0 | 3,295 | 0 | 0 | 3,295 |

**PIKE COUNTY BOARD OF EDUCATION
SHELBY VALLEY HIGH SCHOOL
ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019**

| Fund | Cash Balance July 1, 2018 | Receipts | Disburse- ments | Transfers | Cash Balance June 30, 2019 | Accounts Receivable | Accounts Payable | Due to Students June 30, 2019 |
|---------------------|------------------------------|-------------------|--------------------|-------------|-------------------------------|------------------------|---------------------|----------------------------------|
| PROJECT PROM | 3,543 | 4,703 | 4,032 | (25) | 4,189 | 0 | 0 | 4,189 |
| PRINCIPALS ADVISOR | 1,000 | 0 | 0 | (1,000) | 0 | 0 | 0 | 0 |
| SCIENCE FAIR | 202 | 0 | 0 | 0 | 202 | 0 | 0 | 202 |
| SENIOR CLASS | 46 | 48,366 | 51,100 | 2,688 | 0 | 0 | 0 | 0 |
| SOCCER-BOYS | 0 | 100 | 3,444 | 3,344 | 0 | 0 | 0 | 0 |
| SOCCER-GIRLS | 0 | 100 | 2,700 | 2,600 | 0 | 0 | 0 | 0 |
| TENNIS | 2 | 971 | 877 | | 96 | 0 | 0 | 96 |
| SV YOUTH SOCCER | 175 | 0 | 0 | (175) | 0 | 0 | 0 | 0 |
| SOFTBALL | 0 | 200 | 4,823 | 4,623 | 0 | 0 | 0 | 0 |
| SOPHOMORE CLASS | 2,315 | 2,530 | 1,532 | (1,947) | 1,366 | 0 | 0 | 1,366 |
| SOFTBALL BOOSTERS | 9,007 | 4,869 | 4,779 | 0 | 9,097 | 0 | 0 | 9,097 |
| TEXTBOOK RENTAL | 7,811 | 5,912 | 0 | (12,740) | 983 | 0 | 0 | 983 |
| VOLLEYBALL BOOSTERS | 1,613 | 1,953 | 1,475 | 0 | 2,091 | 0 | 0 | 2,091 |
| PROM | 8,000 | 17,484 | 18,300 | (25) | 7,159 | 0 | 0 | 7,159 |
| TRACK | 0 | 2,185 | 3,342 | 1,157 | 0 | 0 | 0 | 0 |
| WEIGHT ROOM | 92 | 0 | 37 | (55) | 0 | 0 | 0 | 0 |
| WILDCAT DEN | 901 | 0 | 0 | 0 | 901 | 0 | 0 | 901 |
| VOLLEYBALL | 0 | 100 | 2,813 | 2,713 | 0 | 0 | 0 | 0 |
| VENDING MACHINES | 0 | 35,549 | 28,279 | | 7,270 | 0 | 0 | 7,270 |
| SV MIDDLE BASEBALL | 0 | 2,350 | 1,459 | 0 | 891 | 0 | 0 | 891 |
| SV MIDDLE SOFTBALL | 0 | 2,889 | 2,525 | 0 | 364 | 0 | 0 | 364 |
| KY DEMOCRATS | 10 | 0 | 0 | (8) | 2 | 0 | 0 | 2 |
| BAND CHOIR | 0 | 4,800 | 647 | | 4,153 | 0 | 0 | 4,153 |
| TOTAL | <u>\$ 99,431</u> | <u>\$ 405,343</u> | <u>\$ 372,089</u> | <u>\$ 0</u> | <u>\$ 132,685</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 132,685</u> |

**PIKE COUNTY BOARD OF EDUCATION
BOARD MEMBERS AND OTHER OFFICERS OF THE BOARD
JUNE 30, 2019**

| <u>NAME</u> | <u>Title</u> | <u>ADDRESS</u> |
|---------------------|-----------------------------|------------------|
| Ireland Blankenship | Chairman | Virgie, KY |
| Nee Jackson | Vice-Chairman | Forest Hills, KY |
| Justin Maynard | | Pikeville, KY |
| Dwayne Abshire | | Phyllis, KY |
| Shane Hurley | | Phelps, KY |
| Kenneth R. Adkins | Superintendent | |
| Freddie Bowling | Assistant Superintendent | |

FEDERAL FINANCIAL ASSISTANCE

Wallen, Puckett, & Anderson, psc
CERTIFIED PUBLIC ACCOUNTANTS

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

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

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, 2019, 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, 2019.

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.

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, 2019

Wallen, Puckett, & Anderson, psc

CERTIFIED PUBLIC ACCOUNTANTS

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

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

Report on Compliance for Each Major Federal Program

We have audited the Pike County Board of Education's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Pike County Board of Education's major federal programs for the year ended June 30, 2019. 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.

Management's Responsibility

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

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Pike County Board of Education's compliance.

Opinion on Each Major Federal Program

In our opinion, the 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, 2019.

Report on Internal Control over Compliance

Management of the Pike County Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Pike County Board Of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Pike County Board of Education's internal control over compliance.

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

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

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

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

Wallen, Puckett and Anderson, PSC

Certified Public Accountants
Pikeville, Kentucky

November 15, 2019

**PIKE COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019**

| <u>Federal Grantor</u> | | | | |
|--|----------------|----------------|---------------------|---------------------|
| <u>Pass-Through Agency</u> | <u>Federal</u> | <u>Pass-</u> | <u>Amount of</u> | <u>Total</u> |
| <u>Program Title</u> | <u>CFDA</u> | <u>Through</u> | <u>Award</u> | <u>Expenditures</u> |
| | <u>Number</u> | <u>Grantor</u> | | |
| | | <u>Number</u> | | |
| <u>U.S. DEPARTMENT OF EDUCATION</u> | | | | |
| Passed Through State Department of Education: | | | | |
| Title I Part A Cluster | | | | |
| Title I | 84.010 | 3100002 | \$ 7,159,251 | \$ 3,912,230 |
| Title I - School Improvement Part A-Educational Recovery Staff | 84.010 | 3100202 | | |
| Total Title I Part A Cluster | | | <u>\$ 7,159,251</u> | <u>\$ 3,912,230</u> |
| Special Education Cluster | | | | |
| IDEA-B | 84.027 | 3810002 | \$ 1,730,454 | \$ 1,391,859 |
| IDEA-Preschool | 84.173 | 3800002 | 46,184 | 46,184 |
| Total Special Education Cluster | | | <u>\$ 1,776,638</u> | <u>\$ 1,438,043</u> |
| Title I - Homeless Children & Youth | 84.196 | 3990002 | 59,785 | 20,027 |
| Title I - Homeless Children & Youth | 84.196 | 3990002 | 70,000 | 56,923 |
| | | | <u>\$ 129,785</u> | <u>\$ 76,950</u> |
| Vocational Education Basic | 84.048 | 4621232 | <u>\$ 171,819</u> | <u>\$ 87,258</u> |
| Title IV-Rural/Low Income | 84.358B | 3140002 | 299,247 | 155,911 |
| Title IV-Part A | 84.424A | 3140002 | 71,639 | \$ 20,466 |
| Improving Teacher Quality | 84.367 | 3230002 | | |
| Race to the Top - District | 84.416A | 436C | 75,000 | 75,000 |
| Total from State Department of Education | | | <u>\$ 9,683,379</u> | <u>\$ 5,765,858</u> |
| <u>Passed Through Berea College</u> | | | | |
| Gaining Early Awareness and Readiness for Undergraduate Programs (GE | 84.334A | 379D | \$ 160,155 | \$ 124,868 |
| Gaining Early Awareness and Readiness for Undergraduate Programs (GE | 84.334A | 379DR | 0 | 296,296 |
| Gaining Early Awareness and Readiness for Undergraduate Programs (GE | 84.334A | 379E | 246,003 | 67,770 |
| Gaining Early Awareness and Readiness for Undergraduate Programs (GE | 84.334A | 379ER | 0 | 862,416 |
| Total pass-through Berea College | | | <u>\$ 406,158</u> | <u>\$ 1,351,350</u> |
| <u>Passed Through Department of Juvenile Justice</u> | | | | |
| Title I- Neglected and Delinquent Children - Day Treatment | 84.013 | 313D | \$ 15,050 | \$ 10,128 |
| Title I- Neglected and Delinquent Children - Day Treatment | 84.013 | 313E | 18,000 | 12,996 |
| Total pass-through Department of Juvenile Justice | | | <u>\$ 33,050</u> | <u>\$ 23,124</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, 2019**

| <u>Federal Grantor</u> | | | | |
|--|----------------|----------------|------------------|---------------------|
| <u>Pass-Through Agency</u> | <u>Federal</u> | <u>Pass-</u> | | |
| <u>Program Title</u> | <u>CFDA</u> | <u>Through</u> | <u>Amount of</u> | <u>Total</u> |
| | <u>Number</u> | <u>Grantor</u> | <u>Award</u> | <u>Expenditures</u> |
| | | <u>Number</u> | | |
| <u>Passed Through Cabinet for Families</u> | | | | |
| Adult Education-Basic - Recruitment / Retention | 84.002 | 365D | \$ 57,417 | \$ 735 |
| Adult Education-Basic - Recruitment / Retention | 84.002 | | | |
| Adult Education-Basic | 84.002 | 373D | 143,745 | 659 |
| Total pass-through from Cabinet for Families | | | \$ 201,162 | \$ 1,394 |
| Total US Department of Education | | | \$ 10,323,749 | \$ 7,141,726 |
| <u>US DEPARTMENT OF DEFENSE</u> | | | | |
| MJROTC | 12.000 | 504C | \$ 300,000 | \$ 20,345 |
| MJROTC | 12.000 | 504D | 300,000 | 191,490 |
| Total MJROTC | | | \$ 600,000 | \$ 211,835 |
| Total U. S. Department of Defense | | | \$ 600,000 | \$ 211,835 |
| <u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u> | | | | |
| <u>Passed Through Big Sandy Community Action Program</u> | | | | |
| Head Start | 93.600 | 04CH0712 | \$ 2,518,235 | \$ 879,446 |
| Head Start | 93.600 | 04CH0712 | 2,581,373 | 1,797,880 |
| Total Head Start | | | \$ 5,099,608 | \$ 2,677,326 |
| Total U. S. Department of Health and Human Services | | | \$ 5,099,608 | \$ 2,677,326 |
| <u>APPALACHIAN REGIONAL COMMISSION (ARC)</u> | | | | |
| <u>Passed Through Morehead State University</u> | | | | |
| KY Appalachian Higher Education | 23.011 | 6882 | \$ | \$ |
| KY Appalachian Higher Education | 23.011 | 6883 | | |
| Total Appalachian Regional Commission | | | \$ 0 | \$ 0 |
| <u>U.S. DEPARTMENT OF COMMERCE</u> | | | | |
| PRIDE – Environmental Education | 11.420 | 270B | \$ | \$ |
| Total U.S. Department of Commerce | | | \$ 0 | \$ 0 |
| <u>U.S. DEPARTMENT OF AGRICULTURE</u> | | | | |
| <u>Child Nutrition Clusters</u> | | | | |
| <u>Passed Through State Department of Agriculture</u> | | | | |
| Food Donation | 10.553 | | \$ 311,956 | \$ 311,956 |
| <u>Passed Through State Department of Education</u> | | | | |
| School Breakfast Program | 10.553 | 7760005 | 1,812,751 | 1,812,751 |
| National School Lunch | 10.555 | 7750002 | 3,506,119 | 3,506,119 |
| National Summer | 10.559 | 7740023 | 55,944 | 55,944 |
| National Summer | 10.559 | 7690024 | 5,843 | 5,843 |
| National Summer | 10.559 | 7840027 | | |
| Total Child Nutrition Clusters | | | \$ 5,692,613 | \$ 5,692,613 |
| Total U.S. Department of Agriculture | | | \$ 5,692,613 | \$ 5,692,613 |
| TOTAL FEDERAL FINANCIAL ASSISTANCE | | | \$ 21,715,970 | \$ 15,723,500 |

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, 2019**

NOTE A—BASIS OF PRESENTATION

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

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – FOOD DISTRIBUTION

Non-monetary assistance is reported in the schedule at the fair value of the commodities disbursed totaling \$311,956.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

PIKE COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019

SECTION I - SUMMARY OF AUDITOR'S RESULTS

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

| Name | CFDA # |
|-----------------------------------|---------------|
| Department of Education – Title I | 84.010 |
| Department of Education – IDEA | 84.027/84.173 |

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

SECTION II – FINDINGS – FINANCIAL STATEMENT AUDIT

There were no findings related to federal awards.

SECTION III – FINDINGS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

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

**PIKE COUNTY BOARD OF EDUCATION
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018**

There were no findings in the prior year.

MANAGEMENT LETTER AND MANAGEMENT POINTS

Wallen, Puckett, & Anderson, PSC
CERTIFIED PUBLIC ACCOUNTANTS

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MANAGEMENT LETTER

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

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Pike County Board of Education (the "District") as of and for the year ended June 30, 2019, 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, 2019

**PIKE COUNTY BOARD OF EDUCATION
MANAGEMENT LETTER POINTS
FOR THE YEAR ENDED JUNE 30, 2019**

BELFRY MIDDLE SCHOOL
2019-01

According to the Red Book, a purchase order should be prepared and approved by the sponsor/principal before payment is obligated. One of the twenty-five expenditures tested did not have a purchase order. Also, two voided checks could not be found. The Bookkeeper should retain the voided checks after voiding them.

Management Response:

The CFO and auditor agree that the one incident is not an indication of a pattern of omission. Only a reminder to always prepare a purchase order and to retain all voided checks.

BELFRY ELEMENTARY SCHOOL
2019-02

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

Management Response:

The CFO has impressed upon the principal and treasurer the requirement and necessity of retaining all invoices.

JOHNS CREEK ELEMENTARY SCHOOL
2019-03

Form FSA-15B (listing of Accounts Payable and Accounts Receivable) was prepared for the fiscal year. However, accounts payable totaling \$556 was omitted from the form.

Management Response:

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

PIKE CENTRAL HIGH SCHOOL
2019-04

There were two items of twenty-five items tested that resulted in an invoice not being present. The Red Book requires an invoice be attached to standard invoice prior to payment.

Management Response:

The CFO instructed the treasurer to always check the preparation, approval and dating of the standard invoices prior to payment.

KIMPER ELEMENTARY SCHOOL
2019-05

Purchase orders are not being prepared for all payments. The Red Book requires purchase orders are to be prepared for all disbursements of school funds.

Management Response:

The CFO has instructed the school treasurer that purchase orders are to be completed for all disbursements of school funds.

**PIKE COUNTY BOARD OF EDUCATION
MANAGEMENT LETTER POINTS
FOR THE YEAR ENDED JUNE 30, 2019**

MILLARD ELEMENTARY SCHOOL
2019-06

Form FSA-15B (listing of Accounts Payable and Accounts Receivable) was prepared for the fiscal year. However, accounts payable totaling \$991 was omitted from the form.

Management Response:

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

MILLARD ELEMENTARY SCHOOL
2019-07

Of twenty-five items tested there was one instance of a purchase order not being approved by the principal and one instance of difference in purchase order amount and the amount paid.

Management Response:

The CFO has instructed treasurer on the importance of correctly preparing and approving purchase orders for all expenditures and to be sure differences amounts on purchase orders and checks written is explained.

PHELPS HIGH SCHOOL
2019-08

Form FSA-15B (listing of Accounts Payable and Accounts Receivable) was prepared for the fiscal year. However, accounts payable totaling \$1020 was omitted from the form.

Management Response:

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

**PIKE COUNTY BOARD OF EDUCATION
MANAGEMENT LETTER POINTS
FOR THE YEAR ENDED JUNE 30, 2019**

PRIOR YEAR COMMENTS

DORTON ELEMENTARY SCHOOL
2018-01

According to the Redbook, a standard invoice should be prepared and approved by the sponsor/principal before payment is obligated. One of the twenty-five expenditures tested did not have a standard invoice, and one item did not have a purchase order dated.

The deficiency has been corrected in the current year. No repeat findings for 2019 were noted.

NORTHPOINT ACADEMY
2018-02

According to the Redbook, Individual Activity Account Budget worksheets are due to the principal by April 15. The principal's Combining Budget and the Individual Activity Worksheets are due to the Finance Officer by May 15. These were not prepared for the 2017-2018 year. This is a repeat finding.

This finding has been corrected and no findings were noted for the current year.

MILLARD ELEMENTARY SCHOOL
2018-03

Two of the twenty-five items tested resulted in purchase orders not being approved by the principal prior to payment. The Redbook requires all purchase orders to be approved by the principal prior to payment.

There was one instance of a repeat finding on this deficiency in the current year.

FEDS CREEK ELEMENTARY
2018-04

Form FSA-15B (listing of accounts payable and accounts receivable) was not prepared for the fiscal year ended June 30, 2018, as required by the Red Book.

This deficiency was corrected and no findings were noted during the current year.

PIKE COUNTY CENTRAL HIGH SCHOOL
2018-05

There were two instances of twenty-five items tested that resulted in a check being issued before the date the standard invoice was approved. The Red Book requires the standard invoices be completed and approved prior to payment.

This deficiency was corrected.

**PIKE COUNTY BOARD OF EDUCATION
MANAGEMENT LETTER POINTS
FOR THE YEAR ENDED JUNE 30, 2019**

PRIOR YEAR COMMENTS

**KIMPER ELEMENTARY
2018-06**

Purchase orders are not being prepared for payments made to game officials. The Red Book requires purchase orders are to be prepared for all disbursements of school funds.

This school has a repeat of this finding during the current year.

**ELKHORN CITY ELEMENTARY
2018-07**

Form FSA-15B (listing of accounts payable and accounts receivable) was not prepared for the fiscal year ended June 30, 2018, as required by the Red Book.

This deficiency was corrected.