

PIKE COUNTY BOARD OF EDUCATION
PIKEVILLE, KENTUCKY

FINANCIAL STATEMENTS
SUPPLEMENTAL INFORMATION AND
INDEPENDENT AUDITORS REPORT

YEAR ENDED JUNE 30, 2020

Wallen, Puckett, & Anderson, PSC

CERTIFIED PUBLIC ACCOUNTANTS
POST OFFICE BOX 1349
PIKEVILLE, KENTUCKY 41502

PIKE COUNTY BOARD OF EDUCATION
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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, 2020, 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, 2020, 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 53–70 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 January 15, 2021, 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

January 15, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

PIKE COUNTY SCHOOL SYSTEM – PIKEVILLE, KENTUCKY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2020

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, 2020. 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 \$11,379,311 of which \$1,610,777 was in the Reserved for Construction Fund.
- The General Fund (Fund 1) had \$82,756,399.20 in revenue, which consisted of a beginning balance of \$5,398,290.32, the state program (SEEK) funding, property, unmined minerals, utilities, and motor vehicle taxes. The Beginning Balance included \$350,000 in Reserved for Sick Leave and \$750,000 in Reserved for Worker’s Compensation. There were \$75,567,913.52 in General Fund expenditures, consisting primarily of salary and benefits, as well as expenditures for utilities, insurances, new vehicles/buses, computers, instructional supplies, maintenance and transportation supplies, general supplies, contract and professional services, and other items as determined by necessity. Both revenues and expenses include state on-behalf payments for insurances, retirement and technology of \$18,560,770.31. In FY19, the year-end Unreserved Fund 1 Balance was \$4,072,732.50. For FY20, the year-end Unreserved Fund 1 Balance is \$5,129,790.38, an increase of \$1,057,057.88. The increase is attributed to increase in tax collection participation (number of tax tickets actually paid of overall number issued), the payment of School Food Service indirect cost, decrease in Transportation costs due to COVID-19 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 facility 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, 2019, the district’s total principal debt decreased by \$7,644,901.14 during the current fiscal year, which includes payments by both the district and SFCC. As allowed by law, funds available beyond bond obligations were used for capital improvement projects such as roofs and HVAC systems and for property insurance, KISTA payments, bus purchases and other on-going construction projects. No new bond sales were issued by the District in FY20.
- The School Food Service Fund (Fund 51) was used to receipt and expend funds associated with the school feeding programs. Both revenues and expenditures include state on-behalf payments of \$2,051,116.46. On June 30, 2020, the Food Service program had Restricted Net-Assets of (\$2,955,705), which includes pension liabilities of \$4,627,759 and an operating balance of \$2,780,252. This is a decrease of \$413,628 over the prior year Restricted-Net Position. Note: For the 19-20 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 and 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 to 51 of this report.

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19 to 51 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 \$2,703,619 as of June 30, 2020.

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, 2020

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

	June 30, 2020	June 30, 2019
Current Assets	\$ 22,544,111	\$ 19,222,273
Noncurrent Assets	179,376,093	184,692,236
Total Assets	<u>\$ 201,920,204</u>	<u>\$ 203,914,509</u>
Deferred Outflows of Resources	<u>\$ 9,078,142</u>	<u>\$ 8,431,554</u>
Current Liabilities	\$ 15,382,631	\$ 16,182,366
Noncurrent Liabilities	180,864,693	187,521,323
Total Liabilities	<u>\$ 196,247,324</u>	<u>\$ 203,703,689</u>
Deferred Inflows of Resources	<u>\$ 12,047,403</u>	<u>\$ 8,106,898</u>
Net Position		
Invested in Capital Assets, Net of Related Debt	\$ 60,252,380	\$ 58,740,939
Restricted	3,701,928	2,042,555
Unassigned	(61,250,689)	(60,248,018)
Total Net Position	<u>\$ 2,703,619</u>	<u>\$ 535,476</u>

Comments on Budget Comparisons

- The District's total revenues for the fiscal year ended June 30, 2020, including beginning balances and on-behalf payments for all funds, except construction and debt service, were \$118,227,824.19.
- 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 \$456,091.88 less than budgeted or approximately 0.59 percentage points. The majority of this decrease was due to the reduction in utility tax revenue.
- 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 \$2,767,660.40 less than budgeted, or approximately 4.63%. Part of the reason for this variance was the district's continued effort to reduce payroll expenses through attrition and constant review of non-payroll expenses. Additionally, COVID-19 and the subsequent shutdown of schools, reduced costs for Transportation and Substitutes.

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 2020.

	June 30, 2020	June 30, 2019
Revenues		
Beginning Balance	\$ 5,273,369.00	\$ 2,163,201.00
Local revenue sources	27,649,135.00	21,935,451.00
State revenue sources	55,856,602.00	61,308,689.00
Federal Revenue	15,727,988.00	15,845,340.00
Other Sources	1,245,741.00	1,286,351.00
Total Revenues	\$ 105,752,835.00	\$ 102,539,032.00
Expenses		
Instruction	\$ 48,550,610.00	\$ 53,086,027.00
Student Support Services	4,500,417.00	4,885,163.00
Instructional Support	4,019,860.00	4,784,300.00
District Administration	2,219,813.00	2,472,526.00
School Administration	7,732,743.00	5,248,420.00
Business Support	1,472,843.00	1,441,086.00
Plant Operations	12,524,981.00	11,355,049.00
Student Transportation	7,838,418.00	5,534,280.00
Food Service Operations	7,730,658.00	7,674,331.00
Community Support	2,131,568.00	1,854,997.00
Construction/Land	156,649.00	173,314.00
Debt Service	174,060.00	177,124.00
Other/Fund Transfers	579,398.00	634,929.00
Total Expenses	\$ 99,632,018.00	\$ 99,321,546.00
Revenue in Excess of Expense	\$ 6,120,817.00	\$ 3,217,486.00

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 \$2,300,000 in contingency, which was well above the required amount.

FY21 CONCERNS

In FY21, 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 20-21, 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 2020-2021 budget include an aging bus fleet, aging facilities and overcrowding at a major school. Lastly, the full effect of COVID-19 is an unknown.

The district will continue its participation in the Community Eligibility Option. This option allows free breakfast and lunch for all students. With the increase in food costs and the effects of COVID-19 on school attendance, 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, 2020

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets			
Cash & Cash Equivalents	\$ 13,338,178	\$ 2,297,373	\$ 15,635,551
Accounts Receivable	4,000,795	325,337	4,326,132
Inventory	0	199,379	199,379
Due From Other Funds	2,383,049	0	2,383,049
Total Current Assets	<u>\$ 19,722,022</u>	<u>\$ 2,822,089</u>	<u>\$ 22,544,111</u>
Non – Current Assets			
Capital Assets, Net	\$ 156,679,114	\$ 167,673	\$ 156,846,787
Construction in Progress	22,529,306	0	22,529,306
Total Non – Current Assets	<u>\$ 179,208,420</u>	<u>\$ 167,673</u>	<u>\$ 179,376,093</u>
TOTAL ASSETS	<u><u>\$ 198,930,442</u></u>	<u><u>\$ 2,989,762</u></u>	<u><u>\$ 201,920,204</u></u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred Outflow from Pensions	\$ 4,959,828	\$ 675,467	\$ 5,635,295
Deferred Outflow from OPEB	3,108,130	334,717	3,442,847
Total Deferred Outflows of Resources	<u>\$ 8,067,958</u>	<u>\$ 1,010,184</u>	<u>\$ 9,078,142</u>
LIABILITIES			
Accounts Payable	\$ 649,417	\$ 41,837	\$ 691,254
Summer Payrolls	4,172,106	0	4,172,106
Interest Payable	589,062	0	589,062
Due to Other Funds	2,383,049	0	2,383,049
Other Liabilities	15,482	0	15,482
Long-term Liabilities			
Capital Leases due within 1 year	213,647	0	213,647
KSBIT payable due within 1 year	71,774	0	71,774
Sick Leave due within 1 year	296,257	0	296,257
Bond Payments due within 1 year	6,950,000	0	6,950,000
Bond Payments due in more than 1 year	110,900,000	0	110,900,000
Capital Leases due in more than 1 year	1,060,066	0	1,060,066
Sick Leave payable in more than 1 year	4,260,291	0	4,260,291
Pension Liabilities	33,985,906	4,627,759	38,613,665
OPEB Liabilities	24,924,157	1,106,514	26,030,671
Total Liabilities	<u>\$ 190,471,214</u>	<u>\$ 5,776,110</u>	<u>\$ 196,247,324</u>
Deferred Inflows of Resources			
Deferred Inflows From Pensions	\$ 1,887,151	\$ 566,488	\$ 2,453,639
Deferred Inflows From OPEB	8,433,840	445,380	8,879,220
Unearned Revenue	714,544	0	714,544
Total Deferred Inflows of Resources	<u>\$ 11,035,535</u>	<u>\$ 1,011,868</u>	<u>\$ 12,047,403</u>
NET POSITION			
Invested in Capital Assets, Net of Related Debt	\$ 60,084,707	\$ 167,673	\$ 60,252,380
Restricted	6,657,633	(2,955,705)	3,701,928
Unrestricted	(61,250,689)	0	(61,250,689)
NET POSITION	<u><u>\$ 5,491,651</u></u>	<u><u>\$ (2,788,032)</u></u>	<u><u>\$ 2,703,619</u></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, 2020

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	\$ 54,759,628	\$ 19,966	\$ 9,043,877	\$ 0	\$ (45,695,785)	\$ 0	\$ (45,695,785)
Support Services							
Student	4,500,417	0	218,995	0	(4,281,422)	0	(4,281,422)
Instruction Staff	6,306,083	0	1,033,622	0	(5,272,461)	0	(5,272,461)
District Administrative	2,219,813	0	0	0	(2,219,813)	0	(2,219,813)
School Administrative	7,732,743	0	0	0	(7,732,743)	0	(7,732,743)
Business	1,472,843	0	234,647	0	(1,238,196)	0	(1,238,196)
Plant Operation and Maint.	12,524,981	0	10,262	0	(12,514,719)	0	(12,514,719)
Student Transportation	7,838,418	0	210,776	0	(7,627,642)	0	(7,627,642)
Central Office	56,327	0	56,327	0	0	0	0
Community Service Activities	2,131,569	0	1,838,812	0	(292,757)	0	(292,757)
Facilities Acquisition and Construction	(540,855)	0	0	0	540,855	0	540,855
Interest on Long Term Debt	4,032,442	0	0	0	(4,032,442)	0	(4,032,442)
Total Government Activities	\$ 103,034,409	\$ 19,966	\$ 12,647,318	\$ 0	\$ (90,367,125)	\$ 0	\$ (90,367,125)
Business Type Activities:							
Food Service	\$ 9,284,344	\$ 309,926	\$ 8,981,582	\$ 0	0	7,164	7,164
Total Business Type Activities	\$ 9,284,344	\$ 309,926	\$ 8,981,582	\$ 0	0	7,164	7,164
Total Primary Government	\$ 112,318,753	\$ 329,892	\$ 21,628,900	\$ 0	\$ (90,367,125)	\$ 7,164	\$ (90,359,961)
General Revenues							
Taxes					\$ 21,799,334	\$ 0	\$ 21,799,334
Investment Earnings					157,205	28,860	186,065
State and Formula Grants					64,322,971	0	64,322,971
Gains on Sales of Fixed Assets					2,553	0	2,553
Other Local					5,212,513	0	5,212,513
Operating Transfer					496,571	(496,572)	(1)
Total					\$ 91,991,147	\$ (467,712)	\$ 91,523,435
Change in Net Position					1,624,022	(460,548)	1,163,474
Net Position – Beginning					2,862,960	(2,327,484)	535,476
Prior Period Adjustment					1,004,669	0	1,004,669
Net Position - Ending					\$ 5,491,651	\$ (2,788,032)	\$ 2,703,619

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

PIKE COUNTY BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Construction Fund</u>	<u>Debt Service Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Fund</u>
ASSETS AND RESOURCES						
Cash and Cash Equivalents	\$ 8,728,185	\$ 0	\$ 1,705,694	\$ 1,633,428	\$ 1,270,871	\$ 13,338,178
Accounts Receivable	723,362	3,273,666	0	0	3,767	4,000,795
Due From Other Funds	2,383,049	0	0	0	0	2,383,049
Total Assets and Resources	<u>\$ 11,834,596</u>	<u>\$ 3,273,666</u>	<u>\$ 1,705,694</u>	<u>\$ 1,633,428</u>	<u>\$ 1,274,638</u>	<u>\$ 19,722,022</u>
LIABILITIES AND FUND BALANCE						
Liabilities						
Accounts Payable	\$ 458,522	\$ 176,073	\$ 0	\$ 0	\$ 14,822	\$ 649,417
Summer Payrolls	4,172,106	0	0	0	0	4,172,106
Due to Other Funds	0	2,383,049	0	0	0	2,383,049
Other Liabilities	15,482	0	0	0	0	15,482
Total Liabilities	<u>\$ 4,646,110</u>	<u>\$ 2,559,122</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 14,822</u>	<u>\$ 7,220,054</u>
Deferred Inflows of Resources						
Deferred Revenue	\$ 0	\$ 714,544	\$ 0	\$ 0	\$ 0	714,544
Total Deferred Inflows of Resources	<u>\$ 0</u>	<u>\$ 714,544</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 714,544</u>
Fund Balance						
Restricted:						
Other	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,259,816	\$ 1,259,816
Future Construction	0	0	1,705,694	0	0	1,705,694
Debt Service	0	0	0	1,633,428	0	1,633,428
Committed:						
Site Based Carryforward	92,150	0	0	0	0	92,150
Sick-leave	296,257	0	0	0	0	296,257
Worker's Compensation	1,250,306	0	0	0	0	1,250,306
Assigned:						
Purchase Obligations	419,982	0	0	0	0	419,982
Unassigned	5,129,791	0	0	0	0	5,129,791
Total Fund Balance	<u>\$ 7,188,486</u>	<u>\$ 0</u>	<u>\$ 1,705,694</u>	<u>\$ 1,633,428</u>	<u>\$ 1,259,816</u>	<u>\$ 11,787,424</u>
Total Liabilities and Fund Balance	<u>\$ 11,834,596</u>	<u>\$ 3,273,666</u>	<u>\$ 1,705,694</u>	<u>\$ 1,633,428</u>	<u>\$ 1,274,638</u>	<u>\$ 19,722,022</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, 2020**

Fund balance per fund financial statements	\$ 11,787,424
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.	179,208,420
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	8,067,958
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	(10,320,991)
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	(4,556,548)
Capital Leases payable	(1,273,713)
Accrued Interest on Bonds	(589,062)
KISBIT	(71,774)
Pension Liability	(33,985,906)
OPEB Liabilities	(24,924,157)
Bonds	(117,850,000)
Net Position for Governmental Activities	<u>\$ 5,491,651</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, 2020

	General Fund	Special Revenue	Construction Fund	Debt Service Fund	Non-Major Governmental Funds	Total Governmental Fund
REVENUES						
From Local Sources						
Taxes						
Property	\$ 13,454,274	\$ 0	\$ 0	\$ 0	\$ 2,257,636	\$ 15,711,910
Motor Vehicles	2,378,986	0	0	0	0	2,378,986
Utilities	3,254,368	0	0	0	0	3,254,368
Other	454,070	0	0	0	0	454,070
Earnings on Investments	146,693	0	10,512	0	0	157,205
Other Local Revenues	715,770	417,380	727,000	0	3,372,329	5,232,479
Intergovernmental- State	55,756,066	2,164,892	0	4,448,717	4,493,287	66,862,962
Intergovernmental-Federal	170,800	9,936,527	0	0	0	10,107,327
Total Revenues	\$ 76,331,027	\$ 12,518,799	\$ 737,512	\$ 4,448,717	\$ 10,123,252	\$ 104,159,307
EXPENDITURES						
Instruction	\$ 39,399,260	\$ 9,043,877	\$ 0	\$ 0	\$ 107,472	\$ 48,550,609
Support Services						
Student	4,281,422	218,995	0	0	0	4,500,417
Instruction Staff	2,965,640	1,033,622	0	0	20,598	4,019,860
District Administrative	2,219,813	0	0	0	0	2,219,813
School Administrative	4,667,843	0	0	0	3,064,900	7,732,743
Business	1,238,196	234,647	0	0	0	1,472,843
Plant Operation and Maint.	12,443,831	10,261	0	0	70,889	12,524,981
Student Transportation	7,627,641	210,777	0	0	0	7,838,418
Food Service	0	56,327	0	0	0	56,327
Community Services	292,757	1,838,812	0	0	0	2,131,569
Facilities Acquisitions and Construction	156,649	0	0	0	0	156,649
Site Improvement	0	0	12,323	0	0	12,323
Building Improvements	0	0	438,970	0	0	438,970
Debt Service						
Principal	153,196	0	0	7,674,955	0	7,828,151
Interest	20,864	0	0	3,533,190	0	3,554,054
Total Expenditures	\$ 75,467,112	\$ 12,647,318	\$ 451,293	\$ 11,208,145	\$ 3,263,859	\$ 103,037,727
Excess (Deficit) of Revenues over Expenditures	\$ 863,915	\$ (128,519)	\$ 286,219	\$ (6,759,428)	\$ 6,859,393	\$ 1,121,580
Other Financing Sources (Uses)						
Proceeds from Sales of Bonds	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Premium on Bond Issuance	0	0	0	0	0	0
Bond Discounts	0	0	0	0	0	0
Proceeds from Capital Leases	496,769	0	0	0	0	496,769
KISBIT Payments	0	0	0	0	0	0
Proceeds from Sales of Fixed Assets	10,472	0	0	0	0	10,472
Operating Transfer, In	519,841	151,788	518,784	6,759,428	0	7,949,841
Operating Transfer, Out	(100,802)	(23,269)	(578,276)	0	(6,750,923)	(7,453,270)
Total Other Financing Sources	\$ 926,280	\$ 128,519	\$ (59,492)	\$ 6,759,428	\$ (6,750,923)	\$ 1,003,812
Net Change in Fund Balance	\$ 1,790,195	\$ 0	\$ 226,727	\$ 0	\$ 108,470	\$ 2,125,392
Fund Balance - Beginning	5,398,291	0	1,478,967	1,633,428	146,679	8,657,365
Prior Period Adjustment	0	0	0	0	1,004,667	1,004,667
Fund Balance - Ending	\$ 7,188,486	\$ 0	\$ 1,705,694	\$ 1,633,428	\$ 1,259,816	\$ 11,787,424

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, 2020**

Net change in total fund balances per fund financial statements	\$	2,125,392
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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.		1,148,797
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Cost of Assets Disposed		(7,919)
-------------------------	--	---------

The cost of capital assets is allocated over their useful lives and reported as depreciation expense.		(6,410,101)
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Proceeds from capital leases are reported as financing source in governmental funds end thus contributes to the change in fund balance. In the statement of Net Positions, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of Net Positions.		(496,769)
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Bond payments are recognized as expenditures of current financial resources in the fund financial statements but are reductions of liabilities in the statement of financial position		7,180,000
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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		144,353
--	--	---------

Interest Payable		25,410
------------------	--	--------

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		129,310
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Pension Expense		(2,898,556)
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Other Post Employment Benefits (OPEB)		612,333
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Other		(2)
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Change in net Position of governmental activities	\$	1,624,022
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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, 2020

	<u>Food Service</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 2,297,373
Accounts Receivable	325,337
Inventory	199,379
	<u> </u>
Total Current Assets	<u>\$ 2,822,089</u>
Capital Assets-net of depreciation	167,673
	<u> </u>
Total Assets	<u><u>\$ 2,989,762</u></u>
Deferred Outflows of Resources	
Deferred outflows from Pension	\$ 675,467
Deferred outflows from OPEB	334,717
	<u> </u>
	<u><u>\$ 1,010,184</u></u>
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 41,837
OPEB Liability - Long-Term	1,106,514
Pension Liability - Long Term	4,627,759
	<u> </u>
Total Current Liabilities	<u>\$ 5,776,110</u>
Deferred Inflows of Resources	
Deferred inflows from pension	\$ 566,488
Deferred inflows from OPEB	445,380
	<u> </u>
	<u><u>\$ 1,011,868</u></u>
Net Position	
Investment in Capital Asset, Net of Debt	\$ 167,673
Restricted	(2,955,705)
Unrestricted	0
	<u> </u>
Total Net Position	<u><u>\$ (2,788,032)</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, 2020**

	<u>Food Service</u>
OPERATING REVENUES:	
Lunchroom Sales	\$ 306,270
Other Operating Revenues	3,656
	<u>\$ 309,926</u>
OPERATING EXPENSES:	
Salaries and Wages	\$ 3,885,636
Contract Services	26,972
Materials and Supplies	5,265,654
Expendable Equipment	14,776
Depreciation	46,920
Other Operating Expenses	44,386
	<u>\$ 9,284,344</u>
TOTAL OPERATING EXPENSES	<u>\$ 9,284,344</u>
Operating Income (Loss)	<u>\$ (8,974,418)</u>
NON-OPERATING REVENUES (EXPENSES)	
Federal Grants	\$ 6,537,142
State Grants	44,575
On Behalf of Payments	2,051,116
Donated Commodities	348,749
Interest Income	28,860
	<u>\$ 9,010,442</u>
NON-OPERATING REVENUES (EXPENSES)	<u>\$ 9,010,442</u>
Net Income (Loss) Before Operating Transfers	\$ 36,024
Operating Transfers	(496,572)
	<u>\$ (460,548)</u>
Increase in net position	<u>\$ (460,548)</u>
Net Position - Beginning	(2,327,484)
Restatement of Beginning Net Position	0
Net Position - Ending	<u><u>\$ (2,788,032)</u></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, 2020**

	<u>Food Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from:	
Lunchroom Sales	\$ 2,119
Other Activities	3,656
Cash Paid to/for:	
Employees	(2,876,433)
Contract Service	(26,972)
Supplies	(2,913,329)
Expendable Equipment	(14,776)
Other	(44,386)
Net Cash Provided (Used) by Operating Activities	<u>\$ (5,870,121)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Receipt of Interest Income	\$ 28,860
Other Income	0
Net Cash Provided (Used) by Investing Activities	<u>\$ 28,860</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Transfers to other funds	<u>\$ (496,572)</u>
Net Cash (Used) by Capital and Related Financing Activities	<u>\$ (496,572)</u>
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES	
Operational Grants	<u>\$ 6,581,717</u>
Net Cash Provided(Used) by Financing Activities	<u>\$ 6,581,717</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 243,884
Cash and Cash Equivalents - Beginning	2,053,489
Cash and Cash Equivalents - Ending	<u><u>\$ 2,297,373</u></u>
Reconciliation of Operating Income (Loss)	
To Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	\$ (8,974,418)
Adjustments to Reconcile Operating Income to Net Cash	
Operating Activities:	
Depreciation	46,920
On Behalf of Payments	2,051,116
Commodities Used	348,749
Change in Assets and Liabilities:	
(Increase) Decrease	
Accounts Receivable	(304,151)
Inventory	(62,695)
Deferred outflows	(124,550)
Increase (Decrease) in:	
Accounts Payable	15,155
Deferred inflows	264,872
OPEB liability	8,320
Pension liability	860,561
Net Cash provided (Used) by Operating Activities	<u><u>\$ (5,870,121)</u></u>
Schedule of Non Cash Transactions:	
On Behalf of Payments	\$ 2,051,116
Donated Commodities Received From Federal Government	348,749

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

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 – REPORTING ENTITY

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

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

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

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

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

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF PRESENTATION (Continued)

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

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

a. Governmental Fund Types

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

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

The **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, 2020

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). \$348,749 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, 2020

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, 2020 to finance the General Fund operations were \$.887 per: \$100 valuation for real property, \$.887 per \$100 valuation for business personal property and \$.553 per \$100 valuation for motor vehicles.

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, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CAPITAL ASSETS

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

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

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

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

INTERFUND BALANCES

On fund financial statements, receivables and payables resulting from short-term inter-fund loans are classified as "inter-fund receivables/payables". These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for the residual amounts due between government and business-type activities, which are presented as internal balances. Inter-fund receivables/payables as of June 30, 2020 are as follows:

From	To	Purpose	Amount
Special Revenue	General Fund	Operations	\$ 2,383,049.

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

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, 2020

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, 2020

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	\$ 723,362	\$ 325,337	\$ 1,048,699
Grants Receivable	3,273,667	0	3,273,667
	<u>\$ 3,997,029</u>	<u>\$ 325,337</u>	<u>\$ 4,322,366</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, 2020

NOTE 7 – CASH AND CASH EQUIVALENTS

At year-end, the carrying amount of the Board's cash and cash equivalents was \$11,457,848. Of the total cash balance, \$531,073 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, 2020 consist of the following:

Breakdown By Bank	
Community Trust Bank	\$ 15,737,538
US Bank	31,037
Barclay	<u>1,633,428</u>
Total Bank Balance	<u>\$ 17,402,003</u>
Breakdown Per Financial Statements	
Governmental Funds	\$ 9,166,070
Proprietary Fund	<u>2,297,373</u>
Total Book Balance	<u>\$ 11,463,443</u>
The Securities Pledge As Collateral Are:	
FHLB Letter of Credit-Community Trust Bank	\$ 15,237,538
Other Securities	0
FDIC	<u>531,073</u>
Total Security Pledged	<u>\$ 15,768,611</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, 2020

NOTE 9 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2020 was as follows:

Governmental Activities	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
Land	\$ 9,641,518	\$	\$ 0	\$ 9,641,518
Total Non Depreciable	\$ 9,641,518	\$ 0	\$ 0	\$ 9,641,518
Land improvements	\$ 17,202,580	\$ 0	\$ 0	\$ 17,202,580
Buildings	212,966,268	110,170	0	213,076,438
Technology equipment	10,881,818	108,847	69,054	10,921,611
Vehicles	16,260,185	590,868	903,015	15,948,038
General equipment	3,459,143	0	29,996	3,429,147
Infrastructure	89,638	0	0	89,638
Construction in progress	22,620,394	448,935	110,023	22,959,306
Total Depreciable	\$ 283,480,026	\$ 1,258,820	\$ 1,112,088	\$ 283,626,758
Total at historical cost	\$ 293,121,544	\$ 1,258,820	\$ 1,112,088	\$ 293,268,276
Less: Accumulated depreciation				
Land improvements	\$ 8,739,884	\$ 461,490	\$ 0	\$ 9,201,374
Buildings	74,332,700	4,611,407	0	78,944,107
Technology equipment	8,528,262	403,545	66,130	8,865,677
Vehicles	13,777,584	826,319	899,977	13,703,926
General equipment	3,215,797	102,858	28,039	3,290,616
Infrastructure	49,674	4,482	0	54,156
Total accumulated depreciation	\$ 108,643,901	\$ 6,410,101	\$ 994,146	\$ 114,059,856
Governmental Activities				
Capital Assets-net	\$ 184,477,643			\$ 179,208,420
	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
Business-Type Activities				
Technology equipment	\$ 97,573	\$ 0	\$ 0	\$ 97,573
Vehicles	62,506	0	0	62,506
General equipment	2,331,514	0	1,255	2,330,259
Total at historical cost	\$ 2,491,593	\$ 0	\$ 1,255	\$ 2,490,338
Less: Accumulated depreciation				
Technology equipment	84,283	\$ 2,659	\$ 0	86,942
Vehicles	52,626	9,449	0	62,075
General equipment	2,140,090	34,813	1,255	2,173,648
Total accumulated depreciation	\$ 2,276,999	\$ 46,921	\$ 1,255	\$ 2,322,665
Business-Type Activities				
Capital Assets-net	\$ 214,594			\$ 167,673

Depreciation expense was allocated to governmental functions.

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 10 – GASB 68 AND 71

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

NOTE 11 - CONTINGENCIES

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

NOTE 12 –RISK MANAGEMENT/INSURANCE

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

NOTE 13 - LITIGATION

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

NOTE 14 - DEFICITS

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

Food Service	\$ <u>2,955,705</u>
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PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 15 - COBRA

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

NOTE 16- TRANSFER OF FUNDS

The following transfers were made during the year:

Type	From Fund	To Fund	Purpose	Amount
Operating	1	2	Matching	\$ 100,801
Operating	1	400	Debt Service	8,505
Operating	2	1	Indirect Costs	23,269
Operating	51	1	Indirect Costs	496,572
Operating	320	400	Bond Payment	6,028,126
Operating	310	400	Debt Service	722,797
Operating	360		project to project	578,276
				<u>\$ 7,958,346</u>

NOTE 17 - ON BEHALF OF PAYMENTS

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

Health Insurance	\$ 8,729,818
Life Insurance	15,442
Administrative Fees	127,781
Health Reimbursement Account	639,496
Federal Reimbursement	(882,589)
KTRS	11,010,813
KTRS OPEB	820,376
Technology	150,750
Debt Service	4,448,717
Total On-Behalf Payments	<u>\$ 25,060,604</u>
General Fund	18,560,770
Debt Service	4,448,717
Food Service	2,051,116
Total On-Behalf Payments	<u>\$ 25,060,603</u>

NOTE 18 – SUBSEQUENT EVENTS

Subsequent events were considered through January 15, 2021, which represents the date of our report.

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 19 – GASB Statement No. 84 Fiduciary Activity

Statement No. 84, Fiduciary Activities, establishes criteria for identifying fiduciary activities of all state and local governments. The Board implemented GASB Statement No. 84 Fiduciary Activities resulting in the School Activity Funds being included as column in the Governmental Funds Statements. A prior period adjustment was required to include the beginning Fund Balance.

NOTE 20 - Future Accounting Pronouncements

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

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

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

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

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

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

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 21 – BONDED DEBT AND LEASE OBLIGATIONS

The amounts shown in the accompanying financial statements as lease obligations represents the Board's future obligations to make lease payments relating to the bonds issued aggregating \$117,850,000. 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, 2020.

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

<u>Issue Date</u>	<u>Proceeds</u>	<u>Rates</u>	<u>Balance June 30, 2020</u>
June 1, 2009	10,695,000	1.000% - 3.200%	1,250,000
October 1, 2009	1,735,000	1.200% - 4.125%	1,010,000
October 4, 2010	6,400,000	0.700% - 3.100%	1,675,000
November 1, 2011	29,670,000	2.000% - 4.000%	21,800,000
November 1, 2011	11,000,000	4.620%	11,000,000
June 1, 2012	18,720,000	2.000% - 3.000%	7,995,000
May 1, 2013	3,880,000	1.000% - 2.000%	1,435,000
June 1, 2014	8,350,000	2.000% - 4.000%	7,470,000
June 1, 2015	3,650,000	2.000% - 4.000%	3,535,000
September 1, 2015	7,505,000	0.600% - 3.700%	7,305,000
February 1, 2016	11,690,000	0.750% - 2.500%	9,890,000
February 1, 2016	20,885,000	0.750% - 3.150%	20,615,000
March 29, 2016	500,000	5.750% -	500,000
August 1, 2016	19,400,000	1.000% - 3.000%	17,105,000
March 1, 2018	3,530,000	3.600% -	3,450,000
September 1, 2018	1,940,000	1.900% - 3.375%	1,815,000
			<u>\$ 117,850,000</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, 2020

NOTE 21 – 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	\$ 125,030,000	\$ 0	\$ 7,180,000	\$ 117,850,000
Sick Leave	4,685,858	97,440	226,750	4,556,548
Capital Leases	921,297	0	153,195	768,102
Judgements	143,548	0	71,774	71,774
Total	<u>\$ 130,780,703</u>	<u>\$ 97,440</u>	<u>\$ 7,631,719</u>	<u>\$ 123,246,424</u>

Assuming the issues are not called prior to scheduled maturity, the minimum obligations of the funds at June 30, 2020 for debt service, (principal and interest) are as follows:

	Pike County Board			KY Construction Commission				Total
	Local Principal Total	Local Interest Total	Sinking Fund	KSFCC Principal Total	KSFCC Interest Total	Sinking Fund	Federal Rebate	
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	0	1,090,289	19,744	0	0	1,586,500
2037 - 2038	462,600	16,191	0	62,400	2,184	0	0	543,375
	<u>\$ 76,369,088</u>	<u>\$ 22,215,602</u>	<u>\$ 717,552</u>	<u>\$ 29,970,912</u>	<u>\$ 6,427,680</u>	<u>\$ 4,286,359</u>	<u>\$ 5,336,100</u>	<u>\$ 145,323,293</u>

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 22 – LEASE COMMITMENTS

Commitments under operating lease agreements for equipment provide the minimum future rental payments as of June 30, 2020 as follows:

	Principal	Interest	Total
June 30, 2021	\$ 213,647	\$ 27,632	\$ 241,279
June 30, 2022	214,559	23,640	238,199
June 30, 2023	212,283	18,950	231,233
June 30, 2024	189,942	14,090	204,032
June 30, 2025	195,108	9,589	204,697
Thereafter	248,174	14,505	262,679
Total	<u>\$ 1,273,713</u>	<u>\$ 108,406</u>	<u>\$ 1,382,119</u>

NOTE 23 – ACCUMULATED UNPAID SICK LEAVE BENEFITS

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

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

At June 30, 2020, this amount totaled \$4,556,547 of which \$296,257 is committed in the current year fund balance of the General Fund.

NOTE 24 - 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:

8/30/2021	\$ 71,774
8/30/2022	0
8/30/2023	0
8/30/2024	0
8/30/2025	0
Total	<u>\$ 71,774</u>

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 25 – 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 26 – RETIREMENT PLANS

	2020	2019	2018	2017	2016	2015	2014
Total Payroll	\$ 50,161,850	\$ 57,047,286	\$ 56,424,855	\$ 55,835,533	\$ 54,017,948	\$ 53,846,133	\$ 54,615,508
KTRS Total Payroll	31,871,005	37,105,911	36,809,662	38,195,439	34,181,498	39,104,554	39,719,440
KTR3 Contribution - Employee Portion	4,088,092	4,769,967	4,731,682	4,909,951	5,012,018	4,731,997	4,508,198
KTR3 Contribution - District Portion	1,436,783	1,610,155	1,495,235	1,557,017	1,567,395	1,308,933	1,065,247
KTRS Contribution - Commonwealth of Kentucky (on behalf of Payments)	11,010,813	10,417,762	11,103,259	5,819,247	5,863,960	6,133,500	4,733,237
KTRS Contribution - District Federal Employees	579,754	610,743	480,450	505,378	488,764	502,839	523,154
CERS Total Payroll	18,290,845	19,941,375	19,615,193	17,640,094	19,050,950	17,811,339	17,855,475
Contributions Requirement for CERS	3,682,772	3,770,154	3,492,697	3,136,162	3,269,302	3,238,427	3,507,180
CERS Contribution - Employee Portion	681,915	751,654	759,539	692,392	772,067	741,068	758,674
CERS Contribution - District Portion	3,000,858	3,018,500	2,733,158	2,443,771	2,497,234	2,497,359	2,748,507
KTRS Total Payroll--PLUS--CERS Total Payroll	50,161,850	57,047,286	56,424,855	55,835,533	53,232,449	56,915,893	57,574,916
KTR3 Contribution - Employee Portion--PLUS--CERS Contribution - Employee Portion	4,770,006	5,521,621	5,491,221	5,602,343	5,784,085	5,473,065	5,266,872
KTR3 Contribution - District Portion--PLUS--CERS Contribution - District Portion	4,437,641	4,628,655	4,228,393	4,000,787	4,064,629	3,806,292	3,813,754

NOTE 27 – 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.

NOTE 27 - 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
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NOTE 27 - 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, 2020, 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>\$146,312,371</u>
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The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability 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, 2019, the District's proportion was 1.0724 percent.

For the year ended June 30, 2020, the District recognized pension expense of \$11,010,813 and Revenue of \$11,010,813 for support provided by the state. At June 30, 2020, 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, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale BB to 2025, set forward two years for males and one year for females.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2010 – June 30, 2015 adopted by the Board on November 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, 2020

NOTE 27 - 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	\$ 186,817,990	\$ 146,312,371	\$ 11,222,993

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, 2020

NOTE 27 - 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, 2020, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2019. 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, 2019. At June 30, 2019, the District's proportion was .549032%.

For the year ended June 30, 2020, the District recognized pension expense of \$6,035,365. At June 30, 2020, the District reported deferred outflows of resources for District contributions subsequent to the measurement date and deferred inflows of resources related to pensions from the net difference between projected and actual earnings on pension plan investments in the amount of:

Deferred Outflows of Resources for:

Liability Experience	\$ 985,923
Changes of Assumptions	3,908,141
Investment Experience	741,231
	<u>\$ 5,635,295</u>

Deferred Inflows of Resources for:

Liability Experience	\$ 163,153
Assumption Changes	0
Investment Experience	1,363,699
Changes in Proportion & Differences Between Employer	
Contributions & Proportionate Share of Contributions	926,787
	<u>\$ 2,453,639</u>

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 27 - RETIREMENT PLAN (Continued)

KENTUCKY RETIREMENT SYSTEM

County Employees Retirement System (CERS) (Continued)

District contributions subsequent to the measurement date of \$2,246,293 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, 2020. 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
	2020	\$ 2,237,805
	2021	632,941
	2022	266,747
	2023	44,162
	2024	0
		<u>\$ 3,181,655</u>

Actuarial Methods and Assumptions: The total pension liability for CERS was determined by applying procedures to the actuarial valuation as of June 30, 2018. The financial reporting actuarial valuation as of June 30, 2018, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2018
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	26 years, closed
Payroll Growth Rate	
Payroll Growth Rate	0.0% for KERS non-hazardous and hazardous, and 2.0% for CERS non-hazardous and Hazardous
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30%
Salary Increases	3.55% to 15.55%, varies by service for KERS non-hazardous; 3.55% to 19.55%, varies by service for KERS hazardous 3.30% to 11.55%, varies by service, for CERS non-hazardous; 3.05% to 18.55%, varies by service for CERS hazardous
Investment Rate of Return	6.25% for CERS Non-hazardous, and hazardous, and KERS Hazardous, 5.25% for KERS Non-hazardous

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

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 27 - RETIREMENT PLAN (Continued)

KENTUCKY RETIREMENT SYSTEM

County Employees Retirement System (CERS)(Continued)

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Growth		
US Equity	15.75%	4.30%
Non-US Equity	15.75%	4.80%
Private Equity	7.00%	6.65%
Specialty Credit/High Yield	15.00%	2.60%
Liquidity		
Core Bonds	20.50%	1.35%
Cash	3.00%	0.20%
Diversifying Strategies		
Real Estate	5.00%	4.85%
Opportunity/Absolute Return	3.00%	2.97%
Real Return	15.00%	4.10%
Total	100.00%	3.52%

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, 2020

NOTE 27 - 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	\$48,294,743	\$38,613,665	\$30,544,581

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, 2020 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 28 – OTHER POST EMPLOYMENT BENEFIT PLANS

Teachers Retirement System OPEB Plan

General Information about the OPEB Plan

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

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

Medical Insurance Plan

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

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

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

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 28 – OTHER POST EMPLOYMENT BENEFIT PLANS (Continued)

Teachers Retirement System OPEB Plan (Continued)

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

At June 30, 2020, the District reported a liability of \$16,798,000 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, 2019, 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, 2019, the District's proportion was 0.573923 percent, which was an increase of .004363 from its proportion measured as of June 30, 2018 (0.56956 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	\$ 16,798,000
State's proportionate share of the net OPEB	
Medical Insurance	13,565,000
Life Insurance	315,000
Total liability associated with the District	<u>\$ 30,678,000</u>

For the year ended June 30, 2020, the District recognized OPEB expense of \$381,000 and revenue of \$820,376 for support provided by the State. At June 30, 2020, 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, 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 expensed as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 0	\$ 4,066,000
Changes of assumptions	447,000	0
Net difference between projected and actual earnings on pension plan investments	71,000	0
Changes in proportion and differences between District contributions and proportionate share of contributions	132,000	1,097,000
District contributions subsequent to the measurement date	0	0
Total	<u>\$ 650,000</u>	<u>\$ 5,163,000</u>

Year ended June 30:	
2020	\$ (883,000)
2021	(883,000)
2022	(846,000)
2023	(853,000)
2024	(668,000)
Thereafter	(380,000)
	<u>\$ (4,513,000)</u>

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 28 – OTHER POST EMPLOYMENT BENEFIT PLANS (Continued)

Teachers Retirement System OPEB Plan (Continued)

Actuarial assumptions – The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2018
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, 2018 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:

<u>Asset Class</u>	<u>Target Allocation Percentage</u>	<u>Long-Term Expected Real Rate Percentage of Return</u>
U.S. equity	40%	4.2%
International equity	22%	5.2%
Fixed income	15%	1.2%
Additional categories	7%	3.2%
Real estate	7%	3.8%
Private equity	7%	6.3%
Cash	2%	0.9%
Total	100%	

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.

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 28 – OTHER POST EMPLOYMENT BENEFIT PLANS (Continued)

Teachers Retirement System OPEB Plan (Continued)

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	\$ 19,899,000	\$ 16,798,000	\$ 14,200,000

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	\$ 13,674,000	\$ 16,798,000	\$ 20,638,000

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

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 28 – 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, 2020

NOTE 28 – 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, 2020, 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, 2019, 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, 2019, the District's proportion was .548925 percent, which was in decrease of .021003 percent from its proportion measured as of June 30, 2018 (.569928 percent).

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

District's proportionate share of the net OPEB liability	\$9,232,671
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For the year ended June 30, 2019, the District recognized OPEB expense of \$923,413. At June 30, 2020, 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	\$ 2,785,711
Changes of assumptions	2,732,033	18,269
Investment Experience	60,814	470,889
Changes in proportion and differences between District contributions and proportionate share of contributions	0	441,351
District contributions subsequent to the measurement date	0	0
Total	<u>\$ 2,792,847</u>	<u>\$ 3,716,220</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, 2020. 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:	
2020	\$ (157,917)
2021	(157,917)
2022	(27,536)
2023	(277,097)
2024	(253,379)
Thereafter	(49,526)
	<u>\$ (923,372)</u>

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 28 – OTHER POST EMPLOYMENT BENEFIT PLANS (Continued)

Note County Employee Retirement System OPEB Plan (Continued)

Actuarial assumptions – The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2017
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	0.0% for KERS non-hazardous and hazardous, and 2.0% for CERS non-hazardous and Hazardous
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30%
Salary Increases	3.55% to 15.55%, varies by service for KERS non-hazardous
	3.55% to 19.55% varies by service for KERS hazardous
	3.30% to 11.55%, varies by service for CERS nonhazardous
	3.05% to 18.55%, varies by service for CERS hazardous
Investment Rate of Return	6.25%
Healthcare Trend Rates	
Pre-65	Initial trend starting at 7.25% at January 1, 2019 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Post - 65	Initial trend starting at 5.10% at January 1, 2019 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 11 years.
Phase-in Provision	Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018 for CERS non-hazardous and hazardous

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, 2020

NOTE 28 – OTHER POST EMPLOYMENT BENEFIT PLANS (Continued)

Note County Employee Retirement System OPEB Plan (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Growth		
US Equity	18.75%	4.30%
Non US Equity	18.75%	4.80%
Private Equity	10.00%	6.65%
Specialty Credit/High Yield	15.00%	2.60%
Liquidity		
Core Bonds	13.50%	1.35%
Cash	1.00%	0.20%
Diversifying Strategies		
Real Estate	5.00%	4.85%
Opportunistic	3.00%	2.70%
Real Return	15.00%	4.10%
Total	100.00%	3.89%

Discount Rate - The projection of cash flows used to determine the discount rate of 5.25% for KERS Non-hazardous, 6.25% for KERS Hazardous, 6.25% for CERS Non-hazardous, and 6.25% 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 3.13%, as reported in Fidelity Index's "20 -Year Municipal GO AA Index" as of June 30, 2019. 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 (4.68%)	Current Discount Rate (5.68%)	1% Increase (6.68%)
Systems' net OPEB liability	\$ 12,367,981	\$ 9,232,671	\$ 6,649,384

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 28 – 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	\$ 6,866,385	\$ 9,232,671	\$ 12,102,074

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

REQUIRED SUPPLEMENTAL INFORMATION

PIKE COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	GENERAL FUND			VARIANCE
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE)
REVENUES:				
From Local Sources				
Taxation	\$ 19,225,000	\$ 19,225,000	\$ 22,590,300	\$ 3,365,300
Other Local Sources	487,750	487,750	715,770	228,020
Earnings on Investments	200,000	200,000	146,693	(53,307)
State Sources	56,290,766	56,290,766	52,707,464	(3,583,302)
Federal Sources	200,000	200,000	170,800	(29,200)
TOTAL REVENUES	<u>\$ 76,403,516</u>	<u>\$ 76,403,516</u>	<u>\$ 76,331,027</u>	<u>\$ (72,489)</u>
EXPENDITURES:				
Instruction	\$ 49,210,972	\$ 49,210,972	\$ 39,399,260	\$ 9,811,712
Support Services:				
Student	3,506,259	3,506,259	4,281,422	(775,163)
Instructional Staff	2,634,766	2,634,766	2,965,640	(330,874)
District Administration	3,023,025	3,023,025	2,219,813	803,212
School Administration	3,638,890	3,638,890	4,667,843	(1,028,953)
Business	1,053,845	1,053,845	1,238,196	(184,351)
Plant Operations & Maintenance	10,661,189	10,661,189	12,443,831	(1,782,642)
Student Transportation	4,642,613	4,642,613	7,627,641	(2,985,028)
Community Service	29,655	29,655	292,757	(263,102)
Site Acquisition & Constr.	173,030	173,030	156,649	16,381
Debt Service				
Principal	156,260	156,260	153,196	3,064
Interest	20,864	20,864	20,864	0
Contingency	2,300,000	2,300,000	0	2,300,000
TOTAL EXPENDITURES	<u>\$ 81,051,368</u>	<u>\$ 81,051,368</u>	<u>\$ 75,467,112</u>	<u>\$ 5,584,256</u>
Excess (Deficit) of Revenues over Expenditures	<u>\$ (4,647,852)</u>	<u>\$ (4,647,852)</u>	<u>\$ 863,915</u>	<u>\$ 5,511,767</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from Capital Leases	\$ 0	\$ 0	\$ 496,769	\$ 496,769
KISBIT Payments	0	0	0	0
Proceeds from Sale of Fixed Assets	0	0	10,472	10,472
Operating Transfers In	498,501	498,501	519,841	21,340
Operating Transfers Out	(148,435)	(148,435)	(100,802)	47,633
	<u>\$ 350,066</u>	<u>\$ 350,066</u>	<u>\$ 926,280</u>	<u>\$ 576,214</u>
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing (Uses)	<u>\$ (4,297,786)</u>	<u>\$ (4,297,786)</u>	<u>\$ 1,790,195</u>	<u>\$ 6,087,981</u>
Fund Balance - Beginning	2,000,000	2,902,934	5,398,291	2,495,357
Fund Balance - Ending	<u>\$ (2,297,786)</u>	<u>\$ (1,394,852)</u>	<u>\$ 7,188,486</u>	<u>\$ 8,583,338</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, 2020

	SPECIAL REVENUE			VARIANCE
	ORIGINAL	FINAL	ACTUAL	FAVORABLE
	BUDGET	BUDGET		(UNFAVORABLE)
REVENUES:				
Local Sources	\$ 910,910	\$ 913,410	\$ 417,380	\$ (496,030)
Earnings on Investments	0	0	0	0
State Sources	2,409,497	2,409,497	2,164,892	(244,605)
Federal Sources	12,754,048	11,996,729	9,936,527	(2,060,202)
TOTAL REVENUES	<u>\$ 16,074,455</u>	<u>\$ 15,319,636</u>	<u>\$ 12,518,799</u>	<u>\$ (2,800,837)</u>
EXPENDITURES:				
Instruction	\$ 9,672,525	\$ 9,166,577	\$ 9,043,877	\$ 122,700
Support Services:				
Student	486,432	286,457	218,995	67,462
Instructional Staff	2,702,806	1,104,959	1,033,622	71,337
District Administration	0	0	0	0
School Administration	0	0	0	0
Business	220,104	220,104	234,647	(14,543)
Plant Operations & Maintenance	548,000	1,000	10,261	(9,261)
Student Transportation	164,880	164,880	210,777	(45,897)
Central Office	0	0	0	0
Food Service Operations	326,500	0	56,327	(56,327)
Other	0	0	0	0
Community Service	1,828,942	1,828,942	1,838,812	(9,870)
Facilities Acquisition & Construction	0	0	0	0
Contingency	0	0	0	0
TOTAL EXPENDITURES	<u>\$ 15,950,189</u>	<u>\$ 12,772,919</u>	<u>\$ 12,647,318</u>	<u>\$ 125,601</u>
Excess (Deficit) of Revenues over Expenditures	<u>\$ 124,266</u>	<u>\$ 2,546,717</u>	<u>\$ (128,519)</u>	<u>\$ (2,675,236)</u>
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	151,788	11,788
Operating Transfers Out	(71,001)	(23,501)	(23,269)	232
TOTAL OTHER FINANCING SOURCES (USES):	<u>\$ 68,999</u>	<u>\$ 116,499</u>	<u>\$ 128,519</u>	<u>\$ 12,020</u>
Net Change in Fund Balance	\$ 193,265	\$ 2,663,216	\$ 0	\$ (2,663,216)
Fund Balance - Beginning	0	0	0	0
Fund Balance - Ending	<u>\$ 193,265</u>	<u>\$ 2,663,216</u>	<u>\$ 0</u>	<u>\$ (2,663,216)</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, 2020

	CONSTRUCTION FUND			VARIANCE
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE)
REVENUES:				
From Local Sources				
Taxation	\$ 0	\$ 0	\$ 0	\$ 0
Motor Vehicle	0	0	0	0
Utilities	0	0	0	0
Other	0	0	0	0
Tuition & Fees	0	0	0	0
Earnings on Investments	0	0	10,512	10,512
Other Local Revenues	760,240	760,240	727,000	(33,240)
Intergovernmental-State	0	0	0	0
Intergovernmental – Indirect Federal	0	0	0	0
Intergovernmental – Direct Federal	0	0	0	0
TOTAL REVENUES	<u>\$ 760,240</u>	<u>\$ 760,240</u>	<u>\$ 737,512</u>	<u>\$ (22,728)</u>
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	438,970	(438,970)
Site Improvements	760,240	760,240	12,323	747,917
Bond Issuance Costs	0	0	0	0
TOTAL EXPENDITURES	<u>\$ 760,240</u>	<u>\$ 760,240</u>	<u>\$ 451,293</u>	<u>\$ 308,947</u>
Excess (Deficit) of Revenues over Expenditures	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 286,219</u>	<u>\$ 286,219</u>
OTHER FINANCING SOURCES (USES):				
Bonds Proceeds	\$ 0	\$ 0	\$ 0	\$ 0
Premium on Bond Issuance	0	0	0	0
Operating Transfers In	0	0	518,784	518,784
Operating Transfers Out	0	0	(578,276)	(578,276)
TOTAL OTHER FINANCING SOURCES (USES):	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (59,492)</u>	<u>\$ (59,492)</u>
Net Change in Fund Balance	\$ 0	\$ 0	\$ 226,727	\$ 226,727
Fund Balance - Beginning	0	0	1,478,967	1,478,967
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,705,694</u>	<u>\$ 1,705,694</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, 2020**

Last Ten Fiscal Years **	2019-2020	2018-19	2017-18	2016-17	2015-16	2014-15
Schedule of the District's Proportionate Share of the Net Pension Liability						
District's proportion of the net pension liability	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
District's proportionate share of the net pension liability	\$ 0	\$ 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%	0.0000%
Commonwealth's proportionate share of the net pension liability associated with the District	\$ 146,312,371	\$ 143,777,280	\$ 312,509,016	\$ 353,664,994	\$ 283,538,388	\$ 260,475,099
Total	\$ 146,312,371	\$ 143,777,280	\$ 312,509,016	\$ 353,664,994	\$ 283,538,388	\$ 260,475,099
District's covered-employee payroll	\$ 31,871,005	\$ 37,105,911	\$ 36,809,662	\$ 38,195,439	\$ 34,181,498	\$ 39,104,554
District's proportionate share of the net pension liability	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Commonwealth's proportionate share of the net pension liability as a percentage of District's covered-employee payroll	21.7829%	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%	35.2200%	42.4900%	45.5907%

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

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

PIKE COUNTY BOARD OF EDUCATION
County Employees Retirement System Non-Hazardous
FOR THE YEAR ENDED JUNE 30, 2020

Last Ten Fiscal Years **

	2019-2020	2018-2019	2017-18	2016-17	2015-16	2014-15
Schedule of the District's Proportionate Share of the Net Pension Liability						
District's proportion of the net pension liability	0.54903%	0.56995%	0.57442%	0.59071%	0.61359%	0.62367%
District's proportionate share of the net pension liability	38,613,665	34,711,631	33,623,037	29,084,219	26,381,351	20,234,000
District's covered-employee payroll	18,290,845	19,941,375	19,615,193	17,640,094	19,050,950	17,811,339
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	211.10925%	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%	59.07100%	61.35900%	62.36680%

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

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

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

PIKE COUNTY BOARD OF EDUCATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET OPEB LIABILITY - MEDICAL INSURANCE PLAN
Teachers' Retirement System Kentucky
Last 10 Fiscal Years*
FOR THE YEAR ENDED JUNE 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the collective net OPEB liability (asset)	0.573923%	0.569656%	0.613982%	0.613962%
District's proportionate share of the collective net OPEB liability (asset)	\$ 16,798,000	\$ 16,795,000	\$ 21,893,000	21,675,000
State's proportionate share of the collective net OPEB liability (asset) associated with the District	<u>13,565,000</u>	<u>17,034,000</u>	<u>17,884,000</u>	<u>17,706,000</u>
Total	<u>\$ 30,363,000</u>	<u>\$ 33,829,000</u>	<u>\$ 39,777,000</u>	<u>\$ 39,381,000</u>
District's covered-employee payroll	31,871,005	37,105,911	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	52.706%	45.262%	59.476%	56.748%
Plan fiduciary net position as a percentage of the total OPEB liability	0.252%	0.291%	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.

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

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, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	1,051,925	1,051,925	1,051,925
Contributions in relation to the			
Contractually required contribution	<u>1,051,025</u>	<u>1,051,025</u>	<u>1,051,025</u>
Contribution deficiency (excess)	<u><u>2,102,950</u></u>	<u><u>2,102,950</u></u>	<u><u>2,102,950</u></u>
 District's covered-employee payroll	 \$ 31,871,005	 \$ 37,105,911	 \$ 36,809,662
Contributions as a percentage of covered- employee payroll	3.30%	2.83%	2.86%

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

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

PIKE COUNTY BOARD OF EDUCATION
Notes to Required Supplementary Information - Kentucky Teachers Retirement System
For the Year Ended June 30, 2020

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, 2018
Actuarial cost method	Entry Age
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 2019 decreasing to an ultimate rate of 5.00% by FY 2024
Ages 65 and older	5.75% for FY 2019 decreasing to an ultimate rate of 5.00% by FY 2021
Medicare Part B premiums	1.02% for FY 2019 with an ultimate rate of 5.00% by 2031
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, 2020

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	\$ 16,798,000
State's proportionate share of the net OPEB liability associated with the District	
Medical Insurance	13,565,000
Life Insurance	315,000
Total liability associated with the District	<u>\$ 30,678,000</u>

For the year ended June 30, 2020, the District recognized OPEB expense of \$381,000 and revenue of \$820,376 for support provided by the State. At June 30, 2020, 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	\$ 4,066,000
Changes of assumptions	447,000	0
Net difference between projected and actual earnings on pension plan investments	71,000	0
Changes in proportion and differences between District contributions and proportionate share of contributions	132,000	1,097,000
District contributions subsequent to the measurement date	0	0
Total	<u>\$ 650,000</u>	<u>\$ 5,163,000</u>

Year ended June 30:

2020	\$ (883,000.00)
2021	(883,000.00)
2022	(846,000.00)
2023	(853,000.00)
2024	(668,000.00)
There After	(380,000.00)
	<u>\$ (4,513,000.00)</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, 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 shown:

PIKE COUNTY BOARD OF EDUCATION
Notes to Required Supplementary Information - Kentucky Teachers Retirement System
For the Year Ended June 30, 2020

Actuarial assumptions – The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	6/30/2018
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 2019 decreasing to an ultimate rate of 5.00% by fiscal year 2024
Ages 65 and Older	5.75% fiscal year 2019 decreasing to an ultimate rate of 5.00% by fiscal year 2021
Medicare Part B Premiums	0.00% for fiscal year 2019 with an ultimate rate of 5.00% by 2031

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:

<u>Asset Class*</u>	<u>Target Allocation</u>	<u>30 Year Expected Geometric Real Rate of Return</u>
Global Equity	58.0%	5.1%
Fixed Income	9.0%	1.2%
Real Estate	6.5%	3.8%
Private Equity	8.5%	6.3%
Additional Categories	17.0%	3.2%
Cash	1.0%	0.9%
Total	<u>100.0%</u>	

PIKE COUNTY BOARD OF EDUCATION
Notes to Required Supplementary Information - Kentucky Teachers Retirement System
For the Year Ended June 30, 2020

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</u>	<u>Current Discount</u>	<u>1% Increase</u>
	<u>Rate (7.00%)</u>	<u>Rate (8.00%)</u>	<u>Rate (9.00%)</u>
Systems' net pension liability	\$ 19,899,000	\$ 16,798,000	\$ 14,200,000

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

PIKE COUNTY BOARD OF EDUCATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET OPEB LIABILITY - MEDICAL INSURANCE PLAN
County Employees Retirement Plan
Last 10 Fiscal Years*

	2020	2019	2018
District's proportion of the collective net OPEB liability (asset)	0.569928%	0.569928%	0.574428%
District's proportionate share of the collective net OPEB liability (asset)	\$ 9,232,671	\$ 10,118,958	\$ 11,547,968
Total	<u>\$ 9,232,671</u>	<u>\$ 10,118,958</u>	<u>\$ 11,547,968</u>
District's covered-employee payroll	18,290,845	19,941,375	19,615,193
District's proportionate share of the collective net OPEB liability (asset) as a percentage of its covered-employee payroll	50.477%	50.744%	58.873%
Plan fiduciary net position as a percentage of the total OPEB liability	0.359%	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.

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

PIKE COUNTY BOARD OF EDUCATION
SCHEDULE OF DISTRICT CONTRIBUTIONS - MEDICAL INSURANCE PLAN
County Employees Retirement Plan
Last 10 Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 889,060	\$ 663,929	\$ 661,534
Contributions in relation to the			
Contractually required contribution	(889,060)	(663,929)	(661,534)
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
District's covered-employee payroll	\$ 18,290,845	\$ 19,941,375	\$ 19,615,193
Contributions as a percentage of covered- employee payroll	4.86%	3.33%	3.37%

<i>Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.</i>
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See independent auditor's report and accompanying notes to the financial statement.

PIKE COUNTY BOARD OF EDUCATION
Notes to the Required Supplementary Information
for the Year Ended June 30, 2020

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

Inflation	2.30%
Payroll Growth Rate	0.0% for KERS non-hazardous, and 2.0% for CERS nonhazardous and hazardous
Salary Increase	3.55% to 15.55%, varies by service for KERS non-hazardous 3.55% to 19.55% varies by service for KERS hazardous 3.30% to 11.55%, varies by service for CERS nonhazardous 3.05% to 18.55%, varies by service for CERS hazardous
Investment Rate of Return	6.25%
Pre – 65	Initial trend starting at 7.25% at January 1, 2019 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Post-65	Initial trend starting at 5.10% at January 1, 2019 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 11 years.
Phase-in Provision	"Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018 for CERS non-hazardous and hazardous"

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

PIKE COUNTY BOARD OF EDUCATION
Notes to the Required Supplementary Information
for the Year Ended June 30, 2020

Kentucky Retirement System – County Employee OPEB Plan

pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance.

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

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

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

At June 30, 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	\$9,232,671
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PIKE COUNTY BOARD OF EDUCATION
Notes to the Required Supplementary Information
for the Year Ended June 30, 2020

Kentucky Retirement System – County Employee OPEB Plan

For the year ended June 30, 2020, the District recognized OPEB expense of \$923,413. At June 30, 2020, 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	\$ 2,785,711
Changes of assumptions	2,732,033	18,269
Investment Experience	60,814	470,889
Changes in proportion and differences between District contributions and proportionate share of contributions	0	441,351
District contributions subsequent to the measurement date	0	0
Total	<u>\$ 2,792,847</u>	<u>\$ 3,716,220</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	\$ (157,917)
2019	(157,917)
2020	(27,536)
2021	(277,097)
2022	(253,379)
thereafter	<u>(49,526)</u>
	<u>\$ (923,372)</u>

PIKE COUNTY BOARD OF EDUCATION
Notes to the Required Supplementary Information
for the Year Ended June 30, 2020

Kentucky Retirement System – County Employee OPEB Plan

Actuarial assumptions – The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	2.30%
Payroll Growth Rate	0.0% for KERS non-hazardous and hazardous, and 2.0% for CERS non-hazardous and Hazardous
Projected salary increases	3.55% to 15.55%, varies by service for KERS 3.55% to 19.55% varies by service for KERS 3.30% to 11.55%, varies by service for CERS 3.05% to 18.55%, varies by service for CERS
Investment rate of return	6.25%
Healthcare cost trend rates	
Under 65	Initial trend starting at 7.25% at January 1, 2019 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Ages 65 and Older	Initial trend starting at 5.10% at January 1, 2019 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 11 years.
Phase-in Provision	Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018 for CERS non-hazardous and hazardous

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, 2020

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
Growth		
US Equity	18.75%	4.30%
Non US Equity	18.75%	4.80%
Private Equity	10.00%	6.65%
Speciality Credit/High Yield	15.00%	2.60%
Liquidity		
Core Bonds	13.50%	1.35%
Cash	1.00%	0.20%
Diversifying Strategies		
Real Estate	5.00%	4.85%
Opportunistic	3.00%	2.70%
Real Return	15.00%	4.10%
Total	100.00%	3.89%

Discount Rate - The projection of cash flows used to determine the discount rate of 525% for KERS Non-hazardous, 6.25% for KERS Hazardous, 6.25% for CERS Non-hazardous, and 6.25% 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 3.13%, as reported in Fidelity Index's "20 –Year Municipal GO AA Index" as of June 30, 2019. 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 (4.68%)	Current Discount Rate (5.6885%)	1% Increase (6.68%)
Systems' net OPEB liability	\$ 13,142,905	\$ 9,232,671	\$ 6,649,384

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	\$ 6,866,385	\$ 9,232,671	\$ 12,102,074

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, 2020

	Capital Outlay Fund	Building Fund	District Activity	School Activity Funds	Total Non- Major Governmental Funds
<u>ASSETS AND RESOURCES</u>					
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 134,899	\$ 1,135,972	\$ 1,270,871
Investments	0	0	0	0	0
Accounts Receivable	0	0	0	3,767	3,767
Due From Other Funds	0	0	0	0	0
Total Assets	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 134,899</u>	<u>\$ 1,139,739</u>	<u>\$ 1,274,638</u>
<u>LIABILITIES AND FUND BALANCE</u>					
Liabilities					
Accounts Payable	\$ 0	\$ 0	\$ 208	\$ 14,614	\$ 14,822
Summer Payrolls	0	0	0	0	0
Other Liabilities	0	0	0	0	0
Other Liabilities	0	0	0	0	0
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 208</u>	<u>\$ 14,614</u>	<u>\$ 14,822</u>
Deferred Revenue					
	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Fund Balances					
Restricted:					
Other	\$ 0	\$ 0	\$ 134,691	\$ 1,125,125	\$ 1,259,816
Future Construction	0	0	0	0	0
Debt Service	0	0	0	0	0
Committed:					
Site Based Carryforward	0	0	0	0	0
Sick-leave	0	0	0	0	0
Worker's Compensation	0	0	0	0	0
Assigned:					
Purchase Obligations	0	0	0	0	0
Unassigned	0	0	0	0	0
Total Fund Balances	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 134,691</u>	<u>\$ 1,125,125</u>	<u>\$ 1,259,816</u>
Total Liabilities and Fund Balances	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 134,899</u>	<u>\$ 1,139,739</u>	<u>\$ 1,274,638</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, 2020

	Capital Outlay Fund	Building Fund	District Activity	School Activity Funds	Total Non-Major Governmental Funds
REVENUES					
From Local Sources					
Taxes					
Property	\$ 0	\$ 2,257,636	\$ 0	\$ 0	\$ 2,257,636
Motor Vehicles	0	0	0	0	0
Utilities	0	0	0	0	0
Other	0	0	0	0	0
Earnings on Investments	0	0	0	0	0
Other Local Revenues	0	0	201,080	3,171,249	3,372,329
Intergovernmental- State	722,797	3,770,490	0	0	4,493,287
Intergovernmental-Indirect Federal	0	0	0	0	0
Total Revenues	\$ 722,797	\$ 6,028,126	\$ 201,080	\$ 3,171,249	\$ 10,123,252
EXPENDITURES					
Instruction	\$ 0	\$ 0	\$ 107,472	\$ 0	\$ 107,472
Support Services					
Student	0	0	0	0	0
Instruction Staff	0	0	20,598	0	20,598
District Administrative	0	0	0	0	0
School Administrative	0	0	14,109	3,050,791	3,064,900
Business	0	0	0	0	0
Plant Operation and Maint.	0	0	70,889	0	70,889
Student Transportation	0	0	0	0	0
Food Service	0	0	0	0	0
Community Services	0	0	0	0	0
Facilities Acquisitions and Construction	0	0	0	0	0
Purchase Professional Services	0	0	0	0	0
Site Improvement	0	0	0	0	0
Building Improvements	0	0	0	0	0
Debt Service					
Principal	0	0	0	0	0
Interest	0	0	0	0	0
Bond Issuance Costs	0	0	0	0	0
Total Expenditures	\$ 0	\$ 0	\$ 213,068	\$ 3,050,791	\$ 3,263,859
Excess (Deficit) of Revenues over Expenditures	\$ 722,797	\$ 6,028,126	\$ (11,988)	\$ 120,458	\$ 6,859,393
Other Financing Sources (Uses)					
Proceeds from Sales of Bonds	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Premium on Bond Issuance	0	0	0	0	0
Bond Discounts	0	0	0	0	0
Proceeds from Capital Leases	0	0	0	0	0
Proceeds from Sales of Fixed Assets	0	0	0	0	0
Operating Transfer, In	0	0	0	0	0
Operating Transfer, Out	(722,797)	(6,028,126)	0	0	(6,750,923)
Total Other Financing Sources	\$ (722,797)	\$ (6,028,126)	\$ 0	\$ 0	\$ (6,750,923)
Net Change in Fund Balance	\$ 0	\$ 0	\$ (11,988)	\$ 120,458	\$ 108,470
Fund Balance - Beginning	0	0	146,679	0	146,679
Prior Period Adjustment	0	0	0	1,004,667	1,004,667
Fund Balance - Ending	\$ 0	\$ 0	\$ 134,691	\$ 1,125,125	\$ 1,259,816

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, 2020

SCHOOLS	Cash Balance July 1, 2019	Receipts	Disburse- ments	Cash Balance June 30, 2020	Accounts Receivable	Accounts Payable	Due to Students June 30, 2020
HIGH SCHOOLS							
Belfry	\$ 158,880	\$ 441,230	\$ 486,714	\$ 113,396	\$ 0	\$ 4,793	\$ 108,604
East Ridge	87,546	187,541	167,561	107,526	175	0	107,701
Phelps	56,910	159,527	151,360	65,078	0	0	65,078
Pike Central	46,304	300,512	262,228	84,588	3,592	1,211	86,969
Shelby Valley	132,685	302,354	294,857	140,181	0	0	140,181
MIDDLE SCHOOLS							
Belfry Middle	31,592	190,957	189,116	33,433	0	3,847	29,586
ELEMENTARY SCHOOLS							
Belfry Elementary	50,554	123,167	81,020	92,701	0	0	92,701
Bevins	45,554	41,890	35,551	51,893	0	0	51,893
Dorton	66,065	117,870	124,244	59,691	0	0	59,691
Elkhorn City	70,152	118,947	132,225	56,874	0	0	56,874
Feds Creek	18,583	58,261	50,277	26,567	0	0	26,567
Johns Creek	49,061	219,387	213,439	55,009	0	340	54,669
Kimper	29,808	36,066	35,032	30,842	0	200	30,642
Millard	37,516	229,966	224,212	43,270	0	3,790	39,480
Mullins	31,899	268,603	267,554	32,948	0	433	32,515
Phelps	19,799	82,282	73,982	28,099	0	0	28,099
Valley	90,021	287,062	272,847	104,236	0	0	104,236
DAY TREATMENT CENTERS							
Pike County Day Treatment	9,738	3,436	3,534	9,640	0	0	9,640
TOTALS	<u>\$ 1,032,667</u>	<u>\$ 3,169,057</u>	<u>\$ 3,065,752</u>	<u>\$ 1,135,972</u>	<u>\$ 3,767</u>	<u>\$ 14,614</u>	<u>\$ 1,125,125</u>

**PIKE COUNTY BOARD OF EDUCATION
BELFRY HIGH SCHOOL
ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020**

Fund	Cash Balance July 1, 2019	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2020	Accounts Receivable	Accounts Payable	Due to Students June 30, 2020
GENERAL	\$ 2,201	\$ 5,788	\$ 7,416	\$ (107)	\$ 466	\$ 0	\$ 0	\$ 466
ACADEMIC	387	0	1,049	662	0	0	0	0
SPIRIT TEAM	189	1,289	854	0	624	0	0	624
GOLF TEAM	1,224	217	1,099	0	341	0	0	341
NANCY SCOTT	500	500	500	0	500	0	0	500
INSTRUCTIONAL FEE	3,750	13,669	6,561	(6,966)	3,892	0	1,865	2,027
DEBBIE HUNTER	500	500	500	0	500	0	0	500
LEAD OUR NEXT GEN	1,000	0	1,000	0	0	0	0	0
PHOTOGRAPHY	2,500	2,500	0	(5,000)	0	0	0	0
FACULTY	4,546	6,136	8,701	0	1,981	0	0	1,981
JAG	0	1,250	0	0	1,250	0	0	1,250
HOMECOMING	0	0	607	607	0	0	0	0
VARSITY COURT	0	1,920	1,732	232	420	0	0	420
HONOR SOCIETY	578	894	956	0	516	0	0	516
WRESTLING	100	2	2,856	2,754	0	0	0	0
STLP	637	455	258	0	834	0	0	834
YGA-KYA	0	4,395	7,142	2,747	0	0	0	0
MU ALPHA THETA	255	180	240	0	195	0	0	195
HOBV	0	600	1,410	810	0	0	0	0
RUSH RUNYON SCHOLARSHIP	605	0	0	0	605	0	0	605
PERSEVERE SCHOLARSHIP	1,000	1,000	1,000	0	1,000	0	0	1,000
JAMES WILLIS STUL	3,045	500	1,000	0	2,545	0	0	2,545
LASTING OPP NEW GO	1,000	0	1,000	0	0	0	0	0
STUDENT COMMUNITY	1,000	0	0	0	1,000	0	0	1,000
DESIRE SCHOLARSHIP	0	6,000	0	0	6,000	0	0	6,000
EASTERN KY STRONG	2,859	7,588	8,648	33	1,832	0	0	1,832
EASTERN LEVEL	382	0	0	0	382	0	0	382
AUDITORIUM	0	0	4,248	4,248	0	0	0	0
START UP	0	20,855	20,855	0	0	0	0	0

**PIKE COUNTY BOARD OF EDUCATION
BELFRY HIGH SCHOOL
ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020**

Fund	Cash Balance July 1, 2019	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2020	Accounts Receivable	Accounts Payable	Due to Students June 30, 2020
STROES	11,174	37,470	19,585	(22,518)	6,541	0	0	6,541
ROBOTICS	8,841	3,827	9,131	(22)	3,515	0	0	3,515
PLTW PROJECT	0	15,000	12,600	310	2,709	0	0	2,709
FCA	320	0	80	0	240	0	0	240
DR MARY JOHNSON SCHOLARSHIP	5,000	5,000	5,000	0	5,000	0	0	5,000
HOSA	1,488	1,459	2,511	0	436	0	0	436
HALL OF FAME	0	1,500	4,489	2,989	0	0	0	0
FOOTBALL	23,385	115,031	126,491	5,150	17,075	0	0	17,075
YOUTH FOOTBALL	10	970	970	0	10	0	0	10
FOOTBALL II	43,773	0	0	(28,104)	15,669	0	0	15,669
2 A TOURNAMENT	0	6,989	5,894	(1,095)	0	0	0	0
BOYS BASKETBALL	7	36,896	41,827	4,924	0	0	0	0
YOUTH BASKETBALL	29	0	0	0	29	0	0	29
60TH DISTRICT	0	9,788	6,414	(3,374)	0	0	0	0
GIRLS BASKETBALL	10	18,276	21,267	2,982	0	0	0	0
BASEBALL	0	5,768	6,317	549	0	0	0	0
VARSITY CHEER	8,730	15,107	18,330	1,200	6,707	0	2,379	4,329
JV CHEERLEADERS	393	2,251	2,567	0	77	0	0	77
CHEER KAPOs	514	1,141	258	(1,200)	198	0	0	198
SOFTBALL	0	6,760	5,328	0	1,432	0	0	1,432
VOLLEYBALL	935	4,445	5,269	0	111	0	0	111
ART HONOR SOCIETY	736	900	877	(115)	643	0	0	643
SPECIAL NEEDS	908	8,466	5,893	300	3,781	0	250	3,531
SPECIAL NEEDS II	490	0	2,300	2,500	690	0	0	690
BOYS & GIRLS SOCCER	4,343	6,577	10,024	124	1,019	0	0	1,019
SOCCER DISTRICT	0	1,425	1,301	(124)	0	0	0	0
JR CLASS	0	3,495	3,495	0	0	0	0	0
SENIOR CLASS	1,961	0	1,688	(293)	(20)	0	0	(20)
JR ROTC	0	2,544	994	0	1,550	0	0	1,550

**PIKE COUNTY BOARD OF EDUCATION
BELFRY HIGH SCHOOL
ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020**

Fund	Cash Balance July 1, 2019	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2020	Accounts Receivable	Accounts Payable	Due to Students June 30, 2020
SADD	634	563	563	0	634	0	0	634
YALSA	599	118	283	68	503	0	0	503
SPEECH & DRAMA	2,403	995	1,128	(500)	1,770	0	0	1,770
SPANISH	200	1,244	1,178	0	266	0	0	266
CLAY TARGET LEAGUE	0	1,000	0	0	1,000	0	0	1,000
FBLA	0	1,316	948	(18)	351	0	0	351
CHILDREN INC	665	12,299	10,056	(300)	2,608	0	299	2,309
YOUTH SERVICE CENTER	3,893	0	850	0	3,043	0	0	3,043
PIRATE PANTRY	320	190	347	0	163	0	0	163
MINI PICASSOS KAHLO	0	1,000	1,005	5	0	0	0	0
PIRATE CHRISTMAS	0	889	1,000	110	0	0	0	0
TRANSITION GRANT IN	0	2,931	2,998	67	0	0	0	0
ROBOTICS TOOL	0	1,000	1,022	22	0	0	0	0
BIODIGESTER ENERGY	0	0	1,016	1,016	0	0	0	0
3D OBJECTS PHOTOGRAPHY	0	811	811	0	0	0	0	0
KVEC DRON COMPETITION	0	302	302	0	0	0	0	0
YEARBOOK	8,809	20,556	19,190	27	10,202	0	0	10,202
CHARITABLE GAMING	1	0	0	0	1	0	0	1
TRACK	0	500	0	0	500	0	0	500
BAND	0	4,662	4,507	(146)	9	0	0	9
BAND II	0	272	0	(272)	0	0	0	0
CHOIR	0	3,260	3,678	418	0	0	0	0
SCHOOL NEWSPAPER	51	0	0	0	51	0	0	51
DAF INSTURCTION	0	0	15,100	15,100	0	0	0	0
DAF ATHLETICS	0	0	1,200	1,200	0	0	0	0
DAF BUILDING/GROUND	0	0	19,000	19,000	0	0	0	0
TOTAL	\$ 158,880	\$ 441,230	\$ 486,714	\$ 0	\$ 113,396	\$ 0	\$ 4,793	\$ 108,604

PIKE COUNTY BOARD OF EDUCATION
EAST RIDGE HIGH SCHOOL
ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020

Fund	Cash Balance July 1, 2019	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2020	Accounts Receivable	Accounts Payable	Due to Students June 30, 2020
GENERAL	\$ 4,088	5,572	1,975	(3,606)	\$ 4,079	\$ 175	\$ 0	\$ 4,254
LIBRARY	44	0	0	0	44	0	0	44
AP EXAMS	115	2,237	0	0	2,352	0	0	2,352
SCHOLARSHIPS	20,899	35,171	25,960	0	30,110	0	0	30,110
PARKING	1,685	760	645	0	1,800	0	0	1,800
TEXTBOOKS	5,018	0	0	0	5,018	0	0	5,018
SCIENCE DEPT	66	0	0	0	66	0	0	66
STUDENT ACTIVITY	39	0	0	0	39	0	0	39
WARRIOR WAREHOUSE	3,898	4,483	5,394	271	3,257	0	0	3,257
STUDENT INCENTIVES	0	75	0	0	75	0	0	75
FMD	328	2,863	2,809	0	382	0	0	382
ACADEMIC TEAM	0	2,603	2,761	158	0	0	0	0
ATHLETICS	7,619	16,141	10,538	(3,953)	9,268	0	0	9,268
STARTUP CHANGE	0	1,700	1,700	0	0	0	0	0
BOYS BASKETBALL	0	8,466	8,535	1,632	1,563	0	0	1,563
GIRLS BASKETBALL	517	3,838	5,957	1,619	17	0	0	17
PEEWEE FOOTBALL	0	239	0	0	239	0	0	239
REST FB BOOSTERS CO	0	7,881	3,287	(4,593)	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, 2020**

Fund	Cash Balance July 1, 2019	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2020	Accounts Receivable	Accounts Payable	Due to Students June 30, 2020
RESTRICTED FB BOOSTERS	0	1,000	2,070	1,070	0	0	0	0
FOOTBALL	0	14,478	17,302	2,925	101	0	0	101
ER MIDDLE SCHOOL FB	0	2,276	2,572	296	0	0	0	0
SOFTBALL	0	1,423	1,788	365	0	0	0	0
BASEBALL	0	5,455	6,562	1,108	0	0	0	0
ER MS BASEBALL	705	0	0	0	705	0	0	705
ER MS BASEBALL BOOSTERS	268	0	0	0	268	0	0	268
ERMS BASEBALL BOOST CONC	586	0	0	0	586	0	0	586
VOLLEYBALL	0	3,300	2,949	365	716	0	0	716
DISTRICT VB TOURNEY	1,032	0	0	0	1,032	0	0	1,032
15TH REG VB TOURNEY	0	7,529	2,632	0	4,897	0	0	4,897
15TH ALL A VOLLEYBALL TOURNEY	979	0	0	0	979	0	0	979
GOLF	0	0	591	591	0	0	0	0
CROSS COUNTRY	589	2,882	4,360	1,574	686	0	0	686
TRACK BOYS	1,629	935	0	(250)	2,314	0	0	2,314
CULTURE CLUB	2,152	4,433	5,797	514	1,302	0	0	1,302
CHEERLEADERS	0	7,602	7,602	0	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, 2020

Fund	Cash Balance July 1, 2019	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2020	Accounts Receivable	Accounts Payable	Due to Students June 30, 2020
DANCE TEAM	391	1,078	3,009	1,540	0	0	0	0
JROTC VENDING	8,268	4,684	2,271	(1,500)	9,181	0	0	9,181
TEACHERS LOUNGE CONC	399	1,344	1,238	0	505	0	0	505
STUDENT VENDING	5,267	1,749	860	(223)	5,932	0	0	5,932
DUAL CREDIT	369	1,130	0	(1,445)	54	0	0	54
BAND/CHOIR	316	11,845	11,973	0	188	0	0	188
JROTC DRILL TEAM	3,477	1,411	1,687	(362)	2,839	0	0	2,839
DRAMA	36	672	528	0	181	0	0	181
ANNUAL/COAL FAIR	6,349	6,739	7,230	(50)	5,807	0	0	5,807
PICTURES	299	0	0	0	299	0	0	299
BETA CLUB	183	0	0	0	183	0	0	183
NATIONAL HONOR SOCIETY	1	325	482	159	3	0	0	3
NEWSPAPER	0	255	0	(159)	96	0	0	96
CHILDREN INC	0	4,141	2,851	0	1,290	0	0	1,290
GUIDANCE COUNSELOR	662	350	928	223	307	0	0	307
ATHLETIC SIGN ADV	0	5,450	752	(4,698)	0	0	0	0
NANCY RATLIFF SCHOL	2,332	0	1,500	0	832	0	0	832
PROM	3,008	0	213	0	2,795	0	0	2,795
HOMECOMING	2,481	741	263	0	2,959	0	0	2,959
STUDENT ENRICHMENT	144	675	100	0	719	0	0	719
SENIORS	745	1,280	1,203	0	822	0	0	822
GIFTED AND TALENTED	53	0	0	0	53	0	0	53
SMILE CLUB	0	51	50	0	0	0	0	0
FBLA	513	48	40	0	521	0	0	521
DAF INSTRUCTION	0	0	3,551	3,551	0	0	0	0
DAF BUILDING/GROUNDS	0	0	2,878	2,878	0	0	0	0
Total	<u>\$ 87,546</u>	<u>\$ 187,541</u>	<u>\$ 167,561</u>	<u>\$ 0</u>	<u>\$ 107,526</u>	<u>\$ 175</u>	<u>\$ 0</u>	<u>\$ 107,701</u>

**PIKE COUNTY BOARD OF EDUCATION
PHELPS HIGH SCHOOL
ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020**

Fund	Cash Balance July 1, 2019	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2020	Accounts Receivable	Accounts Payable	Due to Students June 30, 2020
GENERAL	\$ 14,249	\$ 6,541	\$ 5,838	\$ (2,169)	\$ 12,783	\$ 0	\$ 0	\$ 12,783
STARTUP MONEY	0	760	\$ 760	0	0	0	0	0
PHARMACY TECH CLASSES	430	860	0	(856)	434	0	0	434
TRACK/CROSS COUNTRY	544	642	1,329	145	3	0	0	3
60TH DISTRICT BASKETBALL	0	0	0	0	0	0	0	0
60TH DISTRICT CONCESSION	0	0	0	0	0	0	0	0
60TH DISTRICT VBALL GATE	0	990	481	(509)	0	0	0	0
SPANISH	0	940	785	0	155	0	0	155
DISTRICT PROGRAM/T-SHIRT	0	0	0	0	0	0	0	0
COLA MACHINES	263	215	0	0	478	0	0	478
SR. CLASS	0	1,451	1,451	0	0	0	0	0
ALL "A" VOLLEYBALL	0	1,651	1,042	(609)	0	0	0	0
VOLLEYBALL	1,629	4,713	4,491	2,505	4,356	0	0	4,356
JR. HIGH VOLLEYBALL	800	3,234	2,922	1,267	2,379	0	0	2,379
FRYSC	183	0	0	0	183	0	0	183
JKG	68	1,925	2,125	132	0	0	0	0
LOCKERS	0	775	0	(775)	0	0	0	0
CHEER	822	1,538	2,086	0	274	0	0	274
WRESTLING	209	406	200	48	463	0	0	463
WRESTLING CONCESSIONS	0	48	0	(48)	0	0	0	0
JH BASEBALL	1,591	0	544		1,047	0	0	1,047
CONCESSION JH BASEBALL	0	0	0	0	0	0	0	0
VAR BOYS BASKETBALL	8,775	14,795	19,770	3,997	7,796	0	0	7,796
FOOTBALL	7,728	17,620	23,777	1,651	3,222	0	0	3,222

**PIKE COUNTY BOARD OF EDUCATION
PHELPS HIGH SCHOOL
ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020**

Fund	Cash Balance July 1, 2019	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2020	Accounts Receivable	Accounts Payable	Due to Students June 30, 2020
PHELPS LL BASEBALL	1,564	1,438	0	0	3,002	0	0	3,002
BASEBALL	1,758	8,050	5,665	0	4,143	0	0	4,143
BASEBALL CONCESSIONS	0	0	0	0	0	0	0	0
VAR GIRLS BASKETBALL	550	9,872	9,325	2,229	3,327	0	0	3,327
SOFTBALL	265	434	634	0	66	0	0	66
JH FOOTBALL	461	584	1,243	199	1	0	0	1
JH BOYS BASKETBALL	1,295	4,435	4,838	2,307	3,199	0	0	3,199
CONCESSIONS GIRLS VARS BASKETBALL	0	3,680	1,542	(2,138)	0	0	0	0
BOYS VARSITY CONCESSIONS	0	4,592	504	(4,088)	0	0	0	0
VARSITY ACADEMIC TEAM	112	0	40	0	72	0	0	72
JR HIGH ACADEMIC TEAM	1	0	0	0	1	0	0	1
PROM	20	5,392	0	0	5,412	0	0	5,412
CHILDREN INC	1,236	23,983	23,588	0	1,632	0	0	1,632
CONCESSIONS JH BOYS BASKETBALL	0	3,034	440	(2,594)	0	0	0	0
JH GIRLS BASKETBALL	981	932	1,265	259	907	0	0	907
NH SOCIETY	195	267	385	0	77	0	0	77
JROTC	726	0	94	0	632	0	0	632
FBLA	64	279	310	0	33	0	0	33
SCHOOL STORE	0	5,693	4,796	455	1,352	0	0	1,352
LIBRARY FUND	0	0	0	0	0	0	0	0
PEPSI VENDING MACH	0	2,497	2,990	1,276	784	0	0	784
TEACHER VENDING (POP)	1,490	6,319	6,617	500	1,693	0	0	1,693
CONCESSIONS JH GIRLS BASKETBALL	0	519	220	(299)	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, 2020**

Fund	Cash Balance July 1, 2019	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2020	Accounts Receivable	Accounts Payable	Due to Students June 30, 2020
SOFTBALL CONCESSIONS	0	0	0	0	0	0	0	0
VOLLEYBALL CONCESSIONS	0	1,978	351	(1,627)	0	0	0	0
JH VOLLEYBALL CONCESSIONS	0	1,322	55	(1,267)	0	0	0	0
TEACHERS VENDING/SN	2,009	1,058	1,992	(500)	574	0	0	574
VENDING STORE	0	875	234	68	708	0	0	708
AP ENVIROMENTAL SC	0	0	0	0	0	0	0	0
YEARBOOK	0	0	0	0	0	0	0	0
4-H CLUB	2	0	0	0	2	0	0	2
PARKING TAGS	0	130	0	(130)	0	0	0	0
JR HIGH FOOTBALL CONCESSIONS	0	549	217	(332)	0	0	0	0
JR HIGH CHEER	42	2,059	2,088	0	13	0	0	13
BAND	1,689	7,530	8,583	0	636	0	0	636
GRAPHICS ACCOUNT	175	0	148	130	157	0	0	157
DANCE	61	0	0		61	0	0	61
FMD UNIT	420	0	354	0	66	0	0	66
GENERAL SPORTS FUND	2,900	60	3,057	1,573	1,477	0	0	1,477
JUNIOR HIGH ACTIVITIES	512	0	0		512	0	0	512
SPELLING TEAM	403	0	0	0	403	0	0	403
FOOTBALL CONCESSIONS	0	2,576	145	(2,431)	0	0	0	0
STLP	240	0	109	0	131	0	0	131
BETA CLUB	450	285	299	0	435	0	0	435
DAF INSTRUCTION	0	0	856	856	0	0	0	0
DAF ATHLETICS	0	0	0	0	0	0	0	0
DAF LIBRARY	0	0	0	0	0	0	0	0
DAF BUILDING/GROUNDS	0	0	775	775	0	0	0	0
TOTAL	<u>\$ 56,910</u>	<u>\$ 159,527</u>	<u>\$ 151,360</u>	<u>\$ 0</u>	<u>\$ 65,078</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 65,078</u>

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

Fund	Cash Balance July 1, 2019	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2020	Accounts Receivable	Accounts Payable	Due to Students June 30, 2020
GENERAL FUND	\$ 78	454	490	0	\$ 41	\$ 0	\$ 0	\$ 41
PARKING PERMITS	0	910	0	(910)	0	0	0	0
STUDENT FEES	0	1,440	0	(1,440)	0	0	0	0
MEMORIAL	227	0	0	0	227	0	0	227
CONCESSION	0	17,315	9,758	(7,557)	0	0	0	0
AP CLASSES	928	0	0	0	928	0	0	928
HALL OF FAME	50	0	0	0	50	0	0	50
SCHOOL PICTURES	0	1,644	0	(1,644)	0	0	0	0
STAFF VENDING	4,396	4,166	5,943	0	2,618	0	0	2,618
ATHLETIC	404	39,626	33,914	(2,526)	3,591	0	0	3,591
START UP MONEY	0	1,900	1,900	0	0	0	0	0
BOYS VARISTY CHEER	5,884	22,016	21,609	(343)	5,948	0	0	5,948
BASEBALL	4,584	13,070	9,999	0	7,655	0	83	7,573
BASEBALL CONCESSION	1,719	285	0	0	2,004	0	0	2,004
BOYS BASKETBALL	0	3,544	5,130	2,151	565	0	0	565
BOYS BB CONCESSION	0	2,801	650	(2,151)	0	0	0	0
FOOTBALL	1,461	21,501	18,594	(66)	4,302	0	33	4,269
FOOTBALL CONCESSION	0	6,184	1,000	(2,100)	3,084	0	0	3,084
GIRLS BASKETBALL	(7,913)	19,946	20,949	8,916	0	0	0	0
GIRLS BB CONCESSION	0	2,104	988	(1,116)	0	0	0	0
SOFTBALL	(1,509)	23,066	9,875	0	11,681	0	1,054	10,627
SOFTBALL CONCESSION	0	0	0	0	0	0	0	0
VOLLEYBALL	1,804	5,262	7,230	1,000	836	0	0	836
VOLLEYBALL CONCESSION	2,576	1,090	456	(1,000)	2,210	0	0	2,210
60TH DISTRICT VOLLEYBALL	9	0	0	0	9	0	0	9
WRESTLING	378	972	1,553	203	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, 2019	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2020	Accounts Receivable	Accounts Payable	Due to Students June 30, 2020
WRESTLING CONCESSION	199	0	0	(199)	0	0	0	0
BOYS TRACK	480	0	0	0	480	0	0	480
GIRLS TRACK	0	64	941	878	0	0	0	0
GOLF	29	866	1,403	508	0	0	0	0
BASS FISHING	602	3,797	3,608	(50)	741	0	0	741
TENNIS	951	0	0	0	951	0	0	951
ROBOTICS	73	0	431	358	0	0	0	0
ACADEMIC	1,982	50	600	0	1,432	0	0	1,432
FBLA	545	0	0	0	545	0	0	545
CULINARY SKILLS	53	0	0	0	53	0	0	53
FCCLA	309	0	0	0	309	0	0	309
PEP CLUB	108	455	0	0	563	0	0	563
PROJECT PROM	210	797	0	0	1,008	0	0	1,008
STUDENT ACTIVITIES	657	9,015	8,950	0	722	0	0	722
STUDENT COUNCIL	362	0	0	0	362	0	0	362
SPANISH CLUB	0	235	0	0	235	0	0	235
FCA	441	200	0	0	641	0	0	641
FEA	533	0	0	0	533	0	0	533
NHS	1,958	2,725	2,117	0	2,566	0	0	2,566
ART	667	0	0	0	667	0	0	667

**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, 2019	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2020	Accounts Receivable	Accounts Payable	Due to Students June 30, 2020
CLASS OF 2019	306	0	0	0	306	0	0	306
PROM	4,898	3,000	750	0	7,148	0	0	7,148
CLASS OF 2020	0	6,920	5,757	100	1,263	0	42	1,221
BAND	7,319	42,964	45,710	4,783	9,356	0	0	9,356
CHORUS	0	12,476	8,836	(3,240)	400	0	0	400
DANCE TEAM	1,362	2,559	2,991	0	931	0	0	931
COLOR GUARD	242	1,169	1,174	0	237	0	0	237
JR. ROTC	1,142	0	0	0	1,142	0	0	1,142
HOSA	112	3,091	2,901	0	302	0	0	302
MEDICAID NURSE	59	954	794	0	219	0	0	219
JOURNALISM	83	0	0	0	83	0	0	83
YEARBOOK	826	2,270	4,960	1,864	0	0	0	0
LIBRARY	373	78	133	0	317	0	0	317
HVPA	49	0	0	0	49	0	0	49
EXPLORER'S	273	3,639	3,402	492	1,002	0	0	1,002
HISTORY CLUB	1,564	1,010	1,865	0	710	0	0	710
KEY CLUB	330	2,308	2,266	50	422	0	0	422
NATIONAL HISTORY DAY	567	0	0	0	567	0	0	567
CHILDREN INC	1,563	10,576	7,150	(2,410)	2,579	0	0	2,579
DAF INSTRUCTION	0	0	190	190	0	0	0	0
DAF ATHLETICS	0	0	1,000	1,000	0	3,592	0	3,592
DAF PROFESSIONAL	0	0	190	190	0	0	0	0
DAF PRINCIPAL	0	0	1,438	1,438	0	0	0	0
DAF BUILDING/GROUND	0	0	2,632	2,632	0	0	0	0
Total	<u>\$ 46,304</u>	<u>\$ 300,512</u>	<u>\$ 262,228</u>	<u>\$ 0</u>	<u>\$ 84,588</u>	<u>\$ 3,592</u>	<u>\$ 1,211</u>	<u>\$ 86,969</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, 2020**

Fund	Cash Balance July 1, 2019	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2020	Accounts Receivable	Accounts Payable	Due to Students June 30, 2020
DAF BUILDING/GROUNDS	\$ 0	\$ 0	\$ 12,014	\$ 12,014	\$ 0	\$ 0	\$ 0	\$ 0
ACADEMIC TEAM	0	7,684	6,385	(750)	549	0	0	549
ALUMNI ASSOCIATION	25,070	0	0	0	25,070	0	0	25,070
BAND BOOSTERS	5,640	21,296	17,598	(2,256)	7,083	0	0	7,083
ATHLETICS	11,114	43,610	10,699	(42,772)	1,253	0	0	1,253
BASEBALL	0	0	225	1,000	775	0	0	775
BASEBALL BOOSTERS	829	9,026	9,229	0	626	0	0	626
BASKETBALL-GIRLS	0	0	4,814	4,814	0	0	0	0
GIRLS BASKETBALL BOOSTERS	599	6,245	6,806	0	37	0	0	37
BETA CLUB	340	500	375	0	465	0	0	465
BOYS BASKETBALL	0	2,568	9,634	7,091	24	0	0	24
CHEERLEADING	920	15,632	11,294	0	5,258	0	0	5,258
CHOIR	1,711	2,315	3,774	88	340	0	0	340
CATS	3,904	1,046	2,998	0	1,952	0	0	1,952
BAND/CHOIR	4,154	13,428	20,177	2,652	56	0	0	56
CHILDREN, INC.	404	8,236	7,652	(250)	738	0	0	738
CONCESSIONS	0	47,210	29,205	5,185	23,190	0	0	23,190
CROSS COUNTRY	0	0	1,138	1,138	0	0	0	0
CULINARY SKILLS	658	0	237	0	420	0	0	420

**PIKE COUNTY BOARD OF EDUCATION
SHELBY VALLEY HIGH SCHOOL
ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020**

Fund	Cash Balance July 1, 2019	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2020	Accounts Receivable	Accounts Payable	Due to Students June 30, 2020
DANCE TEAM	500	5,891	5,688	430	1,134	0	0	1,134
FBLA	1,898	667	0	70	2,635	0	0	2,635
FCCLA	0	2,564	1,774	0	790	0	0	790
FCA	454	0	0	0	454	0	0	454
FILM CLASS	762	0	0	0	762	0	0	762
FOOTBALL	0	0	12,715	12,715	0	0	0	0
SV MIDDLE FOOTBALL	3,808	7,173	7,028	0	3,952	0	0	3,952
FRESHMAN CLASS	309	735	339	(309)	397	0	0	397
LIBRARY	1,300	1,142	2,128	0	314	0	0	314
LOCKER RENTAL	3,991	345	0	(4,116)	220	0	0	220
GENERAL	12,696	14,817	13,262	1,000	15,250	0	0	15,250
GOLF	427	2,260	3,730	1,043	0	0	0	0
JROTC	1,852	4,810	3,583	0	3,079	0	0	3,079
YEARBOOK	1,900	4,055	5,742	0	213	0	0	213
TEACHERS LOUNGE	2,061	2,523	4,062	0	523	0	0	523
JUNIOR CLASS	4,643	749	367	(3,277)	1,748	0	0	1,748
JAG	0	450	0	0	450	0	0	450
NATIONAL HONOR SOCIETY	2,071	3,978	4,530	0	1,519	0	0	1,519
PARKING PERMITS	763	1,170	0	(1,813)	120	0	0	120
PICTURE ORDERS	3,295	1,058	175	(3,295)	883	0	0	883

**PIKE COUNTY BOARD OF EDUCATION
SHELBY VALLEY HIGH SCHOOL
ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020**

Fund	Cash Balance July 1, 2019	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2020	Accounts Receivable	Accounts Payable	Due to Students June 30, 2020
PRINCIPALS ADVISOR	0	0	0	0	0	0	0	0
PROM	7,159	12,834	12,510	0	7,484	0	0	7,484
PROJECT PROM	4,189	0	0	0	4,189	0	0	4,189
SCIENCE FAIR	202	0	0	0	202	0	0	202
SENIOR CLASS	0	43,706	36,267	5,932	13,371	0	0	13,371
SOCCER-BOYS	0	0	0	300	300	0	0	300
SOCCER-GIRLS	0	0	1,603	1,603	0	0	0	0
TENNIS	97	973	637	0	433	0	0	433
SV YOUTH SOCCER	0	0	0	0	0	0	0	0
SOFTBALL	0	0	3,608	3,663	55	0	0	55
SOPHOMORE CLASS	1,366	638	336	(1,057)	611	0	0	611
SOFTBALL BOOSTERS	9,097	500	4,784	242	5,054	0	0	5,054
SEASON STARTUP	0	3,700	3,700	0	0	0	0	0
TEXTBOOK RENTAL	983	4,642	0	(1,690)	3,935	0	0	3,935
VOLLEYBALL BOOSTERS	2,091	2,181	3,269	0	1,004	0	0	1,004
WILDCAT DEN	901	0	0	0	901	0	0	901
VOLLEYBALL	0	0	4,568	4,568	0	0	0	0
VENDING MACHINES	7,270	0	0	(7,270)	0	0	0	0
SV MIDDLE BASEBALL	891	0	4,199	3,308	0	0	0	0
SV MIDDLE SOFTBALL	365	0	0	0	365	0	0	365
TOTAL	<u>\$ 132,685</u>	<u>\$ 302,354</u>	<u>\$ 294,857</u>	<u>\$ (0)</u>	<u>\$ 140,181</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 140,181</u>

**PIKE COUNTY BOARD OF EDUCATION
BOARD MEMBERS AND OTHER OFFICERS OF THE BOARD
JUNE 30, 2020**

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

**OTHER REPORTS REQUIRED
BY GOVERNMENT AUDITING STANDARD**

Wallen, Puckett, & Anderson, psc
CERTIFIED PUBLIC ACCOUNTANTS

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L. Kevin Puckett, CPA
James K. Anderson, CPA
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Johnny K. White, CPA

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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, 2020, 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 January 15, 2021.

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

January 15, 2021

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, 2020. 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, 2020.

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

January 15, 2021

FEDERAL FINANCIAL ASSISTANCE

**PIKE COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

Federal Grantor				
Pass-Through Agency	Federal	Pass-Through	Amount of	Total
Program Title	CFDA	Grantor	Award	Expenditures
	Number	Number		
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Passed Through State Department of Education:				
Title I Part A Cluster				
Title I	84.010	3100002	\$ 3,868,621	\$ 944,689
Title I	84.010	3100002	3,778,180	2,248,649
Title I - School Improvement Part A-Educational Recovery Staff	84.010	3100002	78,650	34,963
Title I - School Improvement Part A-Educational Recovery Staff	84.010	3100002	78,650	34,076
Title I - ELR	84.010	3100002	13,154	13,154
Total Title I Part A Cluster			\$ 7,817,255	\$ 3,275,531
Special Education Cluster				
IDEA-B	84.027	3810002	\$ 1,730,454	\$ 231,889
IDEA-B	84.027	3810002	15,187	15,187
IDEA-B	84.027	3810002	1,733,389	874,169
IDEA-B	84.027	3810002	14,680	0
IDEA-B	84.027	3810002	1,746,125	698
IDEA-Preschool	84.173	3800002	48,043	48,043
IDEA-Preschool	84.173	3800002	891	891
Total Special Education Cluster			\$ 5,288,769	\$ 1,170,877
Title I - Homeless Children & Youth	84.196	3990002	\$ 70,000	\$ 13,077
Title I - Homeless Children & Youth	84.196	3990002	78,740	48,024
			\$ 148,740	\$ 61,101
Vocational Education Basic	84.048	3710002	\$ 84,291	\$ 6,954
Vocational Education Basic	84.048	3710002	85,202	39,117
			\$ 169,493	\$ 46,071
Title IV-Rural/Low Income	84.358B	3140002	153,190	20,088
Title IV-Rural/Low Income	84.358B	3140002	153,190	148,718
			\$ 306,380	\$ 168,806
Title IV-Part A	84.424A	3420002	\$ 71,639	\$ 42,773
Title IV-Part A	84.424A	3420002	200,438	76,048
			\$ 272,077	\$ 118,821
ESSER Funds (COVID-19)	84.425D	N/A	148,948	148,948
Improving Teacher Quality	84.367	3230002	476,118	476,118
Race to the Top - District	84.416A	N/A		
Total from State Department of Education			\$ 14,627,780	\$ 5,466,273
<u>Passed Through Berea College</u>				
Gaining Early Awareness and Readiness for Undergraduate Programs (GE	84.334A	N/A	\$ 146,003	\$ 77,635
Gaining Early Awareness and Readiness for Undergraduate Programs (GE	84.334A	N/A	0	252,688
Gaining Early Awareness and Readiness for Undergraduate Programs (GE	84.334A	N/A	181,000	117,220
Gaining Early Awareness and Readiness for Undergraduate Programs (GE	84.334A	N/A	0	1,047,795
Total pass-through Berea College			\$ 327,003	\$ 1,495,338

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, 2020**

<u>Federal Grantor</u>				
<u>Pass-Through Agency</u>				
<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass- Through Grantor Number</u>	<u>Amount of Award</u>	<u>Total Expenditures</u>
<u>Passed Through Department of Juvenile Justice</u>				
Title I- Neglected and Delinquent Children - Day Treatment	84.013	N/A	\$ 18,000	\$ 5,004
Title I- Neglected and Delinquent Children - Day Treatment	84.013	N/A	18,000	5,154
Total pass-through Department of Juvenile Justice			<u>\$ 36,000</u>	<u>\$ 10,158</u>
Total US Department of Education			<u>\$ 14,990,783</u>	<u>\$ 6,971,769</u>
<u>US DEPARTMENT OF DEFENSE</u>				
MJROTC	12.000	N/A	\$ 300,000	\$ 16,365
MJROTC	12.000	N/A	150,000	156,490
Total MJROTC			<u>\$ 450,000</u>	<u>\$ 172,855</u>
Total U. S. Department of Defense			<u>\$ 450,000</u>	<u>\$ 172,855</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
<u>Passed Through Big Sandy Community Action Program</u>				
Head Start	93.600	04CH0712	\$ 2,626,782	\$ 828,902
Head Start	93.600	04CH0712	2,626,783	1,829,525
Head Start	93.600	04CH0712	0	1,272
Total Head Start			<u>\$ 5,253,565</u>	<u>\$ 2,659,699</u>
Promoting Adolescent Health	93.079	2100001	450	150
Total U. S. Department of Health and Human Services			<u>\$ 5,254,015</u>	<u>\$ 2,659,849</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<u>Child Nutrition Clusters</u>				
<u>Passed Through State Department of Agriculture</u>				
Food Donation	10.555	N/A	\$ 250,000	\$ 348,749
<u>Passed Through State Department of Education</u>				
School Breakfast Program	10.553	7760005	1,516,687	1,516,687
National School Lunch Program	10.555	7750002	3,000,287	3,000,287
Summer Food Service Program For Children	10.559	7740023	\$ 1,808,611	\$ 1,808,611
Summer Food Service Program For Children	10.559	7690024	185,661	185,661
Summer Food Service Program For Children	10.559	7700001	12,498	12,948
Total Summer Food Service Program For Children			<u>\$ 2,006,770</u>	<u>\$ 2,007,220</u>
Total Child Nutrition Clusters			<u>\$ 6,773,744</u>	<u>\$ 6,872,943</u>
Total U.S. Department of Agriculture			<u>\$ 6,773,744</u>	<u>\$ 6,872,943</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 27,468,542</u>	<u>\$ 16,677,416</u>

See accompanying notes to schedule of expenditures of federal awards.

**PIKE COUNTY BOARD OF EDUCATION
NOTES TO THE SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
JUNE 30, 2020**

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 \$348,749.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

PIKE COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020

SECTION I - SUMMARY OF AUDITOR'S RESULTS

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

Name	CFDA #
US Department of Agriculture – Child Nutrition Cluster	10.553
	10.555
	10.556
	10.559

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, 2020**

There were no findings in the prior year.

MANAGEMENT LETTER AND MANAGEMENT POINTS

Wallen, Puckett, & Anderson, psc
CERTIFIED PUBLIC ACCOUNTANTS

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606-432-8833
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MANAGEMENT LETTER

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

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Pike County Board of Education (the "District") as of and for the year ended June 30, 2020, 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

January 15, 2021

**PIKE COUNTY BOARD OF EDUCATION
MANAGEMENT LETTER POINTS
FOR THE YEAR ENDED JUNE 30, 2020**

BELFRY ELEMENTARY SCHOOL
2020-01

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

This is repeated finding

Management Response:

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

ELKHORN CITY ELEMENTARY
2020-02

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

Management Response:

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

MULLINS ELEMENTARY
2020-03

One of the twenty-five expenditures tested resulted in one instance of an invoice not being present.

Management Response:

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

PHELPS HIGH SCHOOL
2020-04

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

Management Response:

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

**PIKE COUNTY BOARD OF EDUCATION
MANAGEMENT LETTER POINTS
FOR THE YEAR ENDED JUNE 30, 2020**

PIKE CENTRAL HIGH SCHOOL
2020-05

There were five items of twenty-five expenditures tested that resulted in the standard invoice date being after check date. The Red Book requires standard invoices be completed or present before the expenditure is paid.

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

There were eight items of twenty-five expenditures tested that resulted in a purchase order not being approved by the principal, a purchase order being completed or approved after the check date, or a purchase order approval date missing.

Management Response:

The CFO has instructed all personnel of the importance of having purchase orders approved prior to an order being placed, and due to one of the findings being a repeat of the prior year finding, the CFO plans to have the treasurer undergo remedial training.

**PIKE COUNTY BOARD OF EDUCATION
MANAGEMENT LETTER POINTS
FOR THE YEAR ENDED JUNE 30, 2020**

PRIOR YEAR COMMENTS

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.

The deficiency was corrected and no repeat findings for 2020 were noted.

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.

This deficiency was corrected, but there was a repeat of this finding for 2020.

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.

The deficiency was corrected and no repeat findings for 2020 were noted.

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.

This finding was repeated in 2020.

**PIKE COUNTY BOARD OF EDUCATION
MANAGEMENT LETTER POINTS
FOR THE YEAR ENDED JUNE 30, 2020**

PRIOR YEAR COMMENTS

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.

This deficiency was corrected and the finding was not repeated.

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.

This deficiency was corrected as no repeat of this finding was noted in 2020.

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.

This deficiency was corrected as no repeat finding of this matter was noted.

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.

This deficiency was corrected and the finding was not repeated.