

DATED MAY 11, 2022

NEW ISSUE
Electronic Bidding via Parity®
Bank Interest Deduction Eligible
BOOK-ENTRY-ONLY SYSTEM

RATING
Moody's: " "

In the opinion of Bond Counsel, under existing law (i) interest on the Bonds will be excludable from gross income of the holders thereof for purposes of federal taxation and (ii) interest on the Bonds will not be a specific item of tax preference for purposes of the federal alternative minimum tax, all subject to the qualifications described herein under the heading "Tax Exemption." The Bonds and interest thereon are exempt from income taxation and ad valorem taxation by the Commonwealth of Kentucky and political subdivisions thereof (see "Tax Exemption" herein).

\$3,975,000*
PIKE COUNTY SCHOOL DISTRICT FINANCE CORPORATION
SCHOOL BUILDING REVENUE BONDS,
SERIES OF 2022

Dated with Delivery: JUNE 9, 2022

Due: as shown below

Interest on the Bonds is payable each December 1 and June 1, beginning December 1, 2022. The Bonds will mature as to principal on June 1, 2023, and thereafter as shown below. The Bonds are being issued in Book-Entry-Only Form and will be available for purchase in principal amounts of \$5,000 and integral multiples thereof.

Maturing		Interest Rate	Reoffering Yield	CUSIP	Maturing		Interest Rate	Reoffering Yield	CUSIP
June 1	Amount*				June 1	Amount*			
2023	\$285,000	%	%		2033	\$10,000	%	%	
2024	\$285,000	%	%		2034	\$10,000	%	%	
2025	\$290,000	%	%		2035	\$110,000	%	%	
2026	\$295,000	%	%		2036	\$110,000	%	%	
2027	\$295,000	%	%		2037	\$115,000	%	%	
2028	\$300,000	%	%		2038	\$115,000	%	%	
2029	\$305,000	%	%		2039	\$120,000	%	%	
2030	\$310,000	%	%		2040	\$125,000	%	%	
2031	\$315,000	%	%		2041	\$130,000	%	%	
2032	\$320,000	%	%		2042	\$130,000	%	%	

The Bonds are subject to redemption prior to their stated maturity.

Notwithstanding the foregoing, the Corporation reserves the right to call, upon thirty (30) days notice, the Bonds in whole or in part on any date for redemption upon the total destruction by fire, lightning, windstorm or other hazard of any of the building(s) constituting the Project(s) and apply casualty insurance proceeds to such purpose.

The Bonds constitute a limited indebtedness of the Pike County School District Finance Corporation and are payable from and secured by a pledge of the gross income and revenues derived by leasing the Project (as hereinafter defined) on an annual renewable basis to the Pike County Board of Education.

The Pike County (Kentucky) School District Finance Corporation will until May 19, 2022, at 11:00 A.M., E.D.S.T., receive competitive bids for the Bonds at the office of the Executive Director of the Kentucky School Facilities Construction Commission, 229 West Main Street, Suite 102, Frankfort, Kentucky 40601.

***As set forth in the "Official Terms and Conditions of Bond Sale," the principal amount of Bonds sold to the successful bidder is subject to a Permitted Adjustment by increasing or decreasing the amount not to exceed \$400,000.**

PURCHASER'S OPTION: The Purchaser of the Bonds, within 24 hours of the sale, may specify to the Municipal Advisor that any Bonds may be combined immediately succeeding sequential maturities into a Term Bond(s), bearing a single rate of interest, with the maturities set forth above (or as may be adjusted as provided herein) being subject to mandatory redemption in such maturities for such Term Bond(s).

The Bonds will be delivered utilizing the BOOK-ENTRY-ONLY-SYSTEM administered by The Depository Trust Company.

The Corporation deems this preliminary Official Statement to be final for purposes of the Securities and Exchange Commission Rule 15c2-12(b)(1), except for certain information on the cover page hereof which has been omitted in accordance with such Rule and which will be supplied with the final Official Statement.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sales of these Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the laws of any such jurisdiction.



**PIKE COUNTY
BOARD OF EDUCATION**

Ireland Blankenship, Chairman
Dwayne Abshire, Member
Shane Hurley, Member
Nee Jackson, Member
Stephany Lowe, Member

Reed Adkins, Superintendent
Tina Adkins, Secretary

**PIKE COUNTY (KENTUCKY) SCHOOL DISTRICT
FINANCE CORPORATION**

Ireland Blankenship, President
Dwayne Abshire, Member
Shane Hurley, Member
Nee Jackson, Member
Stephany Lowe, Member

Tina Adkins, Secretary
Nancy Ratliff, Treasurer

BOND COUNSEL

Steptoe & Johnson PLLC
Louisville, Kentucky

MUNICIPAL ADVISOR

RSA Advisors, LLC
Lexington, Kentucky

PAYING AGENT AND REGISTRAR

U.S. Bank Trust Company, National Association
Louisville, Kentucky

BOOK-ENTRY-ONLY-SYSTEM

REGARDING USE OF THIS OFFICIAL STATEMENT

This Official Statement does not constitute an offering of any security other than the original offering of the Pike County School District Finance Corporation School Building Revenue Bonds, Series of 2022, identified on the cover page hereof. No person has been authorized by the Corporation or the Board to give any information or to make any representation other than that contained in the Official Statement, and if given or made such other information or representation must not be relied upon as having been given or authorized. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of the Bonds by any person in any jurisdiction in which it is unlawful to make such offer, solicitation or sale.

The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Corporation or the Board since the date hereof.

Neither the Securities and Exchange Commission nor any other federal, state or other governmental entity or agency, except the Corporation will pass upon the accuracy or adequacy of this Official Statement or approve the Bonds for sale.

The Official Statement includes the front cover page immediately preceding this page and all Appendices hereto.

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**OFFICIAL STATEMENT
Relating to the Issuance of**

\$3,975,000*

**PIKE COUNTY SCHOOL DISTRICT FINANCE CORPORATION
SCHOOL BUILDING REVENUE BONDS,
SERIES OF 2022**

**Subject to Permitted Adjustment*

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and Appendices hereto, is to set forth certain information pertaining to the Pike County School District Finance Corporation (the "Corporation") School Building Revenue Bonds, Series of 2022 (the "Bonds").

The Bonds are being issued to finance HVAC upgrades and other improvements to Shelby Valley High School (the "Project").

The Bonds are revenue bonds and constitute a limited indebtedness of the Corporation. The Bonds will be secured by a lien and a pledge of the rental income derived by the Corporation from leasing the school building Projects (as hereinafter defined) to the Pike County Board of Education (the "Board") on a year to year basis (see "Security" herein).

All financial and other information presented in this Official Statement has been provided by the Pike County Board of Education from its records, except for information expressly attributed to other sources. The presentation of financial and other information is not intended, unless specifically stated, to indicate future or continuing trends in the financial position or other affairs of the Board. No representation is made that past experience, as is shown by financial and other information, will necessarily continue or be repeated in the future.

This Official Statement should be considered in its entirety, and no one subject discussed should be considered more or less important than any other by reason of its location in the text. Reference should be made to laws, reports or other documents referred to in this Official Statement for more complete information regarding their contents.

Copies of the Bond Resolution authorizing the issuance of the Bonds and the Lease Agreement, dated June 9, 2022, may be obtained at the office of Steptoe & Johnson PLLC, Bond Counsel, 700 N. Hurstbourne Parkway, Suite 115, Louisville, Kentucky 40222.

BOOK-ENTRY-ONLY-SYSTEM

The Bonds shall utilize the Book-Entry-Only-System administered by The Depository Trust Company ("DTC").

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

DTC will act as securities depository for the Bonds. The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants

of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Paying Agent and Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Corporation as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Corporation or the Paying Agent and Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Bonds held for the accounts of customers in bearer form or registered in "street name" and will be the responsibility of such Participant and not of DTC or its nominee, the Paying Agent and Registrar or the Corporation, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Corporation or the Paying Agent and Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice the Corporation or the Paying Agent and Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered. The Corporation may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's Book-Entry system has been obtained from sources that the Corporation believes to be reliable but the Corporation takes no responsibility for the accuracy thereof.

THE CORPORATION

The Corporation has been formed in accordance with the provisions of Sections 162.120 through 162.300 and Section 162.385 of the Kentucky Revised Statutes ("KRS"), and KRS Chapter 273 and KRS 58.180, as a non-profit, non-stock corporation for the purpose of financing necessary school building facilities for and on behalf of the Board. Under the provisions of existing Kentucky law, the Corporation is permitted to act as an agency and instrumentality of the Board for financing purposes and the legality of the financing plan to be implemented by the Board herein referred to has been upheld by the Kentucky Court of Appeals (Supreme Court) in the case of White v. City of Middlesboro, Ky. 414 S.W.2d 569.

Any bonds, notes or other indebtedness issued or contracted by the Corporation shall, prior to the issuance or incurrence thereon, be specifically approved by the Board. The members of the Board of Directors of the Corporation are the members of the Board. Their terms expire when they cease to hold the office and any successor members of the Board are automatically members of the Corporation upon assuming their public offices.

KENTUCKY SCHOOL FACILITIES CONSTRUCTION COMMISSION; NO PARTICIPATION IN THIS ISSUE

The Kentucky School Facilities Construction Commission (the "Commission") is an independent corporate agency and instrumentality of the Commonwealth of Kentucky established pursuant to the provisions of KRS Sections 157.611 through 157.640, as amended, repealed and reenacted (the "Act") for the purpose of assisting local school districts in meeting the school construction needs of the Commonwealth in a manner which will ensure an equitable distribution of funds based upon unmet need.

The General Assembly of the Commonwealth adopted the State's Budget for the fiscal year ending June 30, 2021. Inter alia, the Budget provides \$124,836,200 in FY 2020-21 to pay debt service on existing and future bond issues; \$58,000,000 of the Commission's previous Offers of Assistance made during the last biennium; and authorizes \$58,000,000 in additional Offers of Assistance for the current biennium to be funded in the Budget for the biennium ending June 30, 2022.

The 1986, 1988, 1990, 1992, 1994, 1996, 1998, 2000, 2003, 2005, 2006, 2008, 2010, 2012, 2014, 2016, 2018 and 2020 Regular Sessions of the Kentucky General Assembly appropriated funds to be used for debt service of participating school districts. The appropriations for each biennium are shown in the following table:

<u>Biennium</u>	<u>Appropriation</u>
1986-88	\$18,223,200
1988-90	14,050,700
1990-92	13,542,800
1992-94	3,075,300
1994-96	2,800,000
1996-98	4,996,000
1998-00	12,141,500
2000-02	8,100,000
2002-04	9,500,000
2004-06	14,000,000
2006-08	9,000,000
2008-10	10,968,000
2010-12	12,656,200
2012-14	8,469,200
2014-16	8,764,000
2016-18	23,019,400
2018-20	7,608,000
2020-21	<u>2,946,900</u>
Total	\$183,861,200

In addition to the appropriations for new financings as shown, appropriations subsequent to that for 1986 included additional funds to continue to meet the annual debt requirements for all bond issues involving Commission participation issued in prior years.

BIENNIAL BUDGET FOR PERIOD ENDING JUNE 30, 2022

The Kentucky General Assembly is required by the Kentucky Constitution to adopt measures providing for the state's revenues and appropriations for each fiscal year. The Governor is required by law to submit a biennial State Budget (the "State Budget") to the General Assembly during the legislative session held in each even numbered year. State Budgets have generally been adopted by the General Assembly during those legislative sessions, which end in mid-April, to be effective upon the Governor's signature for appropriations commencing for a two-year period beginning the following July 1.

In the absence of a legislatively enacted budget, the Supreme Court has ruled the Governor has no authority to spend money from the state treasury except where there is a statutory, constitutional or federal mandate and the Commonwealth may be prevented from expending funds for certain state governmental functions, including the ability to pay principal of, premium, if any, and interest, when due, on obligations that are subject to appropriation.

Due to the unforeseen nature on the economy of the Commonwealth caused by the COVID-19 pandemic, in its 2020 regular session, the General Assembly adopted only a one-year budget for the biennial period ending June 30, 2021 which was approved and signed by the Governor. The biennial budget was reviewed and supplemented during the General Assembly's 2021 regular session. Such budget became effective beginning July 1, 2020. The Office of the State Budget Director makes available on its website monthly updates to the General Fund receipts and other Funds of the commonwealth. When published, the updates can be found at www.osbd.ky.gov

OUTSTANDING BONDS

The following table shows the outstanding Bonds of the Board by the original principal amount of each issue, the current principal outstanding, the amount of the original principal scheduled to be paid with the corresponding interest thereon by the Board or the School Facilities Construction Commission, the approximate interest range; and, the final maturity date of the Bonds:

Bond Series	Original Principal	Current Principal Outstanding	Principal Assigned to Board	Principal Assigned to Commission	Approximate Interest Rate Range	Final Maturity
2011-QSCB	\$11,000,000	\$11,000,000	\$1,573,077	\$9,426,923	4.620%	2030
2012-REF	\$18,720,000	\$4,595,000	\$18,720,000	\$0	2.500% - 3.000%	2024
2013-REF	\$3,880,000	\$690,000	\$0	\$3,880,000	2.000%	2023
2014	\$8,350,000	\$7,150,000	\$5,284,526	\$3,065,474	3.000% - 4.000%	2034
2015	\$3,650,000	\$3,455,000	\$3,650,000	\$0	3.000% - 3.700%	2035
2015B	\$7,505,000	\$7,195,000	\$7,505,000	\$0	3.000% - 3.625%	2035
2016-REF	\$11,690,000	\$8,410,000	\$4,326,690	\$7,363,310	2.000% - 3.000%	2027
2016	\$20,835,000	\$20,500,000	\$19,616,751	\$1,218,249	2.000% - 5.000%	2036
2016B	\$19,400,000	\$15,500,000	\$0	\$19,400,000	2.000% - 5.000%	2036
2018	\$3,530,000	\$3,365,000	\$2,594,796	\$935,204	3.000% - 3.500%	2038
2018B	\$1,940,000	\$1,565,000	\$1,940,000	\$0	2.250% - 3.375%	2031
2020-REF	\$930,000	\$820,000	\$0	\$930,000	2.000%	2029
2020-REF (Taxable)	\$21,500,000	\$20,255,000	\$21,500,000	\$0	1.750% - 1.850%	2031
2021	\$845,000	\$845,000	\$845,000	\$0	1.000% - 1.400%	2031
TOTALS:	\$133,775,000	\$105,345,000	\$87,555,840	\$46,219,160		

AUTHORITY

The Board of Directors of the Corporation has adopted a Bond Resolution which authorized among other things:

- i) the issuance of approximately \$3,975,000 of Bonds subject to a permitted adjustment of \$400,000;
- ii) the advertisement for the public sale of the Bonds;
- iii) the Official Terms and Conditions for the sale of the Bonds to the successful bidder; and,
- iv) the President and Secretary of the Corporation to execute certain documents relative to the sale and delivery of the Bonds.

THE BONDS

General

The Bonds will be dated June 9, 2022, will bear interest from that date as described herein, payable semi-annually on December 1 and June 1 of each year, commencing December 1, 2022, and will mature as to principal on June 1, 2023, and thereafter in the years and in the principal amounts as set forth on the cover page of this Official Statement.

Registration, Payment and Transfer

The Bonds are to be issued in fully-registered form (both principal and interest). U.S. Bank Trust Company, National Association, Louisville, Kentucky, the Bond Registrar and Paying Agent, shall remit interest on each semiannual due date to Cede & Co., as the nominee of The Depository Trust Company. Please see Book-Entry-Only-System. Interest on the Bonds will be paid at rates to be established upon the basis of competitive bidding as hereinafter set forth, such interest to be payable on December 1 and June 1 of each year, beginning December 1, 2022 (Record Date is 15th day of month preceding interest due date).

Redemption

The Bonds maturing on or after June 1, 2031, are subject to redemption at the option of the Corporation prior to their stated maturity on any date falling on or after June 1, 2030, in any order of maturities (less than all of a single maturity to be selected by lot), in whole or in part, upon notice of such prior redemption being given by the Paying Agent in accordance with DTC requirements not less than thirty (30) days prior to the date of redemption, upon terms of the face amount, plus accrued interest, but without redemption premium.

Redemption Date	Redemption Price
June 1, 2030, and thereafter	100%

Notwithstanding the foregoing, the Corporation reserves the right, upon thirty (30) days notice, to call the Bonds in whole or in part on any date at par for redemption upon the total destruction by fire, lightning, windstorm or other hazard of any building constituting the Project and apply casualty insurance proceeds to such purpose.

SECURITY

General

The Bonds are revenue bonds and constitute a limited indebtedness of the Corporation. The Bonds are payable as to both principal and interest solely from the income and revenues derived from the leasing of the school building Project financed from the Bond proceeds from the Corporation to the Board. The Bonds are secured by a pledge of revenue on and from the school building Project; provided, however, said lien and pledge are on parity with a similar lien and pledge securing the Corporation's School Building Revenue Bonds previously issued to improve the school building(s) constituting the Project (the "Parity Bonds").

The Lease; Pledge of Rental Revenues

The Board has leased the school building Project securing the Bonds for an initial period from June 9, 2022, through June 30, 2022 with the option in the Board to renew said Lease from year to year for one year at a time, at annual rentals, sufficient in each year to enable the Corporation to pay, solely from the rental due under the Lease, the principal and interest on all of the Bonds as same become due. The Lease provides further that so long as the Board exercises its annual renewal options, its rentals will be payable according to the terms and provisions of the Lease until June 1, 2042, the final maturity date of the Bonds. Under the lease, the Corporation has pledged the rental revenue to the payment of the Bonds.

STATE INTERCEPT

Under the terms of the Lease and any renewal thereof, so long as the Bonds remain outstanding and in conformance with the intent and purpose of KRS 160.160(5), in the event of a failure by the Board to pay the rentals due under the Lease, and unless sufficient funds have been transmitted to the Paying Agent, or will be so transmitted, for paying said rentals when due, the Board has granted under the terms of the Lease Agreement to the Corporation the right to notify and request the Kentucky Department of Education to withhold from the Board a sufficient portion of any undisbursed funds then held, set aside, or allocated to the Board and to request said Department or Commissioner of Education to transfer the required amount thereof to the Paying Agent for the payment of such rentals.

THE PROJECT

After payment of the Bond issuance costs, the Board plans to deposit the net Bond proceeds to finance HVAC upgrades and other improvements to Shelby Valley High School (the "Project").

The Board has reported construction bids have been let for the Project and approval of the Kentucky Department of Education, Buildings and Grounds, to award the construction contract is expected prior to the sale and delivery of the Bonds.

Contractors for the Project are required to furnish to the Board a one hundred percent completion bond to assure their performance of the construction contract.

ESTIMATED BOND DEBT SERVICE

The following table shows by fiscal year the current bond payments of the Board. The plan of financing provides for the Board to meet 100% of the debt service of the Bonds.

Fiscal Year Ending June 30	Current Local Bond Payments	--- Series 2022 School Building Rev Bonds (100% Local) ---			Total Local Bond Payments
		Principal Portion	Interest Portion	Total Payment	
2023	\$6,625,901	\$285,000	\$85,189	\$370,189	\$6,996,090
2024	\$6,626,017	\$285,000	\$81,425	\$366,425	\$6,992,442
2025	\$6,621,431	\$290,000	\$75,725	\$365,725	\$6,987,156
2026	\$6,626,980	\$295,000	\$69,925	\$364,925	\$6,991,905
2027	\$6,623,559	\$295,000	\$64,025	\$359,025	\$6,982,584
2028	\$6,627,484	\$300,000	\$58,125	\$358,125	\$6,985,609
2029	\$6,619,022	\$305,000	\$52,125	\$357,125	\$6,976,147
2030	\$6,623,657	\$310,000	\$46,025	\$356,025	\$6,979,682
2031	\$6,643,459	\$315,000	\$39,825	\$354,825	\$6,998,284
2032	\$6,657,140	\$320,000	\$33,525	\$353,525	\$7,010,665
2033	\$4,731,163	\$10,000	\$27,125	\$37,125	\$4,768,288
2034	\$4,730,837	\$10,000	\$26,925	\$36,925	\$4,767,762
2035	\$4,254,483	\$110,000	\$26,700	\$136,700	\$4,391,183
2036	\$3,849,438	\$110,000	\$24,225	\$134,225	\$3,983,663
2037	\$476,467	\$115,000	\$21,475	\$136,475	\$612,942
2038	\$478,791	\$115,000	\$18,600	\$133,600	\$612,391
2039		\$120,000	\$15,150	\$135,150	\$135,150
2040		\$125,000	\$11,550	\$136,550	\$136,550
2041		\$130,000	\$7,800	\$137,800	\$137,800
2042		\$130,000	\$3,900	\$133,900	\$133,900
TOTALS:	\$84,815,828	\$3,975,000	\$789,364	\$4,764,364	\$89,580,192

Notes: Numbers are rounded to the nearest \$1.00.

ESTIMATED USE OF BOND PROCEEDS

The table below shows the estimated sources of funds and uses of proceeds of the Bonds, other than any portions thereof representing accrued interest:

Sources:	
Par Amount of Bonds	<u>\$3,975,000.00</u>
Total Sources	\$3,975,000.00
Uses:	
Deposit to Construction Fund	\$3,851,750.00
Underwriter's Discount (2%)	79,500.00
Cost of Issuance	<u>43,750.00</u>
Total Uses	\$3,975,000.00

DISTRICT STUDENT POPULATION

Selected school census and average daily attendance for the Pike County School District is as follows:

<u>Year</u>	<u>Average Daily Attendance</u>	<u>Year</u>	<u>Average Daily Attendance</u>
2000-01	9,557.6	2011-12	8,723.6
2001-02	9,206.3	2012-13	8,710.9
2002-03	9,082.6	2013-14	8,436.8
2003-04	9,024.9	2014-15	8,248.0
2004-05	8,961.3	2015-16	7,968.4
2005-06	8,860.3	2016-17	7,790.8
2006-07	8,792.7	2017-18	7,593.2
2007-08	8,767.7	2018-19	7,419.1
2008-09	8,745.5	2019-20	7,228.0
2009-10	8,605.6	2020-21	7,228.0
2010-11	8,683.7	2021-22	7,531.4

Source: Kentucky State Department of Education.

STATE SUPPORT

Support Education Excellence in Kentucky (SEEK). In determining the cost of the program to Support Education Excellence in Kentucky (SEEK), the statewide guaranteed base funding level is computed by dividing the amount appropriated by the prior year's statewide average daily attendance. The SEEK fund is a guaranteed amount of money per pupil in each school district of Kentucky. The current SEEK allotment is \$3,866 per pupil. The \$100 capital outlay allotment per each average daily attendance is included within the guaranteed amounts. Each district's base funding from the SEEK program is adjusted for the number of at-risk students, the number and types of exceptional children in the district, and cost of transporting students from and to school in the district.

Capital Outlay Allotment. The per pupil capital outlay allotment for each district from the public school fund and from local sources shall be kept in a separate account and may be used by the district only for capital outlay projects approved by the State Department of Education. These funds shall be used for the following capital outlay purposes:

- a. For direct payment of construction costs.
- b. For debt service on voted and funding bonds.
- c. For payment or lease-rental agreements under which the board will eventually acquire ownership of the school plant.
- d. For retirement of any deficit resulting from over-expenditure for capital construction, if such deficit resulted from certain declared emergencies.
- e. As a reserve fund for the above named purposes, to be carried forward in ensuing budgets.

The allotment for each school board of education in the Commonwealth for fiscal year 1978-79 was \$1,800 per classroom unit. The 1979 Session of the Kentucky General Assembly approved increases in this allotment in 1979-80 to \$1,900 per classroom unit. This rate remained unchanged in 1980-81. The 1981 Session of the Kentucky General Assembly decreased the allotment per classroom to \$1,800 and this allotment rate did not change from the 1981-82 rate, until the 1990-91 school year. Beginning with 1990-91, the Capital Outlay allotment for each district is based on \$100 per average daily attendance.

The following table shows the computation of the capital outlay allotment for the Pike County School District for certain preceding school years.

<u>Year</u>	<u>Capital Outlay Allotment</u>	<u>Year</u>	<u>Capital Outlay Allotment</u>
2000-01	955,760.0	2011-12	872,361.0
2001-02	920,630.0	2012-13	871,089.0
2002-03	908,260.0	2013-14	843,676.0
2003-04	902,490.0	2014-15	824,803.0
2004-05	896,130.0	2015-16	796,838.0
2005-06	886,030.0	2016-17	779,080.0
2006-07	879,270.0	2017-18	759,320.0
2007-08	876,770.0	2018-19	741,910.0
2008-09	874,550.0	2019-20	722,800.0
2009-10	860,556.0	2020-21	722,797.0
2010-11	868,366.0	2021-22	753,138.4

If the school district has no capital outlay needs, upon approval from the State, the funds can be used for school plant maintenance, repair, insurance on buildings, replacement of equipment, purchase of school buses and purchase of modern technological equipment for educational purposes. If any district has a special levy for capital outlay or debt service that is equal to the capital outlay allotment or a proportionate fraction thereof, and spends the proceeds of the levy for eligible purposes, the State may authorize the district to use all or a proportionate fraction of its capital outlay allotment for current expenses (school districts which use capital outlay allotments to meet current expenses are not eligible to participate in the School Facilities Construction Commission funds).

Facilities Support Program of Kentucky. School districts may be eligible to participate in the Facilities Support Program of Kentucky (FSPK), subject to the following requirements:

- 1) The district must have unmet needs as set forth and approved by the State Department of Education in a School Facilities Plan;
- 2) The district must commit to establish an equivalent tax rate of at least 5 cents, in addition to the 30 cents minimum current equivalent tax rate; and,
- 3) The new revenues generated by the 5 cent addition, must be placed in a restricted account for school building construction bonding.

LOCAL SUPPORT

Homestead Exemption. Section 170 of the Kentucky Constitution was amended at the General Election held November 2, 1971, to exempt from property taxes \$6,500 of value of single unit residential property of taxpayers 65 years of age or older. The 1972 General Assembly amended KRS Chapter 132 to permit counties and school districts to adjust their local tax revenues lost through the application of this Homestead Exemption. The "Single Unit" qualification has been enlarged to subsequent sessions of the General Assembly to provide that such exemption shall apply to such property maintained as the permanent resident of the owner and the dollar amount has been construed to mean \$6,500 in terms of the purchasing power of the dollar in 1972. Every two years thereafter, if the cost of living index of the U.S. Department of Labor has changed as much as 1%, the maximum exemption shall be adjusted accordingly. Under the cost of living formula, the maximum was increased to \$40,500 effective January 1, 2021.

Limitation on Taxation. The 1979 Special Session of the Kentucky General Assembly enacted House Bill 44 which provides that no school district may levy a general tax rate, voted general tax rate, or voted building tax rate which would generate revenues that exceeds the previous years revenues by four percent (4%).

The 1990 Regular Session of the Kentucky General Assembly in enacting the "School Reform" legislative package amended the provisions of KRS 160.470 which prohibited school districts from levying ad valorem property taxes which would generate revenues in excess of 4% of the previous year's revenues without said levy subject to recall to permit exceptions to the referendum under (1) KRS 160.470(12) [a new section of the statute] and (2) an amended KRS 157.440.

Under KRS 160.470(12)(a) for fiscal years beginning July 1, 1990 school districts are required to levy a "minimum equivalent tax rate" of thirty cents (\$.30) for general school purposes. The equivalent tax rate is defined as the rate which results when the income collected during the prior year from all taxes (including occupational or utilities) levied by the district for school purposes divided by the total assessed value of property plus the assessment for motor vehicles certified by the State Revenue Cabinet. Failure to levy the minimum equivalent rate subjects the board of the district to removal.

The exception provided by KRS 157.440(1)(a) permits school districts to levy an equivalent tax rate as defined in KRS 160.470(12)(a) which will produce up to 15% of those revenues guaranteed by the program to support education excellence in Kentucky. Levies permitted by this section of the statute are not subject to public hearing or recall provisions as set forth in KRS 160.470.

Local Thirty Cents Minimum. Effective for school years beginning after June 30, 1990, the board of education of each school district shall levy a minimum equivalent tax rate of thirty cents (\$.30) for general school purposes. If a board fails to comply, its members shall be subject to removal from office for willful neglect of duty.

Additional 15% Not Subject to Recall. Effective with the school year beginning July 1, 1990, each school district may levy an equivalent tax rate which will produce up to 15% of those revenues guaranteed by the SEEK program. Effective with the 1990-91 school year, the State will equalize the revenue generated by this levy at one hundred fifty percent (150%) of the statewide average per pupil equalized assessment. For 1993-94 and thereafter, this level is set at \$225,000. The additional 15% rate levy is not subject to the public hearing or recall provisions.

Assessment Valuation. No later than July 1, 1994, all real property located in the state and subject to local taxation shall be assessed at one hundred percent (100%) of fair cash value.

Special Voted and Other Local Taxes. Any district may, in addition to other taxes for school purposes, levy not less than four cents nor more than twenty cents on each one hundred dollars (\$100) valuation of property subject to local taxation, to provide a special fund for the purchase of sites for school buildings and the erection, major alteration, enlargement, and complete equipping of school buildings. In addition, districts may levy taxes on tangible and intangible property and on utilities, except generally any amounts of revenues generated above that provided for by House Bill 44 is subject to voter recall.

Local Tax Rates, Property Assessments and Revenue Collections

Tax Year	Combined Equivalent Rate	Total Property Assessment	Property Revenue Collections
2000-01	61.6	2,111,351,792	13,005,927
2001-02	58.8	2,179,939,667	12,818,045
2002-03	63.5	2,365,104,836	15,018,416
2003-04	63.5	2,324,613,512	14,761,296
2004-05	62.6	2,386,080,839	14,936,866
2005-06	65.4	2,768,469,847	18,105,793
2006-07	61.9	2,823,549,957	17,477,774
2007-08	65.3	3,184,068,383	20,791,967
2008-09	64	3,093,031,721	19,795,403
2009-10	64	3,277,141,741	20,973,707
2010-11	62.3	2,811,665,736	17,516,678
2011-12	71.9	2,971,074,472	21,362,025
2012-13	70.9	3,171,217,085	22,483,929
2013-14	69.6	3,134,069,107	21,813,121
2014-15	70.6	2,939,534,912	20,753,116
2015-16	77.4	3,112,866,335	24,093,585
2016-17	66.4	2,820,804,740	18,730,143
2017-18	86.4	2,310,244,583	19,960,513
2018-19	91.5	2,213,891,833	20,257,110
2019-20	98.7	2,257,636,068	22,282,868
2020-21	110.2	2,176,418,802	23,984,135
2021-22	100.6	2,171,169,198	21,841,962

OVERLAPPING BOND INDEBTEDNESS

The following table shows any other overlapping bond indebtedness of the Pike County School District or other issuing agency within the County as reported by the State Local Debt Officer for the period ending June 30, 2021.

Issuer	Original Principal Amount	Amount of Bonds Redeemed	Current Principal Outstanding
County of Pike			
General Obligation	14,005,000	2,645,000	11,360,000
Building Revenue	650,000	367,245	282,755
Loan to Faith-Based Community Group Revenue	725,000	373,524	351,476
Hospital Revenue	540,000	273,862	266,138
Vehicles Revenue	1,829,015	1,226,041	602,974
Justice Center Revenue	13,310,000	0	13,310,000

City of Pikeville			
General Obligation	15,090,000	4,005,000	11,085,000
Water & Sewer/Wastewater Revenue	17,400,527	2,796,232	14,604,295
Educational Development Revenue	2,500,000	0	2,500,000
Improvement Project Refunding	90,000,000	21,990,000	68,010,000
Special Districts			
Mountain Water District	15,773,000	4,379,200	11,393,800
Totals:	171,822,542	38,056,104	133,766,438

Source: 2021 Kentucky Local Debt Report.

SEEK ALLOTMENT

The Board has reported the following information as to the SEEK allotment to the District, and as provided by the State Department of Education.

SEEK	Base Funding	Local Tax Effort	Total State & Local Funding
2000-01	36,051,966	13,005,927	49,057,893
2001-02	35,447,113	12,818,045	48,265,158
2002-03	35,318,696	15,018,416	50,337,112
2003-04	36,250,391	14,761,296	51,011,687
2004-05	36,977,506	14,936,866	51,914,372
2005-06	37,139,872	18,105,793	55,245,665
2006-07	37,294,623	17,477,774	54,772,397
2007-08	39,292,821	20,791,967	60,084,788
2008-09	40,694,446	19,795,403	60,489,849
2009-10	35,948,592	20,973,707	56,922,299
2010-11	37,558,683	17,516,678	55,075,361
2011-12	40,337,503	21,362,025	61,699,528
2012-13	39,656,571	22,483,929	62,140,500
2013-14	38,482,403	21,813,121	60,295,524
2014-15	39,353,491	20,753,116	60,106,607
2015-16	37,469,070	24,093,585	61,562,655
2016-17	38,024,307	18,730,143	56,754,450
2017-18	39,318,057	19,960,513	59,278,570
2018-19	39,331,333	20,257,110	59,588,443
2019-20	37,690,563	22,282,868	59,973,431
2020-21	36,231,371	23,984,135	60,215,506
2021-22	39,837,680	21,841,962	61,679,642

(1) Support Education Excellence in Kentucky (SEEK) replaces the minimum foundation program and power equalization funding. Capital Outlay is now computed at \$100 per average daily attendance (ADA). Capital Outlay is included in the SEEK base funding.

- (2) The Board established a current equivalent tax rate (CETR) of \$1.006 for FY 2021-22. The equivalent tax rate" is defined as the rate which results when the income from all taxes levied by the district for school purposes is divided by the total assessed value of property plus the assessment for motor vehicles certified by the Commonwealth of Kentucky Revenue Cabinet.

State Budgeting Process

- i) Each district board of education is required to prepare a general school budget on forms prescribed and furnished by the Kentucky Board of Education, showing the amount of money needed for current expenses, debt service, capital outlay, and other necessary expenses of the school during the succeeding fiscal year and the estimated amount that will be received from all sources.
- ii) By September 15 of each year, after the district receives its tax assessment data from the Department of Revenue and the State Department of Education, 3 copies of the budget are forwarded to the State Department for approval or disapproval.
- iii) The State Department of Education has adopted a policy of disapproving a school budget if it is financially unsound or fails to provide for:
 - a) payment of maturing principal and interest on any outstanding voted school improvement bonds of the district or payment of rental in connection with any outstanding school building revenue bonds issued for the benefit of the school district; or
 - b) fails to comply with the law.

POTENTIAL LEGISLATION

No assurance can be given that any future legislation, including amendments to the Code, if enacted into law, or changes in interpretation of the Code, will not cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent owners of the Bonds from realizing the full current benefit of the tax exemption of such interest. In addition, current and future legislative proposals, if enacted into law, may cause interest on state or local government bonds (whether issued before, on the date of, or after enactment of such legislation) to be subject, directly or indirectly, to federal income taxation by, for example, changing the current exclusion or deduction rules to limit the amount of interest on such bonds that may currently be treated as tax exempt by certain individuals. Prospective purchasers of the Bonds should consult their own tax advisers regarding any pending or proposed federal tax legislation.

Further, no assurance can be given that the introduction or enactment of any such future legislation, or any action of the IRS, including but not limited to regulation, ruling, or selection of the Bonds for audit examination, or the course or result of any IRS examination of the Bonds or obligations which present similar tax issues, will not affect the market price for the Bonds.

CONTINUING DISCLOSURE

As a result of the Board and issuing agencies acting on behalf of the Board offering for public sale municipal securities in excess of \$1,000,000, the Corporation and the Board will enter into a written agreement for the benefit of all parties who may become Registered or Beneficial Owners of the Bonds whereunder said Corporation and Board will agree to comply with the provisions of the Municipal Securities Disclosure Rules set forth in Securities and Exchange Commission Rule 15c2-12 by filing annual financial statements and material events notices with the Electronic Municipal Market Access (EMMA) System maintained by the Municipal Securities Rule Making Board.

The Board has been timely in making all required disclosure filings in the past five (5) years.

Financial information regarding the Board may be obtained from Superintendent, Pike County Board of Education, 316 S. Mayo Tr., Pikeville, Kentucky 41501, Telephone 606-433-9200.

TAX EXEMPTION; BANK QUALIFIED

Bond Counsel is of the opinion that:

(A) The Bonds and the interest thereon are exempt from income and ad valorem taxation by the Commonwealth of Kentucky and all of its political subdivisions.

(B) The interest income from the Bonds is excludable from the gross income of the recipient thereof for Federal income tax purposes under existing law and will not be a specific item of tax preference for purposes of Federal income taxation.

(C) As a result of designations and certifications by the Board and the Corporation, indicating the issuance of less than \$10,000,000 of tax-exempt obligations during the calendar year ending December 31, 2022, the Bonds are "qualified tax-exempt obligations" within the meaning of the Internal Revenue Code of 1986, as amended.

The Corporation will provide the purchaser the customary no-litigation certificate, and the final approving Legal Opinions of Steptoe & Johnson PLLC, Bond Counsel and Special Tax Counsel, Louisville, Kentucky approving the legality of the Bonds. These opinions will accompany the Bonds when delivered, without expense to the purchaser.

Original Issue Premium

Certain of the Bonds may be initially offered and sold to the public at a premium ("Acquisition Premium" from the amounts payable at maturity thereon. "Acquisition Premium" is the excess of the cost of a bond over the stated redemption price of such bond at maturity or, for bonds that have one or more earlier call dates, the amount payable at the next earliest call date. The Bonds that bear an interest rate that is higher than the yield (as shown on the cover page hereof), are being initially offered and sold to the public at an Acquisition Premium (the "Premium Bonds"). For federal income tax purposes, the amount of Acquisition Premium on each bond the interest on which is excludable from gross income for federal income tax purposes ("tax-exempt bonds") must be amortized and will reduce the bondholder's adjusted basis in that bond. However, no amount of amortized Acquisition Premium on tax-exempt bonds may be deducted in determining bondholder's taxable income for federal income tax purposes. The amount of any Acquisition Premium paid on the Premium Bonds, or on any of the Bonds, that must be amortized during any period will be based on the "constant yield" method, using the original bondholder's basis in such bonds and compounding semiannually. This amount is amortized ratably over that semiannual period on a daily basis.

Holders of any Bonds, including any Premium Bonds, purchased at an Acquisition Premium should consult their own tax advisors as to the actual effect of such Acquisition Premium with respect to their own tax situation and as to the treatment of Acquisition Premium for state tax purposes.

Original Issue Discount

Certain of the Bonds (the "Discount Bonds") may be initially offered and sold to the public at a discount ("OID") from the amounts payable at maturity thereon. OID is the excess of the stated redemption price of a bond at maturity (the face amount) over the "issue price" of such bond. The issue price is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of bonds of the same maturity are sold pursuant to that initial offering. For federal income tax purposes, OID on each bond will accrue over the term of the bond. The amount accrued will be based on a single rate of interest, compounded semiannually (the "yield to maturity") and, during each semi-annual period, the amount will accrue ratably on a daily basis. The OID accrued during the period that an initial purchaser of a Discount Bond at its issue price owns it is added to the purchaser's tax basis for purposes of determining gain or loss at the maturity, redemption, sale or other disposition of that Discount Bond. In practical effect, accrued OID is treated as stated interest, that is, as excludable from gross income for federal income tax purposes.

In addition, original issue discount that accrues in each year to an owner of a Discount Bond is included in the calculation of the distribution requirements of certain regulated investment companies and may result in some of the collateral federal income tax consequences discussed above. Consequently, owners of any Discount Bond should be aware that the accrual of original issue discount in each year may result in an alternative minimum tax liability, additional distribution requirements or other collateral federal income tax consequences although the owner of such Discount Bond has not received cash attributable to such original issue discount in such year.

Holders of Discount Bonds should consult their own tax advisors as to the treatment of OID and the tax consequences of the purchase of such Discount Bonds other than at the issue price during the initial public offering and as to the treatment of OID for state tax purposes.

COVID-19

The recent outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, which was first detected in China and has since spread to other countries, including the United States and the Commonwealth of Kentucky, has been declared a Pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to affect economic growth worldwide. On March 13, 2020, President Donald Trump declared a national emergency to unlock federal funds to help states and local governments fight the pandemic.

While the collection of property taxes, which are a significant source of building fund revenue for the payment of principal and interest due on the bonds (see "LOCAL SUPPORT" herein) may be impacted by the COVID-19 emergency, the District does not expect the impact to be significant unless the economic hardship is long term. In addition, the Commonwealth of Kentucky revenues are also likely to be impacted by a long-term economic hardship caused by declining collections of sales taxes, wage taxes, income taxes, property taxes and other revenue sources. The impact of those declining revenue collections on state education funds (see "STATE SUPPORT" herein) is unknown. Although the potential impact of the virus on the Commonwealth and the Board of Education's future ability to make payments under the Lease cannot be predicted at this time, the continued spread of the outbreak could have a material adverse effect on the Board of Education and ultimately, the Corporation.

On March 24, 2020 the Governor of Kentucky signed Senate Bill 177 which provides relief to Kentucky School Districts in light of the Coronavirus emergency. Among other things, it removes the limits on the number of days that a district can utilize an approved Non-Traditional Instruction program ("NTI"). Senate Bill 177 also authorizes Kentucky Superintendents to use their school year 2018-2019 attendance data on their Superintendent's Annual Attendance Report. The report determines a district's average daily attendance used in calculating Support Education Excellence in Kentucky ("SEEK") funds. On Friday, Dec. 18, 2020, Gov. Andy Beshear issued Executive Order No. 2020-1041 (EO 2020-1041), which outlines requirements and recommendations for the reopening of schools in January 2021. For more information on the Kentucky Department of Education's response to COVID 19, please see their website at <https://education.ky.gov/comm/Pages/COVID-19-Updates.aspx>.

ABSENCE OF MATERIAL LITIGATION

There is no controversy or litigation of any nature now pending or threatened (i) restraining or enjoining the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any proceedings of the Board or Corporation taken with respect to the issuance or sale thereof or (ii) which if successful would have a material adverse effect on the financial condition of the Board.

APPROVAL OF LEGALITY

Legal matters incident to the authorization and issuance of the Bonds are subject to the approving legal opinion of Steptoe & Johnson PLLC, Bond Counsel. The form of the approving legal opinion of Bond Counsel will appear on each printed Bond.

NO LEGAL OPINION EXPRESSED AS TO CERTAIN MATTERS

Bond Counsel has reviewed the information contained in the Official Statement describing the Bonds and the provisions of the Bond Resolution and related proceedings authorizing the Bonds, but Bond Counsel has not reviewed any of the financial data, computations, tabulations, balance sheets, financial projections, and general information concerning the Corporation or District, and expresses no opinion thereon, assumes no responsibility for same and has not undertaken independently to verify any information contained herein.

BOND RATING

As noted on the cover page of this Official Statement, Moody's Investors Service has given the Bonds the indicated rating. Such rating reflects only the respective views of such organization. Explanations of the significance of the rating may be obtained from the rating agency. There can be no assurance that such rating will be maintained for any given period of time or will not be revised or withdrawn entirely by the rating agency, if in their judgement circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

MUNICIPAL ADVISOR

Prospective bidders are advised that RSA Advisors, LLC ("RSA") has been employed as Municipal Advisor in connection with the issuance of the Bonds. RSA's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery thereof. Bidders may submit a bid for the purchase of the Bonds at the time of the advertised public sale, either individually or as a member of a syndicate organized to submit a bid for the purchase of the Bonds.

APPROVAL OF OFFICIAL STATEMENT

The Corporation has approved and caused this "Official Statement" to be executed and delivered by its President. In making this "Official Statement" the Corporation relied upon information furnished to it by the Board of Education of the Pike County School District and does not assume any responsibility as to the accuracy or completeness of any of the information in this Official Statement except as to copies of documents denominated "Official Terms and Conditions" and "Bid Form." The financial information supplied by the Board of Education is represented by the Board of Education to be correct. The Corporation deems this preliminary Official Statement to be final for purposes of Securities Exchange Commission Rule 15c2-12(b)(1) as qualified by the cover hereof.

No dealer, broker, salesman, or other person has been authorized by the Corporation, the Pike County Board of Education or the Municipal Advisor to give any information or representations, other than those contained in this Official Statement, and if given or made, such information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. Except when otherwise indicated, the information set forth herein has been obtained from the Kentucky Department of Education and the Pike County School District and is believed to be reliable; however, such information is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the Municipal Advisor or by Counsel. The delivery of this Official Statement at any time does not imply that information herein is correct as of any time subsequent to the date hereof.

This Official Statement does not, as of its date, contain any untrue statement of a material fact or omit to state a material fact which should be included herein for the purpose for which the Official Statement is to be used or which is necessary in order to make the statements contained herein, in the light of the circumstances under which they were made, not misleading in any material respect.

By /s/ _____
President

By /s/ _____
Secretary

APPENDIX A

**Pike County School District Finance Corporation
School Building Revenue Bonds
Series of 2022**

Demographic and Economic Data

PIKE COUNTY, KENTUCKY

Pike County, located at the easternmost tip of Kentucky in the Eastern Kentucky Coal Field Region, covers 787 square miles of land area. Pike County is both Kentucky's largest county and the nation's largest underground bituminous coal-producing county. The county had a 2021 estimated population of 57,533.

Pikeville, the county seat and a "Hall of Fame" Kentucky Certified City, is located along the Levisa Fork of the Big Sandy River. The city had a 2021 estimated population of 7,510. Pikeville is located 144 miles southeast of Lexington, Kentucky; 193 miles southeast of Cincinnati, Ohio; and 181 miles northeast of Knoxville, Tennessee.

Elkhorn City, 23 miles southeast of Pikeville on the Kentucky-Virginia border, had a 2021 estimated population of 1,13 persons.

The Economic Framework

In 2021, Pike County had a labor force of 19,513 people, with an unemployment rate of 5.7%. The top 5 jobs by occupation were as follows: office and administrative support - 2,342 (12.58%); sales - 2,086 (11.21%); construction and extraction - 1,444 (7.76%); executive, managers, and administrators - 1,439 (7.73%); and health diagnosing and treating practitioners - 1,277 (6.86%).

Transportation

U.S. Highways 23, 119, and 460, and Kentucky 80 are "AAA"-rated trucking highways serving Pikeville. The Mountain Parkway, a multi-lane highway, is located 49 miles northwest of Pikeville. Fourteen trucking companies provide interstate and/or intrastate service to Pike County. CSX Transportation provides main line rail service to Pike County. The nearest commercial airport is located at Huntington, West Virginia, 114 miles distant. The Pikeville Regional Airport maintains both 3,600-foot and 5,000-foot paved runways.

Power and Fuel

Kentucky Power Company provides electric power throughout Pike County. Natural gas service is provided to Pikeville by the City of Pikeville. Columbia Gas of Kentucky, Inc. also provides gas service to Pike County. In addition, seven privately owned gas companies provide natural gas service at wholesale rates to Pike County.

Wood Resources

Pike County's abundance of raw timber resources make it a natural location for manufacturers of wood products; however, most of Kentucky's timber production is sold out-of-state. By targeting the secondary wood industry, Pike County and Kentucky can reap the benefits of greater employment in the manufacture of high value-added wood products such as furniture and hardwood flooring.

Education

The Pikeville Independent School System and the Pike County School System provide primary and secondary education in Pike County. One private elementary school also operates in Pike County. Pikeville College is a local four-year, independent college affiliated with the Presbyterian Church. Prestonsburg Community College operates a branch campus in Pikeville. Five other institutions of high learning are located within 70 miles of Pikeville. Thirteen vocational education centers in Pike County provide training for all ages. Specialized on-site industrial training is available to new and existing industries.

LOCAL GOVERNMENT

Structure

Pikeville is governed by a mayor, four commissioners and a full-time city manager. The mayor is elected to a four-year term, while the commissioners each serve two-year terms. Elkhorn City is governed by a mayor and six council members. The mayor is elected to a four-year term, while the council members each serve two-year terms. Pike County is governed by a county judge/executive and six magistrates. Each county official serves a four-year term.

Planning and Zoning

Joint agency - Pikeville-Pike County-Elkhorn City Joint Planning Commission
Participating cities - Pikeville and Elkhorn City
Zoning enforced - Pikeville corporate limits
Subdivision regulations enforced - All areas of Pike County
Mandatory state codes enforced - Kentucky Plumbing Code, National Electric code, Kentucky Boiler Regulations and Standards, Kentucky Building Code (modeled after BOCA code)

Local Fees and Licenses

The City of Pikeville levies a two percent occupational license tax on wages, salaries, and commissions of individuals. The City of Pikeville also levies an annual business license fee on most businesses.

Elkhorn City levies a one percent occupational license tax on wages, salaries, and commissions of individuals. The city also levies a business license fee on businesses, occupations, and professions in the city. These fees range from \$25 to \$150 annually for most businesses. Elkhorn City also levies a \$50 per year loading and unloading fee.

Property Taxes

The Kentucky Constitution requires the state to tax all classes of taxable property, and state statutes allow local jurisdictions to tax only a few classes. All locally taxed property is subject to county taxes and school district taxes (either a county school district or an independent school district). Property located inside of city limits may also be subject to city property taxes.

Special local taxing jurisdictions (fire protection districts, watershed districts, and sanitation districts) levy taxes within their operating areas (usually a small portion of community or county).

Property assessments in Kentucky are at 100% fair cash value. Accounts receivable are taxed at 85% of face value.

LABOR MARKET STATISTICS

The Pike County Labor Market Area includes Pike County and the adjoining Kentucky counties of Floyd, Knott, Letcher, and Martin.

Population

<u>Area</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Pike County	57,463	57,176	57,533
Pikeville	6,687	6,468	7,510
Elkhorn City	894	431	1,135

Source: Kentucky Cabinet for Economic Development

Population Projections

<u>Area</u>	<u>2025</u>	<u>2030</u>	<u>2035</u>
Pike County	56,810	53,994	51,085

Source: Kentucky State Data Center, University of Louisville

EDUCATION

Public Schools

	<u>Pikeville</u> <u>Independent</u>	<u>Pike</u> <u>County</u>
Total Enrollment (2020-2021)	1,127	7,644
Pupil-Teacher Ratio (2020-2021)	15.0-1	16.0-1

The Pike County School District is the third largest school system in Kentucky. Thirty-two schools located throughout the school district provide a community-based educational program and promote parental involvement in all programs.

The Pike County School System provides a wide variety of educational programs for its students. Vocational programs are available in all eight high schools and three vocational centers. Special education students are served by sixty-one different programs. Headstart programs are available for all qualifying four-year olds. The kindergarten program serves all five-year olds on a "full day-everyday basis".

Vocational Training

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

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

Bluegrass State Skills Corporation

The Bluegrass State Skills Corporation, an independent public corporation created and funded by the Kentucky General Assembly, provides programs of skills training to meet the needs of business and industry from entry level to advanced training, and from upgrading present employees to retraining experienced workers.

The Bluegrass State Skills corporation is the primary source for skills training assistance for a new or existing company. The Corporation works in partnership with other employment and job training resources and programs, as well as Kentucky's economic development activities, to package a program customized to meet the specific needs of a company.

<u>Vocational School</u>	<u>Location</u>	<u>Enrollment (2019-2020)</u>
Millard ATC	Millard, KY	297
Floyd County ATC	Martin, KY	532
Belfry ATC	Belfry, KY	564
Martin County ATC	Inez, KY	373
Knott County ATC	Hindman, KY	328
Letcher County ATC	Whitesburg, KY	529
Breathitt County ATC	Jackson, KY	508
Morgan County ATC	West Liberty, KY	479
Leslie County ATC	Hyden, KY	335

Colleges and Universities

<u>Name</u>	<u>Location</u>	<u>Enrollment (Fall 2020)</u>
University of Pikeville	Pikeville, KY	2,262
Alice Lloyd College	Pippa Passes, KY	574

EXISTING INDUSTRY

<u>Firm</u>	<u>Product</u>	<u>Total Employed</u>
<i>Ashcamp:</i>		
Mother Nature Spring Water, Inc.	Bottled Water	6
<i>Dorton:</i>		
NJN Machine Tool Company	Machine shop; precision machining	10
<i>Elkhorn City:</i>		
Mountain Aggregate	Crushed limestone	6
<i>Kimper:</i>		
Kellogg-Pikeville Plant	Convenience foods: breakfast & snack bars	350
May Brothers Lumber Company, Inc.	Sawmill; hardwood & softwood lumber	22
<i>Meta:</i>		
Mineral Labs, Inc.	Coal & Mineral testing laboratory	13
<i>Pikeville:</i>		
Appalachian News-Express	Newspaper publishing & offset printing	47
Appalachian States Analytical LLC	Environmental testing laboratory, analyze drinking water, wastewater, etc.	38
Birch Communications	Headquarters, telephone wireline & LD service, internet service provider	4
Busy Bee Septic Systmes Ltd.	Plastic septic tanks and related items	2
Coca Cola Bottling of Pikeville	Sales and distribution	87
Community Trust Bancorp Inc.	Headquarters	142
EQT Production Company	Regional headquarters	170
Executive Printing & Office Supplies	offset printing, typesetting	3
Johnson Industries, Inc.	Mining machinery & equipment, conveyor tail pieces, personnel carriers & laser systems	26

Mark West Energy, Energy Appalachia LLC	Natural gas processing	4
SGS Mineral Services	Coal Lab	8
Silver Liner LLC	Tanker truck manufacturing company	30
Tri State Laboratory Services	Analytical testing facility	10
UPS	Small package distribution	38
Wright Block & Precast, LLC	Manufacturer of concrete blocks	9
Wright Machine & Fabrication, Inc.	CNC machine shop-nut and bolts	5

Zebulon:

Zebulon Machine Shop	Machine shop: general, lathe & mill Machining, welding drilling, boring & Cutting	7
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Source: Kentucky Cabinet for Economic Development (1/7/2020).

APPENDIX B

**Pike County School District Finance Corporation
School Building Revenue Bonds
Series of 2022**

Audited Financial Statement ending June 30, 2021

PIKE COUNTY BOARD OF EDUCATION
PIKEVILLE, KENTUCKY

FINANCIAL STATEMENTS
SUPPLEMENTAL INFORMATION AND
INDEPENDENT AUDITORS REPORT

YEAR ENDED JUNE 30, 2021

Wallen, Puckett, & Anderson, PSC

CERTIFIED PUBLIC ACCOUNTANTS
POST OFFICE BOX 1349
PIKEVILLE, KENTUCKY 41502

PIKE COUNTY BOARD OF EDUCATION
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Wallen, Puckett, & Anderson, PSC
CERTIFIED PUBLIC ACCOUNTANTS

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

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

606-432-8833
FAX 606-432-8466

INDEPENDENT AUDITOR'S REPORT

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

Report on the 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, 2021, 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, 2021, 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 4–7 and 52–54 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

November 15, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

**PIKE COUNTY SCHOOL SYSTEM – PIKEVILLE, KENTUCKY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2021**

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, 2021. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

FINANCIAL HIGHLIGHTS

- The beginning cash and investment balance from all funds for the District was \$15,422,302.24 of which \$5,073,115.03 was reserved for summer payrolls already written (Fund 1), \$1,164,340.20 was on deposit in individual school checking accounts (Fund 25), \$134,843.09 was reserved for school District Activity Funds (DAF-Fund 21), \$3,376,480.18 was Reserved for Food Service use (Fund 51), and \$1,076,478.91 was in the Reserved for Construction Fund (Fund 360).
- The General Fund (Fund 1) had \$82,810,794.40 in revenue, which consisted of a beginning balance of \$5,641,922.68, the state program (SEEK) funding, property, unmined minerals, utilities, and motor vehicle taxes. There were \$73,253,888.64 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 \$18,110,124.73. In FY20, the year-end Unreserved Fund 1 Balance was \$5,129,790.38. For FY21, the year-end Unreserved Fund 1 Balance is \$8,676,106.65, an increase of \$3,546,316.27. The increase can be attributed to the payment of School Food Service indirect cost, decrease in transportation and maintenance costs due to COVID-19, the implementation of virtual instruction for part of school year 20-21 and the increase in federal funding to deal with COVID-19, which provides Indirect Cost to the General Fund.
- The Special Revenue Fund (Fund 2) was used to receipt and expend local, state and federal grant awards.
- The District Activity Fund (Fund 21) was used to receipt and expend non-student generated funds from the schools. Schools send up non-student generated funds on a monthly basis that are expended on items such as athletics, instruction, building & grounds, etc. Any unused funds are carried over to the next year and reallocated to the schools. The cash balance on June 30, 2021 was \$134,843.09.
- The Student Activity Funds (Fund 25) was used to track revenues and expenses in school level checking accounts. This fund was added due to the implementation of GASB 84 by the Kentucky Department of Education. The cash balance on June 30, 2021 was \$1,164,340.20.
- The Capital Outlay Fund (Fund 310) and the Building Fund (Fund 320) were first used to meet obligations on prior bond issues. Funds are transferred from these funds to the district Debt Service fund (Fund 400). Bonds are issued as the District renovates facilities consistent with its long-range facilities plan that is established with community input and in keeping with Kentucky Department of Education (KDE) stringent compliance regulations. On bond issues that existed as of July 1, 2020, the district’s total principal debt decreased by \$7,419,901.14 during the current fiscal year, which includes payments by both the district and SFCC. As allowed by law, funds available beyond bond obligations were used for capital improvement projects such as roofs and HVAC systems and for property insurance, KISTA payments, bus purchases and other on-going construction projects. On July 8, 2020, the district sold bonds in the amount of \$1,050,000 for the reissue of the bond series of 2009, which will be fully paid by the state. On October 1, 2020, the district sold bonds in the amount of \$21,500,500 for the reissue of the bond series of 2011, which will be paid by the District.
- 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 \$1,999,136.11. On June 30, 2021, the Food Service program had Restricted-Net Assets of \$3,609,770.64 and \$3,376,480.18 cash balance. Note: For the 20-21 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 9-10 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 11-17 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 18-50 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of this District, assets exceeded liabilities by \$12,755,278 as of June 30, 2021.

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, 2021

The current year's financial statements reflect the following:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Current Assets	\$ 32,155,950	\$ 22,544,111
Noncurrent Assets	175,383,719	179,376,093
Total Assets	<u>\$ 207,539,669</u>	<u>\$ 201,920,204</u>
Deferred Outflows of Resources	<u>\$ 14,358,370</u>	<u>\$ 9,078,142</u>
Current Liabilities	\$ 19,722,707	\$ 15,382,631
Noncurrent Liabilities	173,844,810	180,864,693
Total Liabilities	<u>\$ 193,567,517</u>	<u>\$ 196,247,324</u>
Deferred Inflows of Resources	<u>\$ 15,575,244</u>	<u>\$ 12,047,403</u>
Net Position		
Invested in Capital Assets, Net of Related Debt	\$ 62,012,065	\$ 60,252,380
Restricted	6,097,455	3,701,928
Unassigned	(55,354,242)	(61,250,689)
Total Net Position	<u>\$ 12,755,278</u>	<u>\$ 2,703,619</u>

Comments on Budget Comparisons

- The District's total revenues for the fiscal year ended June 30, 2021, including beginning balances and on-behalf payments for all funds, except construction, debt service and student activity funds, were \$121,763,209.04.
- General fund budgeted revenues compared to actual revenue varied slightly from line item to line item with major variances in tax revenues. The ending actual balance, excluding on-behalf payments and new KISTA bond sale for bus revenues, was \$2,215,968.67 more than budgeted or approximately 3.6 percentage points. The majority of this increase was due to the improvement in utility tax revenue and the increase in indirect cost due to federal COVID funding.
- General fund budget expenditures compared to actual expenditures, exclusive of budgeted contingency and on-behalf, varied from line item to line item with the ending actual balance being \$3,094,235.09 less than budgeted, or approximately 5.2%. Part of the reason for this variance was the district's continued effort to reduce payroll expenses through attrition and constant review of non-payroll expenses. Additionally, COVID-19 and the subsequent implementation of virtual education, reduced costs for Transportation, Maintenance and Substitutes. COVID federal funding also picked up some costs that were previously absorbed by the general fund.

The following table presents a summary of revenue and expense, for all funds except Student Activity Funds, Construction, Building Funds and Debt Service, for the fiscal year ended June 30, 2020 and 2021

	June 30, 2021	June 30, 2020
Revenues		
Beginning Balance	\$ 8,556,865.69	\$ 5,273,369.00
Local revenue sources	21,131,141.29	27,649,135.00
State revenue sources	60,233,931.12	55,856,602.00
Federal Revenue	21,482,782.47	15,727,988.00
Other Sources	2,888,501.47	1,245,741.00
Total Revenues	\$ 114,293,222.04	\$ 105,752,835.00
Expenses		
Instruction	\$ 49,924,437.34	\$ 48,550,610.00
Student Support Services	4,821,692.68	4,500,417.00
Instructional Support	5,878,485.67	4,019,860.00
District Administration	2,304,115.00	2,219,813.00
School Administration	4,711,828.51	7,732,743.00
Business Support	1,536,934.03	1,472,843.00
Plant Operations	13,178,338.16	12,524,981.00
Student Transportation	7,412,558.04	7,838,418.00
Food Service Operations	7,022,603.91	7,730,658.00
Community Support	2,004,139.64	2,131,568.00
Construction/Land	158,095.09	156,649.00
Debt Service	241,279.24	174,060.00
Other/Fund Transfers	870,416.09	579,398.00
Total Expenses	\$ 100,064,923.40	\$ 99,632,018.00
Revenue in Excess of Expense	\$ 14,228,298.64	\$ 6,120,817.00

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 \$3,000,000 in contingency, which was well above the required amount.

FY22 CONCERNS

In FY22, 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 21-22, which reduces the district's potential tax revenue. In addition, the district faces the continual underfunding of the state SEEK program, the continual loss of students and fluctuating fuel and energy costs. Other major concerns for the 2021-2022 budget include an aging bus fleet, aging facilities and overcrowding at a major school. Lastly, the full effect of COVID-19 is a continued unknown.

The district will continue its participation in the Community Eligibility Option. This option allows free breakfast and lunch for all students. With the increase in food costs 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, 2021

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets			
Cash & Cash Equivalents	\$ 14,426,591	\$ 3,376,480	\$ 17,803,071
Investments	0	0	0
Accounts Receivable	8,315,373	28,219	8,343,592
Inventory	0	205,072	205,072
Due From Other Funds	5,804,215	0	5,804,215
Total Current Assets	\$ 28,546,179	\$ 3,609,771	\$ 32,155,950
Non – Current Assets			
Capital Assets, Net	\$ 175,148,110	\$ 137,889	\$ 175,285,999
Construction in Progress	97,720	0	97,720
Total Non – Current Assets	\$ 175,245,830	\$ 137,889	\$ 175,383,719
TOTAL ASSETS	\$ 203,792,009	\$ 3,747,660	\$ 207,539,669
DEFERRED OUTFLOW OF RESOURCES			
Deferred Outflow from Pensions	\$ 5,717,850	\$ 691,713	\$ 6,409,563
Deferred Outflow from OPEB	7,358,265	590,542	7,948,807
Total Deferred Outflows of Resources	\$ 13,076,115	\$ 1,282,255	\$ 14,358,370
LIABILITIES			
Accounts Payable	\$ 852,113	\$ 0	\$ 852,113
Summer Payrolls	5,073,115	0	5,073,115
Interest Payable	597,572	0	597,572
Due to Other Funds	5,804,215	0	5,804,215
Other Liabilities	32,189	0	32,189
Long-term Liabilities			
Capital Leases due within 1 year	285,685	0	285,685
KSBIT payable due within 1 year	0	0	0
Sick Leave due within 1 year	417,818	0	417,818
Bond Payments due within 1 year	6,660,000	0	6,660,000
Bond Payments due in more than 1 year	105,010,000	0	105,010,000
KSBIT due in more than 1 year	0	0	0
Capital Leases due in more than 1 year	1,415,969	0	1,415,969
Sick Leave payable in more than 1 year	4,224,604	0	4,224,604
Pension Liabilities	33,284,508	4,026,571	37,311,079
OPEB Liabilities	24,615,854	1,267,304	25,883,158
Total Liabilities	\$ 188,273,642	\$ 5,293,875	\$ 193,567,517
Deferred Inflows of Resources			
Deferred Inflows From Pensions	\$ 3,357,601	\$ 406,184	\$ 3,763,785
Deferred Inflows From OPEB	10,608,507	375,532	10,984,039
Unearned Revenue	827,420	0	827,420
Total Deferred Inflows of Resources	\$ 14,793,528	\$ 781,716	\$ 15,575,244
NET POSITION			
Invested in Capital Assets, Net of Related Debt	\$ 61,874,176	\$ 137,889	\$ 62,012,065
Restricted	7,281,020	(1,183,565)	6,097,455
Unrestricted	(55,354,242)	0	(55,354,242)
NET POSITION	\$ 13,800,954	\$ (1,045,676)	\$ 12,755,278

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, 2021**

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	\$ 56,639,247	\$ 18,000	\$ 13,309,460	\$ 0	\$ (43,311,787)	\$ 0	\$ (43,311,787)
Support Services							
Student	4,821,513	0	429,905	0	(4,391,608)	0	(4,391,608)
Instruction Staff	9,077,112	0	2,914,259	0	(6,162,853)	0	(6,162,853)
District Administrative	2,217,495	0	0	0	(2,217,495)	0	(2,217,495)
School Administrative	6,355,649	0	0	0	(6,355,649)	0	(6,355,649)
Business	1,536,934	0	222,231	0	(1,314,703)	0	(1,314,703)
Plant Operation and Maint.	12,185,634	0	177,018	0	(12,008,616)	0	(12,008,616)
Student Transportation	6,679,032	0	161,254	0	(6,517,778)	0	(6,517,778)
Central Office	13,339	0	13,339	0	0	0	0
Community Service Activities	2,004,140	0	1,710,987	0	(293,153)	0	(293,153)
Facilities Acquisition and Construction	0	0	0	0	0	0	0
Architectural/Engineering	2,700	0	0	0	(2,700)	0	(2,700)
Interest on Long Term Debt	3,700,534	0	0	0	(3,700,534)	0	(3,700,534)
Bond Issuance Cost	154,758	0	0	0	(154,758)	0	(154,758)
Bond Discounts (Premiums)	(130,794)	0	0	0	130,794	0	130,794
Total Government Activities	\$ 105,257,293	\$ 18,000	\$ 18,938,453	\$ 0	\$ (86,300,840)	\$ 0	\$ (86,300,840)
Business Type Activities:							
Food Service	\$ 6,560,008	\$ 38,430	\$ 8,723,875	\$ 0	0	2,202,297	2,202,297
Total Business Type Activities	\$ 6,560,008	\$ 38,430	\$ 8,723,875	\$ 0	\$ 0	\$ 2,202,297	\$ 2,202,297
Total Primary Government	\$ 111,817,301	\$ 56,430	\$ 27,662,328	\$ 0	\$ (86,300,840)	\$ 2,202,297	\$ (84,098,543)
General Revenues							
Taxes					\$ 22,150,019	\$ 0	\$ 22,150,019
Investment Earnings					69,266	13,408	82,674
State and Formula Grants					63,466,396	0	63,466,396
Gains on Sales of Fixed Assets					11,090	0	11,090
Other Local					2,936,364	0	2,936,364
Operating Transfer					473,349	(473,349)	0
Special Item							
KISBIT Payments					(71,776)	0	(71,776)
Total					\$ 89,034,708	\$ (459,941)	\$ 88,574,767
Change in Net Position					2,733,868	1,742,356	4,476,224
Net Position – Beginning					11,071,681	(2,788,032)	8,283,649
Prior Period Adjustment					(4,595)	0	(4,595)
Net Position - Ending					\$ 13,800,954	\$ (1,045,676)	\$ 12,755,278

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

PIKE COUNTY BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2021

	General Fund	Special Revenue	Construction Fund	Debt Service Fund	Non-Major Governmental Funds	Total Governmental Fund
ASSETS AND RESOURCES						
Cash and Cash Equivalents	\$ 9,543,790	\$ 0	\$ 1,076,479	\$ 2,380,768	\$ 1,425,554	\$ 14,426,591
Accounts Receivable	1,260,708	7,053,045	0	0	1,620	8,315,373
Due From Other Funds	5,804,215	0	0	0	0	5,804,215
Total Assets and Resources	<u>\$ 16,608,713</u>	<u>\$ 7,053,045</u>	<u>\$ 1,076,479</u>	<u>\$ 2,380,768</u>	<u>\$ 1,427,174</u>	<u>\$ 28,546,179</u>
LIABILITIES AND FUND BALANCE						
Liabilities						
Accounts Payable	\$ 399,940	\$ 421,410	\$ 0	\$ 0	\$ 30,763	\$ 852,113
Summer Payrolls	5,073,115	0	0	0	0	5,073,115
Due to Other Funds	0	5,804,215	0	0	0	5,804,215
Other Liabilities	32,189	0	0	0	0	32,189
Total Liabilities	<u>\$ 5,505,244</u>	<u>\$ 6,225,625</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 30,763</u>	<u>\$ 11,761,632</u>
Deferred Inflows of Resources						
Deferred Revenue	\$ 0	\$ 827,420	\$ 0	\$ 0	\$ 0	827,420
Total Deferred Inflows of Resources	<u>\$ 0</u>	<u>\$ 827,420</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 827,420</u>
Fund Balance						
Restricted:						
Other	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,396,411	\$ 1,396,411
Future Construction	0	0	1,076,479	0	0	1,076,479
Debt Service	0	0	0	2,380,768	0	2,380,768
Committed:						
Site Based Carryforward	315,628	0	0	0	0	315,628
Sick-leave	417,820	0	0	0	0	417,820
Worker's Compensation	1,235,000	0	0	0	0	1,235,000
Assigned:						
Purchase Obligations	458,914	0	0	0	0	458,914
Unassigned	8,676,107	0	0	0	0	8,676,107
Total Fund Balance	<u>\$ 11,103,469</u>	<u>\$ 0</u>	<u>\$ 1,076,479</u>	<u>\$ 2,380,768</u>	<u>\$ 1,396,411</u>	<u>\$ 15,957,127</u>
Total Liabilities and Fund Balance	<u>\$ 16,608,713</u>	<u>\$ 7,053,045</u>	<u>\$ 1,076,479</u>	<u>\$ 2,380,768</u>	<u>\$ 1,427,174</u>	<u>\$ 28,546,179</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, 2021**

Fund balance per fund financial statements	\$ 15,957,127
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.	175,245,830
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	13,076,115
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	(13,966,108)
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	(4,642,422)
Capital Leases payable	(1,701,654)
Accrued Interest on Bonds	(597,572)
KISBIT	0
Pension Liability	(33,284,508)
OPEB Liabilities	(24,615,854)
Bonds	(111,670,000)
Other	0
Net Position for Governmental Activities	<u>\$ 13,800,954</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, 2021

	General Fund	Special Revenue	Construction Fund	Debt Service Fund	Non-Major Governmental Funds	Total Governmental Fund
REVENUES						
From Local Sources						
Taxes						
Property	\$ 12,791,414	\$ 0	\$ 0	\$ 0	\$ 2,302,788	\$ 15,094,202
Motor Vehicles	2,784,505	0	0	0	0	2,784,505
Utilities	3,857,591	0	0	0	0	3,857,591
Other	413,721	0	0	0	0	413,721
Earnings on Investments	66,194	0	3,072	0	0	69,266
Other Local Revenues	657,917	507,962	0	0	1,788,485	2,954,364
Intergovernmental- State	53,838,577	4,341,335	224,208	4,020,602	5,167,199	67,591,921
Intergovernmental-Federal	156,933	14,655,995	0	0	0	14,812,928
Total Revenues	\$ 74,566,852	\$ 19,505,292	\$ 227,280	\$ 4,020,602	\$ 9,258,472	\$ 107,578,498
EXPENDITURES						
Instruction	\$ 36,522,018	\$ 13,309,460	\$ 0	\$ 0	\$ 92,960	\$ 49,924,438
Support Services						
Student	4,391,608	429,905	0	0	0	4,821,513
Instruction Staff	2,964,227	2,914,259	0	0	179	5,878,665
District Administrative	2,217,495	0	0	0	0	2,217,495
School Administrative	4,711,829	0	0	0	1,643,820	6,355,649
Business	1,314,703	222,231	0	0	0	1,536,934
Plant Operation and Maint.	12,964,613	177,018	0	0	36,707	13,178,338
Student Transportation	7,251,305	161,253	0	0	0	7,412,558
Food Service	0	13,339	0	0	0	13,339
Community Services	293,153	1,710,987	0	0	0	2,004,140
Facilities Acquisitions and Construction	155,395	0	0	0	0	155,395
Architectural/Engineering	2,700	0	0	0	0	2,700
Purchase Professional Services	0	0	0	0	0	0
Site Improvement	0	0	721,323	0	0	721,323
Building Improvements	0	0	135,172	0	0	135,172
Debt Service						
Principal	186,578	0	0	28,626,900	0	28,813,478
Interest	54,701	0	0	3,620,423	0	3,675,124
Bond Issuance Costs	0	0	0	154,758	0	154,758
Total Expenditures	\$ 73,030,325	\$ 18,938,452	\$ 856,495	\$ 32,402,081	\$ 1,773,666	\$ 127,001,019
Excess (Deficit) of Revenues over Expenditures	\$ 1,536,527	\$ 566,840	\$ (629,215)	\$ (28,381,479)	\$ 7,484,806	\$ (19,422,521)
Other Financing Sources (Uses)						
Proceeds from Sales of Bonds	\$ 0	\$ 0	\$ 0	\$ 22,430,000	\$ 0	\$ 22,430,000
Premium on Bond Issuance	0	0	0	130,794	0	130,794
Bond Discounts	0	0	0	0	0	0
Proceeds from Capital Leases	623,361	0	0	0	0	623,361
KISBIT Payments	(71,776)	0	0	0	0	(71,776)
Proceeds from Sales of Fixed Assets	11,090	0	0	0	0	11,090
Operating Transfer, In	1,967,570	151,788	0	6,568,025	134,693	8,822,076
Operating Transfer, Out	(151,789)	(718,628)	0	0	(7,478,310)	(8,348,727)
Total Other Financing Sources	\$ 2,378,456	\$ (566,840)	\$ 0	\$ 29,128,819	\$ (7,343,617)	\$ 23,596,818
Net Change in Fund Balance	\$ 3,914,983	\$ 0	\$ (629,215)	\$ 747,340	\$ 141,189	\$ 4,174,297
Fund Balance - Beginning	7,188,486	0	1,705,694	1,633,428	1,259,817	11,787,425
Prior Period Adjustment	0	0	0	0	(4,595)	(4,595)
Fund Balance - Ending	\$ 11,103,469	\$ 0	\$ 1,076,479	\$ 2,380,768	\$ 1,396,411	\$ 15,957,127

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, 2021**

Net change in total fund balances per fund financial statements \$ 4,174,297

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. 2,738,120

The cost of capital assets is allocated over their useful lives and reported as depreciation expense. (6,700,710)

Bond proceeds 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. (22,430,000)

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. (623,361)

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 28,610,000

Capital lease payments are recognized as expenditures of current financial resources in the fund financial statements but are reductions of liabilities in the statement of financial position 186,578

Interest Payable (8,510)

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 (85,874)

Pension Expense (3,693,802)

Other Post Employment Benefits (OPEB) 495,355

Other 1

Change in net Position of governmental activities \$ 2,733,868

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, 2021

	<u>Food Service</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 3,376,480
Accounts Receivable	28,219
Inventory	205,072
Total Current Assets	\$ 3,609,771
Capital Assets-net of depreciation	137,889
Total Assets	\$ 3,747,660
Deferred Outflows of Resources	
Deferred outflows from Pension	\$ 691,713
Deferred outflows from OPEB	590,542
	\$ 1,282,255
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 0
OPEB Liability - Long-Term	1,267,304
Pension Liability - Long Term	4,026,571
Total Current Liabilities	\$ 5,293,875
Deferred Inflows of Resources	
Deferred inflows from pension	\$ 406,184
Deferred inflows from OPEB	375,532
	\$ 781,716
Net Position	
Investment in Capital Asset, Net of Debt	\$ 137,889
Restricted	(1,183,565)
Unrestricted	0
Total Net Position	\$ (1,045,676)

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, 2021**

	Food Service
OPERATING REVENUES:	
Lunchroom Sales	\$ 38,430
Other Operating Revenues	0
TOTAL OPERATING REVENUES	\$ 38,430
OPERATING EXPENSES:	
Salaries and Wages	\$ 1,848,441
Contract Services	17,144
Materials and Supplies	4,630,595
Expendable Equipment	34,044
Depreciation	29,784
Other Operating Expenses	0
TOTAL OPERATING EXPENSES	\$ 6,560,008
Operating Income (Loss)	\$ (6,521,578)
NON-OPERATING REVENUES (EXPENSES)	
Federal Grants	\$ 6,480,508
State Grants	54,884
On Behalf of Payments	1,999,136
Donated Commodities	189,347
Interest Income	13,408
Interest Expense	0
Loss on Disposal of Assets	0
NON-OPERATING REVENUES (EXPENSES)	\$ 8,737,283
Net Income (Loss) Before Operating Transfers	\$ 2,215,705
Operating Transfers	(473,349)
Increase in net position	\$ 1,742,356
Net Position - Beginning	(2,788,032)
Restatement of Beginning Net Position	0
Net Position - Ending	\$ (1,045,676)

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, 2021**

	Food Service
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from:	
Lunchroom Sales	\$ 335,548
Other Activities	0
Cash Paid to/for:	
Employees	(2,791,062)
Contract Service	(17,144)
Supplies	(2,489,642)
Expendable Equipment	(34,044)
Other	0
Net Cash Provided (Used) by Operating Activities	\$ (4,996,344)
CASH FLOWS FROM INVESTING ACTIVITIES	
Receipt of Interest Income	\$ 13,408
Other Income	0
Net Cash Provided (Used) by Investing Activities	\$ 13,408
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Transfers to other funds	\$ (473,349)
Net Cash (Used) by Capital and Related Financing Activities	\$ (473,349)
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES	
Operational Grants	\$ 6,535,392
Net Cash Provided(Used) by Financing Activities	\$ 6,535,392
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 1,079,107
Cash and Cash Equivalents - Beginning	2,297,373
Cash and Cash Equivalents - Ending	\$ 3,376,480
Reconciliation of Operating Income (Loss)	
To Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	\$ (6,521,578)
Adjustments to Reconcile Operating Income to Net Cash	
Operating Activities:	
Depreciation	29,784
On Behalf of Payments	1,999,136
Commodities Used	189,347
Change in Assets and Liabilities:	
(Increase) Decrease	
Accounts Receivable	297,118
Inventory	(5,693)
Deferred outflows	(272,071)
Increase (Decrease) in:	
Accounts Payable	(41,837)
Deferred inflows	(230,152)
OPEB liability	160,790
Pension liability	(601,188)
Net Cash provided (Used) by Operating Activities	\$ (4,996,344)
Schedule of Non Cash Transactions:	
On Behalf of Payments	\$ 1,999,136
Donated Commodities Received From Federal Government	189,347

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

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 – REPORTING ENTITY

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

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

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

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

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

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF PRESENTATION (Continued)

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

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

a. Governmental Fund Types

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

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

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

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

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

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

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). \$189,347 has been recorded for in-kind contribution of commodities from the USDA, but commodities are identified in the Schedule of Federal Financial Assistance included in this report. The measurement focus is upon the determination of net income. This is a major fund of the District.

c. Fiduciary Fund Type

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

d. Debt Service Fund

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

BASIS OF ACCOUNTING

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

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

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

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

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

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, 2021 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, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CAPITAL ASSETS

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

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

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

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

INTERFUND BALANCES

On fund financial statements, receivables and payables resulting from short-term inter-fund loans are classified as “inter-fund receivables/payables”. These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for the residual amounts due between government and business-type activities, which are presented as internal balances. Inter-fund receivables/payables as of June 30, 2021 are as follows:

From	To	Purpose	Amount
Special Revenue	General Fund	Operations	\$ 5,804,215.

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, 2021. 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, 2021

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, 2021

NOTE 3 – NET POSITION (Continued)

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

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

NOTE 4 – RESTRICTED NET POSITION:

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

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

NOTE 5 – ESTIMATES

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

Note 6 - RECEIVABLES

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

Accounts and Grants Receivable from outside sources	Governmental Activities / Governmental Funds	Business Type Activities / Proprietary Fund	Total
Accounts Receivable	\$ 1,260,708	\$ 28,219	\$ 1,288,927
School Activity	1,620		1,620
Grants Receivable	7,053,045	0	7,053,045
	<u>\$ 8,315,373</u>	<u>\$ 28,219</u>	<u>\$ 8,343,592</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, 2021

NOTE 7 – CASH AND CASH EQUIVALENTS

At year-end, the carrying amount of the Board's cash and cash equivalents was \$17,055,730. 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, 2021 consist of the following:

Breakdown By Bank	
Community Trust Bank	\$ 15,390,975
US Bank	31,327
Barclay	1,633,428
Total Bank Balance	<u>\$ 17,055,730</u>

Breakdown Per Financial Statements	
Governmental Funds	\$ 13,679,250
Proprietary Fund	3,376,480
Total Book Balance	<u>\$ 17,055,730</u>

The Securities Pledge As Collateral Are:	
FHLB Letter of Credit-Community Trust I	\$ 16,523,131
Other Securities	0
FDIC	532,599
Total Security Pledged	<u>\$ 17,055,730</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 2021, 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, 2021

NOTE 9 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2021 was as follows:

<u>Governmental Activities</u>	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021
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	213,076,438	23,360,422	0	236,436,860
Technology equipment	10,921,611	769,335	0	11,690,946
Vehicles	15,948,038	733,526	655,332	16,026,232
General equipment	3,429,147	736,423	0	4,165,570
Infrastructure	89,638	0	0	89,638
Construction in progress	22,959,306	135,172	22,996,758	97,720
Total Depreciable	\$ 283,626,758	\$ 25,734,878	\$ 23,652,090	\$ 285,709,546
Total at historical cost	\$ 293,268,276	\$ 25,734,878	\$ 23,652,090	\$ 295,351,064
Less: Accumulated depreciation				
Land improvements	\$ 9,201,374	\$ 460,082	\$ 0	\$ 9,661,456
Buildings	78,944,107	5,043,398	0	83,987,505
Technology equipment	8,865,677	373,510	0	9,239,187
Vehicles	13,703,926	703,233	655,332	13,751,827
General equipment	3,290,616	116,005	0	3,406,621
Infrastructure	54,156	4,482	0	58,638
Total accumulated depreciation	\$ 114,059,856	\$ 6,700,710	\$ 655,332	\$ 120,105,234
Governmental Activities Capital Assets-net	\$ 179,208,420			\$ 175,245,830
	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021
<u>Business-Type Activities</u>				
Technology equipment	\$ 97,573	\$ 0	\$ 0	\$ 97,573
Vehicles	62,506	0	0	62,506
General equipment	2,330,259	0	0	2,330,259
Total at historical cost	\$ 2,490,338	\$ 0	\$ 0	\$ 2,490,338
Less: Accumulated depreciation				
Technology equipment	86,942	\$ 0	\$ 0	86,942
Vehicles	62,075	431	0	62,506
General equipment	2,173,648	29,353	0	2,203,001
Total accumulated depreciation	\$ 2,322,665	\$ 29,784	\$ 0	\$ 2,352,449
Business-Type Activities Capital Assets-net	\$ 167,673			\$ 137,889

Depreciation expense was allocated to governmental functions.

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 10 – GASB 68 AND 71

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

NOTE 11 - CONTINGENCIES

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

NOTE 12 –RISK MANAGEMENT/INSURANCE

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

NOTE 13 - LITIGATION

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

NOTE 14 - DEFICITS

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

Food Service	\$ <u>1,045,676</u>
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PIKE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2021

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	\$ 151,788
Operating	1	400	Debt Service	0
Operating	2	1	Indirect Costs	718,628
Operating	25	21	Operating	134,693
Operating	51	1	Indirect Costs	473,349
Operating	310	400	Debt Service	722,797
Operating	320	400	Bond Payment	5,845,228
Operating	320		project to project	775,593
				<u>\$ 8,822,076</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	\$ 8,734,897
Life Insurance	15,280
Administrative Fees	124,278
Health Reimbursement Account	610,663
Federal Reimbursement	(866,155)
KTRS	10,525,964
KTRS OPEB	797,674
Technology	166,659
Debt Service	4,020,602
Total On-Behalf Payments	<u>\$ 24,129,862</u>
General Fund	18,110,125
Debt Service	4,020,602
Food Service	1,999,136
Total On-Behalf Payments	<u>\$ 24,129,863</u>

NOTE 18 – SUBSEQUENT EVENTS

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

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 19 – PRIOR PERIOD ADJUSTMENT

School Activity Funds – Ending cash balances were incorrect in prior year resulting in the beginning fund balance being overstated by \$4595.

NOTE 20 - Future Accounting Pronouncements

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

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

Statement No. 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, 2021

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 \$111,670,000. 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, 2021.

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

Issue Date	Proceeds	Rates	Balance June 30, 2021
June 1, 2009	10,695,000	1.000% - 3.200%	\$ 0
October 1, 2009	1,735,000	1.200% - 4.125%	0
October 4, 2010	6,400,000	0.700% - 3.100%	885,000
* November 1, 2011	29,670,000	2.000% - 4.000%	20,720,000
November 1, 2011	11,000,000	4.620%	11,000,000
June 1, 2012	18,720,000	2.000% - 3.000%	6,615,000
May 1, 2013	3,880,000	1.000% - 2.000%	1,070,000
June 1, 2014	8,350,000	2.000% - 4.000%	7,310,000
June 1, 2015	3,650,000	2.000% - 4.000%	3,500,000
September 1, 2015	7,505,000	0.600% - 3.700%	7,250,000
February 1, 2016	11,690,000	0.750% - 2.500%	9,155,000
February 1, 2016	20,885,000	0.750% - 3.150%	20,560,000
March 29, 2016	500,000	5.750% -	500,000
August 1, 2016	19,400,000	1.000% - 3.000%	16,310,000
March 1, 2018	3,530,000	3.600% -	3,410,000
September 1, 2018	1,940,000	1.900% - 3.375%	1,690,000
July 29, 2020	9,300,000	2.000%	915,000
October 22, 2020	21,500,000	1.750%	21,500,000
November 1, 2011 (defeased)			(20,720,000)
			<u>\$ 111,670,000</u>

* The November 1, 2011 issue has been defeased for a reduction in bonds outstanding of \$20,720,000.

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

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

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

There were two bonds authorized and issued during the year ended June 30, 2021. The July 19, 2020 Refunding Bond issue (in the amount of \$930,000) was for the purpose of retiring the balance of the October 1, 2009 issue. This new issue carries an interest rate of 2.00%. The issue it retired carried a rate of 4.125%.

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 21 – BONDED DEBT AND LEASE OBLIGATIONS (Concluded)

The October 22, 2020 issue (in the amount of \$21,500,000) was for the purpose of retiring the November 1, 2011 issue. The new issue carries an interest rate of 1.75%. The issue it retired carried an interest rate of 2.00% to 4.00%.

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

	Beginning Balance	Additions	Payments	Bonds Defeased	Ending Balance
Bonds	\$ 117,850,000	\$ 22,430,000	\$ 7,890,000	\$ 20,720,000	\$ 111,670,000
Sick Leave	4,556,548	230,978	145,104	0	4,642,422
Capital Leases	1,264,871	623,361	186,578	0	1,701,654
Judgements	71,774	0	71,774	0	0
Total	<u>\$ 123,743,193</u>	<u>\$ 23,284,339</u>	<u>\$ 8,293,456</u>	<u>\$ 20,720,000</u>	<u>\$ 118,014,076</u>

Assuming the issues are not called prior to scheduled maturity, the minimum obligations of the funds at June 30, 2021 for debt service, (principal and interest) are as follows:

	Pike County Board			KY Construction Commission			Federal Rebate	Total
	Local Principal Total	Local Interest Total	Sinking Fund *	KSFCC Principal Total	KSFCC Interest Total	Sinking Fund		
2021 - 2022	\$ 4,422,982	\$ 2,044,433	\$ 94,968	\$ 2,237,018	\$ 740,273	\$ 388,900	\$ 508,200	\$ 10,436,774
2022 - 2023	4,529,189	1,940,384	96,361	2,290,811	693,131	387,508	508,200	10,445,584
2023 - 2024	4,648,771	1,825,422	92,655	2,261,229	632,861	391,213	508,200	10,360,351
2024 - 2025	4,763,801	1,705,459	93,803	2,026,199	560,681	390,065	508,200	10,048,208
2025 - 2026	4,904,361	1,565,373	94,704	2,055,639	486,586	389,165	508,200	10,004,028
2026 - 2027	5,050,719	1,415,744	95,403	2,124,281	422,121	388,465	508,200	10,004,933
2027 - 2028	5,201,083	1,269,727	95,831	1,858,917	371,925	388,037	508,200	9,693,720
2028 - 2029	5,340,852	1,122,235	95,985	1,394,148	331,241	387,884	508,200	9,180,545
2029 - 2030	5,496,632	977,509	90,542	1,398,368	296,129	393,326	508,200	9,160,706
2030 - 2031	5,661,828	826,193	78,077	1,353,172	259,630	391,308	254,100	8,824,308
2031 - 2032	5,887,170	679,340	0	1,387,830	222,783	0	0	8,177,123
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>\$ 73,023,118</u>	<u>\$ 16,777,268</u>	<u>\$ 928,329</u>	<u>\$ 27,136,882</u>	<u>\$ 5,519,232</u>	<u>\$ 3,895,871</u>	<u>\$ 4,827,900</u>	<u>\$ 132,108,600</u>

* This amount includes an estimated rebate shortfall of \$295,190.

PIKE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
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NOTE 22 – LEASE COMMITMENTS

Commitments under operating lease agreements for equipment provide the minimum future rental payments as of June 30, 2021 as follows:

	Principal	Interest	Total
June 30, 2022	\$ 285,685	\$ 31,130	\$ 316,815
June 30, 2023	283,409	26,357	309,766
June 30, 2024	252,749	20,608	273,357
June 30, 2025	258,539	15,322	273,861
June 30, 2026	115,751	9,904	125,655
Thereafter	505,521	21,997	527,518
Total	\$ 1,701,654	\$ 125,318	\$ 1,826,972

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, 2021, this amount totaled \$4,642,422 of which \$417,818 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 has been paid as of June 30, 2021.

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
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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

	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total Payroll	\$ 6,561,104	\$ 50,161,850	\$ 57,047,286	\$ 56,424,855	\$ 55,835,533	\$ 54,017,948	\$ 53,846,133	\$ 54,615,508	\$ 53,952,393
KTRS Total Payroll	42,435,552	31,871,005	37,105,911	#####	38,195,439	34,181,498	39,104,554	39,719,440	39,154,705
KTRS Contribution - Employee Portion	5,455,086	4,088,092	4,769,967	4,731,682	4,909,951	5,012,018	4,731,997	4,508,198	4,250,166
KTRS Contribution - District Portion	1,959,875	1,436,783	1,610,155	1,495,235	1,557,017	1,567,395	1,308,933	1,065,247	910,472
KTRS Contribution - Commonwealth of Kentucky (on behalf of Payments)	10,525,964	11,010,813	10,417,762	11,103,259	5,819,247	5,863,960	6,133,500	4,733,237	4,986,637
KTRS Contribution - District Federal Employees	844,021	579,754	610,743	480,450	505,378	488,764	502,839	523,154	558,573
CERS Total Payroll	23,175,462	18,290,845	19,941,375	19,615,193	17,640,094	19,030,950	17,811,339	17,855,475	16,778,226
Contributions Requirement for CERS	4,533,068	3,682,772	3,770,154	3,492,697	3,136,162	3,269,302	3,238,427	3,507,180	3,493,671
CERS Contribution - Employee Portion	844,903	681,915	751,654	759,539	692,392	772,067	741,068	758,674	730,880
CERS Contribution - District Portion	3,688,165	3,000,858	3,018,500	2,733,158	2,443,771	2,497,234	2,497,359	2,748,507	2,762,791
KTRS Total Payroll--PLUS-- CERS Total Payroll	65,611,014	50,161,850	57,047,286	56,424,855	55,835,533	#####	56,915,893	57,574,916	55,932,931
KTRS Contribution - Employee Portion--PLUS-- CERS Contribution - Employee Portion	6,299,989	4,770,006	5,521,621	5,491,221	5,602,343	5,784,085	5,473,065	5,266,872	4,981,046
KTRS Contribution - District Portion--PLUS-- CERS Contribution - District Portion	5,648,040	4,437,641	4,628,655	4,228,393	4,000,787	4,064,629	3,806,292	3,813,754	3,673,263

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
 JUNE 30, 2021

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, 2021, 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	\$145,422,332
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The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2020, the District's proportion was 1.0261 percent.

For the year ended June 30, 2021, the District recognized pension expense of \$10,525,964 and Revenue of \$10,525,964 for support provided by the state. At June 30, 2021, 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, 2020 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	3.50%
Measurement Date	2.19%
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, 2019 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, 2021

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%	4.6%
International Equity	22.0%	5.6%
Fixed Income	15.0%	0.0%
Additional Categories	7.0%	2.5%
Real Estate	7.0%	4.3%
Private Equity	7.0%	7.7%
Cash	2.0%	-0.5%
Total	<u>100.0%</u>	

* Includes High Yield, Non-U.S. Developed Bonds and Private credit strategies.

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 Actuarially Determined Contribution rates for all fiscal years in the future. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table presents the District's proportionate share of the net pension liability of the System, calculated using the discount rate of 4.49%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (8.50%) or 1-percentage-point higher (6.50%) than the current rate (\$ thousands):

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
System's net pension liability	\$ 184,960,354	\$ 145,422,332	\$ 112,133,277

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, 2019 is the actuarial valuation date upon which the TPL is based. An expected TPL is determined as of June 30, 2020 using standard roll forward techniques. The procedure used to determine the TPL as of June 30, 2020 is shown on page 5 of the GASB 67 report for KTRS submitted on November 5, 2020

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

PIKE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2021

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

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

Deferred Outflows of Resources for:	
Liability Experience	\$ 930,420
Changes of Assumptions	1,456,935
Investment Experience	1,617,310
District contributions subsequent to Measurement Date	2,404,898
	\$ 6,409,563
Deferred Inflows of Resources for:	
Liability Experience	\$ 0
Assumption Changes	0
Investment Experience	683,647
Changes in Proportion & Differences Between Employer Contributions & Proportionate Share of Contributions	3,080,138
	\$ 3,763,785

PIKE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2021

NOTE 27 - RETIREMENT PLAN (Continued)

**KENTUCKY RETIREMENT SYSTEM
 County Employees Retirement System (CERS) (Continued)**

	Year	Amount
District contributions subsequent to the measurement date of \$2,404,898 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to CERS will be recognized in pension expense as follows:	2021	\$ 2,347,614
	2022	(357,301)
	2023	280,483
	2024	374,981
	2025	0
		\$ 2,645,777

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

Valuation Date	June 30, 2018
Experience Study	July 1, 2008 - June 30, 2013
Actuarial Cost Method	Entry Age Normal Cost
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Amortization Method	Level percentage of payroll, closed
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
Investment Rate of Return	6.25% for CERS Non-hazardous, and hazardous, and KERS Hazardous, 5.25% for KERS Non-hazardous
Inflation	2.30%
Salary Increases	3.05% to 18.55%, varies by service for KERS non-hazardous;
Mortality	RP-2000 Combined Mortality Table, projected to 2013 with Scale BB (set back 1 year 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, 2021

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	18.75%	4.50%
Non-US Equity	18.75%	5.25%
Private Equity	10.00%	6.65%
Specialty Credit/High Yield	15.00%	3.90%
Liquidity		
Core Bonds	13.50%	-.25%
Cash	1.00%	-.25%
Diversifying Strategies		
Real Estate	5.00%	5.30%
Opportunity/Absolute Return	3.00%	2.25%
Real Return	15.00%	3.95%
Total	100.00%	

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

The Schedule of Deferred Inflows and Outflows, and Pension Expense include only certain categories of deferred outflows of resources and deferred inflows of resources. These include differences between expected and actual experience, changes of assumptions and differences between projected and actual earnings on plan investments. The Schedule does not include deferred outflows/inflows of resources for changes in the employer's proportionate share of contributions or employer contributions made subsequent to the measurement date. The net pension liability as of June 30, 2017, is based on the June 30, 2017, actuarial valuation for the first year of implementation. As a result, there are no differences between expected and actual experience or changes in assumptions subject to amortization. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed five-year period.

PIKE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2021

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	\$46,012,680	\$37,311,079	\$30,105,823

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, 2021 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, 2021

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, 2021, 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, 2020, 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, 2020, the District's proportion was 0.552358 percent, which was an increase of .021565 from its proportion measured as of June 30, 2020 (0.573923 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	\$	13,940,000
State's proportionate share of the net OPEB		0
Medical Insurance		11,167,000
Life Insurance		338,000
Total liability associated with the District	<u>\$</u>	<u>25,445,000</u>

For the year ended June 30, 2021, the District recognized OPEB expense of \$358,000 and revenue of \$797,674 for support provided by the State. At June 30, 2021, 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, \$975,503 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 expensed as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and and actual experience	\$ 0	\$ 5,943,000
Changes of assumptions	845,000	0
Net difference between projected and actual earnings on pension plan invest	454,000	0
Changes in proportion and differences between District contributions and proportionate share of contribu	109,000	1,502,000
District contributions subsequent to the measurement date	<u>975,503</u>	<u>0</u>
Total	<u>\$ 2,383,503</u>	<u>\$ 7,445,000</u>

Year ended June 30:

	2021	\$	(293,497)
	2022		(1,234,000)
	2023		(1,240,000)
	2024		(1,057,000)
	2025		(873,000)
Thereafter			<u>(364,000)</u>
		<u>\$</u>	<u>(5,061,497)</u>

PIKE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2021

NOTE 28 – OTHER POST EMPLOYMENT BENEFIT PLANS (Continued)

Teachers Retirement System OPEB Plan (Continued)

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

Valuation date	MIF	6/30/2019	
	LIF	6/30/2017	
Actuarial cost method		Entry Age Normal	
Amortization method		Level Percent of Payroll	
Amortization period	MIF	21 years	
	LIF	27 years	
Asset valuation method	MIF	Five-year smoothed value	
	LIF	Five-year smoothed value	
Inflation - MIF & LIF		3.00%	
Real wage growth		0.50%	
Wage inflation - MIF & LIF		3.50%	
Salary increases, including wage inflation - MIF & LIF		3.50% - 7.20%	
Discount rate	MIF	8.00%	
	LIF	7.50%	
MIF Health care cost trends			
Under 65		7.25% for FYE 2020 decreasing to an ultimate rate of 5.00% by FYE 2029	
Ages 65 and older		5.25% for FYE 2020 decreasing to an ultimate rate of 5.00% by FYE 2022	
Medicare Part B premiums		6.49% for FYE 2020 with an ultimate rate of 5.00% by FYE 2031	
Under age 65 claims		The current premium charged by KEHP is used as the base cost and is projected forward using the health care trend assumption (no implicit rate of return is recognized).	

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.

PIKE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2021

NOTE 28 – OTHER POST EMPLOYMENT BENEFIT PLANS (Continued)

Teachers 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 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%	4.6%
International equity	23%	5.6%
Fixed income	18%	0.0%
Real estate	6%	4.3%
Private equity	5%	7.7%
Additional categories	6%	2.5%
Cash	2%	-0.5%
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.

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

	<u>1% Decrease (7.00%)</u>	<u>Current Discount Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
Systems' net OPEB liability	\$ 16,848,000	\$ 13,940,000	\$ 11,512,000

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:

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Net OPEB Liability	\$ 11,049,000	\$ 13,940,000	\$ 17,502,000

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

NOTE 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, 2021

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, 2021, the Kentucky School District reported a liability of \$11,743,125 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, 2020, 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, 2020, the District's proportion was .486319 percent, which was in decrease of .062606 percent from its proportion measured as of June 30, 2019 (.548925 percent).

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

District's proportionate share of the net OPEB liability	\$11,743,125
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For the year ended June 30, 2021, the District recognized OPEB expense of \$1,269,792. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Liability Experience	\$ 1,962,030	\$ 1,963,562
Changes of assumptions	2,042,610	12,421
Investment Experience	629,933	239,619
Changes in proportion and differences between District contributions and proportionate share of contributions	0	1,264,162
District contributions subsequent to the measurement date	837,519	0
Total	\$ 5,472,092	\$ 3,479,764

Of the total amount reported as deferred outflows of resources related to OPEB, \$837,519 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Year ended June 30:	
2021	\$ 1,160,606
2022	438,597
2023	217,915
2024	221,085
2025	(45,875)
Thereafter	0
	\$ 1,992,328

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Determined by the	
Actuarial Valuation as of:	June 30, 2018
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Amortization Method:	Level Percent of Pay
Amortization Period:	25 Years, Closed
Payroll Growth Rate:	2.00%
Investment Rate of Return	6.25%
Inflation:	2.30%
Salary Increases:	3.05% to 18.55%, varies by service
Mortality:	RP-2000 Combined Mortality Table, projected to 2013 with Scale BB (set back 1 year for females)
Pre – 65	Initial trend starting at 7.00% at January 1, 2020 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years.
Post-65	Initial trend starting at 5.00% at January 1, 2020 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 10 years.
Phase-in Provision	"Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018."

The mortality table used for active members 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, 2021

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	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Growth		
US Equity	18.75%	4.50%
Non US Equity	18.75%	5.25%
Private Equity	10.00%	6.65%
Speciality Credit/High Yield	15.00%	3.90%
Liquidity		
Core Bonds	13.50%	-0.25%
Cash	1.00%	-0.25%
Diversifying Strategies		
Real Estate	5.00%	5.30%
Opportunistic	3.00%	2.25%
Real Return	15.00%	3.95%
Total	<u>100.00%</u>	

Discount Rate - The projection of cash flows used to determine the discount rate of 5.34% for CERS Non-hazardous, assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 25 years (closed) amortization period of the unfunded actuarial accrued liability. The discount rate determination used an expected rate of return of 5.34%, and a municipal bond rate of 2.45%, as reported in Fidelity Index's "20 -Year Municipal GO AA Index" as of June 30, 2020. 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:

	<u>1% Decrease Rate (4.34%)</u>	<u>Current Discount Rate (5.34%)</u>	<u>1% Increase Rate (6.34%)</u>
Systems' net OPEB liability	\$ 15,086,468	\$ 11,743,125	\$ 8,997,114

PIKE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2021

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:

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Systems' net OPEB liability:	\$ 9,092,114	\$ 11,743,125	\$ 14,960,189

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, 2021

	GENERAL FUND			VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES:				
From Local Sources				
Taxation	\$ 19,325,000	\$ 19,325,000	\$ 19,847,231	\$ 522,231
Other Local Sources	439,550	439,550	657,917	218,367
Earnings on Investments	100,000	100,000	66,194	(33,806)
State Sources	56,386,758	54,831,574	53,838,577	(992,997)
Federal Sources	150,000	150,000	156,933	6,933
TOTAL REVENUES	\$ 76,401,308	\$ 74,846,124	\$ 74,566,852	\$ (279,272)
EXPENDITURES:				
Instruction	\$ 49,089,530	\$ 47,532,397	\$ 36,522,018	\$ 11,010,379
Support Services:				
Student	3,612,822	3,612,822	4,391,608	(778,786)
Instructional Staff	2,699,665	2,701,614	2,964,227	(262,613)
District Administration	3,239,566	3,239,566	2,217,495	1,022,071
School Administration	3,625,825	3,625,825	4,711,829	(1,086,004)
Business	1,027,790	1,027,790	1,314,703	(286,913)
Plant Operations & Maintenance	10,980,225	10,980,225	12,964,613	(1,984,388)
Student Transportation	4,603,913	4,603,913	7,251,305	(2,647,392)
Community Service	29,655	29,655	293,153	(263,498)
Site Acquisition & Constr.	179,480	179,480	155,395	24,085
Architectural/Engineering	0	0	2,700	(2,700)
Debt Service:				
Principal	186,578	186,578	186,578	0
Interest	54,701	54,701	54,701	0
Contingency	3,000,000	3,000,000	0	3,000,000
TOTAL EXPENDITURES	\$ 82,329,750	\$ 80,774,566	\$ 73,030,325	\$ 7,744,241
Excess (Deficit) of Revenues over Expenditures	\$ (5,928,442)	\$ (5,928,442)	\$ 1,536,527	\$ 7,464,969
OTHER FINANCING SOURCES (USES):			0	
Proceeds from Capital Leases	\$ 0	\$ 0	\$ 623,361	\$ 623,361
KISBIT Payments	(71,774)	(71,774)	(71,776)	(2)
Proceeds from Sale of Fixed Assets	0	0	11,090	11,090
Operating Transfers In	498,294	498,294	1,967,570	1,469,276
Operating Transfers Out	(140,000)	(140,000)	(151,789)	(11,789)
	\$ 286,520	\$ 286,520	\$ 2,378,456	\$ 2,091,936
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing (Uses)	\$ (5,641,922)	\$ (5,641,922)	\$ 3,914,983	\$ 9,556,905
Fund Balance - Beginning	5,641,922	5,641,922	7,188,486	1,546,564
Fund Balance - Ending	\$ 0	\$ 0	\$ 11,103,469	\$ 11,103,469

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, 2021

	SPECIAL REVENUE			VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES:				
Local Sources	\$ 611,760	\$ 802,534	\$ 507,962	\$ (294,572)
Earnings on Investments	0	0	0	0
State Sources	2,398,112	4,495,345	4,341,335	(154,010)
Federal Sources	9,620,431	21,316,205	14,655,995	(6,660,210)
TOTAL REVENUES	<u>\$ 12,630,303</u>	<u>\$ 26,614,084</u>	<u>\$ 19,505,292</u>	<u>\$ (7,108,792)</u>
EXPENDITURES:				
Instruction	\$ 8,955,657	\$ 18,529,137	\$ 13,309,460	\$ 5,219,677
Support Services:				
Student	326,536	326,536	429,905	(103,369)
Instructional Staff	1,263,245	1,853,122	2,914,259	(1,061,137)
Business	243,174	1,367,431	222,231	1,145,200
Plant Operations & Maintenance	1,000	101,000	177,018	(76,018)
Student Transportation	96,680	1,017,418	161,253	856,165
Food Service Operations	0	0	13,339	(13,339)
Community Service	1,860,717	1,873,217	1,710,987	162,230
TOTAL EXPENDITURES	<u>\$ 12,747,009</u>	<u>\$ 25,067,861</u>	<u>\$ 18,938,452</u>	<u>\$ 6,129,409</u>
Excess (Deficit) of Revenues over Expenditures	<u>\$ (116,706)</u>	<u>\$ 1,546,223</u>	<u>\$ 566,840</u>	<u>\$ (979,383)</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	\$ 140,000	\$ 140,000	\$ 151,788	\$ 11,788
Operating Transfers Out	(23,294)	(1,728,657)	(718,628)	1,010,029
TOTAL OTHER FINANCING SOURCES (USES):	<u>\$ 116,706</u>	<u>\$ (1,588,657)</u>	<u>\$ (566,840)</u>	<u>\$ 1,021,817</u>
Net Change in Fund Balance	\$ 0	\$ (42,434)	\$ 0	\$ 42,434
Fund Balance - Beginning	0	42,434	0	0
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 42,434</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, 2021

	CONSTRUCTION FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES:				
From Local Sources				
Taxation	\$ 0	\$ 0	\$ 0	\$ 0
Motor Vehicle	0	0	0	0
Utilities	0	0	0	0
Other	0	0	0	0
Tuition & Fees	0	0	0	0
Earnings on Investments	0	0	3,072	3,072
Other Local Revenues	0	0	0	0
Intergovernmental-State	0	224,208	224,208	0
Intergovernmental – Indirect Federal	0	0	0	0
Intergovernmental – Direct Federal	0	0	0	0
TOTAL REVENUES	\$ 0	\$ 224,208	\$ 227,280	\$ 3,072
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	135,172	(135,172)
Site Improvements	0	0	721,323	(721,323)
Bond Issuance Costs	0	0	0	0
TOTAL EXPENDITURES	\$ 0	\$ 0	\$ 856,495	\$ (856,495)
Excess (Deficit) of Revenues over Expenditures	\$ 0	\$ 224,208	\$ (629,215)	\$ (853,423)
OTHER FINANCING SOURCES (USES):				
Bonds Proceeds	\$ 0	\$ 2,915,932	\$ 0	\$ (2,915,932)
Premium on Bond Issuance	0	0	0	0
Operating Transfers In	0	0	0	0
Operating Transfers Out	0	0	0	0
TOTAL OTHER FINANCING SOURCES (USES):	\$ 0	\$ 2,915,932	\$ 0	\$ (2,915,932)
Net Change in Fund Balance	\$ 0	\$ 3,140,140	\$ (629,215)	\$ (3,769,355)
Fund Balance - Beginning	0	0	1,705,694	1,705,694
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 3,140,140</u>	<u>\$ 1,076,479</u>	<u>\$ (2,063,661)</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, 2021**

Last Ten Fiscal Years **

2020-2021 2019-2020 2018-19 2017-18 2016-17 2015-16 2014-15

Schedule of the District's Proportionate Share of the Net Pension Liability

District's proportion of the net pension liability	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
District's proportionate share of the net pension liability	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Commonwealth's proportion of the net pension liability associated with the District	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
Commonwealth's proportionate share of the net pension liability associated with the District	\$ 145,422,332	\$ 146,312,371	\$ 143,777,280	\$ 312,509,016	\$ 353,664,994	\$ 283,538,388	\$ 260,475,099	
Total	<u>\$ 145,422,332</u>	<u>\$ 146,312,371</u>	<u>\$ 143,777,280</u>	<u>\$ 312,509,016</u>	<u>\$ 353,664,994</u>	<u>\$ 283,538,388</u>	<u>\$ 260,475,099</u>	
District's covered-employee payroll	\$ 42,435,552	\$ 31,871,005	\$ 37,105,911	\$ 36,809,662	\$ 38,195,439	\$ 34,181,498	\$ 39,104,554	
District's proportionate share of the net pension liability	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
Commonwealth's proportionate share of the net pension liability as a percentage of District's covered-employee payroll	29.1809%	21.7829%	25.8079%	11.7788%	10.7999%	12.0553%	15.0128%	
Plan fiduciary net position as a percentage of the total pension liability	58.2700%	58.8000%	59.3000%	39.8300%	54.6000%	55.3000%	45.5907%	FNP TO TLP gasb 67

Schedule of State Contributions

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

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

PIKE COUNTY BOARD OF EDUCATION
County Employees Retirement System Non-Hazardous
FOR THE YEAR ENDED JUNE 30, 2021

Last Ten Fiscal Years **

	2020-2021	2019-2020	2018-2019	2017-18	2016-17	2015-16	2014-15
Schedule of the District's Proportionate Share of the Net Pension Liability							
District's proportion of the net pension liability	0.486460%	0.549032%	0.56995%	0.57442%	0.59071%	0.61359%	0.62367%
District's proportionate share of the net pension liability	37,311,079	38,613,665	34,711,631	33,623,037	29,084,219	26,381,351	20,234,000
District's covered-employee payroll	23,175,462	18,290,845	19,941,375	19,615,193	17,640,094	19,050,950	17,811,339
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	160.99390%	211.10925%	174.06839%	171.41324%	164.87565%	138.47788%	113.60179%
Plan fiduciary net position as a percentage of the total pension liability	47.81000%	50.45000%	53.54000%	55.30000%	55.50000%	59.96839%	66.80103%

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

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

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

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

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

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

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

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, 2021

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

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

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, 2021

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

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

Valuation date	MIF	6/30/2019	
	LIF	6/30/2017	
Actuarial cost method		Entry Age Normal	
Amortization method		Level Percent of Payroll	
Amortization period	MIF	21 years	
	LIF	27 years	
Asset valuation method	MIF	Five-year smoothed value	
	LIF	Five-year smoothed value	
Inflation - MIF & LIF		3.00%	
Real wage growth		0.50%	
Wage inflation - MIF & LIF		3.50%	
Salary increases, including wage inflation - MIF & LIF		3.50% - 7.20%	
Discount rate	MIF	8.00%	
	LIF	7.50%	
MIF Health care cost trends			
Under 65		7.25% for FYE 2020 decreasing to an ultimate rate of 5.00% by FYE 2029	
Ages 65 and older		5.25% for FYE 2020 decreasing to an ultimate rate of 5.00% by FYE 2022	
Medicare Part B premiums		6.49% for FYE 2020 with an ultimate rate of 6.49% by FYE 2031	
Under age 65 claims		The current premium charged by KEHP is the base cost and is projected forward using the health care trend assumption (no implicit rate 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, 2021

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	\$ 13,940,000
State's proportionate share of the net OPEB liability associated with the District	
Medical Insurance	11,167,000
Life Insurance	338,000
Total liability associated with the District	\$ 25,445,000

For the year ended June 30, 2021 the District recognized OPEB expense of \$358,000 and revenue of \$797,674 for support provided by the State. At June 30, 2021, 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	\$ 5,943,000
Changes of assumptions	845,000	0
Net difference between projected and actual earnings on pension plan investments	454,000	0
Changes in proportion and differences between District contributions and proportionate share of contributions	109,000	1,502,000
District contributions subsequent to the measurement date	975,503	0
Total	\$ 2,383,503	\$ 7,445,000

Year ended June 30:		
2021	\$	(293,497)
2022		(1,234,000)
2023		(1,240,000)
2024		(1,057,000)
2025		(873,000)
There After		(364,000)
	\$	(5,061,497)

Of the total amount reported as deferred outflows of resources related to OPEB, \$975,503 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 shown:

PIKE COUNTY BOARD OF EDUCATION
Notes to Required Supplementary Information - Kentucky Teachers Retirement System
For the Year Ended June 30, 2021

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

Actuarial Assumptions:

Valuation Date	6/30/2019
Inflation Rate	3.00%
Real Wage Growth	0.50%
Wage Inflation	3.50%
Salary Increases, including wage inflation	3.50 - 7.20%, including wage inflation
Long-term Investment Rate of Return, net of OPEB plan investment expense, including inflation	
MIF	8.00%
LIF	7.50%
Municipal Bond Index Rate	2.19%
Year FNP is projected to be depleted	
MIF	N/A
LIF	N/A
Single Equivalent Interest Rate, net of OPEB plan investment expense, including price inflation	
MIF	8.00%
LIF	7.50%
Health Care Cost Trends	
Under Age 65	7.25% for FYE 2020 decreasing to an ultimate rate of 5.00% by FYE 2029
Ages 65 and Older	5.25% for FYE 2020 decreasing to an ultimate rate of 5.00% by FYE 2022
Medicare Part B Premiums	6.49% for FYE 2020 with an ultimate rate of 5.00% by FYE 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, 2020 valuation were based on a review of recent plan experience done concurrently with the June 30, 2020 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:

PIKE COUNTY BOARD OF EDUCATION
Notes to Required Supplementary Information - Kentucky Teachers Retirement System
For the Year Ended June 30, 2021

<u>Asset Class*</u>	<u>Target Allocation</u>	<u>30 Year Expected Geometric Real Rate of Return</u>
Global Equity	58.0%	5.4%
Fixed Income	9.0%	0.0%
Real Estate	6.5%	4.3%
Private Equity	8.5%	7.7%
Additional Categories	17.0%	2.5%
Cash	1.0%	-0.5%
Total	<u>100.0%</u>	

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

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

	<u>1% Decrease Rate (7.00%)</u>	<u>Current Discount Rate (8.00%)</u>	<u>1% Increase Rate (9.00%)</u>
Systems' net pension liability	\$ 16,848,000	\$ 13,940,000	\$ 11,512,000

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

PIKE COUNTY BOARD OF EDUCATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET OPEB LIABILITY - MEDICAL INSURANCE PLAN
County Employees Retirement Plan
 Last 10 Fiscal Years*
 For The Year Ended June 30, 2021

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

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

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

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

PIKE COUNTY BOARD OF EDUCATION
SCHEDULE OF DISTRICT CONTRIBUTIONS - MEDICAL INSURANCE PLAN

County Employees Retirement Plan

Last 10 Fiscal Years*

For The Year Ended June 30, 2021

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

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

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

PIKE COUNTY BOARD OF EDUCATION
Notes to the Required Supplementary Information
for the Year Ended June 30, 2021

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, 2020, was performed by Gabriel Roeder Smith (GRS). The total OPEB liability, net OPEB liability, and sensitivity information as of June 30, 2020, 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.

Determined by the Actuarial Valuation as of:	June 30, 2018
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Amortization Method:	Level Percent of Pay
Amortization Period:	25 Years, Closed
Payroll Growth Rate:	2.00%
Investment Rate of Return:	6.25%
Inflation:	2.30%
Salary Increases:	3.05% to 18.55%, varies by service
Mortality:	RP-2000 Combined Mortality Table, projected to 2013 with Scale BB (set back 1 year for females)
Pre – 65	Initial trend starting at 7.00% at January 1, 2020 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years.
Post-65	Initial trend starting at 5.00% at January 1, 2020 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 10 years.
Phase-in Provision	"Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018.

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

The 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.

PIKE COUNTY BOARD OF EDUCATION
Notes to the Required Supplementary Information
for the Year Ended June 30, 2021

Kentucky Retirement System – County Employee OPEB Plan

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

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

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

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

At June 30, 2021, the Kentucky School District reported a liability of \$11,743,125 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, 2020, 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, 2020 the District's proportion was .486319 percent, which was a decrease of .00626 percent from its proportion measured as of June 30, 2019 (.548925 percent).

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

District's proportionate share of the net OPEB liability	\$11,743,125
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PIKE COUNTY BOARD OF EDUCATION
Notes to the Required Supplementary Information
for the Year Ended June 30, 2021

Kentucky Retirement System – County Employee OPEB Plan

For the year ended June 30, 2021, the District recognized OPEB expense of \$1,269,792. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Liability Experience	\$ 1,962,030	\$ 1,963,562
Changes of assumptions	2,042,610	12,421
Investment Experience	629,933	239,619
Changes in proportion and differences between District contributions and proportionate share of contributions	0	1,264,162
District contributions subsequent to the measurement date	837,519	0
Total	\$ 5,472,092	\$ 3,479,764

Of the total amount reported as deferred outflows of resources related to OPEB, \$837,519 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Year Ended June 30:	
2021	\$ 1,160,606
2022	438,597
2023	217,915
2024	221,085
2025	(45,875)
ther after	0
	\$ 1,992,328

PIKE COUNTY BOARD OF EDUCATION
Notes to the Required Supplementary Information
for the Year Ended June 30, 2021

Kentucky Retirement System – County Employee OPEB Plan

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

Determined by the Actuarial Valuation as of:	June 30, 2018
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Amortization Method:	Level Percent of Pay
Amortization Period:	25 Years, Closed
Payroll Growth Rate:	2.00%
Investment Rate of Return	6.25%
Inflation:	2.30%
Salary Increases:	3.05% to 18.55%, varies by service
Mortality:	RP-2000 Combined Mortality Table, projected to 2013 with Scale BB (set back 1 year for females)
Pre – 65	Initial trend starting at 7.00% at January 1, 2020 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years.
Post-65	Initial trend starting at 5.00% at January 1, 2020 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 10 years.
Phase-in Provision	"Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018.

The mortality table used for active members 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, 2021

Kentucky Retirement System – County Employee OPEB Plan

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

Asset Class	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Growth		
US Equity	18.75%	4.50%
Non US Equity	18.75%	5.25%
Private Equity	10.00%	6.65%
Speciality Credit/High Yield	15.00%	3.90%
Liquidity		
Core Bonds	13.50%	-0.25%
Cash	1.00%	-0.75%
Diversifying Strategies		
Real Estate	5.00%	5.30%
Opportunistic	3.00%	2.25%
Real Return	15.00%	3.95%
Total	<u>100.00%</u>	

Discount Rate - The projection of cash flows used to determine the discount rate of 5.34% for CERS Non-hazardous assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 25 years (closed) amortization period of the unfunded actuarial accrued liability. The discount rate determination used an expected rate of return of 5.34%, and a municipal bond rate of 2.45%, as reported in Fidelity Index's "20 -Year Municipal GO AA Index" as of June 30, 2020. 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:

	<u>1% Decrease Rate (4.34%)</u>	<u>Current Discount Rate (5.34%)</u>	<u>1% Increase Rate (6.34%)</u>
Systems' net OPEB liability	\$ 15,086,468	\$ 11,743,125	\$ 8,997,114

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

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Systems' net OPEB liability	\$ 9,092,114	\$ 11,743,125	\$ 14,960,189

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, 2021**

	<u>Capital Outlay Fund</u>	<u>Building Fund</u>	<u>District Activity</u>	<u>School Activity Funds</u>	<u>Total Non- Major Governmental Funds</u>
<u>ASSETS AND RESOURCES</u>					
Cash and Cash Equivalents	\$ 0	\$ 126,370	\$ 134,843	\$ 1,164,341	\$ 1,425,554
Accounts Receivable	0	0	0	1,620	1,620
Due From Other Funds	0	0	0	0	0
Total Assets	<u>\$ 0</u>	<u>\$ 126,370</u>	<u>\$ 134,843</u>	<u>\$ 1,165,961</u>	<u>\$ 1,427,174</u>
<u>LIABILITIES AND FUND BALANCE</u>					
Liabilities					
Accounts Payable	\$ 0	\$ 0	\$ 10,149	\$ 20,614	\$ 30,763
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>\$ 10,149</u>	<u>\$ 20,614</u>	<u>\$ 30,763</u>
Deferred Revenue	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Fund Balances					
Restricted:					
Other	\$ 0	\$ 126,370	\$ 124,694	\$ 1,145,347	\$ 1,396,411
Future Construction	0	0	0	0	0
Debt Service	0	0	0	0	0
Committed:					
Site Based Carryforward	0	0	0	0	0
Sick-leave	0	0	0	0	0
Worker's Compensation	0	0	0	0	0
Assigned:					
Purchase Obligations	0	0	0	0	0
Unassigned	0	0	0	0	0
Total Fund Balances	<u>\$ 0</u>	<u>\$ 126,370</u>	<u>\$ 124,694</u>	<u>\$ 1,145,347</u>	<u>\$ 1,396,411</u>
Total Liabilities and Fund Balances	<u>\$ 0</u>	<u>\$ 126,370</u>	<u>\$ 134,843</u>	<u>\$ 1,165,961</u>	<u>\$ 1,427,174</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, 2021

	General Fund	Special Revenue	Construction Fund	Debt Service Fund	Non-Major Governmental Funds	Total Governmental Fund
REVENUES						
From Local Sources						
Taxes						
Property	\$ 12,791,414	\$ 0	\$ 0	\$ 0	\$ 2,302,788	\$ 15,094,202
Motor Vehicles	2,784,505	0	0	0	0	2,784,505
Utilities	3,857,591	0	0	0	0	3,857,591
Other	413,721	0	0	0	0	413,721
Earnings on Investments	66,194	0	3,072	0	0	69,266
Other Local Revenues	657,917	507,962	0	0	1,788,485	2,954,364
Intergovernmental- State	53,838,577	4,341,335	224,208	4,020,602	5,167,199	67,591,921
Intergovernmental-Federal	156,933	14,655,995	0	0	0	14,812,928
Total Revenues	\$ 74,566,852	\$ 19,505,292	\$ 227,280	\$ 4,020,602	\$ 9,258,472	\$ 107,578,498
EXPENDITURES						
Instruction	\$ 36,522,018	\$ 13,309,460	\$ 0	\$ 0	\$ 92,960	\$ 49,924,438
Support Services						
Student	4,391,608	429,905	0	0	0	4,821,513
Instruction Staff	2,964,227	2,914,259	0	0	179	5,878,665
District Administrative	2,217,495	0	0	0	0	2,217,495
School Administrative	4,711,829	0	0	0	1,643,820	6,355,649
Business	1,314,703	222,231	0	0	0	1,536,934
Plant Operation and Maint.	12,964,613	177,018	0	0	36,707	13,178,338
Student Transportation	7,251,305	161,253	0	0	0	7,412,558
Food Service	0	13,339	0	0	0	13,339
Community Services	293,153	1,710,987	0	0	0	2,004,140
Facilities Acquisitions and Construction	155,395	0	0	0	0	155,395
Architectural/Engineering	2,700	0	0	0	0	2,700
Purchase Professional Services	0	0	0	0	0	0
Site Improvement	0	0	721,323	0	0	721,323
Building Improvements	0	0	135,172	0	0	135,172
Debt Service						
Principal	186,578	0	0	28,626,900	0	28,813,478
Interest	54,701	0	0	3,620,423	0	3,675,124
Bond Issuance Costs	0	0	0	154,758	0	154,758
Total Expenditures	\$ 73,030,325	\$ 18,938,452	\$ 856,495	\$ 32,402,081	\$ 1,773,666	\$ 127,001,019
Excess (Deficit) of Revenues over Expenditures	\$ 1,536,527	\$ 566,840	\$ (629,215)	\$ (28,381,479)	\$ 7,484,806	\$ (19,422,521)
Other Financing Sources (Uses)						
Proceeds from Sales of Bonds	\$ 0	\$ 0	\$ 0	\$ 22,430,000	\$ 0	\$ 22,430,000
Premium on Bond Issuance	0	0	0	130,794	0	130,794
Bond Discounts	0	0	0	0	0	0
Proceeds from Capital Leases	623,361	0	0	0	0	623,361
KISBIT Payments	(71,776)	0	0	0	0	(71,776)
Proceeds from Sales of Fixed Assets	11,090	0	0	0	0	11,090
Operating Transfer, In	1,967,570	151,788	0	6,568,025	134,693	8,822,076
Operating Transfer, Out	(151,789)	(718,628)	0	0	(7,478,310)	(8,348,727)
Total Other Financing Sources	\$ 2,378,456	\$ (566,840)	\$ 0	\$ 29,128,819	\$ (7,343,617)	\$ 23,596,818
Net Change in Fund Balance	\$ 3,914,983	\$ 0	\$ (629,215)	\$ 747,340	\$ 141,189	\$ 4,174,297
Fund Balance - Beginning	7,188,486	0	1,705,694	1,633,428	1,259,817	11,787,425
Prior Period Adjustment	0	0	0	0	(4,595)	(4,595)
Fund Balance - Ending	\$ 11,103,469	\$ 0	\$ 1,076,479	\$ 2,380,768	\$ 1,396,411	\$ 15,957,127

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, 2021

SCHOOLS	Cash Balance July 1, 2020	Receipts	Disburse- ments	Cash Balance June 30, 2021	Accounts Receivable	Accounts Payable	Due to Students June 30, 2021
HIGH SCHOOLS							
Belfry	\$ 113,416	\$ 318,152	\$ 293,635	\$ 137,933	\$ 0	\$ 2,752	\$ 135,181
East Ridge	107,526	149,901	147,274	110,153	0	0	110,153
Phelps	65,078	106,534	128,123	43,489	812	1,522	42,779
Pike Central	84,588	252,323	238,957	97,954	0	1,014	96,940
Shelby Valley	140,181	194,484	207,556	127,109	0	0	127,109
MIDDLE SCHOOLS							
Belfry Middle	33,433	123,083	113,676	42,840	0	7,275	35,565
ELEMENTARY SCHOOLS							
Belfry Elementary	92,701	44,115	63,157	73,659	0	0	73,659
Bevins	51,893	24,687	33,166	43,414	0	148	43,266
Dorton	59,691	35,609	35,648	59,652	0	155	59,497
Elkhorn City	56,874	47,218	52,890	51,202	0	0	51,202
Feds Creek	26,567	19,157	30,185	15,539	334	0	15,873
Johns Creek	55,009	111,862	83,750	83,121	0	155	82,966
Kimper	30,842	11,617	11,133	31,326	0	450	30,876
Millard	43,270	130,735	110,995	63,010	0	1,650	61,360
Mullins	32,947	114,509	101,780	45,676	474	5,493	40,657
Phelps	23,485	28,468	29,316	22,637	0	0	22,637
Valley	104,236	77,619	74,374	107,481	0	0	107,481
DAY TREATMENT CENTERS							
Pike County Day Treatment	9,640	559	2,054	8,145	0	0	8,145
TOTALS	<u>\$ 1,131,377</u>	<u>\$ 1,790,632</u>	<u>\$ 1,757,669</u>	<u>\$ 1,164,341</u>	<u>\$ 1,620</u>	<u>\$ 20,614</u>	<u>\$ 1,145,347</u>

**PIKE COUNTY BOARD OF EDUCATION
BELFRY HIGH SCHOOL
ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021**

Fund	Cash Balance July 1, 2020	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2021	Accounts Receivable	Accounts Payable	Due to Students June 30, 2021
GENERAL	\$ 486	\$ 1,925	\$ 4,542	\$ 2,635	\$ 504	\$ 0	\$ 0	\$ 504
TENNIS	0	0	1,688	1,688	0	0	0	0
SPIRIT TEAM	624	0	178	0	446	0	0	446
GOLF TEAM	341	0	291	0	50	0	0	50
NANCY SCOTT	500	500	500	0	500	0	0	500
INSTRUCTIONAL FEE	3,892	13,272	5,247	(410)	11,507	0	2,752	8,755
DEBBIE HUNTER	500	500	500	0	500	0	0	500
PHOTOGRAPHY	0	499	0	(499)	0	0	0	0
FACULTY	1,981	4,372	4,170	(35)	2,148	0	0	2,148
JAG	1,250	0	630	0	620	0	0	620
HOMECOMING	0	0	409	409	0	0	0	0
VARSITY COURT	420	0	0	0	420	0	0	420
HONOR SOCIETY	516	735	854	0	397	0	0	397
WRESTLING	0	60	2,138	2,078	0	0	0	0
STLP	834	0	0	0	834	0	0	834
MU ALPHA THETA	195	0	66	0	129	0	0	129
HOBY	0	200	645	445	0	0	0	0
RUSH RUNYON SCHOLARSHIP	605	0	600	(5)	0	0	0	0
PERSEVERE SCHOLARSHIP	1,000	1,000	1,000	0	1,000	0	0	1,000
JAMES WILLIS STUL	2,545	2,000	1,000	0	3,545	0	0	3,545
STUDENT COMMUNITY	1,000	0	0	0	1,000	0	0	1,000
DESIRE SCHOLARSHIP	6,000	3,000	6,000	0	3,000	0	0	3,000
EASTERN KY STRONG	1,832	2,500	0	0	4,332	0	0	4,332
EASTERN LEVEL	382	0	0	0	382	0	0	382

**PIKE COUNTY BOARD OF EDUCATION
BELFRY HIGH SCHOOL
ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021**

Fund	Cash Balance July 1, 2020	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2021	Accounts Receivable	Accounts Payable	Due to Students June 30, 2021
START UP	0	4,864	5,055	191	0	0	0	0
STROES	6,541	10,985	4,810	(4,861)	7,855	0	0	7,855
ROBOTICS	3,515	0	110	0	3,405	0	0	3,405
PLTW PROJECT	2,709	10,000	10,881	0	1,828	0	0	1,828
FCA	240	0	0	0	240	0	0	240
DR MARY JOHNSON SCHOLARSHIP	5,000	5,000	5,000	0	5,000	0	0	5,000
HOSA	436	426	404	0	458	0	0	458
FOOTBALL	17,075	69,050	71,009	10,780	25,896	0	0	25,896
YOUTH FOOTBALL	10	700	697	0	13	0	0	13
FOOTBALL II	15,669	0	0	(13,000)	2,669	0	0	2,669
BOYS BASKETBALL	0	29,599	26,504	100	3,195	0	0	3,195
YOUTH BASKETBALL	29	0	0	0	29	0	0	29
GIRLS BASKETBALL	0	17,114	14,458	(75)	2,581	0	0	2,581
BASEBALL	0	26,966	14,877	(9,346)	2,743	0	0	2,743
VARSITY CHEER	6,707	13,587	15,302	173	5,165	0	0	5,165
JV CHEERLEADERS	77	5,151	3,111	0	2,117	0	0	2,117
CHEER KAPOS	198	0	0	(198)	0	0	0	0
SOFTBALL	1,432	10,945	7,826	325	4,876	0	0	4,876
DISTRICT BASEBALL / SOFTBALL	0	2,296	1,645	(651)	0	0	0	0
DISTRICT VOLLEYBALL	0	881	669	(212)	0	0	0	0
VOLLEYBALL	111	5,108	2,641	(26)	2,552	0	0	2,552
ART HONOR SOCIETY	643	56	135	0	564	0	0	564
SWIM TEAM	0	5,111	3,270	0	1,841	0	0	1,841
SPECIAL NEEDS	3,781	3,648	3,698	(2,000)	1,731	0	0	1,731
SPECIAL NEEDS II	690	2,300	0	3,000	5,990	0	0	5,990
BOYS & GIRLS SOCCER	1,019	4,328	0	(5,347)	0	0	0	0
BOYS SOCCER	0	1,976	2,052	78	2	0	0	2
GIRLS SOCCER	0	11,528	13,940	5,121	2,709	0	0	2,709

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

**PIKE COUNTY BOARD OF EDUCATION
BELFRY HIGH SCHOOL
ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021**

Fund	Cash Balance July 1, 2020	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2021	Accounts Receivable	Accounts Payable	Due to Students June 30, 2021
REGION BOYS SOCCER	0	1,140	1,088	(52)	0	0	0	0
JR CLASS	0	7,817	4,111	(3,706)	0	0	0	0
SENIOR CLASS	(20)	20	12	3,706	3,694	0	0	3,694
JR ROTC	1,550	440	947	0	1,043	0	0	1,043
SADD	634	175	220	0	589	0	0	589
YALSA	503	219	75	0	647	0	0	647
SPEECH & DRAMA	1,770	0	0	0	1,770	0	0	1,770
SPANISH	266	0	0	0	266	0	0	266
CLAY TARGET LEAGUE	1,000	96	560	0	536	0	0	536
FBLA	351	210	310	0	251	0	0	251
CHILDREN INC	2,608	17,476	14,745	(3,400)	1,939	0	0	1,939
YOUTH SERVICE CENTER	3,043	1,372	930	0	3,485	0	0	3,485
PIRATE PANTRY	163	680	463	0	380	0	0	380
YEARBOOK	10,202	12,402	14,636	0	7,968	0	0	7,968
CHARITABLE GAMING	1	0	0	0	1	0	0	1
TRACK	500	2,875	3,325	0	50	0	0	50
BAND	9	479	271	0	217	0	0	217
BAND II	0	80	0	0	80	0	0	80
SCHOOL NEWSPAPER	51	489	296	0	244	0	0	244
DAF INSTURCTION	0	0	3,400	3,400	0	0	0	0
DAF ATHLETICS	0	0	9,672	9,672	0	0	0	0
DAF BUILDING/GROUND	0	0	22	22	0	0	0	0
TOTAL	\$ 113,416	\$ 318,152	\$ 293,635	\$ 0	\$ 137,933	\$ 0	\$ 2,752	\$ 135,181

**PIKE COUNTY BOARD OF EDUCATION
EAST RIDGE HIGH SCHOOL
ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021**

Fund	Cash Balance July 1, 2020	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2021	Accounts Receivable	Accounts Payable	Due to Students June 30, 2021
GENERAL	\$ 4,079	2,202	1,383	1,616	\$ 6,514	\$ 0	\$ 0	\$ 6,514
LIBRARY	44	0	0	0	44	0	0	44
AP EXAMS	2,351	3,839	6,129	0	61	0	0	61
SCHOLARSHIPS	30,110	27,957	28,312	0	29,755	0	0	29,755
PARKING	1,800	0	0	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	3,257	6,853	9,375	2,279	3,014	0	0	3,014
STUDENT INCENTIVES	75	0	0	0	75	0	0	75
FMD	382	100	352	0	130	0	0	130
ACADEMIC TEAM	0	85	85	0	0	0	0	0
ATHLETICS	9,268	5,945	8,709	4,501	11,005	0	0	11,005
STARTUP CHANGE	0	500	500	0	0	0	0	0
BOYS BASKETBALL	1,563	8,239	10,750	948	0	0	0	0
GIRLS BASKETBALL	17	3,903	4,747	948	121	0	0	121
PEEWEE FOOTBALL	239	0	0	0	239	0	0	239
FOOTBALL	101	7,699	10,149	2,349	0	0	0	0
ER MIDDLE SCHOOL FB	0	2,178	964	(1,214)	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, 2021**

Fund	Cash Balance July 1, 2020	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2021	Accounts Receivable	Accounts Payable	Due to Students June 30, 2021
SOFTBALL	0	1,040	3,324	5,074	2,790	0	0	2,790
59TH DIST BASE/SOFT TOURN	0	6,511	2,229	(4,282)	0	0	0	0
BASEBALL	0	1,855	5,272	6,207	2,790	0	0	2,790
ER MS BASEBALL	704	0	0	0	704	0	0	704
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	716	4,359	1,996	948	4,027	0	0	4,027
DISTRICT VB TOURNEY	1,032	0	0	(1,032)	0	0	0	0
15TH REG VB TOURNEY	4,897	0	0	(4,897)	0	0	0	0
15TH ALL A VOLLEYBALL TOURNEY	979	0	0	(979)	0	0	0	0
GOLF	0	0	630	630	0	0	0	0
CROSS COUNTRY	686	4,983	6,430	761	0	0	0	0
TRACK BOYS	2,314	4,833	5,191	(615)	1,341	0	0	1,341
CULTURE CLUB	1,302	0	360	0	942	0	0	942
DANCE TEAM	0	3,671	0	0	3,671	0	0	3,671
SPANISH	67	0	0	0	67	0	0	67
JROTC VENDING	9,181	1,770	585	0	10,366	0	0	10,366
TEACHERS LOUNGE CONC	505	119	476	0	148	0	0	148
STUDENT VENDING	5,932	0	697	0	5,235	0	0	5,235
DUAL CREDIT	54	2,066	0	(2,066)	54	0	0	54

**PIKE COUNTY BOARD OF EDUCATION
EAST RIDGE HIGH SCHOOL
ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021**

Fund	Cash Balance July 1, 2020	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2021	Accounts Receivable	Accounts Payable	Due to Students June 30, 2021
BAND/CHOIR	188	3,281	2,180	(40)	1,249	0	0	1,249
JROTC DRILL TEAM	2,839	0	350	0	2,489	0	0	2,489
DRAMA	181	0	0	0	181	0	0	181
ANNUAL/COAL FAIR	5,807	5,608	5,187	0	6,228	0	0	6,228
PICTURES	299	669	0	0	968	0	0	968
BETA CLUB	183	0	0	0	183	0	0	183
NATIONAL HONOR SOCIETY	3	0	0	0	3	0	0	3
NEWSPAPER	96	0	0	0	96	0	0	96
CHILDREN INC	1,290	3,530	4,613	0	207	0	0	207
GUIDANCE COUNSELOR	307	0	0	0	307	0	0	307
ATHLETIC SIGN ADV	0	4,950	0	(3,392)	1,558	0	0	1,558
NANCY RATLIFF SCHOL	832	0	0	0	832	0	0	832
PROM	2,795	8,712	10,256	0	1,251	0	0	1,251
HOMECOMING	2,959	0	238	0	2,721	0	0	2,721
STUDENT ENRICHMENT	719	4,825	5,076	0	468	0	0	468
REG/DIST BB/SB TOUR.	0	16,288	5,430	(10,858)	0	0	0	0
SENIORS	822	1,323	2,145	0	0	0	0	0
GIFTED AND TALENTED	53	0	0	0	53	0	0	53
FBLA	521	8	40	0	489	0	0	489
DAF BUILDING/GROUNDS	0	0	3,114	3,114	0	0	0	0
Total	<u>\$ 107,526</u>	<u>\$ 149,901</u>	<u>\$ 147,274</u>	<u>\$ 0</u>	<u>\$ 110,153</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 110,153</u>

PIKE COUNTY BOARD OF EDUCATION
 PHELPS HIGH SCHOOL
 ACTIVITY FUNDS
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2021

Fund	Cash Balance July 1, 2020	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2021	Accounts Receivable	Accounts Payable	Due to Students June 30, 2021
GENERAL	\$ 12,783	\$ 6,409	\$ 7,785	\$ (3,394)	\$ 8,013	\$ 612	\$ 1,522	\$ 7,103
GS AWARDS/SCHOLARSHIP	0	840	0	350	1,190	0	0	1,190
STARTUP MONEY	0	700	\$ 700	0	0	0	0	0
PHARMACY TECH CLASSES	434	0	0	0	434	0	0	434
TRACK/CROSS COUNTRY	3	0	0	0	3	0	0	3
ES SPORTS	0	920	382	0	538	0	0	538
TRACK	0	800	479	0	321	0	0	321
STEM AWARDS/SCHOLARSHIP	0	897	500	0	397	0	0	397
SPANISH	155	0	0	0	155	0	0	155
COLA MACHINES	478	0	0	(478)	0	0	0	0
SR. CLASS	0	516	477	0	39	0	0	39
VOLLEYBALL	4,355	924	1,417	437	4,299	0	0	4,299
JR. HIGH VOLLEYBALL	2,379	1,879	2,422	649	2,485	0	0	2,485
FRYSC	182	0	100	0	82	0	0	82
JKG	0	600	600	0	0	0	0	0
CHEER	274	3,648	2,373	0	1,549	0	0	1,549
WRESTLING	463	100	130	0	433	0	0	433
JH BASEBALL	1,047	1,264	1,874	654	1,091	0	0	1,091
CONCESSION JH BASEBALL	0	654	0	(654)	0	0	0	0
VAR BOYS BASKETBALL	7,796	7,247	9,441	(198)	5,404	200	0	5,604
FOOTBALL	3,222	11,474	13,624	1,396	2,468	0	0	2,468
PHELPS LL BASEBALL	3,002	0	0	0	3,002	0	0	3,002
BASEBALL	4,143	4,276	7,385	916	1,950	0	0	1,950

**PIKE COUNTY BOARD OF EDUCATION
PHELPS HIGH SCHOOL
ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021**

Fund	Cash Balance July 1, 2020	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2021	Accounts Receivable	Accounts Payable	Due to Students June 30, 2021
BASEBALL CONCESSIONS	0	1,133	94	(1,039)	0	0	0	0
VAR GIRLS BASKETBALL	3,327	5,266	6,063	67	2,597	0	0	2,597
SOFTBALL	66	11,005	10,775	1,039	1,335	0	0	1,335
JH FOOTBALL	1	0	0	0	1	0	0	1
JH BOYS BASKETBALL	3,199	1,228	3,469	(134)	824	0	0	824
CONCESSIONS GIRLS VARS BASKETBALL	0	506	99	(407)	0	0	0	0
BOYS VARSITY CONCESSIONS	0	790	322	(468)	0	0	0	0
VARSITY ACADEMIC TEAM	72	0	0	0	72	0	0	72
JR HIGH ACADEMIC TEAM	1	0	0	0	1	0	0	1
PROM	5,412	1,300	6,989	288	11	0	0	11
CHILDREN INC	1,632	21,629	22,998	0	263	0	0	263
CONCESSIONS JH BOYS BASKETBALL	0	129	48	(81)	0	0	0	0
CONCESSIONS JH GIRLS BASKETBALL	0	176	0	(176)	0	0	0	0
JH GIRLS BASKETBALL	907	746	1,372	96	377	0	0	377
NH SOCIETY	77	0	77	0	0	0	0	0
JROTC	632	0	0	0	632	0	0	632
FBLA	33	6	0	0	39	0	0	39
SCHOOL STORE	1,352	6,161	4,248	(3,265)	0	0	0	0
PEPSI VENDING MACH	784	0	137	(647)	0	0	0	0
TEACHER VENDING (POP)	1,693	1,573	2,399	(100)	767	0	0	767
VOLLEYBALL CONCESSIONS	0	697	115	(582)	0	0	0	0
JH VOLLEYBALL CONCESSIONS	0	849	80	(769)	0	0	0	0
TEACHERS VENDING/SN	574	306	295	0	585	0	0	585
VENDING STORE	708	0	0	(708)	0	0	0	0
4-H CLUB	2	0	0	0	2	0	0	2
JR HIGH CHEER	13	0	0	0	13	0	0	13
BAND	635	0	0	0	635	0	0	635
GRAPHICS ACCOUNT	157	0	0	(157)	0	0	0	0
DANCE	61	0	0	0	61	0	0	61

**PIKE COUNTY BOARD OF EDUCATION
 PHELPS HIGH SCHOOL
 ACTIVITY FUNDS
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2021**

Fund	Cash Balance July 1, 2020	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2021	Accounts Receivable	Accounts Payable	Due to Students June 30, 2021
FMD UNIT	66	0	0	0	66	0	0	66
GENERAL SPORTS FUND	1,477	6,140	3,993	(3,105)	519	0	0	519
JUNIOR HIGH ACTIVITIES	512	180	675	0	17	0	0	17
SPELLING TEAM	403	0	0	0	403	0	0	403
FOOTBALL CONCESSIONS	0	2,422	446	(1,976)	0	0	0	0
STLP	130	0	0	(130)	0	0	0	0
BASEBALL CONCESSION	0	1,054	138	(916)	0	0	0	0
BETA CLUB	435	90	110	0	415	0	0	415
DAF INSTRUCTION	0	0	3,000	3,000	0	0	0	0
DAF ATHLETICS	0	0	7,356	7,356	0	0	0	0
DAF PRINCIPAL'S OFFICE	0	0	3,136	3,136	0	0	0	0
TOTAL	<u>\$ 65,077</u>	<u>\$ 106,534</u>	<u>\$ 128,123</u>	<u>\$ 0</u>	<u>\$ 43,488</u>	<u>\$ 812</u>	<u>\$ 1,522</u>	<u>\$ 42,778</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, 2021**

Fund	Cash Balance July 1, 2020	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2021	Accounts Receivable	Accounts Payable	Due to Students June 30, 2021
GENERAL FUND	\$ 40	324	292	0	\$ 72	\$ 0	\$ 0	\$ 72
MEMORIAL	226	0	0	0	226	0	0	226
CONCESSION	0	7,792	3,619	(1,379)	2,794	0	0	2,794
AP CLASSES	928	294	126	0	1,096	0	0	1,096
HALL OF FAME	50	0	0	0	50	0	0	50
STAFF VENDING	2,618	2,006	3,369	0	1,255	0	0	1,255
ATHLETIC	3,591	35,122	31,471	(251)	6,991	0	165	6,826
START UP MONEY	0	1,200	1,200	0	0	0	0	0
BOYS VARISTY CHEER	5,948	11,014	15,900	0	1,062	0	801	261
BASEBALL	7,655	17,236	20,771	(265)	3,855	0	48	3,807
60TH DISTRICT BASKETBALL	0	8,240	6,634	(1,606)	0	0	0	0
BASEBALL CONCESSION	2,004	3,020	959	0	4,065	0	0	4,065
BOYS BASKETBALL	565	4,700	5,056	0	209	0	0	209
BOYS BB CONCESSION	0	50	0	0	50	0	0	50
FOOTBALL	4,302	25,165	25,667	266	4,066	0	0	4,066
FOOTBALL CONCESSION	3,084	2,943	821	0	5,206	0	0	5,206
GIRLS BASKETBALL	0	20,977	19,290	350	2,037	0	0	2,037
GIRLS BB CONCESSION	0	2,574	304	0	2,270	0	0	2,270
SOFTBALL	11,681	18,451	15,463	0	14,669	0	0	14,669
SOFTBALL CONCESSION	0	2,249	0	0	2,249	0	0	2,249
VOLLEYBALL	836	2,790	1,429	0	2,197	0	0	2,197
VOLLEYBALL CONCESSION	2,210	420	165	0	2,465	0	0	2,465
WRESTLING	0	150	100	0	50	0	0	50

PIKE COUNTY BOARD OF EDUCATION
PIKE COUNTY CENTRAL HIGH SCHOOL
ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021

Fund	Cash Balance July 1, 2020	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2021	Accounts Receivable	Accounts Payable	Due to Students June 30, 2021
BOYS TRACK	480	1,790	2,956	686	0	0	0	0
GIRLS TRACK	0	0	250	250	0	0	0	0
GOLF	0	2,820	1,210	0	1,610	0	0	1,610
BASS FISHING	741	1,332	2,826	920	167	0	0	167
TENNIS	951	0	378	0	573	0	0	573
15TH REGIONAL BASKETBALL	0	21,600	21,600	0	0	0	0	0
ACADEMIC	1,432	0	350	0	1,082	0	0	1,082
FBLA	545	0	0	0	545	0	0	545
CULINARY SKILLS	53	0	0	0	53	0	0	53
FCCLA	309	0	0	0	309	0	0	309
PEP CLUB	563	0	0	0	563	0	0	563
PROJECT PROM	1,008	2,592	3,144	0	456	0	0	456
STUDENT ACTIVITIES	722	480	259	0	943	0	0	943
SCIENCE CLUB	0	5,625	5,354	(25)	246	0	0	246
STUDENT COUNCIL	362	96	0	0	458	0	0	458
SPANISH CLUB	235	0	0	0	235	0	0	235
FCA	641	0	0	0	641	0	0	641
FEA	533	0	0	0	533	0	0	533
NHS	2,566	430	1,414	0	1,582	0	0	1,582
ART	667	0	0	0	667	0	0	667
CLASS OF 2021	0	4,490	4,610	650	530	0	0	530

**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, 2021**

Fund	Cash Balance July 1, 2020	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2021	Accounts Receivable	Accounts Payable	Due to Students June 30, 2021
CLASS OF 2019	306	0	0	0	306	0	0	306
PROM	7,148	1,177	4,658	(75)	3,592	0	0	3,592
CLASS OF 2020	1,263	0	42	0	1,221	0	0	1,221
BAND	9,356	29,762	24,355	0	14,763	0	0	14,763
CHORUS	400	52	78	0	374	0	0	374
DANCE TEAM	931	0	0	0	931	0	0	931
COLOR GUARD	237	0	0	0	237	0	0	237
JR. ROTC	1,142	0	176	0	966	0	0	966
HOSA	302	164	182	0	284	0	0	284
MEDICAID NURSE	219	185	295	0	109	0	0	109
JOURNALISM	83	0	0	0	83	0	0	83
YEARBOOK	0	2,633	3,632	999	0	0	0	0
LIBRARY	317	0	317	0	0	0	0	0
HVPA	49	0	0	0	49	0	0	49
EXPLORER'S	1,002	30	195	0	837	0	0	837
HISTORY CLUB	710	0	0	0	710	0	0	710
KEY CLUB	422	132	0	0	554	0	0	554
NATIONAL HISTORY DAY	567	0	0	0	567	0	0	567
CHILDREN INC	2,579	10,216	7,660	(900)	4,235	0	0	4,235
DAF INSTRUCTION	0	0	80	80	0	0	0	0
DAF PRINCIPAL	0	0	300	300	0	0	0	0
Total	<u>\$ 84,588</u>	<u>\$ 252,323</u>	<u>\$ 238,957</u>	<u>\$ 0</u>	<u>\$ 97,954</u>	<u>\$ 0</u>	<u>\$ 1,014</u>	<u>\$ 96,940</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, 2021**

Fund	Cash Balance July 1, 2020	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2021	Accounts Receivable	Accounts Payable	Due to Students June 30, 2021
DAF PRINCIPALS OFFICE	\$ 0	\$ 0	\$ 988	\$ 988	\$ 0	\$ 0	\$ 0	\$ 0
DAF BUILDING/GROUNDS	0	0	16,325	16,325	0	0	0	0
ACADEMIC TEAM	549	3,315	3,876	12	0	0	0	0
ALUMNI ASSOCIATION	25,070	0	0	0	25,070	0	0	25,070
BAND BOOSTERS	7,083	827	3,480	0	4,430	0	0	4,430
ATHLETICS	1,253	36,286	3,445	(30,142)	3,952	0	0	3,952
BASEBALL	775	0	6,491	5,716	0	0	0	0
BASEBALL BOOSTERS	626	6,971	829	(1,000)	5,768	0	0	5,768
BASKETBALL-BOYS	24	2,592	6,894	4,278	0	0	0	0
BASKETBALL-GIRLS	0	0	3,516	3,516	0	0	0	0
GIRLS BASKETBALL BOOSTERS	37	10,141	5,597	0	4,581	0	0	4,581
BETA CLUB	465	739	633	0	571	0	0	571
CHEERLEADING	5,258	19,643	9,984	0	14,917	0	0	14,917
CHOIR	340	233	98	0	475	0	0	475
CATS	1,952	3,404	4,826	0	530	0	0	530
BAND/CHOIR	56	0	0	3,686	3,742	0	0	3,742
CHILDREN, INC.	738	7,984	6,563	0	2,159	0	0	2,159
CONCESSIONS	23,190	13,925	7,365	(15,174)	14,576	0	0	14,576
CULINARY SKILLS	420	0	258	0	162	0	0	162

**PIKE COUNTY BOARD OF EDUCATION
SHELBY VALLEY HIGH SCHOOL
ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021**

Fund	Cash Balance July 1, 2020	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2021	Accounts Receivable	Accounts Payable	Due to Students June 30, 2021
DANCE TEAM	1,134	2,448	3,583	1	0	0	0	0
FBLA	2,635	0	0	0	2,635	0	0	2,635
FCCLA	790	0	440	0	350	0	0	350
FCA	454	0	0	0	454	0	0	454
FILM CLASS	762	0	0	0	762	0	0	762
FOOTBALL	0	0	22,168	22,168	0	0	0	0
SV MIDDLE FOOTBALL	3,952	2,665	6,235	0	382	0	0	382
FRESHMAN CLASS	397	0	0	(397)	0	0	0	0
LIBRARY	314	389	250	0	453	0	0	453
LOCKER RENTAL	220	110	0	(265)	65	0	0	65
GENERAL	15,250	11,612	17,122	0	9,740	0	0	9,740
GOLF	0	0	3,511	3,511	0	0	0	0
JROTC	3,079	0	183	0	2,896	0	0	2,896
YEARBOOK	213	4,620	3,545	50	1,338	0	0	1,338
TEACHERS LOUNGE	523	964	706	0	781	0	0	781
JUNIOR CLASS	1,748	0	0	(1,137)	611	0	0	611
JAG	450	200	0	0	650	0	0	650
NATIONAL HONOR SOCIETY	1,519	360	1,362	0	517	0	0	517
PARKING PERMITS	120	550	0	(450)	220	0	0	220
PICTURE ORDERS	883	889	0	(1,571)	201	0	0	201

**PIKE COUNTY BOARD OF EDUCATION
SHELBY VALLEY HIGH SCHOOL
ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021**

Fund	Cash Balance July 1, 2020	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2021	Accounts Receivable	Accounts Payable	Due to Students June 30, 2021
PRINCIPALS ADVISOR	0	0	0	0	0	0	0	0
PROM	7,484	5,430	12,665	(175)	74	0	0	74
PROJECT PROM	4,189	3,375	4,896	125	2,793	0	0	2,793
SCIENCE FAIR	202	0	0	0	202	0	0	202
SENIOR CLASS	13,371	26,260	28,567	(11,064)	0	0	0	0
SOCCER-BOYS	300	0	0	0	300	0	0	300
SOCCER-GIRLS	0	0	3,213	3,213	0	0	0	0
TENNIS	433	1,775	2,595	387	0	0	0	0
SOFTBALL	55	0	2,530	2,475	0	0	0	0
SOPHOMORE CLASS	611	0	0	(215)	396	0	0	396
SOFTBALL BOOSTERS	5,054	6,888	5,708	365	6,599	0	0	6,599
SEASON STARTUP	0	0	0	0	0	0	0	0
TEXTBOOK RENTAL	3,934	6,605	0	(5,026)	5,513	0	0	5,513
VOLLEYBALL BOOSTERS	1,004	4,779	2,182	0	3,601	0	0	3,601
TRACK	0	200	977	777	0	0	0	0
WILDCAT DEN	901	0	0	0	901	0	0	901
VOLLEYBALL	0	0	1,613	1,613	0	0	0	0
SV MIDDLE BASEBALL	0	2,225	0	(2,225)	0	0	0	0
SV MIDDLE SOFTBALL	364	6,080	2,337	(365)	3,742	0	0	3,742
TOTAL	\$ 140,181	\$ 194,484	\$ 207,556	\$ 0	\$ 127,109	\$ 0	\$ 0	\$ 127,109

**PIKE COUNTY BOARD OF EDUCATION
BOARD MEMBERS AND OTHER OFFICERS OF THE BOARD
JUNE 30, 2021**

<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

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

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

606-432-8833
FAX 606-432-8466

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, Appendix I to the Independent auditor, contract-general audit requirements, and Appendix II to the Independent Auditor's contract-state audit requirement, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Pike County Board Of Education, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Pike County Board Of Education's basic financial statements, and have issued our report thereon dated November 15, 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

November 15, 2021

Wallen, Puckett, & Anderson, PSC
CERTIFIED PUBLIC ACCOUNTANTS

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

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

606-432-8833
FAX 606-432-8466

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

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

Report on Compliance for Each Major Federal Program

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, 2021. 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, 2021.

Report on Internal Control over Compliance

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

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

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

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

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

Wallen, Puckett and Anderson, PSC

Certified Public Accountants
Pikeville, Kentucky

November 15, 2021

FEDERAL FINANCIAL ASSISTANCE

**PIKE COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

Federal Grantor	Federal CFDA Number	Pass- Through Grantor Number	Amount of Award	Total Expenditures
Pass-Through Agency Program Title				
U.S. DEPARTMENT OF EDUCATION				
Passed Through State Department of Education:				
Title I Part A Cluster				
Title I	84.010	3100002	\$ 3,811,121	\$ 1,086,355
Title I - School Improvement Part A-Educational Recovery Staff	84.010	3220002	87,354	53,278
Title I	84.010	3100002	3,737,188	2,531,244
Title I - School Improvement Part A-Educational Recovery Staff	84.010	3220002	125,886	70,323
Total Title I Part A Cluster			<u>\$ 7,761,549</u>	<u>\$ 3,741,200</u>
Special Education Cluster				
IDEA-B	84.027	3810002	\$ 1,733,389	\$ 740,794
IDEA-B	84.027	3810002	1,746,125	274,232
IDEA-B Private	84.027A	3180002	17,281	17,281
IDEA-B	84.027	3810002	1,788,563	2,932
IDEA-Préschool	84.173	3800002	48,978	5,567
Total Special Education Cluster			<u>\$ 5,334,336</u>	<u>\$ 1,040,806</u>
Title I - Homeless Children & Youth	84.196	3990002	\$ 78,740	\$ 30,716
Title I - Homeless Children & Youth	84.196	3990002	101,810	40,856
			<u>\$ 180,550</u>	<u>\$ 71,572</u>
Vocational Education Basic	84.048	3710002	\$ 85,202	\$ 11,216
Vocational Education Basic	84.048	3710002	68,242	66,604
			<u>\$ 153,444</u>	<u>\$ 77,820</u>
Title IV-Rural/Low Income	84.358B	3140002	\$ 157,854	\$ 9,136
Title IV-Rural/Low Income	84.358B	3140002	150,920	150,920
			<u>\$ 308,774</u>	<u>\$ 160,056</u>
Striving Readers Comp Literacy	84.371	N/A	350,000	280,773
Title IV-Part A	84.424A	3420002	\$ 200,438	\$ 124,390
Title IV-Part A	84.424A	3420002	260,204	259,230
Title IV-Part A	84.424A	3420002	263,045	263,045
			<u>\$ 723,687</u>	<u>\$ 646,665</u>
Race to the Top - District				
ESSER III Funds	84.425D	N/A	0	1,503,859
ESSER II - Direct 85%	84.425D	N/A	9,913,775	69,616
ESSER Funds (COVID-19)	84.425D	N/A	2,796,345	2,316,750
CARES - DIGITAL LEARNING COACH	84.425D	400003	9,830	9,830
ESSER KENTUCKY NEW TEACHER SUPPORT	84.425D	N/A	8,450	6,109
GEER FUNDS (COVID-19)	84.425C	N/A	479,687	407,073
			<u>\$ 13,208,087</u>	<u>\$ 4,313,237</u>
Improving Teacher Quality	84.367	3230002		
Race to the Top - District	84.416A	N/A		

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, 2021

Federal Grantor	Federal CFDA Number	Pass- Through Grantor Number	Amount of Award	Total Expenditures
<u>Pass-Through Agency</u> Program Title				
Total from State Department of Education			\$ 28,020,427	\$ 10,332,129
<u>Passed Through Berea College</u>				
Gaining Early Awareness and Readiness for Undergraduate Programs (GE	84.334A	N/A	\$ 181,000	\$ 63,779
Gaining Early Awareness and Readiness for Undergraduate Programs (GE	84.334A	N/A	0	179,715
Gaining Early Awareness and Readiness for Undergraduate Programs (GE	84.334A	N/A	0	956,245
Total pass-through Berea College			\$ 181,000	\$ 1,199,739
<u>Passed Through Department of Juvenile Justice</u>				
Title I- Neglected and Delinquent Children - Day Treatment	84.013	N/A	\$ 18,000	\$ 12,846
Title I- Neglected and Delinquent Children - Day Treatment	84.013	N/A	19,000	2,666
Total pass-through Department of Juvenile Justice			\$ 37,000	\$ 15,512
Total US Department of Education			\$ 28,238,427	\$ 11,547,380
<u>US DEPARTMENT OF DEFENSE</u>				
MJROTC	12.000	N/A	\$ 150,000	\$ 16,309
MJROTC	12.000	N/A	150,000	168,813
Total MJROTC			\$ 300,000	\$ 185,122
Total U. S. Department of Defense			\$ 300,000	\$ 185,122
<u>US DEPARTMENT OF THE TREASURY</u>				
LAST MILE INTERNET	21.019	N/A	\$ 110,255	\$ 24,868
Passed Through State Department of Education:				
SEEK Corona Virus Releif Fund	21.019/21.UO4	CARES	2,087,423	2,087,423
Total			\$ 2,197,678	\$ 2,112,291
Total U. S. Department of the Treasury			\$ 2,197,678	\$ 2,112,291
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
<u>Passed Through Big Sandy Community Action Program</u>				
Head Start	93.600	04CH0712	\$ 2,742,884	\$ 913,359
Head Start	93.600	04CH0712	2,660,246	1,945,560
Head Start	93.600	04CH0712	50,000	29,957
Total Head Start			\$ 5,453,130	\$ 2,888,876
Promoting Adolescent Healt	93.079	2100001	1,500	1,350
Total U. S. Department of Health and Human Services			\$ 5,454,630	\$ 2,890,226
<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	\$ 189,347
<u>Passed Through State Department of Education</u>				
School Breakfast Program	10.553	7760005	0	34,596
National School Lunch Program	10.555	7750002	0	55,109

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, 2021**

Federal Grantor				
<u>Pass-Through Agency</u>	Federal CFDA Number	Pass- Through Grantor Number	Amount of Award	Total Expenditures
Program Title				
Summer Food Service Program For Children	10.559	7740023	\$ 5,455,000	\$ 5,757,445
Summer Food Service Program For Children	10.559	7690024	0	622,445
Summer Food Service Program For Children	10.560	7700001	0	10,912
Total Summer Food Service Program For Children			<u>\$ 5,455,000</u>	<u>\$ 6,390,802</u>
Total Child Nutrition Clusters			<u>\$ 5,705,000</u>	<u>\$ 6,669,854</u>
Total U.S. Department of Agriculture			<u>\$ 5,705,000</u>	<u>\$ 6,669,854</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 41,895,735</u>	<u>\$ 23,404,873</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, 2021**

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 \$189,347.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

PIKE COUNTY BOARD OF EDUCATION
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2021

SECTION I - SUMMARY OF AUDITOR'S RESULTS

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

Name	CFDA #
US Department of Education – Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP)	84.334A
US Department of Education – ESSER III Funds	84.425D
US Department of Education – ESSER II Funds – Direct 85%	84.425D
US Department of Education – ESSER Funds (Covid-19)	84.425D
US Department of Education – ESSER Kentucky New Teacher Support	84.425D
US Department of Education – CARES – Digital Learning Coach	84.425D
US Department of Education – GEER Funds (Covid-19)	84.425C
US Department of Treasury – Coronavirus Relief Fund – Last Mile Internet	21.019
US Department of Treasury – Coronavirus Relief Fund – SEEK	21.019
US Department of Health and Human Services – HEADSTART	93.600

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, 2021**

There were no findings in the prior year.

MANAGEMENT LETTER AND MANAGEMENT POINTS

Wallen, Puckett, & Anderson, PSC
CERTIFIED PUBLIC ACCOUNTANTS

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

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

606-432-8833
FAX 606-432-8466

MANAGEMENT LETTER

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

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Pike County Board of Education (the "District") as of and for the year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We did not identify any deficiency in internal control that we considered to be material. However, we did identify certain immaterial items and those items are described on the accompanying schedule.

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

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

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

Wallen, Puckett and Anderson, PSC

Certified Public Accountants
Pikeville, Kentucky

November 15, 2021

**PIKE COUNTY BOARD OF EDUCATION
MANAGEMENT LETTER POINTS
FOR THE YEAR ENDED JUNE 30, 2021**

BELFRY ELEMENTARY SCHOOL
2021-01

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

This is repeated finding.

Management Response:

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

BEVINS ELEMENTARY
2021-02

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

Management Response:

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

JOHNS CREEK ELEMENTARY
2021-03

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

Management Response:

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

KIMPER ELEMENTARY
2021-04

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

Management Response:

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

MILLARD ELEMENTARY
2021-05

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

Management Response:

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

**PIKE COUNTY BOARD OF EDUCATION
MANAGEMENT LETTER POINTS
FOR THE YEAR ENDED JUNE 30, 2021**

PHELPS ELEMENTARY
2021-06

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

Management Response:

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

PIKE CENTRAL HIGH SCHOOL
2021-07

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

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

Management Response:

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

**PIKE COUNTY BOARD OF EDUCATION
MANAGEMENT LETTER POINTS – PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021**

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.

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.

This deficiency was Repeated (2021-01)

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.

The deficiency was corrected and no repeat findings for 2021 were noted.

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.

The deficiency was corrected and no repeat findings for 2021 were noted.

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.

The deficiency was corrected and no repeat findings for 2021 were noted.

**PIKE COUNTY BOARD OF EDUCATION
MANAGEMENT LETTER POINTS – PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021**

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.

The deficiency in paragraph two was Repeated (2021-07)

APPENDIX C

**Pike County School District Finance Corporation
School Building Revenue Bonds
Series of 2022**

Continuing Disclosure Undertaking Agreement

CONTINUING DISCLOSURE UNDERTAKING AGREEMENT

This Continuing Disclosure Undertaking Agreement ("Agreement") made and entered into as of the 9th day of June, 2022, by and between the Board of Education of Pike County, Kentucky School District ("Board"); the Pike County School District Finance Corporation, an agency and instrumentality of the Board ("Corporation") and the Registered and Beneficial Owners of the Bonds hereinafter identified as third party beneficiaries to this Agreement. For the purposes of this Agreement "Beneficial Owner" means the person or entity treated as the owner of the Bonds for federal income tax purposes and "Registered Owner" means the person or entity named on the registration books of the bond registrar.

WITNESSETH:

WHEREAS, the Corporation has acted as issuing agency for the Board pursuant to the provisions of Section 162.385 of the Kentucky Revised Statutes ("KRS") and the Corporation's Bond Resolution in connection with the authorization, sale and delivery of \$3,975,000 of the Corporation's School Building Refunding Revenue Bonds, Series 2022, dated as of June 9, 2022 ("Bonds"), which Bonds were offered for sale under the terms and conditions of a Final Official Statement ("FOS") prepared by RSA Advisors, LLC, Lexington, Kentucky ("Financial Advisor") and approved by the authorized representatives of the Board and the Corporation, and

WHEREAS, the Securities and Exchange Commission ("SEC"), pursuant to the Securities and Exchange Act of 1934, has amended the provisions of SEC Rule 15c2-12 relating to financial disclosures by the issuers of municipal securities under certain circumstances ("Rule"), and

WHEREAS, it is intended by the parties to this Agreement that all terms utilized herein shall have the same meanings as defined by the Rule, and

WHEREAS, the Board is an "obligated person" as defined by the Rule and subject to the provisions of said Rule, and

WHEREAS, failure by the Board and the Corporation to observe the requirements of the Rule will inhibit the subsequent negotiation, transfer and exchange of the Bonds with a resulting diminution in the market value thereof to the detriment of the Registered and Beneficial Owners of said Bonds and the Board;

NOW, THEREFORE, in order to comply with the provisions of the Rule and in consideration of the purchase of the Bonds by the Registered and Beneficial Owners, the parties hereto agree as follows:

1. ANNUAL FINANCIAL INFORMATION

The Board agrees to provide the annual financial information contemplated by Rule 15c2-12(b)(5)(i) relating to the Board for its fiscal years ending June 30 of each year, commencing with fiscal year ending June 30, 2022, to (a) the Municipal Securities Rulemaking Board ("MSRB"), or any successor thereto for purposes of its Rule, through the continuing disclosure service portal provided by the MSRB's Electronic Municipal Market Access ("EMMA") system as described in 1934 Act Release No. 59062, or any similar system that is acceptable to the Securities and Exchange Commission and (b) the State Information Depository ("SID"), if any (the Commonwealth of Kentucky has not established a SID as of the date of this Agreement) within nine (9) months of the close of each fiscal year.

For the purposes of the Rule "annual financial information" means financial information and operating data provided annually, of the type included in the FOS with respect to the Board in accordance with guidelines established by the National Federation of Municipal Analysts, and shall include annual audited financial statements for the Board in order that the recipients will be provided with ongoing information regarding revenues and operating expenses of the Board and the information provided in the FOS under the headings "OUTSTANDING BONDS", "BOND DEBT SERVICE", "DISTRICT STUDENT POPULATION", "LOCAL SUPPORT - Local Tax Rates, Property Assessment and Revenue Collections and SEEK Allotment". If audited financial statements are not available when the annual financial information is filed, unaudited financial statements shall be included, to be followed by audited financial statements when available.

The audited financial statements shall be prepared in accordance with Generally Accepted Accounting Principles, Generally Accepted Auditing Standards or in accordance with the appropriate sections of KRS or Kentucky Administrative Regulations.

The parties hereto agree that this Agreement is entered into among them for the benefit of those who become Registered and Beneficial Owners of the Bonds as third party beneficiaries to said Agreement.

2. MATERIAL EVENTS NOTICES

Under the Rule, Section 15c2-12(b)(5)(i)(C), the following sixteen (16) events must be disclosed within ten (10) business days following the occurrence of said event to MSRB via EMMA and the SID, if any:

- (1) Principal/interest payment delinquency;
- (2) Nonpayment related default, if material;
- (3) Unscheduled draw on debt service reserve reflecting financial difficulties;
- (4) Unscheduled draw on credit enhancement reflecting financial difficulties;
- (5) Substitution of credit or liquidity provider, or its failure to perform;
- (6) Adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the securities, or other material events affecting the tax status of the security;
- (7) Modifications to rights of security holders, if material;
- (8) Bond call, if material and tender offers;
- (9) Defeasance;
- (10) Release, substitution or sale of property securing the repayment of the security, if material;
- (11) Rating change;
- (12) Merger, consolidation, acquisition or sale of all or substantially all assets of an obligated person, other than in the ordinary course of business, and the entry into a definitive agreement to undertake such action or the termination of a definitive agreement relating to such action, other than pursuant to its terms, if material;
- (13) Bankruptcy, insolvency, receivership or similar event of the obligated person;
- (14) Successor, additional or change in trustee, if material;
- (15) Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material, and;
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

For purposes of this Agreement the term "financial obligation" means:

- (A) Debt obligation;
- (B) Derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or
- (C) Guarantee of paragraph (A) or (B) above.

Notice of said material events shall be given to the entities identified in this Section by the Board on a timely basis (within ten (10) business days of the occurrence). Notwithstanding the foregoing, the provisions of the documents under which the Bonds are authorized and issued do not provide for a debt service reserve, credit enhancements or credit or liquidity providers.

In accordance with Rule Section 15c2-12(b)(5)(i)(D), the Board agrees that in the event of a failure to provide the Annual Financial Information required under Section 1 of this Agreement, it will notify MSRB via EMMA of such failure in a timely manner.

The Finance Officer of the Board shall be the responsible person for filing the annual financial information and/or notices of the events set forth above within the time prescribed in this Agreement. The Board shall cause the Finance Officer to institute an internal tickler system as a reminder of the obligations set forth herein. By December 1 of each fiscal year and each 30 days thereafter the Finance Officer will contact the auditor for the Board to determine when the audited financial statements will be finalized. The Finance Officer will impress upon the auditor the necessity of having such audited financial report on or before March 15. Within 5 days of receipt of such audited financial report the finance officer will cause the annual financial information to be filed as required by this Agreement.

3. SPECIAL REQUESTS FOR INFORMATION

Upon the request of any Registered or Beneficial Owner of the Bonds or the original purchaser of the Bonds or any subsequent broker-dealer buying or selling said Bonds on the secondary market ("Underwriters"), the Board shall cause financial information or operating data regarding the conduct of the affairs of the Board to be made available on a timely basis following such request.

4. DISCLAIMER OF LIABILITY

The Board and the Corporation hereby disclaim any liability for monetary damages for any breach of the commitments set forth in this Agreement and remedies for any breach of the Board's continuing disclosure undertaking shall be limited to an action for specific performance or mandamus in a court of competent jurisdiction in Kentucky following notice and an opportunity to cure such a breach.

5. FINAL OFFICIAL STATEMENT

That the Final Official Statement prepared by the Financial Advisor and approved by the authorized representatives of the Board and the Corporation is hereby incorporated in this Agreement as fully as if copied herein and the "annual financial information" required under Section 1 hereof shall in summary form update the specific information set forth in said FOS.

6. DURATION OF THE AGREEMENT

This Agreement shall be in effect so long as any of the Bonds remain outstanding and unpaid; provided, however, that the right is reserved in the Board to delegate its responsibilities under the Agreement to a competent agent or trustee, or to adjust the format of the presentation of annual financial information so long as the intent and purpose of the Rule to present adequate and accurate financial information regarding the Board is served.

7. AMENDMENT; WAIVER

Notwithstanding any other provision of this Agreement, the Board may amend this Agreement, and any provision of this Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Section 1, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the holders of the Bonds in the same manner as provided in the Bond Resolution for amendments to the Bond Resolution with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Registered Owners or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Agreement, the Board shall describe such amendment or waiver in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Board. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a material event under Section 15c2-12(b)(5)(i)(C) of the Rule, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

8. DEFAULT

In the event of a failure of the Board to comply with any provision of this Agreement, the Corporation may and, at the request of any Underwriter or any Registered Owner or Beneficial Owner of Bonds, shall take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Board to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed an event of default under the Bond Resolution, and the sole remedy under this Agreement in the event of any failure of the Board to comply with this Agreement shall be an action to compel performance.

In witness whereof the parties hereto have executed this Agreement as of the date first above written.

**BOARD OF EDUCATION OF PIKE COUNTY,
KENTUCKY SCHOOL DISTRICT**

Attest:

Chairman

Secretary

**PIKE COUNTY SCHOOL
DISTRICT FINANCE CORPORATION**

Attest:

President

Secretary

APPENDIX D

**Pike County School District Finance Corporation
School Building Revenue Bonds
Series of 2022**

Official Terms and Conditions of Bond Sale

OFFICIAL TERMS AND CONDITIONS OF BOND SALE

\$3,975,000*

**Pike County School District Finance Corporation
School Building Revenue Bonds, Series of 2022
Dated June 9, 2022**

SALE: May 19, 2022 AT 11:00 A.M., E.D.S.T.

As published on PARITY®, a nationally recognized electronic bidding system, the Pike County School District Finance Corporation ("Corporation") will until May 19, 2022, at the hour of 11:00 A.M., E.D.S.T., in the office of the Executive Director of the Kentucky School Facilities Construction Commission, 700 Louisville Road, Carriage House, Frankfort, Kentucky, 40601, receive competitive bids for the revenue bonds herein described. To be considered, bids must be submitted on an Official Bid Form and must be delivered to the Corporation at the address indicated on the date of sale no later than the hour indicated. Bids may be submitted manually or by facsimile or electronically via PARITY. Bids will be considered by the Corporation and may be accepted without further action by the Corporation's Board of Directors.

Subject to a Permitted Adjustment* increasing or decreasing the issue by up to \$400,000.

PIKE COUNTY SCHOOL DISTRICT FINANCE CORPORATION

The Corporation has been formed in accordance with the provisions of Sections 162.120 through 162.300 and Section 162.385 of the Kentucky Revised Statutes ("KRS"), and KRS Chapter 273 and KRS 58.180, as a non profit, non stock corporation for the purpose of financing necessary school building facilities for and on behalf of the Board of Education of the Pike County, Kentucky School District (the "Board"). Under the provisions of existing Kentucky law, the Corporation is permitted to act as an agency and instrumentality of the Board for financing purposes and the legality of the financing plan to be implemented by the Bonds herein referred to has been upheld by the Kentucky Court of Appeals (Supreme Court) in the case of *White v. City of Middlesboro, Ky.* 414 S.W.2d 569.

STATUTORY AUTHORITY, PURPOSE OF ISSUE AND SECURITY

These Bonds are authorized pursuant to KRS 162.120 through 162.300, 162.385, and KRS 58.180 and are issued in accordance with a Resolution of the Corporation's Board of Directors. Said Bonds are revenue bonds and constitute a limited indebtedness of the Corporation payable from rental revenues derived by the Corporation from the Board under the Lease identified below. Said Bonds are being issued to finance HVAC upgrades and other improvements to Shelby Valley High School (the "Project") and are secured by a lien upon and a pledge of the revenues from the rental of the school building Project to the Board under the Lease on a year to year basis; the first rental period ending June 30, 2022; provided, however, said lien and pledge are on parity with a similar lien and pledge securing the Corporation's School Building Revenue Bonds previously issued to finance the school building(s) which constitute the Project (the "Parity Bonds").

Should the Board default in its obligations under the Lease or fail to renew the Lease, the Registered Owners of Bonds have the right to have a receiver appointed to administer the school building Project but foreclosure and sale are not available as remedies.

The rental of the school building Project from the Corporation to the Board is to be effected under a certain Lease Agreement by and between the Corporation and the Board (the "Lease"), whereunder the school building Project is leased to the Board for the initial period ending June 30, 2022, with an option in the Board to renew the Lease each year at rentals sufficient to provide for the principal and interest requirements on the Bonds as they become due, plus the costs of insurance, maintenance, depreciation, and bond issuance and administration expenses; the Board being legally obligated only for the initial rental period and for one year at a time thereafter each time the Lease is renewed.

Under the terms of the Lease, and any renewal thereof, the Board has agreed so long as the Bonds remain outstanding, and in conformance with the intent and purpose of KRS 160.160(5), in the event of a failure by the Board to pay the rentals due under the Lease, and unless sufficient funds have been transmitted to the Paying Agent, or will be so transmitted, for paying said rentals when due, the Board has granted under the terms of the Lease to the Corporation the right to notify and request the Kentucky Department of Education to withhold from the Board a sufficient portion of any undisbursed funds then held, set aside, or allocated to the Board and to request said Department or Commissioner of Education to transfer the required amount thereof to the Paying Agent for the payment of such rentals.

ADDITIONAL PARITY BONDS

The Corporation has reserved the right and privilege of issuing additional bonds from time to time payable from the income and revenues of said lands and school building Project and secured by a statutory mortgage lien and pledge of revenues, but only if and to the extent the issuance of such additional parity bonds are in accordance with the plans and specifications which have been approved by the Board, Commissioner of Education, and filed in the office of the Secretary of the Corporation and a Lease shall be entered into whereunder the annual rental payments during the life of such additional bonds shall be increased by the amount of the annual principal and interest requirements of such additional bonds.

BOND MATURITIES, PRIOR REDEMPTION PROVISIONS AND PAYING AGENT

All such Bonds shall be in denominations in multiples of \$5,000 within the same maturity, bear interest from June 9, 2022, payable on December 1, 2022, and semi annually thereafter and shall mature as to principal on June 1 in each of the years as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2023	\$285,000	2033	\$ 10,000
2024	285,000	2034	10,000
2025	290,000	2035	110,000
2026	295,000	2036	110,000
2027	295,000	2037	115,000
2028	300,000	2038	115,000
2029	305,000	2039	120,000
2030	310,000	2040	125,000
2031	315,000	2041	130,000
2032	320,000	2042	130,000

*Subject to a Permitted Adjustment of the amount of Bonds awarded of up to \$400,000 which may be applied in any or all maturities.

The Bonds maturing on or after June 1, 2031 are subject to redemption at the option of the Corporation prior to their stated maturity on any date falling on or after June 1, 2030, in any order of maturities (less than all of a single maturity to be selected by lot), in whole or in part, upon notice of such prior redemption being given by the Paying Agent in accordance with DTC requirements not less than thirty (30) days prior to the date of redemption, upon terms of the face amount, plus accrued interest, but without redemption premium.

Notwithstanding the foregoing, the Corporation reserves the right, upon thirty (30) days notice, to call the Bonds in whole or in part on any date at par for redemption upon the total destruction by fire, lightning, windstorm or other hazard of any building constituting the Project and apply casualty insurance proceeds to such purpose.

The Bonds are to be issued in fully registered form (both principal and interest). U.S. Bank Trust Company, National Association, Louisville, Kentucky, has been designated as the Bond Registrar and Paying Agent, shall remit interest on each semiannual due date to Cede & Co. Principal and interest will be payable through the Book-Entry-Only-System administered by The Depository Trust Company: Please see "BOOK-ENTRY-ONLY-SYSTEM" below. Interest on the Bonds will be paid at rates to be established upon the basis of competitive bidding as hereinafter set forth, such interest to be payable on June 1 and December 1 of each year, beginning December 1, 2022 (Record Date is the 15th day of month preceding interest due date).

BIDDING CONDITIONS AND RESTRICTIONS

(A) Bids must be made on Official Bid Form, contained in Information for Bidders available from the undersigned or RSA Advisors, LLC, Lexington, Kentucky, by visiting www.rsamuni.com submitted manually, by facsimile or electronically via PARITY®.

(B) Electronic bids for the Bonds must be submitted through PARITY® and no other provider of electronic bidding services will be accepted. Subscription to the PARITY® Competitive Bidding System is required in order to submit an electronic bid. The Corporation will neither confirm any subscription nor be responsible for the failure of any prospective bidders to subscribe. For the purposes of the bidding process, the time as maintained by PARITY® shall constitute the official time with respect to all bids whether in electronic or written form. To the extent any instructions or directions set forth in PARITY® conflict with the terms of the Official Terms and Conditions of Bond Sale, this Official Terms and Conditions of Sale of Bonds shall prevail. Electronic bids made through the facilities of PARITY® shall be deemed an offer to purchase in response to the Notice of Bond Sale and shall be binding upon the bidders as if made by signed, sealed written bids delivered to the Corporation. The Corporation shall not be responsible for any malfunction or mistake made by or as a result of the use of the electronic bidding facilities provided and maintained by PARITY®. The use of PARITY® facilities are at the sole risk of the prospective bidders. For further information regarding PARITY®, potential bidders may contact PARITY®, telephone (212) 404-8102. Notwithstanding the foregoing, non-electronic bids may be submitted via facsimile or by hand delivery utilizing the Official Bid Form.

(C) The minimum bid shall be not less than \$3,895,500 (98% of par) plus accrued interest. Interest rates shall be in multiples of 1/8 or 1/20 of 1% or both. Only one interest rate shall be permitted per Bond, and all Bonds of the same maturity shall bear the same rate. Interest rates must be on an ascending scale, in that the interest rate stipulated in any year may not be less than that stipulated for any preceding maturity. There is no limit on the number of different interest rates.

(D) The maximum permissible net interest cost for the Bonds shall not exceed "The Bond Buyer's" Index of 20 Municipal Bonds as established on the Thursday immediately preceding the sale of said Bonds plus 1.50%.

(E) The determination of the best purchase bid for said Bonds shall be made on the basis of all bids submitted for exactly \$3,975,000 principal amount of Bonds offered for sale hereunder, but the Corporation may adjust the principal amount of Bonds upward or downward by \$400,000 (the "Permitted Adjustment") which may be awarded to such best bidder may be a minimum of \$3,575,000 or a maximum of \$4,375,000. In the event of such Permitted Adjustment, no rebidding or recalculation of a submitted bid will be required or permitted. The price of which such adjusted principal amount of Bonds will be sold will be the same price per \$5,000 of Bonds as the price per \$5,000 for the \$3,975,000 of Bonds bid.

(F) If three (3) or more bids for the Bonds are received as a result of this competitive sale, the successful purchaser will be required to certify on or before the issue date the reasonably expected initial offering price to the public as of the Sale Date for each Maturity of the Bonds which prices are the prices for each Maturity of the Bonds used by the successful purchaser in formulating its bid to purchase the Bonds.

If less than three (3) bids for the Bonds are received as a result of this competitive sale, the successful purchaser, by submitting a bid pursuant to a published Notice of Sale, has agreed in writing that they will certify on or before the issue date (and provide reasonable supporting documentation for such Certification, such as a copy of the Pricing wire or equivalent communication) for each Maturity of the Bonds (i) the first price at which at least 10% of each Maturity of the Bonds was sold to the Public, or (ii) that they will neither offer nor sell any of the Bonds of each Maturity to any person at a price that is higher than the Initial Offering Price for such maturity during the Holding Period for such Maturity.

Bids will not be subject to cancellation or withdrawal by the bidder in the event that three bids are not received and the Issuer determines to apply the hold-the-offering-price rule.

For purposes of the above the following terms are defined as follows:

(a) *Holding Period* means, with respect to a Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which the successful purchaser has sold at least 10% of such Maturity to the Public at prices that are no higher than the Initial Offering Price for such Maturity.

(b) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(c) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50% common ownership, directly or indirectly.

(d) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is May 19, 2022.

(e) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

(G) The successful bidder may elect to notify the Municipal Advisor within twenty-four (24) hours of the award of the Bonds that certain serial maturities as awarded may be combined with immediately succeeding serial maturities as one or more Term Bonds; provided, however, (a) bids must be submitted to permit only a single interest rate for each term bond specified, and (b) Term Bonds will be subject to mandatory redemption by lot on June 1 in accordance with the maturity schedule setting the actual size of the issue.

(H) CUSIP identification numbers will be printed on the Bonds at the expense of the Corporation. The purchaser shall pay the CUSIP Service Bureau Charge. Improper imprintation or the failure to imprint CUSIP numbers shall not constitute cause for a failure or refusal by the purchaser to accept delivery of and pay for said Bonds in accordance with the terms of any accepted proposal for the purchase of said Bonds.

(I) The Corporation will provide to the successful purchaser a Final Official Statement in accordance with SEC Rule 15c2-12. A Final Official Statement will be provided in Electronic Form to the successful bidder, in sufficient time to meet the delivery requirements of the successful bidder under SEC and Municipal Securities Rulemaking Board Delivery Requirements. The successful bidder will be required to pay for the printing of Final Official Statements.

(J) Bids need not be accompanied by a certified or bank cashier's good faith check, BUT the successful bidder will be required to wire transfer an amount equal to 2% of the amount of the principal amount of Bonds awarded to the order of the Corporation by the close of business on the day following the award. Said good faith amount which will be forfeited as liquidated damages in the event of a failure of the successful bidder to take delivery of such Bonds when ready. The good faith amount (without interest) will be applied to the purchase price upon delivery of the Bonds. The successful bidder shall not be required to take up and pay for said Bonds unless delivery is made within 45 days from the date the bid is accepted.

(K) Delivery will be made utilizing the DTC Book-Entry-Only-System.

(L) The Corporation reserves the right to reject any and all bids or to waive any informality in any bid. The Bonds are offered for sale subject to the principal and interest not being subject to Federal or Kentucky income taxation or Kentucky ad valorem taxation on the date of their delivery to the successful bidder, in accordance with the Final Approving Legal Opinion of Steptoe & Johnson PLLC, Bond Counsel, Louisville, Kentucky, which Opinion will be qualified in accordance with the section hereof on TAX EXEMPTION.

(M) The Corporation and the Board agree to cooperate with the successful bidder in the event said purchaser desires to purchase municipal bond insurance regarding the Bonds; provided, however, that any and all expenses incurred in obtaining said insurance shall be solely the obligation of the successful bidder should the successful bidder so elect to purchase such insurance.

STATE SUPPORT OF EDUCATION

The 1990 Regular Session of the General Assembly of the Commonwealth enacted a comprehensive legislative package known as the Kentucky Education Reform Act ("KERA") designed to comply with the mandate of the Kentucky Supreme Court that the General Assembly provide for as efficient and equitable system of schools throughout the State.

KERA became fully effective on July 13, 1990. Elementary and Secondary Education in the Commonwealth is supervised by the Commissioner of Education as the Chief Executive Officer of the State Department of Education ("DOE"), an appointee of the reconstituted State Board for Elementary and Secondary Education (the "State Board"). Some salient features of KERA are as follows:

KRS 157.330 establishes the fund to Support Education Excellence in Kentucky ("SEEK") funded from biennial appropriations from the General Assembly for distribution to school districts. The base funding guaranteed to each school district by SEEK for operating and capital expenditures is determined in each fiscal year by dividing the total annual SEEK appropriation by the state-wide total of pupils in average daily attendance ("ADA") in the preceding fiscal year; the ADA for each district is subject to adjustment to reflect the number of at risk students (approved for free lunch programs under state and federal guidelines), number and types of exceptional children, and transportation costs.

KRS 157.420 establishes a formula which results in the allocation of funds for capital expenditures in school districts at \$100 per ADA pupil which is included in the SEEK allotment (\$4,000) for the current biennium which is required to be segregated into a Capital Outlay Allotment Fund which may be used only for (1) direct payment of construction costs; (2) debt service on voted and funding bonds; (3) lease rental payments in support of bond issues; (4) reduction of deficits resulting from over expenditures for emergency capital construction; and (5) a reserve for each of the categories enumerated in 1 through 4 above.

KRS 160.470(12)(a) requires that effective for fiscal years beginning July 1, 1990 each school district shall levy a minimum equivalent tax rate of \$.30 for general school purposes. The equivalent tax rate is defined as the rate which results when the income collected during the prior year from all taxes levied by the district (including utilities gross receipts license and special voted) for school purposes is divided by the total assessed value of property, plus the assessment for motor vehicles certified by the Revenue Cabinet of the Commonwealth. Any school district board of education which fails to comply with the minimum equivalent tax rate levy shall be subject to removal from office.

KRS 160.470(12)(2) provides that for fiscal years beginning July 1, 1990 each school district may levy an equivalent tax rate which will produce up to 15% of those revenues guaranteed by the SEEK program. Any increase beyond the 4% annual limitation imposed by KRS 132.017 is not subject to the recall provisions of that Section. Revenue generated by the 15% levy is to be equalized at 150% of the state-wide average per pupil equalized assessment.

KRS 157.440(2) permits school districts to levy up to 30% of the revenue guaranteed by the SEEK program, plus the revenue produced by the 15% levy, but said additional tax will not be equalized with state funds and will be subject to recall by a simple majority of those voting on the question.

KRS 157.620(1) also provides that in order to be eligible for participation from the Kentucky School Facilities Construction Commission for debt service on bond issues the district must levy a tax which will produce revenues equivalent to \$.05 per \$100 of the total assessed value of all property in the district (including tangible and intangible property and motor vehicles) in addition to the minimum \$.30 levy required by KRS 160.470(12). A district having a special voted tax which is equal to or higher than the required \$.05 tax, must commit and segregate for capital purposes at least an amount equal to the required \$.05 tax. Those districts which levy the additional \$.05 tax are also eligible for participation in the Kentucky Facilities Support ("KFS") program for which

funds are appropriated separately from SEEK funds and are distributed to districts in accordance with a formula taking into account outstanding debt and funds available for payment from both local and state sources under KRS 157.440(1)(b).

KRS 160.460 provides that as of July 1, 1994 all real property located in the Commonwealth subject to local taxation shall be assessed at 100% of fair cash value.

BIENNIAL BUDGET FOR PERIOD ENDING JUNE 30, 2022

The Kentucky General Assembly is required by the Kentucky Constitution to adopt measures providing for the state's revenues and appropriations for each fiscal year. The Governor is required by law to submit a biennial State Budget (the "State Budget") to the General Assembly during the legislative session held in each even numbered year. State Budgets have generally been adopted by the General Assembly during those legislative sessions, which end in mid-April, to be effective upon the Governor's signature for appropriations commencing for a two-year period beginning the following July 1.

In the absence of a legislatively enacted budget, the Supreme Court has ruled the Governor has no authority to spend money from the state treasury except where there is a statutory, constitutional or federal mandate and the Commonwealth may be prevented from expending funds for certain state governmental functions, including the ability to pay principal of, premium, if any, and interest, when due, on obligations that are subject to appropriation.

Due to the unforeseen nature on the economy of the Commonwealth caused by the COVID-19 pandemic, in its 2020 regular session, the General Assembly adopted only a one-year budget for the biennial period ending June 30, 2022 which was approved and signed by the Governor. The biennial budget was reviewed and supplemented during the General Assembly's 2021 regular session. Such budget became effective beginning July 1, 2020. The Office of the State Budget Director makes available on its website monthly updates to the General Fund receipts and other Funds of the commonwealth. When published, the updates can be found at www.osbd.ky.gov.

POTENTIAL LEGISLATION

No assurance can be given that any future legislation, including amendments to the Code, if enacted into law, or changes in interpretation of the Code, will not cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent owners of the Bonds from realizing the full current benefit of the tax exemption of such interest. In addition, current and future legislative proposals, if enacted into law, may cause interest on state or local government bonds (whether issued before, on the date of, or after enactment of such legislation) to be subject, directly or indirectly, to federal income taxation by, for example, changing the current exclusion or deduction rules to limit the amount of interest on such bonds that may currently be treated as tax exempt by certain individuals. Prospective purchasers of the Bonds should consult their own tax advisers regarding any pending or proposed federal tax legislation.

Further, no assurance can be given that the introduction or enactment of any such future legislation, or any action of the IRS, including but not limited to regulation, ruling, or selection of the Bonds for audit examination, or the course or result of any IRS examination of the Bonds or obligations which present similar tax issues, will not affect the market price for the Bonds.

CONTINUING DISCLOSURE

As a result of the Board and issuing agencies acting on behalf of the Board offering for public sale municipal securities in excess of \$1,000,000, the Corporation and the Board will enter into a written agreement for the benefit of all parties who may become Registered or Beneficial Owners of the Bonds whereunder said Corporation and Board will agree to comply with the provisions of the Municipal Securities Disclosure Rules set forth in Securities and Exchange Commission Rule 15c2-12 by filing annual financial statements and material events notices with the Electronic Municipal Market Access (EMMA) System maintained by the Municipal Securities Rule Making Board.

Financial information regarding the Board may be obtained from Superintendent, Pike County School District Board of Education, 316 South Mayo Trail, Pikeville, Kentucky 41501, Telephone 606-433-9200.

TAX EXEMPTION; NOT BANK QUALIFIED

Bond Counsel advises as follows with respect to the Bonds:

(A) The Bonds and the interest thereon are exempt from income and ad valorem taxation by the Commonwealth of Kentucky and all of its political subdivisions.

(B) The interest income from the Bonds is excludable from the gross income of the recipient thereof for Federal income tax purposes under existing law and interest on the Bonds will not be a specific item of tax preference for purposes of the Federal alternative minimum tax.

(C) As a result of certifications by the Board and the Corporation, indicating the issuance of less than \$10,000,000 of tax-exempt obligations during the calendar year ending December 31, 2022, the Bonds may be treated by financial institutions as "qualified tax-exempt obligations" under Section 265(b)(3) of the Code.

BOOK-ENTRY-ONLY-SYSTEM

The Bonds shall utilize the Book-Entry-Only-System administered by The Depository Trust Company ("DTC").

DTC will act as securities depository for the Bonds. The Bonds initially will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Bond Certificate will be issued, in the aggregate principal amount of the Bonds, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. "Direct Participants" include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its participants are on file with the Securities and Exchange Commission.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds ("Beneficial Ownership Interest") are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their Beneficial Ownership interests in Bonds, except in the event that use of the book-entry system for the Securities is discontinued. Transfers of ownership interest in the Securities are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Bonds with DTC and their registration in the name of Cede & Co., effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners, will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to Cede & Co. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the Bonds to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments of the Bonds will be made to DTC. DTC's practice is to credit Direct Participants' account on payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on payable date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the Issuer, or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer or the Trustee, disbursements of such payments to Direct Participants shall be the responsibility of DTC, and disbursements of such payment to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Beneficial Ownership Interests purchased or tendered, through its Participant, to the Trustee, and shall effect delivery of such Beneficial Ownership Interests by causing the Direct Participant to transfer the Participant's interest in the Beneficial Ownership Interests, on DTC's records, to the purchaser or the Trustee, as appropriate. The requirements for physical delivery of Bonds in connection with a demand for purchase or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or the Bond Registrar. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered by the Bond Registrar.

NEITHER THE ISSUER, THE BOARD NOR THE BOND REGISTRAR/PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DIRECT PARTICIPANT, INDIRECT PARTICIPANT OR ANY BENEFICIAL OWNER OR ANY OTHER PERSON NOT SHOWN ON THE REGISTRATION BOOKS OF THE BOND REGISTRAR/PAYING AGENT AS BEING AN OWNER WITH RESPECT TO: (1) THE BONDS; (2) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (3) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PURCHASE PRICE OF TENDERED BONDS OR THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE BONDS; (4) THE DELIVERY BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE BOND RESOLUTION TO BE GIVEN TO HOLDERS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (6) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS HOLDER.

**PIKE COUNTY SCHOOL DISTRICT
FINANCE CORPORATION**

By /Tina Adkins
Secretary

APPENDIX E

**Pike County School District Finance Corporation
School Building Revenue Bonds
Series of 2022**

Official Bid Form

**OFFICIAL BID FORM
(Bond Purchase Agreement)**

The Pike County School District Finance Corporation ("Corporation" or "Issuer"), will until 11:00 A.M., E.D.S.T., on May 19, 2022, receive in the office of the Executive Director of the Kentucky School Facilities Construction Commission, 700 Louisville Road, Carriage House, Frankfort, Kentucky 40601, (telephone 502-564-5582; fax 888-979-6152) competitive bids for its \$3,975,000 School Building Revenue Bonds, Series of 2022, dated June 9, 2022; maturing June 1, 2023 through 2042 ("Bonds").

We hereby bid for said \$3,975,000* principal amount of Bonds, the total sum of \$ _____ (not less than \$3,895,500) plus accrued interest from June 9, 2022 payable December 1, 2022 and semiannually thereafter at the following annual rates, (rates on ascending scale in multiples of 1/8 or 1/20 of 1%; number of interest rates unlimited) and maturing as to principal on June 1 in the years as follows:

<u>Year</u>	<u>Amount*</u>	<u>Rate</u>	<u>Year</u>	<u>Amount*</u>	<u>Rate</u>
2023	\$285,000	_____ %	2033	\$ 10,000	_____ %
2024	285,000	_____ %	2034	10,000	_____ %
2025	290,000	_____ %	2035	110,000	_____ %
2026	295,000	_____ %	2036	110,000	_____ %
2027	295,000	_____ %	2037	115,000	_____ %
2028	300,000	_____ %	2038	115,000	_____ %
2029	305,000	_____ %	2039	120,000	_____ %
2030	310,000	_____ %	2040	125,000	_____ %
2031	315,000	_____ %	2041	130,000	_____ %
2032	320,000	_____ %	2042	130,000	_____ %

* Subject to Permitted Adjustment

We understand this bid may be accepted for as much as \$4,375,000 of Bonds or as little as \$3,575,000 of Bonds, at the same price per \$5,000 Bond, with the variation in such amount occurring in any maturity or all maturities, which will be determined at the time of acceptance of the best bid.

We further understand that by submitting a bid we agree as follows:

If three (3) or more bids for the Bonds are received as a result of this competitive sale, the successful purchaser will be required to certify on or before the issue date the reasonably expected initial offering price to the public as of the Sale Date for each Maturity of the Bonds which prices are the prices for each Maturity of the Bonds used by the successful purchaser in formulating its bid to purchase the Bonds.

If less than three (3) bids for the Bonds are received as a result of this competitive sale, the successful purchaser, by submitting a bid pursuant to a published Notice of Sale, has agreed in writing that they will certify on or before the issue date (and provide reasonable supporting documentation for such Certification, such as a copy of the Pricing wire or equivalent communication) for each Maturity of the Bonds (i) the first price at which at least 10% of each Maturity of the Bonds was sold to the Public, or (ii) that they will neither offer nor sell any of the Bonds of each Maturity to any person at a price that is higher than the Initial Offering Price for such maturity during the Holding Period for such Maturity.

Bids will not be subject to cancellation or withdrawal by the bidder in the event that three bids are not received and the Issuer determines to apply the hold-the-offering-price rule.

For purposes of the above the following terms are defined as follows:

(a) *Holding Period* means, with respect to a Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which the successful purchaser has sold at least 10% of such Maturity to the Public at prices that are no higher than the Initial Offering Price for such Maturity.

(b) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(c) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50% common ownership, directly or indirectly.

(d) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is May 19, 2022.

(e) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

Electronic bids for the Bonds must be submitted through PARITY® and no other provider of electronic bidding services will be accepted. Subscription to the PARITY® Competitive Bidding System is required in order to submit an electronic bid. The Corporation will neither confirm any subscription nor be responsible for the failure of any prospective bidders to subscribe. For the purposes of the bidding process, the time as maintained by PARITY® shall constitute the official time with respect to all bids whether in electronic or written form. To the extent any instructions or directions set forth in PARITY® conflict with the terms of the Official Terms and Conditions of Sale of Bonds, this Official Terms and Conditions of Sale of Bonds shall prevail. Electronic bids made through the facilities of PARITY® shall be deemed an offer to purchase in response to the Notice of Bond Sale and shall be binding upon the bidders as if made by signed, sealed written bids delivered to the Corporation. The Corporation shall not be responsible for any malfunction or mistake made by or as a result of the use of the electronic bidding facilities provided and maintained by

PARITY®. The use of PARITY® facilities are at the sole risk of the prospective bidders. For further information regarding PARITY®, potential bidders may contact PARITY®, telephone (212) 404-8102. Notwithstanding the foregoing, non-electronic bids may be submitted via facsimile or by hand delivery utilizing the Official Bid Form.

The successful bidder may elect to notify the Municipal Advisor within twenty-four (24) hours of the award of the Bonds that certain serial maturities as awarded may be combined with immediately succeeding serial maturities as one or more Term Bonds; provided, however, (a) bids must be submitted to permit only a single interest rate for each Term Bond specified, and (b) Term Bonds will be subject to mandatory redemption on June 1 in accordance with the maturity schedule setting the actual size of the issue.

The DTC Book-Entry-Only-System will be utilized on delivery of this issue.

It is understood that the Corporation will furnish the final approving Legal Opinion of Steptoe & Johnson PLLC Bond Counsel, Louisville, Kentucky.

No certified or bank cashier's check will be required to accompany a bid, but the successful bidder shall be required to wire transfer an amount equal to 2% of the principal amount of Bonds awarded by the close of business on the date following the award. Said good faith amount will be applied (without interest) to the purchase price on delivery. Wire transfer procedures should be arranged through U.S. Bank Trust Company, National Association, Louisville, Kentucky, Attn: Mr. Charles Lush (502-562-6436).

Bids must be submitted only on this form and must be fully executed.

If we are the successful bidder, we agree to accept and make payment for the Bonds in Federal Funds on or about June 9, 2022 and upon acceptance by the Issuer's Municipal Advisor this Official Bid Form shall become the Bond Purchase Agreement.

Respectfully submitted,

_____ Bidder

By _____ Authorized Officer

_____ Address

Total interest cost from June 9, 2022 to final maturity \$ _____

Plus discount or less any premium \$ _____

Net interest cost (Total interest cost plus discount) \$ _____

Average interest rate or cost _____ %

The above computation of net interest cost and of average interest rate or cost is submitted for information only and is not a part of this Bid.

Accepted by RSA Advisors, LLC, as Municipal Advisor for the Pike County School District Finance Corporation for \$ _____ amount of Bonds at a price of \$ _____ as follows:

<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Year</u>	<u>Amount</u>	<u>Rate</u>
2023	_____,000	_____%	2033	_____,000	_____%
2024	_____,000	_____%	2034	_____,000	_____%
2025	_____,000	_____%	2035	_____,000	_____%
2026	_____,000	_____%	2036	_____,000	_____%
2027	_____,000	_____%	2037	_____,000	_____%
2028	_____,000	_____%	2038	_____,000	_____%
2029	_____,000	_____%	2039	_____,000	_____%
2030	_____,000	_____%	2040	_____,000	_____%
2031	_____,000	_____%	2041	_____,000	_____%
2032	_____,000	_____%	2042	_____,000	_____%

Dated: May 19, 2022

 RSA Advisors, LLC,
 As Agent for the Pike County
 School District Finance Corporation