

DATED AUGUST 27, 2025

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; however, with respect to certain corporations, interest on the Bonds is taken into account in determining the annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. 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)

\$820,000*
PIKE COUNTY SCHOOL DISTRICT FINANCE CORPORATION
SCHOOL BUILDING REVENUE BONDS,
SERIES OF 2025

Dated with Delivery: SEPTEMBER 25, 2025

Due: as shown below

Interest on the Bonds is payable each March 1 and September 1, beginning March 1, 2026. The Bonds will mature as to principal on September 1, 2026, 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	Reoffering	CUSIP	Maturing		Interest	Reoffering	CUSIP
Sep 1	Amount*	Rate	Yield		Sep 1	Amount*	Rate	Yield	
2026	\$30,000	%	%	2036	\$40,000	%	%		
2027	\$30,000	%	%	2037	\$40,000	%	%		
2028	\$30,000	%	%	2038	\$45,000	%	%		
2029	\$30,000	%	%	2039	\$45,000	%	%		
2030	\$35,000	%	%	2040	\$50,000	%	%		
2031	\$35,000	%	%	2041	\$50,000	%	%		
2032	\$35,000	%	%	2042	\$50,000	%	%		
2033	\$35,000	%	%	2043	\$55,000	%	%		
2034	\$40,000	%	%	2044	\$60,000	%	%		
2035	\$40,000	%	%	2045	\$45,000	%	%		

The Bonds are subject to redemption prior to their stated maturity as described herein.

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 September 4, 2025, 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, 200 Mero Street - 5th Floor, Frankfort, Kentucky 40622.

***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 \$80,000.**

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**

Dewayne Abshire, Chair
Stephany Lowe, Member
Ireland Blankenship, Member
Josh Leonard, Member
Shane Hurley, Member

Freddie Bowling, Superintendent
Tina Adkins, Secretary

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

Dewayne Abshire, Chair
Stephany Lowe, Member
Ireland Blankenship, Member
Josh Leonard, Member
Shane Hurley, 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 2025, 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.

TABLE OF CONTENTS

	Page
Introduction	1
Book-Entry-Only System	1
The Corporation	3
Kentucky School Facilities Construction Commission	3
Biennial Budget for Period Ending June 30, 2026	4
Outstanding Bonds	5
Authority	5
The Bonds	5
General	5
Registration, Payment and Transfer	5
Redemption	6
Security	6
General	6
The Lease; Pledge of Rental Revenues	6
Authorization of General Obligation Bonds	6
Commission’s Participation	7
State Intercept	7
The Project	7
Additional Parity Bonds	7
Kentucky Department of Education Supervision	8
Estimated Bond Debt Service	8
Estimated Use of Bond Proceeds	9
District Student Population	9
State Support of Education	9
Support Education Excellence in Kentucky (SEEK)	9
Capital Outlay Allotment	9
Facilities Support Program of Kentucky	10
Local Support	11
Homestead Exemption	11
Limitation on Taxation	11
Local Thirty Cents Minimum	11
Additional 15% Not Subject to Recall	11
Assessment Valuation	11
Special Voted and Other Local Taxes	11
Local Tax Rates, Property Assessments and Revenue Collections	12
Overlapping Bond Indebtedness	12
SEEK Allotment	13
State Budgeting Process	13
Potential Legislation	14
Continuing Disclosure; Exemption	14
Tax Exemption; Bank Qualified	14
Original Issue Premium	15
Original Issue Discount	15
Absence of Material Litigation	15
Approval of Legality	16
No Legal Opinion Expressed as to Certain Matters	16
Bond Rating	16
Municipal Advisor	16
Approval of Official Statement	16
Demographic and Economic Data	APPENDIX A
Financial Data	APPENDIX B
Official Terms & Conditions of Bond Sale	APPENDIX C
Official Bid Form	APPENDIX D

**OFFICIAL STATEMENT
Relating to the Issuance of**

\$820,000*

**PIKE COUNTY SCHOOL DISTRICT FINANCE CORPORATION
SCHOOL BUILDING REVENUE BONDS,
SERIES OF 2025**

**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 2025 (the "Bonds").

The Bonds are being issued to finance a roof replacement at Phelps 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 September 25, 2025, 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

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.

Pursuant to the provisions of the Act, the Regulations of the Kentucky Board of Education and the Commission, the Commission has determined that the Board is eligible for participation from the Commission in meeting the costs of construction of the Projects and has entered into a Participation Agreement with the Board whereunder the Commission agrees to pay an annual Agreed Participation equal to approximately \$61,174 to be applied to the annual debt service requirements for the Bonds herein identified each year until their retirement; provided, however, that the contractual commitment of the Commission to pay the annual Agreed Participation is limited to the biennial budget period of the Commonwealth, with the first such biennial period terminating on June 30, 2026; the right is reserved in the Commission to terminate its commitment to pay the Agreed Participation after the initial biennial period and every two years thereafter. The obligation of the Commission to make payments of the Agreed Participation shall be automatically renewed each two years for a period of two years unless the Commission shall give notice of its intention not to participate not less than sixty days prior to the end of the biennium; however, by the execution of the Participation Agreement, the Commission has expressed its present intention to continue to pay the Agreed Participation in each successive biennial budget period through September 1, 2045, but such execution does not obligate the Commission to do so.

The General Assembly of the Commonwealth adopted the State's Budget for the fiscal year ending June 30, 2026. Inter alia, the Budget provides \$116,928,400 in FY 23024-25 and \$126,269,500 in FY 2025-2026 to pay debt service on existing and future bond issues. There are \$75,900,000 of the Commission's previous Offers of Assistance made during the last biennium. It authorizes \$85,000,000 in additional Offers of Assistance for the current biennium to be funded in the Budget for the biennium ending June 30, 2026.

The 2000, 2003, 2005, 2006, 2008, 2010, 2012, 2014, 2016, 2018, 2020, 2022, and 2024 Regular Sessions of the Kentucky General Assembly appropriated funds to be used for new debt service of participating school districts. The appropriations for each biennium are shown in the following table:

<u>Biennium</u>	-	<u>Appropriation</u>
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
2020-22		2,946,900
2022-24		5,305,300
<u>2024-26</u>		<u>22,280,000</u>
Total		\$142,617,000

In addition to the appropriations for new financings as shown, appropriations subsequent to that for 2000 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, 2026

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.

The General Assembly adopted a budget for the biennial period ending June 30, 2026 which was approved and signed recently by the Governor. Such budget became effective July 1, 2024.

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.

The remainder of page intentionally left blank.

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
2014	\$8,350,000	\$6,135,000	\$5,284,526	\$3,065,474	3.125% - 4.000%	2034
2015	\$3,650,000	\$2,960,000	\$3,650,000	\$0	3.000% - 3.700%	2035
2015B	\$7,505,000	\$6,180,000	\$7,505,000	\$0	3.000% - 3.625%	2035
2016-REF	\$11,690,000	\$4,590,000	\$4,326,690	\$7,363,310	2.250% - 3.000%	2027
2016	\$20,835,000	\$18,945,000	\$19,616,751	\$1,218,249	3.000% - 5.000%	2036
2016B	\$19,400,000	\$11,970,000	\$0	\$19,400,000	2.000% - 3.000%	2036
2018	\$3,530,000	\$3,225,000	\$2,594,796	\$935,204	3.000% - 3.500%	2038
2018B	\$1,940,000	\$1,010,000	\$1,940,000	\$0	2.250% - 3.375%	2031
2020-REF	\$930,000	\$520,000	\$0	\$930,000	2.000%	2029
2020-REF (Taxable)	\$21,500,000	\$15,980,000	\$21,500,000	\$0	1.750% - 1.850%	2031
2021	\$845,000	\$520,000	\$845,000	\$0	1.000% - 1.400%	2031
2022	\$3,920,000	\$3,075,000	\$3,920,000	\$0	3.500% - 4.000%	2042
TOTALS:	\$115,095,000	\$86,110,000	\$72,755,840	\$42,339,160		

AUTHORITY

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

- i) the issuance of approximately \$820,000 of Bonds subject to a permitted adjustment of \$80,000;
- 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 September 25, 2025, will bear interest from that date as described herein, payable semi-annually on March 1 and September 1 of each year, commencing March 1, 2026, and will mature as to principal on September 1, 2026, 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 March 1 and September 1 of each year, beginning March 1, 2026 (Record Date is 15th day of month preceding interest due date).

Redemption

The Bonds maturing on or after September 1, 2034, are subject to redemption at the option of the Corporation prior to their stated maturity on any date falling on or after September 1, 2033, 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
September 1, 2033, 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 statutory mortgage lien on and pledge of revenue 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 finance or refinance the school building(s) which constitute the school building 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 Lease; Pledge of Rental Revenues

The Board has leased the school building Project securing the Bonds for an initial period from September 25, 2025, through June 30, 2026, 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 September 1, 2045, the final maturity date of the Bonds. Under the lease, the Corporation has pledged the rental revenue to the payment of the Bonds.

Authorization of General Obligation Bonds

The Kentucky Legislature recently passed and the Governor signed HB 727 which authorizes Kentucky Boards of Education to issue general obligation bonds within certain limitations prescribed by Kentucky law. The Board does not currently have any specific plan to issue general obligation bonds. Issuance by the Board of general obligation debt in the future would not affect either the Board's obligation to make lease payments to the Corporation for payment of debt service on the Bonds or the security for the Bonds.

COMMISSION'S PARTICIPATION

The Commission has determined that the Board is eligible for annual participation equal to approximately \$61,174 from the Commission's appropriation by the Kentucky General Assembly which will be used to meet all of the debt service of the Bonds. The plan for financing the Project will require the Commission to pay 100% of the debt service of the Bonds.

The Participation Agreement to be entered into with the Board will be limited to the biennial budget period of the Commonwealth of Kentucky, with the first such biennial period terminating on June 30, 2026. The right is reserved in the Commission to terminate the commitment to pay the agreed participation every two years thereafter. The obligation of the Commission to make payments of the agreed participation shall be automatically renewed each two years thereafter unless the Commission gives notice to the Board of its intention not to participate not less than sixty days prior to the end of the biennium. However, the Commission has expressed its intention to continue to pay the agreed participation in successive biennial budget periods through September 1, 2045, but the Commission is not required to do so.

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 157.627(5) and 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 and Participation Agreement to the Corporation and the Commission 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 a roof replacement at Phelps High School (the "Project").

The Board has reported construction bids have been let for the Project and award of 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.

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 plans and specifications 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.

KENTUCKY DEPARTMENT OF EDUCATION SUPERVISION

Kentucky statutes, and the regulations of the Kentucky Department of Education ("KDE") issued there-under, generally require that a local school district submit to KDE for its prior approval the district's plans for the funding, financing, design, construction, renovation, and modification of school facilities. House Bill 678 of the 2022 Regular Session of the Kentucky General Assembly (2022 Ky. Acts, Ch. 185, hereinafter referred to as "HB 678"), enacted and effective April 8, 2022, eliminated until June 30, 2024 this requirement of prior approval for local school districts which elect by resolution to proceed without such prior approval and which so notify the Department. The District has adopted such a resolution and has so notified KDE. House Bill 727 of the 2024 Regular Session of the Kentucky General Assembly (2024 Ky Acts, Ch 126. Hereinafter re-ferred to as "HB 727"), enacted and effective April 24, 2024, extended the provisions of HB 678 through June 30, 2027.

Notwithstanding HB 678, and HB 727, KDE's supervision of local school districts continues to apply other areas of local school finance, including supervision of general operations such as the examination of business methods and accounts of a school district, requirements of prompt, detailed reports of receipts and expenditures and the annual approval of the district's operating budget. All local school boards which have entered into contracts for the issuance of bonds must maintain insurance protection in an amount equal to the full insurable value of the buildings financed by the bonds. This State Department of Education supervision and control is believed to be a major contribution toward the maintenance of Kentucky's perfect record of no defaults in payment of its revenue bonds for school purposes.

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 0% of the debt service of the Bonds.

Fiscal Year Ending June 30	Current Restricted Fund Bond Payments	--- School Building Rev Bonds, Series 2025 --- (100% SFCC)			Total Restricted Fund Bond Payments
		Principal Portion	Interest Portion	Total Payment	
2025	\$7,029,656				\$7,029,656
2026	\$7,030,230		\$14,147	\$14,147	\$7,030,230
2027	\$7,016,659	\$30,000	\$32,174	\$62,174	\$7,016,659
2028	\$7,020,434	\$30,000	\$31,229	\$61,229	\$7,020,434
2029	\$7,001,472	\$30,000	\$30,284	\$60,284	\$7,001,472
2030	\$7,000,607	\$30,000	\$29,332	\$59,332	\$7,000,607
2031	\$7,014,734	\$35,000	\$28,283	\$63,283	\$7,014,734
2032	\$7,017,565	\$35,000	\$27,105	\$62,105	\$7,017,565
2033	\$4,779,963	\$35,000	\$25,887	\$60,887	\$4,779,963
2034	\$4,779,237	\$35,000	\$24,669	\$59,669	\$4,779,237
2035	\$4,397,483	\$40,000	\$23,340	\$63,340	\$4,397,483
2036	\$3,993,238	\$40,000	\$21,880	\$61,880	\$3,993,238
2037	\$620,867	\$40,000	\$20,370	\$60,370	\$620,867
2038	\$618,591	\$40,000	\$18,800	\$58,800	\$618,591
2039	\$140,200	\$45,000	\$17,073	\$62,073	\$140,200
2040	\$140,400	\$45,000	\$15,190	\$60,190	\$140,400
2041	\$140,400	\$50,000	\$13,146	\$63,146	\$140,400
2042	\$135,200	\$50,000	\$10,946	\$60,946	\$135,200
2043		\$50,000	\$8,696	\$58,696	
2044		\$55,000	\$6,280	\$61,280	
2045		\$60,000	\$3,576	\$63,576	
2046		\$45,000	\$1,076	\$46,076	
TOTALS:	\$75,876,936	\$820,000	\$403,481	\$1,223,481	\$75,876,936

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	\$820,000.00
Total Sources	\$820,000.00
Uses:	
Deposit to Construction Fund	\$788,400.00
Underwriter's Discount (2%)	16,400.00
Cost of Issuance	<u>15,200.00</u>
Total Uses	\$820,000.00

DISTRICT STUDENT POPULATION

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

Year	Average Daily Attendance	Year	Average Daily Attendance
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
2011-12	8,723.6	2022-23	7,531.4
2012-13	8,710.9	2023-24	7,221.4
2013-14	8,436.8	2024-25	6,803.0
2014-15	8,248.0		

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.

Year	Capital Outlay Allotment	Year	Capital Outlay Allotment
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
2011-12	872,361.0	2022-23	753,138.4
2012-13	871,089.0	2023-24	722,138.9
2013-14	843,676.0	2024-25	680,301.0
2014-15	824,803.0		

Source: Kentucky State Department of Education.

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 \$49,100 effective January 1, 2025.

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
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	64.0	3,093,031,721	19,795,403
2009-10	64.0	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
2022-23	95.8	2,234,150,914	21,403,166
2023-24	102.3	2,407,835,746	24,632,160
2024-25	95.9	2,441,596,142	23,414,907

Source: Kentucky State Department of Education.

OVERLAPPING BOND INDEBTEDNESS

The following table shows any other overlapping bond indebtedness of the Pike County School District or other issuing agency within Pike County as reported by the State Local Debt Officer for the period ending June 30, 2024.

Issuer	Original Principal Amount	Amount of Bonds Redeemed	Current Principal Outstanding
County of Pike			
General Obligation	13,390,369	4,505,000	8,885,369
Building Revenue	650,000	489,548	160,452
Loan to Faith-Based Community Group Revenue	725,000	507,096	217,904
Hospital Revenue	540,000	369,116	170,884
Justice Center Revenue	13,310,000	0	13,310,000
City of Pikeville			
General Obligation	15,052,915	3,281,515	11,771,400
Water & Sewer/Wastewater Revenue	15,115,527	1,495,292	13,620,235
Educational Development Revenue	2,500,000	0	2,500,000
Improvement Project Refunding	90,000,000	31,930,000	58,070,000
Special Districts			
Mountain Water District	20,992,000	4,939,900	16,052,100
Totals:	172,275,811	47,517,467	124,758,344

Source: 2024 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
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
2022-23	41,260,637	21,403,166	62,663,803
2023-24	39,409,763	24,632,160	64,041,923
2024-25	40,304,500	23,414,907	63,719,407

- (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 \$0.9590 for FY 2024-25. 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. For example, on August 16, 2022, President Biden signed the Inflation Reduction Act of 2022 (the "Inflation Reduction Act"). The Inflation Reduction Act imposes a minimum tax of 15 percent of the adjusted financial statement income on certain corporations whose income exceeds stated thresholds for tax years beginning after December 31, 2022. Under the Inflation Reduction Act, interest on debt obligations otherwise exempt from federal income tax would be included in the calculation of adjusted financial statement income for corporations subject to the minimum tax. 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; EXEMPTION

As a result of the principal amount of Bonds being offered not exceeding \$1,000,000 Bond Counsel has advised the Corporation and the Board that they are exempt from application of the Rule 15c2-12c2-12(b)(5) of the Securities and Exchange Commission with respect to the Bonds.

As of the date of this Official Statement, the Corporation and the Board are in compliance "in all material respects" with the reporting requirements of the Rule for the past five 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 advises as follows:

(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. However, with respect to certain corporations, interest on the Bonds is taken into account in determining the annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

(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, 2025, 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, 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.

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.

APPENDIX A

**Pike County School District Finance Corporation
School Building Revenue Bonds
Series of 2025**

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 2024 estimated population of 56,264.

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 2024 estimated population of 7,670. Pikeville is located 144 miles southeast of Lexington, Kentucky; 193 miles southeast of Cincinnati, Ohio; and 181 miles northeast of Knoxville, Tennessee.

The Economic Framework

In 2024, Pike County had a labor force of 20,980 people, with an unemployment rate of 6.80%. The top 5 jobs by occupation were as follows: office and administrative support - 1,905 (12.49%); sales - 1,823 (11.95%); executive, managers, and administrators - 1,554 (10.19%); education, training/library - 953 (6.25%); and construction and extraction - 875 (5.74%).

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>2022</u>	<u>2023</u>	<u>2024</u>
Pike County	57,035	56,586	56,264
Pikeville	7,547	8,055	7,670

Source: Kentucky Cabinet for Economic Development

Population Projections

<u>Area</u>	<u>2030</u>	<u>2035</u>	<u>2040</u>
Pike County	50,236	46,131	42,191

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 (2023-2024)	1,143	7,163
Pupil-Teacher Ratio (2023-2024)	13.0-1	14.0-1

Source: Kentucky Department of Education

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 (2023-24)</u>
Belfry ATC	Belfry, KY	561
Breathitt County ATC	Jackson, KY	357
Floyd County ATC	Martin, KY	265
Knott County ATC	Hindman, KY	335
Leslie County ATC	Hyden, KY	398
Letcher County ATC	Whitesburg, KY	456
Martin County ATC	Inez, KY	325
Millard ATC	Millard, KY	303
Morgan County ATC	West Liberty, KY	478

Source: Kentucky Department of Education

Colleges and Universities

<u>Name</u>	<u>Location</u>	<u>Enrollment (Fall 2023)</u>
Alice Lloyd College	Pippa Passes, KY	553
University of Pikeville	Pikeville, KY	1,532

Source: US News & World Report

EXISTING INDUSTRY

Pike County has a total of 1,729 businesses. In 2024, the leading industries in Pike County were Health Care and Social Services, Retail, Education, and Accommodation and Food Services.

<u>Top Industries by Job</u>	<u>Number of Jobs</u>
Health Care and Social Services	2,641
Retail	2,227
Education	1,586
Accommodation and Food Services	1,089

Source: Kentucky Cabinet for Economic Development.

APPENDIX B

**Pike County School District Finance Corporation
School Building Revenue Bonds
Series of 2025**

Audited Financial Statement ending June 30, 2024

PIKE COUNTY BOARD OF EDUCATION
PIKEVILLE, KENTUCKY

FINANCIAL STATEMENTS
SUPPLEMENTAL INFORMATION AND
INDEPENDENT AUDITORS REPORT

YEAR ENDED JUNE 30, 2024

Wallen, Puckett, & Associates, PSC
CERTIFIED PUBLIC ACCOUNTANTS
POST OFFICE BOX 1349
PIKEVILLE, KENTUCKY 41502

PIKE COUNTY BOARD OF EDUCATION
TABLE OF CONTENTS
For the Year Ended June 30, 2024

	<u>Page</u>
Independent Auditors' Report	1-3
Management's Discussion & Analysis	5-8
Basic Financial Statements	
Statement of Net Position	10
Statement of Activities	11
Balance Sheet-Governmental Funds	12
Reconciliation of the Balance Sheet- Governmental Funds to the Statement of Net Position	13
Statement of Revenues, Expenditures and Changes in Fund Balances — Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Statement of Net Position — Proprietary Funds	16
Statement of Revenues, Expenses and Changes in Net Position — Proprietary Funds	17
Statement of Cash Flows — Proprietary Funds	18
Notes to the Financial Statements	19-58
<u>Required Supplemental Information</u>	
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual - General Fund	60
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual - Special Revenue Fund	61
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual - Construction Fund	62
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual – Debt Service Fund	63
Kentucky Teachers Retirement System	64
County Employees Retirement System Non-Hazardous	65
Schedule of the District's Proportionate Share of the Net OPEB Liability – Kentucky Teachers' Retirement System	66
Schedule of District Contributions – Medical Insurance Plan – Kentucky Teachers' Retirement System	67

PIKE COUNTY BOARD OF EDUCATION
TABLE OF CONTENTS
For the Year Ended June 30, 2024

	Page
Notes to Required Supplementary Information - Kentucky Teachers Retirement System	68-72
Schedule of the District's Proportionate Share of the Net OPEB Liability – County Employees' Retirement System	73
Schedule of District Contributions – Medical Insurance Plan - County Employees' Retirement System	74
Notes to Required Supplementary Information - County Employees' Retirement System	75-80
<u>Combining financial statements and Other Supplementary Information</u>	
Combining Balance Sheet — Nonmajor Governmental Funds	82
Combining Statement of Revenues, Expenditures and Changes in Fund Balances — Nonmajor Governmental Funds	83
Combined Statement of Receipts, Expenditures and Net Position – School Activity Funds	84
Statement of Receipts, Expenditures and Net Position – Belfry High School	85-87
Statement of Receipts, Expenditures and Net Position – East Ridge High School	88-90
Statement of Receipts, Expenditures and Net Position – Phelps High School	91-93
Statement of Receipts, Expenditures and Net Position – Pike County Central	92-94
Statement of Receipts, Expenditures and Net Position – Shelby Valley High School	94-99
Board Members and Other Officers of the Board	100
<u>Other Reports Required by Government Auditing Standards</u>	
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 <i>Government Auditing Standards</i>	102-103
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	104-106
<u>Federal Financial Assistance</u>	
Schedule of Expenditure of Federal Awards	108-110
Notes to Schedule of Federal Expenditures	111
Schedule of Findings and Questioned Costs	113
Summary Schedule of Prior Audit Findings	114
Management Letter	116-125

Wallen, Puckett, & Associates, PSC
CERTIFIED PUBLIC ACCOUNTANTS

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Pike County Board of Education, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Pike County Board of Education's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Pike County Board of Education, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Pike County Board of Education's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Pike County Board of Education's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5–8 and 60-62 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2024, on our consideration of the Pike County Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Pike County Board of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pike County Board of Education's internal control over financial reporting and compliance.

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

Wallen, Puckett and Associates, PSC

Certified Public Accountants
Pikeville, Kentucky

November 15, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

PIKE COUNTY SCHOOL SYSTEM – PIKEVILLE, KENTUCKY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2024

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, 2024. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

FINANCIAL HIGHLIGHTS

- For FY24 (ending for FY23), the beginning cash and investment balance from all funds for the District was \$41,250,193.24, of which \$31,622,387.19 was obligated for current and future construction projects. The total also included cash totaling \$2,969,989.54 to cover summer payrolls already written but not distributed, along with \$3,565,105.47 reserved for Food Service. Lastly, totals include funds reserved for schools via District Activity Fund (\$142,490.06) and School Activity Funds (\$1,290,909.99).
- The General Fund (Fund 1) had \$104,271,878.53 in revenue, which consisted of a beginning balance of \$20,974,534.59, the state program (SEEK) funding, property, unmined minerals, utilities, and motor vehicle taxes. There were \$79,285,001.34 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 \$17,777,590.94. In FY23, the year-end Unreserved Fund 1 Balance was \$19,765,908.53. For FY24, the year-end Unreserved Fund 1 Balance is \$24,527,515.55, an increase of \$4,761,607.02. The increase can be attributed to the payment of indirect cost from School Food Service and federal grants, which include grants to deal with COVID-19 loss of learning. These grants also provided resources to cover many educational areas that were affected by COVID-19 due to loss of instructional time. The district continued to use COVID funding to augment district services that included staffing, which also saved the general fund money.
- The Special Revenue Fund (Fund 2) was used to receipt and expend local, state and federal grant awards.
- The District Activity Fund (Fund 21) was used to receipt and expend non-student generated funds from the schools. Schools send up non-student generated funds on a monthly basis that are expended on items such as athletics, instruction, building & grounds, etc. Any unused funds are carried over to the next year and reallocated to the schools.
- The 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 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, 2023, the district’s total principal debt decreased by \$7,724,901.14 during the current fiscal year, which includes payments by both the district and SFCC. As allowed by law, funds available beyond bond obligations were used for capital improvement projects such as roofs and HVAC systems and for property insurance, KISTA payments, bus purchases and other on-going construction projects. No new bonds were sold in FY24.
- 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 \$1,962,370.43. On June 30, 2024, the Food Service program had Restricted-Net Assets, excluding pension, of \$3,434,347.91. Note: For the 23-24 school year, the Board continued the Community Eligibility Option (CEO) program. This program requires free breakfast and lunch for all students, regardless of income.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

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

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

The government-wide financial statements can be found on pages 10-11 of this report.

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

The basic governmental fund financial statements can be found on pages 12-18 of this report.

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19-58 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 \$63,877,165 as of June 30, 2024.

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.

Management Discussion and Analysis (MD&A)

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, 2024

The current year's financial statements reflect the following:

	June 30, 2024	June 30, 2023
Current Assets	\$ 64,551,084	\$ 60,153,252
Noncurrent Assets	176,195,107	172,118,315
Total Assets	\$ 240,746,191	\$ 232,271,567
Deferred Outflows of Resources	\$ 23,459,264	\$ 31,489,991
Current Liabilities	\$ 21,260,083	\$ 18,283,409
Noncurrent Liabilities	141,464,588	165,522,376
Total Liabilities	\$ 162,724,671	\$ 183,805,785
Deferred Inflows of Resources	\$ 37,603,619	\$ 29,408,596
Net Position		
Invested in Capital Assets, Net of Related Debt	\$ 78,471,460	\$ 67,397,447
Restricted	21,101,088	22,085,770
Unassigned	(35,695,383)	(38,936,040)
Total Net Position	\$ 63,877,165	\$ 50,547,177

Comments on Budget Comparisons

- The District's total revenues for the fiscal year ended June 30, 2024, including beginning balances and on-behalf payments for all funds, except construction and debt service, were \$155,198,740.55.
- 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 \$5,362,327.43 more than budgeted or approximately 6.7 percentage points. The majority of this increase was due to the improvement in tax revenue, the substantial upturn in prevailing interest rates on investments and the increase in indirect cost due to federal COVID funding, which cannot be budgeted within the fiscal year.
- General fund budget expenditures compared to actual expenditures, exclusive of budgeted contingency and on-behalf, varied from line item to line item with the ending actual balance being \$6,894,428.76 less than budgeted, or approximately 10%. Part of the reason for this variance was the district's continued effort to reduce payroll expenses through attrition and constant review of non-payroll expenses. Additionally, COVID federal funding also picked up some costs that were previously absorbed by the general fund.

Management Discussion and Analysis (MD&A)

The following table presents a summary of revenue and expense, for all funds except Student Activity Funds, Construction, Building Funds and Debt Service, for the fiscal year ended June 30, 2024 and 2023.

	June 30, 2024	June 30, 2023
Revenues		
Beginning Balance	\$ 26,228,770.52	\$ 16,771,885.68
Local revenue sources	24,532,591.79	23,508,110.66
State revenue sources	62,087,361.25	69,211,621.19
Federal Revenue	30,819,824.37	28,893,396.42
Other Sources	7,265,131.69	8,820,236.11
Total Revenues	\$ 150,933,679.62	\$ 147,205,250.06
Expenses		
Instruction	\$ 57,142,227.41	\$ 58,765,119.11
Student Support Services	5,057,154.41	5,106,067.34
Instructional Support	6,837,079.07	5,925,435.96
District Administration	2,946,129.99	2,307,769.59
School Administration	4,824,022.46	5,209,505.88
Business Support	1,503,157.92	1,708,619.30
Plant Operations	16,180,860.25	15,955,154.78
Student Transportation	10,266,506.93	9,247,387.55
Food Service Operations	8,397,266.06	8,335,218.14
Community Support	2,454,326.23	2,476,857.83
Construction/Land	825,867.71	1,741,657.78
Debt Service	441,541.79	388,570.58
Other/Fund Transfers	3,932,340.71	2,977,518.24
Total Expenses	\$ 120,808,480.94	\$ 120,144,882.08
Revenue in Excess of Expense	\$ 30,125,198.68	\$ 27,060,367.98

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 \$12,000,000 in contingency, well above the required amount.

FY25 CONCERNS

In FY25, the biggest concern of the district will be the depletion of federal COVID funding, which ends September 30, 2024. Additionally, 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. The district continues to be impacted by the loss of students due to families leaving the area to look for employment, the continual underfunding of the state SEEK program, and the continual increase in general costs for all areas of the budget.

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

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

BASIC FINANCIAL STATEMENTS

PIKE COUNTY BOARD OF EDUCATION
STATEMENT OF NET POSITION
June 30, 2024

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets			
Cash & Cash Equivalents	\$ 38,238,456	\$ 3,301,390	\$ 41,539,846
Accounts Receivable	11,774,301	15,595	11,789,896
Amounts held by Fiscal Agents	2,380,768	0	2,380,768
Inventory	0	236,767	236,767
OPEB Asset	701,368	64,030	765,398
Due From Other Funds	7,838,409	0	7,838,409
Total Current Assets	\$ 60,933,302	\$ 3,617,782	\$ 64,551,084
Non – Current Assets			
Capital Assets, Net	\$ 168,130,179	\$ 69,404	\$ 168,199,583
Construction in Progress	7,749,690	0	7,749,690
Lease Asset	245,834	0	245,834
Total Non – Current Assets	\$ 176,125,703	\$ 69,404	\$ 176,195,107
TOTAL ASSETS	\$ 237,059,005	\$ 3,687,186	\$ 240,746,191
DEFERRED OUTFLOW OF RESOURCES			
Deferred Outflow from Pensions	\$ 9,378,575	\$ 856,198	\$ 10,234,773
Deferred Outflow from OPEB -TRS	8,101,518	0	8,101,518
Deferred Outflow from OPEB -CERS	4,694,407	428,566	5,122,973
Total Deferred Outflows of Resources	\$ 22,174,500	\$ 1,284,764	\$ 23,459,264
LIABILITIES			
Accounts Payable	\$ 1,349,578	\$ 119,404	\$ 1,468,982
Summer Payrolls	2,991,869	0	2,991,869
Interest Payable	558,565	0	558,565
Due to Other Funds	7,838,409	0	7,838,409
Other Liabilities	255,931	0	255,931
Long-term Liabilities			
Capital Leases due within 1 year	452,789	0	452,789
Sick Leave due within 1 year	423,000	0	423,000
Lease Obligations due within 1 year	115,538	0	115,538
Bond Payments due within 1 year	7,155,000	0	7,155,000
Bond Payments due in more than 1 year	87,660,000	0	87,660,000
Capital Leases due in more than 1 year	2,210,024	0	2,210,024
Sick Leave payable in more than 1 year	3,516,261	0	3,516,261
Lease Obligations due in more than 1 year	99,539	0	99,539
Pension Liabilities	32,596,504	3,267,260	35,863,764
OPEB Liabilities-TRS	12,115,000	0	12,115,000
OPEB Liabilities-CERS	0	0	0
Total Liabilities	\$ 159,338,007	\$ 3,386,664	\$ 162,724,671
Deferred Inflows of Resources			
Deferred Inflows From Pensions	\$ 9,325,628	\$ 851,364	\$ 10,176,992
Deferred Inflows From OPEB-TRS	10,658,000	0	10,658,000
Deferred Inflows From OPEB-CERS	13,936,566	1,272,310	15,208,876
Unearned Revenue	1,559,751	0	1,559,751
Total Deferred Inflows of Resources	\$ 35,479,945	\$ 2,123,674	\$ 37,603,619
NET POSITION			
Invested in Capital Assets, Net of Related Debt	\$ 78,402,056	\$ 69,404	\$ 78,471,460
Restricted	21,708,880	(607,792)	21,101,088
Unrestricted	(35,695,383)	0	(35,695,383)
NET POSITION	\$ 64,415,553	\$ (538,388)	\$ 63,877,165

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, 2024**

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	\$ 52,884,569	\$ 10,000	\$ 16,542,718	\$ 0	\$ (36,331,851)	\$ 0	\$ (36,331,851)	
Support Services								
Student	4,818,533	0	591,365	0	(4,227,168)	0	(4,227,168)	
Instruction Staff	9,302,103	0	3,552,869	0	(5,749,234)	0	(5,749,234)	
District Administrative	2,951,193	0	0	0	(2,951,193)	0	(2,951,193)	
School Administrative	8,676,997	0	91,155	0	(8,585,842)	0	(8,585,842)	
Business	1,519,674	0	150,835	0	(1,368,839)	0	(1,368,839)	
Plant Operation and Maint.	13,519,684	0	1,307,765	0	(12,211,919)	0	(12,211,919)	
Student Transportation	8,433,201	0	282,538	0	(8,150,663)	0	(8,150,663)	
Central Office	0	0	0	0	0	0	0	
Community Service Activities	2,454,327	0	2,196,047	0	(258,280)	0	(258,280)	
Facilities Acquisition and Construction	3,882,368	0	0	0	(3,882,368)	0	(3,882,368)	
Interest on Long Term Debt	3,122,143	0	0	0	(3,122,143)	0	(3,122,143)	
Total Government Activities	\$ 111,564,792	\$ 10,000	\$ 24,715,292	\$ 0	\$ (86,839,500)	\$ 0	\$ (86,839,500)	
Business Type Activities:								
Food Service	\$ 8,414,712	\$ 203,968	\$ 8,447,516	\$ 0	0	236,772	236,772	
Total Business Type Activities	\$ 8,414,712	\$ 203,968	\$ 8,447,516	\$ 0	\$ 0	\$ 236,772	\$ 236,772	
Total Primary Government	\$ 119,979,504	\$ 213,968	\$ 33,162,808	\$ 0	\$ (86,839,500)	\$ 236,772	\$ (86,602,728)	
			General Revenues					
					\$ 23,864,419	\$ 0	\$ 23,864,419	
					1,912,242	309,344	2,221,586	
					68,680,915	0	68,680,915	
					6,991	0	6,991	
					5,158,805	0	5,158,805	
					580,401	(580,401)	0	
					<u>\$ 100,203,773</u>	<u>\$ (271,057)</u>	<u>\$ 99,932,716</u>	
					Change in Net Position	13,364,273	(34,285)	13,329,988
					Net Position – Beginning	51,051,280	(504,103)	50,547,177
					Net Position - Ending	<u>\$ 64,415,553</u>	<u>\$ (538,388)</u>	<u>\$ 63,877,165</u>

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

**PIKE COUNTY BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2024**

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Construction Fund</u>	<u>Debt Service Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Fund</u>
ASSETS AND RESOURCES						
Cash and Cash Equivalents	\$ 20,387,154	\$ 0	\$ 16,470,935	\$ 0	\$ 1,380,367	\$ 38,238,456
Accounts Receivable	1,875,221	9,893,816	0	0	5,264	11,774,301
Amounts held by Fiscal Agents	0	0	0	2,380,768	0	2,380,768
Due From Other Funds	7,838,409	0	0	0	0	7,838,409
Total Assets and Resources	<u>\$ 30,100,784</u>	<u>\$ 9,893,816</u>	<u>\$ 16,470,935</u>	<u>\$ 2,380,768</u>	<u>\$ 1,385,631</u>	<u>\$ 60,231,934</u>
LIABILITIES AND FUND BALANCE						
Liabilities						
Accounts Payable	\$ 657,049	\$ 648,419	\$ 120	\$ 0	\$ 43,990	\$ 1,349,578
Summer Payrolls	2,991,869	0	0	0	0	2,991,869
Due to Other Funds	0	7,436,442	401,967	0	0	7,838,409
Other Liabilities	6,727	249,204	0	0	0	255,931
Total Liabilities	<u>\$ 3,655,645</u>	<u>\$ 8,334,065</u>	<u>\$ 402,087</u>	<u>\$ 0</u>	<u>\$ 43,990</u>	<u>\$ 12,435,787</u>
Deferred Inflows of Resources						
Deferred Revenue	\$ 0	\$ 1,559,751	\$ 0	\$ 0	\$ 0	1,559,751
Total Deferred Inflows of Resources	<u>\$ 0</u>	<u>\$ 1,559,751</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,559,751</u>
Fund Balance						
Restricted:						
Other	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,341,641	\$ 1,341,641
Future Construction	0	0	16,068,848	0	0	16,068,848
Debt Service	0	0	0	2,380,768	0	2,380,768
Committed:						
Site Based Carryforward	147,597	0	0	0	0	147,597
Sick-leave	423,000	0	0	0	0	423,000
Worker's Compensation	1,100,000	0	0	0	0	1,100,000
Assigned:						
Purchase Obligations	247,026	0	0	0	0	247,026
Unassigned	24,527,516	0	0	0	0	24,527,516
Total Fund Balance	<u>\$ 26,445,139</u>	<u>\$ 0</u>	<u>\$ 16,068,848</u>	<u>\$ 2,380,768</u>	<u>\$ 1,341,641</u>	<u>\$ 46,236,396</u>
Total Liabilities and Fund Balance	<u>\$ 30,100,784</u>	<u>\$ 9,893,816</u>	<u>\$ 16,470,935</u>	<u>\$ 2,380,768</u>	<u>\$ 1,385,631</u>	<u>\$ 60,231,934</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, 2024**

Fund balance per fund financial statements	\$	46,236,396
<p>Amounts reported for governmental activities in the statement of Net Positions are different because:</p>		
<p>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.</p>		175,879,869
<p>GASB Statement No. 87, Leases, the objective of which is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments.</p>		
Lease Asset		749,153
Amortization of Lease Asset		(503,319)
Lease Obligation		(215,077)
<p>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</p>		22,174,500
<p>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</p>		(33,920,194)
<p>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.</p>		
Sick Leave		(3,939,261)
Capital Leases payable		(2,662,813)
Accrued Interest on Bonds		(558,565)
KISBIT		0
Pension Liability		(32,596,504)
OPEB Liabilities-TRS		(12,115,000)
OPEB Asset		701,368
OPEB Liabilities-CERS		0
Bonds		(94,815,000)
Net Position for Governmental Activities	<u>\$</u>	<u>64,415,553</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, 2024

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Construction Fund</u>	<u>Debt Service Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Fund</u>
REVENUES						
From Local Sources						
Taxation						
Property	\$ 14,722,053	\$ 0	\$ 0	\$ 0	\$ 2,407,836	\$ 17,129,889
Motor Vehicles	2,788,129	0	0	0	0	2,788,129
Utilities	3,709,516	0	0	0	0	3,709,516
Other	236,885	0	0	0	0	236,885
Earnings on Investments	1,419,725	0	492,517	0	0	1,912,242
Other Local Revenues	549,450	593,523	0	0	4,035,236	5,178,209
Intergovernmental- State	56,923,970	3,201,021	0	3,285,303	5,651,235	69,061,529
Intergovernmental-Federal	244,282	24,090,396	0	0	0	24,334,678
Total Revenues	\$ 80,594,010	\$ 27,884,940	\$ 492,517	\$ 3,285,303	\$ 12,094,307	\$ 124,351,077
EXPENDITURES						
Instruction	\$ 36,569,841	\$ 16,542,718	\$ 0	\$ 0	\$ 177,709	\$ 53,290,268
Support Services						
Student	4,465,789	591,365	0	0	0	5,057,154
Instruction Staff	3,259,530	3,552,869	0	0	24,680	6,837,079
District Administrative	2,946,130	0	0	0	0	2,946,130
School Administrative	4,717,655	91,155	0	0	3,867,172	8,675,982
Business	1,352,323	150,835	0	0	0	1,503,158
Plant Operation and Maint.	14,808,342	1,307,765	0	0	64,753	16,180,860
Student Transportation	9,983,969	282,538	0	0	0	10,266,507
Food Service	0	0	0	0	0	0
Community Services	258,280	2,196,047	0	0	0	2,454,327
Facilities Acquisitions and Construction	204,570	621,298	114,070	0	0	939,938
Site Improvement	0	0	352,050	0	0	352,050
Building Improvements	0	0	2,573,756	0	0	2,573,756
Debt Service						
Principal	441,542	0	0	7,680,000	0	8,121,542
Interest	0	0	0	2,669,084	0	2,669,084
Bond Issuance Costs	0	0	0	0	0	0
Total Expenditures	\$ 79,007,971	\$ 25,336,590	\$ 3,039,876	\$ 10,349,084	\$ 4,134,314	\$ 121,867,835
Excess (Deficit) of Revenues over Expenditures	\$ 1,586,039	\$ 2,548,350	\$ (2,547,359)	\$ (7,063,781)	\$ 7,959,993	\$ 2,483,242
Other Financing Sources (Uses)						
Proceeds from Sales of Bonds	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Premium on Bond Issuance	0	0	0	0	0	0
Bond Discounts	0	0	0	0	0	0
Proceeds from Capital Leases	730,121	0	0	0	0	730,121
KISBIT Payments	0	0	0	0	0	0
Proceeds from Sales of Fixed Assets	0	0	0	0	0	0
Operating Transfer, In	1,973,214	277,031	2,467,224	7,063,781	249,529	12,030,779
Operating Transfer, Out	(277,030)	(2,825,381)	(39,367)	0	(8,308,600)	(11,450,378)
Total Other Financing Sources	\$ 2,426,305	\$ (2,548,350)	\$ 2,427,857	\$ 7,063,781	\$ (8,059,071)	\$ 1,310,522
Net Change in Fund Balance	\$ 4,012,344	\$ 0	\$ (119,502)	\$ 0	\$ (99,078)	\$ 3,793,764
Fund Balance - Beginning	22,432,795	0	16,188,350	2,380,768	1,440,719	42,442,632
Prior Period Adjustment	0	0	0	0	0	0
Fund Balance - Ending	\$ 26,445,139	\$ 0	\$ 16,068,848	\$ 2,380,768	\$ 1,341,641	\$ 46,236,396

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, 2024**

Net change in total fund balances per fund financial statements	\$	3,793,764
 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.		10,881,344
Cost of Assets Disposed		6,991
The cost of capital assets is allocated over their useful lives and reported as depreciation expense.		(6,709,496)
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.		(730,121)
Bond payments are recognized as expenditures of current financial resources in the fund financial statements but are reductions of liabilities in the statement of financial position		7,270,000
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		372,742
Interest Payable		25,675
Lease Obligation: GASB Statement No. 87, Leases, the objective of which is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments.		
Additional Leases		123,005
Lease Payments Principal		(248,768)
Amortization of Lease Asset		207,605
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		831,756
Pension Expense		(1,670,302)
Other Post Employment Benefits (OPEB) - TRS		1,576,776
Other Post Employment Benefits (OPEB) - CERS		(2,366,698)
Change in net Position of governmental activities	<u>\$</u>	<u>13,364,273</u>

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, 2024

	<u>Food Service</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 3,301,390
Accounts Receivable	15,595
Inventory	236,767
OPEB Asset	64,030
Total Current Assets	\$ 3,617,782
Capital Assets-net of depreciation	69,404
Total Assets	\$ 3,687,186
Deferred Outflows of Resources	
Deferred outflows from Pension	\$ 856,198
Deferred outflows from OPEB	428,566
	\$ 1,284,764
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 119,404
OPEB Liability - Long-Term	0
Pension Liability - Long Term	3,267,260
Total Current Liabilities	\$ 3,386,664
Deferred Inflows of Resources	
Deferred inflows from pension	\$ 851,364
Deferred inflows from OPEB	1,272,310
	\$ 2,123,674
Net Position	
Investment in Capital Asset, Net of Debt	\$ 69,404
Restricted	(607,792)
Unrestricted	0
Total Net Position	\$ (538,388)

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

PIKE COUNTY BOARD OF EDUCATION

**STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Food Service</u>
OPERATING REVENUES:	
Lunchroom Sales	\$ 203,968
TOTAL OPERATING REVENUES	\$ 203,968
OPERATING EXPENSES:	
Salaries and Wages	\$ 2,578,567
Contract Services	48,246
Materials and Supplies	5,667,052
Depreciation	17,447
TOTAL OPERATING EXPENSES	\$ 8,311,312
Operating Income (Loss)	\$ (8,107,344)
NON-OPERATING REVENUES (EXPENSES)	
Federal Grants	\$ 6,290,561
State Grants	0
On Behalf of Payments	1,962,370
Donated Commodities	194,585
Interest Income	309,344
Interest Expense	(103,400)
NON-OPERATING REVENUES (EXPENSES)	\$ 8,653,460
Net Income (Loss) Before Operating Transfers	\$ 546,116
Operating Transfers	(580,401)
Increase in net position	\$ (34,285)
Net Position - Beginning	(504,103)
Net Position - Ending	\$ (538,388)

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, 2024**

	<u>Food Service</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from:	
Lunchroom Sales	\$ 203,968
Cash Paid to/for:	
Employees	(2,940,899)
Contract Service	(48,246)
Supplies	(3,401,942)
Net Cash Provided (Used) by Operating Activities	\$ (6,187,119)
CASH FLOWS FROM INVESTING ACTIVITIES	
Other Income	0
Net Cash Provided (Used) by Investing Activities	\$ 309,344
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Transfers to other funds	\$ (580,401)
Interest Paid	(103,400)
Net Cash (Used) by Capital and Related Financing Activities	\$ (683,801)
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES	
Operational Grants	\$ 6,297,860
Net Cash Provided(Used) by Financing Activities	\$ 6,297,860
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (263,716)
Cash and Cash Equivalents - Beginning	3,565,106
Cash and Cash Equivalents - Ending	\$ 3,301,390
Reconciliation of Operating Income (Loss)	
To Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	\$ (8,107,344)
Adjustments to Reconcile Operating Income to Net Cash	
Operating Activities:	
Depreciation	17,447
On Behalf of Payments	1,962,370
Commodities Used	194,585
Change in Assets and Liabilities:	
(Increase) Decrease	
Inventory	(8,669)
Deferred outflows	378,861
Increase (Decrease) in:	
Accounts Payable	116,824
Deferred inflows	510,649
OPEB Asset	(64,030)
OPEB liability	(955,445)
Pension liability	(232,367)
Net Cash provided (Used) by Operating Activities	\$ (6,187,119)
Schedule of Non Cash Transactions:	
On Behalf of Payments	\$ 1,962,370
Donated Commodities Received From Federal Government	194,585

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

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 – REPORTING ENTITY

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

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

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

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

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

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

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

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF PRESENTATION (Continued)

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

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

a. Governmental Fund Types

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

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

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

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

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

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

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

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). \$194,585 has been recorded for in-kind contribution of commodities from the USDA, but commodities are identified in the Schedule of Federal Financial Assistance included in this report. The measurement focus is upon the determination of net income. This is a major fund of the District.

c. Fiduciary Fund Type

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

d. Debt Service Fund

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

BASIS OF ACCOUNTING

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

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

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

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

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

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF ACCOUNTING

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

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

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

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

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

TAXES

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

The property tax rates assessed for the year ended June 30, 2024 to finance the General Fund operations were \$.861 per: \$100 valuation for real property, \$.861 per \$100 valuation for business personal property and \$.553 per \$100 valuation for motor vehicles.

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

PIKE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2024

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:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
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

LEASES

The District adopted GASB Statement No. 87, Leases, during the fiscal year ended June 30, 2022. The District is a lessee for various noncancellable leases of equipment and vehicles.

Short-Term Leases - For leases with a maximum possible term of 12 months or less at commencement, the District recognizes expense/expenditure based on the provisions of the lease contract.

Leases Other than Short-Term - For all other leases, the District recognizes a lease liability and an intangible right-to-use lease asset in the applicable columns of the District-wide (governmental or business-type activities) and proprietary fund financial statements.

Measurement of Lease Amounts - At lease commencement, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, less lease payments made at or before the lease commencement date, plus any initial direct costs ancillary to placing the underlying asset into service, less any lease incentives received at or before the lease commencement date. Subsequently, the lease asset is amortized into depreciation and amortization expense on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. If the District is reasonably certain of exercising a purchase option contained in a lease, the lease asset will be amortized over the useful life of the underlying asset.

PIKE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

LEASES

Key Estimates and Judgments - Key estimates and judgments include how the District determines (1) the discount rate it uses to calculate the present value of the expected lease payments, (2) lease term, and (3) lease payments.

- The District generally uses its estimated incremental borrowing rate as the discount rate for leases unless the rate that the lessor charges is known.
- The lease term includes the noncancellable period of the lease plus any additional periods covered by either the District or lessor option to (1) extend for which it is reasonably certain to be exercised, or (2) terminate for which it is reasonably certain not to be exercised. Period in which both the District and the lessor have a unilateral option to terminate (or if both parties have to agree to extend) are excluded from the lease term.
- Payments are evaluated by the District to determine if they should be included in the measurement of the lease liability, including those payments that require a determination of whether they are reasonably certain of being made.

Remeasurement of Lease Amounts - The District monitors changes in circumstances that may require remeasurement of a lease. When certain changes occur that are expected to significantly affect the amount of the lease liability, the liability is remeasured, and a corresponding adjustment is made to the lease asset.

Presentation in Statement of Net Position Lease assets are reported with capital assets and lease liabilities are reported with long-term debt in the statement of net position.

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, 2024 are as follows:

From	To	Purpose	Amount
Special Revenue Fund	General Fund	Operations	\$ 7,436,442
Construction Fund	General Fund	Capital Outlay	401,967
Total			7,838,409

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

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, 2024. 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, 2024

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, 2024

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, 2024.

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	\$ 1,875,221	\$ 15,595	\$ 1,890,816
District Activity	0	0	0
School Activity	5,264	0	5,264
Grants Receivable	9,893,816	0	9,893,816
	<u>\$ 11,774,301</u>	<u>\$ 15,595</u>	<u>\$ 11,789,896</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, 2024

NOTE 7 – CASH AND CASH EQUIVALENTS

At year-end, the carrying amount of the Board’s cash and cash equivalents was \$41,539,847, and the bank balance, per statements, was \$45,500,321. Of the total cash balance, \$500,000 was covered by Federal Depository Insurance with the remainder covered by collateral held by third party bank in the Board’s name.

General Fund, cash and cash equivalents at June 30, 2024 consist of the following:

Breakdown By Bank:	<u>Bank Balance</u>
Community Trust Bank	\$ 45,500,321
US Bank	<u>0</u>
Total Bank Balance	<u>\$ 45,500,321</u>
Breakdown per financial Statements:	<u>Book Balance</u>
Governmental Funds	\$ 38,238,457
Proprietary Funds	<u>3,301,390</u>
Total Book Balance	<u>\$ 41,539,847</u>
The securities pledged as collateral are:	
FHLB Letter of Credit-Community Trust Bank	\$ 61,000,000
Other Securities	0
FDIC	<u>500,000</u>
Total collateral pledged	<u>\$ 61,500,000</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 2024, 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, 2024

NOTE 9 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2024, was as follows:

<u>Governmental Activities</u>	7/1/2023	Additions	Deductions	6/30/2024
Land	\$ 9,641,518	\$ 0	\$ 0	\$ 9,641,518
Total Non Depreciable	<u>\$ 9,641,518</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 9,641,518</u>
Land improvements	\$ 17,202,580	\$ 0	\$ 0	\$ 17,202,580
Buildings	237,812,445	5,289,834	0	243,102,279
Technology equipment	10,378,335	238,621	200,042	10,416,914
Vehicles	16,805,913	2,335,582	0	19,141,495
General equipment	4,258,094	0	0	4,258,094
Infrastructure	89,638	0	0	89,638
Construction in progress	4,709,814	3,039,876	0	7,749,690
Total Depreciable	<u>\$ 291,256,819</u>	<u>\$ 10,903,913</u>	<u>\$ 200,042</u>	<u>\$ 301,960,690</u>
Total at historical cost	<u>\$ 300,898,337</u>			<u>\$ 311,602,208</u>
Less: Accumulated depreciation				
Land improvements	\$ 10,543,209	\$ 434,476	\$ 0	\$ 10,977,685
Buildings	94,113,843	5,213,367	0	99,327,210
Technology equipment	7,840,727	435,610	184,463	8,091,874
Vehicles	13,084,645	513,821	0	13,598,466
General equipment	3,547,281	107,740	0	3,655,021
Infrastructure	67,602	4,482	0	72,084
Total accumulated depreciation	<u>\$ 129,197,307</u>	<u>\$ 6,709,496</u>	<u>\$ 184,463</u>	<u>\$ 135,722,340</u>
Governmental Activities Capital Assets-net	<u>\$ 171,701,030</u>			<u>\$ 175,879,868</u>
<u>Business-Type Activities</u>	7/1/2023	Additions	Deductions	6/30/2024
Technology equipment	\$ 96,848	\$ 0	\$ 1,338	\$ 95,510
Vehicles	62,506	0	0	62,506
General equipment	2,330,259	0	0	2,330,259
Total at historical cost	<u>\$ 2,489,613</u>	<u>\$ 0</u>	<u>\$ 1,338</u>	<u>\$ 2,488,275</u>
Less: Accumulated depreciation				
Technology equipment	\$ 86,217	\$ 0	\$ 1,338	\$ 84,879
Vehicles	62,506	0	0	62,506
General equipment	2,254,039	17,447	0	2,271,486
Total accumulated depreciation	<u>\$ 2,402,762</u>	<u>\$ 17,447</u>	<u>\$ 1,338</u>	<u>\$ 2,418,871</u>
Business-Type Activities Capital Assets-net	<u>\$ 86,851</u>			<u>\$ 69,404</u>

Depreciation expense was allocated to governmental functions.

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

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>\$ (34,285)</u>
--------------	--------------------

NOTE 15 - COBRA

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

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 16- TRANSFER OF FUNDS

The following transfers were made during the year:

Type	From Fund		To Fund		Purpose	Amount
Operating	General	1	Special Revenue	2	Matching	\$ 277,031
Operating	Special Revenue	2	General	1	Indirect Costs	397,523
Operating	Special Revenue	2	Construction District	1	Capital Outlay	2,427,857
Operating	School Activity	25	Activity	21	Operating	249,529
Operating	Food Service	51	General	1	Indirect Costs	580,401
Operating	Capital Outlay	310	General	1	Debt Service	722,139
Operating	Building	320	Debt Service	400	Bond Payment	7,063,780
Operating	Building	320	General	400	Bond Payment	273,152
						\$ 11,991,412

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.

KTRS	\$ 9,690,965
KTRS OPEB	819,545
Health Insurance	10,057,593
Life Insurance	15,027
Administrative Fees	120,000
Health Reimbursement Account	594,650
Federal Reimbursement	(1,721,938)
Technology	153,679
Debt Service	3,285,303
Total On-Behalf Payments	\$ 23,014,824
General Fund	17,767,151
Debt Service	3,285,303
Food Service	1,962,370
Total On-Behalf Payments	\$ 23,014,824

NOTE 18 – SUBSEQUENT EVENTS

Subsequent events were considered through November 15, 2024, which represents the date of our report.

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 19 - Future Accounting Pronouncements

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

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

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

PIKE COUNTY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2024

NOTE 20 - LEASE OBLIGATIONS

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

<u>Government Funds</u>			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 115,538	\$ 5,060	\$ 120,598
2026	67,421	2,048	69,469
2027	25,110	623	25,733
2028	7,008	81	7,089
2029	0	0	0
2030-2034	0	0	0
	<u>\$ 215,077</u>	<u>\$ 7,812</u>	<u>\$ 222,889</u>

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

ASHLAND OFFICE SUPPLY - A four-year lease for a copier for Board offices. Monthly payments are in the amount of \$253.57. Lease is cancelable by either party upon ninety days written notice.

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

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

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

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

ASHLAND OFFICE SUPPLY - A four-year lease for a copier for Valley Elementary School. Monthly payments are in the amount of \$280.81. Lease is cancelable by either party upon ninety days written notice.

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

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

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

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

PIKE COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 20 - LEASE OBLIGATIONS (Continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Enterprise Fleet Management – entered a five-year lease for a vehicle on September 15, 2023. Monthly Payments of \$25.00 are due, with the first payment on October 15, 2023. The estimated useful life of the asset is 5 years. The annual interest rate charged on the lease is 3.25%.

PIKE COUNTY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 20 - LEASE OBLIGATIONS (Concluded)

Enterprise Fleet Management – entered a five-year lease for a vehicle on September 11, 2023. Monthly Payments of \$64.20 are due, with the first payment on October 11, 2023. The estimated useful life of the asset is 5 years. The annual interest rate charged on the lease is 3.25%.

Enterprise Fleet Management – entered a five-year lease for a vehicle on April 10, 2024. Monthly Payments of \$850.32 are due, with the first payment on May 10, 2024. The estimated useful life of the asset is 5 years. The annual interest rate charged on the lease is 3.25%.

Enterprise Fleet Management – entered a five-year lease for a vehicle on April 10, 2024. Monthly Payments of \$850.32 are due, with the first payment on May 10, 2024. The estimated useful life of the asset is 5 years. The annual interest rate charged on the lease is 3.25%.

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

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

OPERATING LEASE ASSET

	<u>BALANCE</u> July 1, 2023	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> June 30, 2024
<u>COST</u>				
LEASES (OPERATING)	\$ 632,887.39	<u>\$ 123,004.85</u>	<u>\$ 27,114.96</u>	\$ 728,777.28
<u>ACCUMULATED AMORTIZATION</u>				
LEASES (OPERATING)	<u>169,300.84</u>	<u>\$ 203,391.14</u>	<u>\$ 27,114.96</u>	<u>345,577.02</u>
NET BOOK VALUE	<u>\$ 463,586.55</u>			<u>\$ 383,200.26</u>

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 21 – BONDED DEBT AND LEASE OBLIGATIONS

The amounts shown in the accompanying financial statements as lease obligations represent the Board’s future obligations to make lease payments relating to the bonds issued aggregating \$94,815,000. 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 30,2024

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

Issue Date	Proceeds	Rates	Balance June 30, 2024
November 1, 2011	\$ 11,000,000	4.62%	\$ 11,000,000
June 1, 2012	18,720,000	2.00% - 3.00%	0
May 1, 2013	3,880,000	1.00% - 2.00%	0
June 1, 2014	8,350,000	2.00% - 4.00%	6,700,000
June 1,2015	3,650,000	2.00% - 4.00%	3,200,000
September 1,2015	7,505,000	0.60% - 3.70%	6,965,000
February 1,2016	11,690,000	0.75% - 2.50%	6,140,000
February 1,2016	20,885,000	0.75% - 3.15%	20,180,000
August 1, 2016	19,400,000	1.00% - 3.00%	13,815,000
March 1, 2018	3,530,000	3.60%	3,270,000
September 1,2018	1,940,000	1.90% - 3.38%	1,295,000
July 29, 2020	9,300,000	2.00%	620,000
October 22, 2020	21,500,000	1.75%	17,585,000
July 7, 2021	845,000	1.00% - 1.40%	685,000
June 9, 2022	3,920,000	2.50% - 4.10%	3,360,000
			<u><u>\$ 94,815,000</u></u>

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

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

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

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

	Beginning Balance	Additions	Reductions	Ending Balance
Bonds	\$ 102,085,000	\$ 0	\$ 7,270,000	\$ 94,815,000
Sick Leave	4,771,017	547,601	1,379,357	3,939,261
Capital Leases	2,305,434	739,525	382,146	2,662,813
Operating Lease Obligation	381,519	123,005	289,447	215,077
Total	<u><u>\$ 109,542,970</u></u>	<u><u>\$ 1,410,131</u></u>	<u><u>\$ 9,320,950</u></u>	<u><u>\$ 101,632,151</u></u>

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 21 – BONDED DEBT AND LEASE OBLIGATIONS (Concluded)

Assuming the issues are not called prior to scheduled maturity, the minimum obligations of the funds at June 30, 2024 for debt service, (principal and interest) are as follows:

	Pike County Board of Education			Kentucky Construction Commission			Federal Rebate	Total
	Local Principal Total	Local Interest Total	Sinking Fund	KSFCC Principal Total	KSFCC Interest Total	Sinking Fund*		
2024 - 2025	\$ 5,128,801	\$ 1,836,019	\$ 93,803	\$ 2,026,199	\$ 560,681	\$ 390,065	\$ 508,200	\$ 10,543,768
2025 - 2026	5,279,361	1,685,133	94,704	2,055,639	486,586	389,165	508,200	10,498,788
2026 - 2027	5,425,719	1,524,504	95,403	2,124,281	422,121	388,465	508,200	10,488,693
2027 - 2028	5,586,083	1,367,487	95,831	1,858,917	371,925	388,037	508,200	10,176,480
2028 - 2029	5,725,852	1,208,603	95,985	1,394,148	331,241	387,884	508,200	9,651,913
2029 - 2030	5,886,632	1,052,399	90,542	1,398,368	296,129	393,326	508,200	9,625,596
2030 - 2031	6,061,828	889,313	78,077	1,353,172	259,630	391,308	254,100	9,287,428
2031 - 2032	6,287,170	730,395	0	1,387,830	222,783	0	0	8,628,178
2032 - 2033	4,192,108	587,855	0	1,427,892	183,435	0	0	6,391,290
2033 - 2034	4,331,199	448,038	0	1,468,801	141,039	0	0	6,389,077
2034 - 2035	4,094,725	302,758	0	1,330,275	97,345	0	0	5,825,103
2035 - 2036	3,825,387	167,851	0	1,369,613	58,124	0	0	5,420,975
2036 - 2037	559,711	61,156	0	1,090,289	19,744	0	0	1,730,900
2037 - 2038	577,600	40,992	0	62,400	2,184	0	0	683,176
2038 - 2039	120,000	27,900	0	0	0	0	0	147,900
2039 - 2040	125,000	12,900	0	0	0	0	0	137,900
2040 - 2041	130,000	7,800	0	0	0	0	0	137,800
2041 - 2042	130,000	2,600	0	0	0	0	0	132,600
	<u>\$ 63,467,176</u>	<u>\$ 11,953,703</u>	<u>\$ 644,345</u>	<u>\$ 20,347,824</u>	<u>\$ 3,452,967</u>	<u>\$ 2,728,250</u>	<u>\$ 3,303,300</u>	<u>\$ 105,897,565</u>

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 22 – LEASE COMMITMENTS

Commitments under operating lease agreements for equipment provide the minimum future rental payments as of June 30, 2024, as follows:

	Principal	Interest	Total
June 30, 2025	\$ 452,789	\$ 74,656	\$ 527,445
June 30, 2026	302,926	69,633	372,559
June 30, 2027	310,329	54,851	365,180
June 30, 2028	313,116	52,071	365,187
June 30, 2029	307,107	48,999	356,106
Thereafter	976,546	85,487	1,062,033
Total	\$ 2,662,813	\$ 385,697	\$ 3,048,510

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, 2024, this amount totaled \$3,939,262 of which \$423,000 is committed in the current year fund balance of the General Fund.

NOTE 24 – GASB 68 AND 71

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

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 25 – RETIREMENT PLANS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Payroll	\$ 63,405,647	\$ 61,868,907	\$ 58,996,953	\$ 65,611,014	\$ 50,161,850	\$ 57,047,286	\$ 56,424,855	\$ 55,835,533	\$ 54,017,948	\$ 53,846,133
KTRS Total Payroll	39,345,151	38,411,047	37,621,763	42,435,552	31,871,005	37,105,911	36,809,662	38,195,439	34,181,498	39,104,554
KTRS Contribution - Employee Portion	4,969,688	4,953,632	4,838,377	5,455,086	4,088,092	4,769,967	4,731,682	4,909,951	5,012,018	4,731,997
KTRS Contribution - District Portion	2,198,264	2,092,411	1,738,471	1,959,875	1,436,783	1,610,155	1,495,235	1,557,017	1,567,395	1,308,933
KTRS Contribution- Commonwealth of Kentucky (on behalf of Payments)	9,690,965	15,950,844	10,802,392	10,525,964	11,010,813	10,417,762	11,103,259	5,819,247	5,863,960	6,133,500
KTRS Contribution - District Federal Employees	1,012,780	903,703	922,880	844,021	579,754	610,743	480,450	505,378	488,764	502,839
CERS Total Payroll	24,060,496	23,457,860	21,375,190	23,175,462	18,290,845	19,941,375	19,615,193	17,640,094	19,050,950	17,811,339
Contributions CERS Requirement for CERS	4,394,496	4,771,355	4,490,949	4,533,068	3,682,772	3,770,154	3,492,697	3,136,162	3,269,302	3,238,427
CERS Contribution - Employee Portion	835,763	824,031	762,265	844,903	681,915	751,654	759,539	692,392	772,067	741,068
CERS Contribution - District Portion	3,558,733	3,947,325	3,728,683	3,688,165	3,000,858	3,018,500	2,733,158	2,443,771	2,497,234	2,497,359
KTRS Total Payroll-- --PLUS--CERS Total Payroll	63,405,647	61,868,907	58,996,953	65,611,014	50,161,850	57,047,286	56,424,855	55,835,533	53,232,448	56,915,893
KTRS Contribution - --PLUS--CERS Contribution - Employee Portion	5,805,451	5,777,663	5,600,642	6,299,989	4,770,007	5,521,621	5,491,221	5,602,343	5,784,085	5,473,065
KTRS Contribution - --PLUS--CERS Contribution - District Portion	5,756,997	6,039,736	5,467,154	5,648,040	4,437,641	4,628,655	4,228,393	4,000,788	4,064,629	3,806,292

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

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

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

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

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

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

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

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

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

The Commonwealth of Kentucky, as a non-employer contributing entity, pays matching contributions of the amount 13.105% of salaries for local school district and regional cooperative employees hired before July 1, 2008 and 14.105% for those hired after July 1, 2008. University employers contribute 15.865% of salaries of members.

For local school district and regional cooperative members whose salaries are federally funded, the employer contributes 16.105% of salaries. If an employee leaves covered employment before accumulating five (5) years of credited service, accumulated employee pension contributions plus interest are refunded to the employee upon the member's request.

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

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

Medical Insurance Plan

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

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

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

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

At June 30, 2024, the Pike County Board of Education did not report a liability for its proportionate share of the net pension liability because the State of Kentucky provides the pension support directly to KTRS on behalf of the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

State's proportionate share of the net pension liability associated with the District	<u>\$161,110,034</u>
---	----------------------

The net pension liability was measured as of June 30, 2023, 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, 2023, the District's proportion was 0.9455 percent.

For the year ended June 30, 2023, the District recognized pension expense of \$9,690,965 and Revenue of \$9,690,695 for support provided by the state. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources: None.

Actuarial assumptions - The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	2.50%
Projected salary increases	3.00 – 7.50%, including inflation
Investment rate of return	7.10%, net of pension plan investment expense, including inflation.
Municipal Bond Index Rate	
Prior Measurement Date	3.37%
Measurement Date	3.66%
Year FNP is projected to Deplete	N/a
Single Equivalent Interest Rate	
Prior Measurement Date	7.10%
Measurement Date	7.10%
Post-Retirement Benefit Increases	1.50% Annually

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

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

Mortality rates were based on the Pub2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each of the groups; service, retirees, contingent annuitants, disabled retirees, and active members. The actuarial assumptions used were based on the results of an actuarial experience study for the 5-year period ending June 30, 2020, adopted by the board on September 20, 2021. The Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap U.S. Equity	35.40%	5.00%
Small Cap U.S. Equity	2.60%	5.50%
Developed International Equity	15.70%	5.50%
Emerging Markets Equity	5.30%	6.10%
Fixed Income	15.00%	1.90%
High Yield Bonds	5.00%	3.80%
Additional Categories	5.00%	3.60%
Real Estate	7.00%	3.20%
Private Equity	7.00%	8.00%
Cash	2.00%	1.60%
Total	<u>100.00%</u>	

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

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

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
System's net pension liability	\$ 224,625,017	\$ 174,820,718	\$ 133,325,066

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

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

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

June 30, 2023 is the actuarial valuation date upon which the TPL is based. An expected TPL is determined as of June 30, 2023 using standard roll forward techniques. The procedure used to determine the TPL as of June 30, 2023 is shown on page 5 of the GASB 67 report for KTRS submitted on November 15, 2023.

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, 2024

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

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

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

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

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

At June 30, 2024, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2023. An expected total pension liability as of June 30, 2023, was determined using standard roll-forward techniques. The District's proportion of the net pension liability was based on contributions to CERS during the fiscal year ended June 30, 2022. At June 30, 2024, the District's proportion was 0.507992%.

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

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

For the year ended June 30, 2024, the District recognized pension expense of \$1,601,638. At June 30, 2024, 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	\$ 1,687,458
Changes of Assumptions	0
Investment Experience	3,521,346
Changes in Proportion & Differences Between Employer Contributions & Proportionate Share of Contributions	719,130
District Contributions Subsequent to Measurement Date	3,450,641
	\$ 9,378,575
Deferred Inflows of Resources for:	
Liability Experience	\$ 88,574
Assumption Changes	2,987,492
Investment Experience	3,965,980
Changes in Proportion & Differences Between Employer Contributions & Proportionate Share of Contributions	2,283,582
	\$ 9,325,628

District contributions subsequent to the measurement date of \$3,450,641 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to CERS will be recognized in pension expense as follows:

Year	Amount
2024	\$ 616,241
2025	(975,414)
2026	727,686
2027	(315,566)
2028	0
Thereafter	0
	\$ 52,947

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

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

Actuarial Methods and Assumptions: The total pension liability for CERS was determined by applying procedures to the actuarial valuation as of June 30, 2022. The financial reporting actuarial valuation as of June 30, 2020, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2021
Experience Study	July 1, 2013 - June 30, 2018
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
Amortization Period	30 years, close period at June 30, 2019 Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases
Payroll Growth Rate	2.0% for CERS non-hazardous and Hazardous, and 0.0% for KERS non-hazardous and hazardous
Investment Rate of Return	6.25%
Inflation	2.30%
Salary Increases	3.30% to 10.30%, varies by service for CERS Nonhazardous; 3.55% to 19.05% varies by service for CERS Hazardous 3.30 % to 15.30%, varies by service for KERS Nonhazardous 3.55% to 20.05%, varies by service for KERS Hazardous
Mortality	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019
Phase-in Provision	Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018

System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.

The long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years for KRS. The most recent analysis, performed for the period covering fiscal years 2008 through 2013, is outlined in a report dated April 30, 2014. Several factors are considered in evaluating the long-term rate of return assumption including long term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense, and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

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

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

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity		
Public Equity	50.00%	5.90%
Private Equity	10.00%	11.73%
Fixed Income		
Core Fixed Income	10.00%	2.45%
Specialty Credit	10.00%	3.65%
Cash	0.00%	1.39%
Inflation Protected		
Real Estate	7.00%	4.99%
Real Return	13.00%	5.15%
Total	<u>100.00%</u>	

Discount Rate: The discount rate used to measure the total pension liability was 6.50%. 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 benefit payments to determine the total pension liability.

The Schedule of Deferred Inflows and Outflows, and Pension Expense include only certain categories of deferred outflows of resources and deferred inflows of resources. These include differences between expected and actual experience, changes of assumptions and differences between projected and actual earnings on plan investments. The Schedule does not include deferred outflows/inflows of resources for changes in the employer's proportionate share of contributions or employer contributions made subsequent to the measurement date. The net pension liability as of June 30, 2023, is based on the June 30, 2022. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed five-year period.

PIKE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2024

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

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate: The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.50 %, 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 (5.50%) or 1-percentage-point higher (7.50%) than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.40%)	1% Increase (7.50%)
District's proportionate share of the net pension liability	\$41,155,056	\$32,596,504	\$25,484,026

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, 2024 the District had payables to CERS in the amount of \$0 for June's covered payroll with contributions required to be paid in July.

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

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

General Information about the OPEB Plan

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

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

Medical Insurance Plan

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

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

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

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

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

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

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

At June 30, 2024, the Kentucky School District reported a liability of \$(701,368) 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, 2023, 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, 2024, the District’s proportion was .507992 percent, which was in decrease of .104658% percent from its proportion measured as of June 30, 2023 (.495097 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	\$(770,807)
--	-------------

For the year ended June 30, 2024, the District recognized OPEB expense of \$(1,349,076). At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Liability Experience	\$ 488,959	\$ 9,958,722
Changes of assumptions	1,380,243	961,891
Investment Experience	1,312,582	1,475,357
Changes in proportion and differences between District contributions and proportionate share of contributions	1,012,722	1,540,596
District contributions subsequent to the measurement date	499,901	0
Total	<u><u>\$ 4,694,407</u></u>	<u><u>\$ 13,936,566</u></u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$(9,242,159) 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District’s OPEB expense as follows:

Year ended June 30:	
2024	\$ (2,022,389)
2025	(2,842,988)
2026	(2,498,580)
2027	(1,878,202)
2028	0
Thereafter	0
	<u><u>\$ (9,242,159)</u></u>

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

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

Actuarial assumptions – The total OPEB liability in the June 30, 2024 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, 2021
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Amortization Method:	Level Percent of Pay
Amortization Period:	30 Year, Closed period at June 30,2019
	<i>Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases</i>
Inflation	2.30%
Payroll Growth Rate	2.0%
Salary Increases	3.30% to 10.30%, varies by service
Investment Rate of Return	6.25%
Healthcare Trend Rates	
Pre – 65	Initial trend starting at 6.30% at January 1, 2023, gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2022 premiums were known at the time of the valuation and were incorporated into the liability measurement.
Post – 65	Initial trend starting at 6.30% at January 1, 2023 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2022 premiums were known at the time of the valuation and were incorporated into the liability measurement.
Mortality	
Pre-retirement	PUB-2010 General Mortality table, for the Nonhazardous Systems, and the PUB-2010 Public Safety Mortality table for the Hazardous Systems, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010
Post-retirement (non-disabled)	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019
Post-retirement (disabled)	PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010

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

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity		
Public Equity	50.00%	5.90%
Private Equity	10.00%	11.73%
Fixed Income		
Core Fixed Income	10.00%	2.45%
Speciality Credit	10.00%	3.65%
Cash	0.00%	1.39%
Inflation Protected		
Real Estate	7.00%	4.99%
Real Return	13.00%	5.15%
	<u>100.00%</u>	
Expected Real Return		<u>5.75%</u>
Long Term Inflation Assumption		<u>2.50%</u>
Expected Nominal Return for Portfolio		<u>8.25%</u>

Discount Rate – Single discount rates of 5.93% for CERS Nonhazardous plans were used to measure the total OPEB liability as of June 30, 2023. The single discount rates are based on the expected rate of return on OPEB plan investments of 6.58%, and a municipal bond rate of 3.86%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2023. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, each plan's fiduciary net position and future contributions were projected to be sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the plan. However, the cost associated with the implicit employer subsidy was not included in the calculation of the plans actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the plans trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the ACFR.

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

The following table presents the District's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 5.93%, 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 (4.93%) or 1-percentage-point higher (6.93%) than the current rate:

	1% Decrease Rate (4.93%)	Current Discount Rate (5.93%)	1% Increase Rate (6.93%)
Systems' net OPEB liability	\$ 1,316,199	\$ (701,368)	\$ 7,050,078

PIKE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2024

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

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

	1% Decrease	Current Trend Rate	1% Increase
Systems' net OPEB liability:	\$ (2,390,833)	\$ (701,368)	\$ 1,198,532

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

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

General Information about the OPEB Plan

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

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

Medical Insurance Plan

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

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

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

PIKE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2024

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

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

At June 30, 2024, the District reported a liability of \$12,115,000 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, 2023, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2023, the District's proportion was 0.497415 percent, which was an decrease of .059243 from it proportion measured as of June 30, 2022 (0.556658 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	\$ 12,115,000
State's proportionate share of the net OPEB	0
Medical Insurance	10,211,000
Life Insurance	253,000
Total liability associated with the District	\$ 22,579,000

For the year ended June 30, 2024, the District recognized OPEB expense of \$(192,000) and revenue of \$794,411 for support provided by the State. At June 30, 2024, 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, \$942,518 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, 2024. 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	\$ 4,106,000
Changes of assumptions	2,754,000	0
Net difference between projected and actual earnings on pension plan investments	227,000	0
Changes in proportion and differences between District contributions and proportionate share of contributions	4,178,000	6,552,000
District contributions subsequent to the measurement date	942,518	0
Total	\$ 8,101,518	\$ 10,658,000

Year ended June 30:

2024	\$	(145,482)
2025		(912,000)
2026		(89,000)
2027		(154,000)
2028		(634,000)
Thereafter		(622,000)
	\$	(2,556,482)

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

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

Actuarial assumptions – The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Assumptions

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

	MIF	LIF
Valuation date	June 30, 2022	June 30, 2022
Investment rate of return	7.10%, net of OPEB plan investment expense, including inflation	7.10%, net of OPEB plan investment expense, including inflation
Projected salary increases	3.0 - 7.5%, including wage inflation	3.0 - 7.5%, including wage inflation
Inflation rate	2.50%	2.50%
Real wage growth	0.25%	0.25%
Wage inflation	2.75%	2.75%
Municipal bond index rate	3.66%	3.66%
Discount rate	7.10%	7.10%
Single equivalent interest rate	7.10%, net of OPEB plan investment expense, including price inflation	7.10%, net of OPEB plan investment expense, including price inflation
Health care cost trends		
KEHP group	6.75% for fiscal year 2023 decreasing to an ultimate rate of 4.5% by fiscal year 2032	
MEHP group	6.75% for fiscal year 2023 decreasing to an ultimate rate of 4.5% by fiscal year 2032	
Medicare Part B premiums	1.55% for fiscal year 2023 with an ultimate rate of 4.5% by 2034	

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

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

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation, and rates of plan election used in the June 30, 2023 valuation were based on the results of the most recent actuarial experience studies for the System, which covered the five-year period ending June 30, 2020, adopted by the Board on September 20, 2021.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends) used in the June 30, 2023 valuation of the Health Trust were based on a review of recent plan experience done concurrently with the June 30, 2022 valuation. The health care cost trend assumption was updated for the June 30, 2023 valuation and was shown as an assumption change in the TOL roll forward, while the change in initial per capita claims costs were included with experience in the TOL roll forward.

PIKE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

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

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

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

<u>Asset Class</u>	<u>Target Allocation Percentage</u>	<u>Long-Term Expected Real Rate Percentage of Return</u>
U.S. large cap equity	35.4	5.0
U.S. small cap equity	2.6	5.5
Developed international equity	15.0	5.5
Emerging markets equity	5.0	6.1
Fixed income	9.0	1.9
High yield bonds	8.0	3.8
Other additional categories	9.0	3.7
Real estate	6.5	3.2
Private equity	8.5	8.0
Cash	1.0	1.6
Total	100.0	

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

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

	1% Decrease Rate (6.10%)	Current Discount Rate (7.10%)	1% Increase Rate (8.10%)
Health Insurance Trust	\$ 8,722,000	\$ 12,115,000	\$ 16,340,000
Life Insurance Trust	-	-	-
System's Net OPEB Liability	\$ 8,722,000	\$ 12,115,000	\$ 16,340,000

PIKE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2024

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

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

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Net OPEB Liability	\$ 15,583,000	\$ 12,115,000	\$ 9,249,000

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

REQUIRED SUPPLEMENTAL INFORMATION

PIKE COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024

	GENERAL FUND			VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES:				
From Local Sources				
Taxation				
Property	\$ 10,574,403	\$ 11,324,403	\$ 14,722,053	\$ 3,397,650
Motor Vehicles	2,500,000	2,500,000	2,788,129	288,129
Utilities	3,750,000	3,750,000	3,709,516	(40,484)
Other	50,000	50,000	236,885	186,885
Other Local Sources	0	325,100	549,450	224,350
Earnings on Investments	750,000	750,000	1,419,725	669,725
State Sources	58,219,624	58,219,624	56,923,970	(1,295,654)
Federal Sources	150,000	150,000	244,282	94,282
TOTAL REVENUES	\$ 75,994,027	\$ 77,069,127	\$ 80,594,010	\$ 3,524,883
EXPENDITURES:				
Instruction	\$ 47,772,059	\$ 47,772,059	\$ 36,569,841	\$ 11,202,218
Support Services:				
Student	3,858,743	3,858,743	4,465,789	(607,046)
Instructional Staff	2,778,248	2,778,248	3,259,530	(481,282)
District Administration	3,299,218	3,299,218	2,946,130	353,088
School Administration	3,880,850	3,880,850	4,717,655	(836,805)
Business	1,343,395	1,343,395	1,352,323	(8,928)
Plant Operations & Maintenance	13,870,593	13,870,593	14,808,342	(937,749)
Student Transportation	10,083,713	10,083,713	9,983,969	99,744
Community Service	7,500	7,500	258,280	(250,780)
Site Acquisition & Constr.	202,515	202,515	204,570	(2,055)
Architectural/Engineering	0	0	0	0
Debt Service				
Principal	455,005	455,005	441,542	13,463
Interest	0	0	0	0
Contingency	12,000,000	12,000,000	0	12,000,000
TOTAL EXPENDITURES	\$ 99,551,839	\$ 99,551,839	\$ 79,007,971	\$ 20,543,868
Excess (Deficit) of Revenues over Expenditures	\$ (23,557,812)	\$ (22,482,712)	\$ 1,586,039	\$ 24,068,751
OTHER FINANCING SOURCES (USES):				
Proceeds from Capital Leases	\$ 0	\$ 0	\$ 730,121	\$ 730,121
KISBIT Payments	0	0	0	0
Proceeds from Sale of Fixed Assets	0	0	0	0
Operating Transfers In	1,683,178	1,683,178	1,973,214	290,036
Operating Transfers Out	(175,000)	(175,000)	(277,030)	(102,030)
	\$ 1,508,178	\$ 1,508,178	\$ 2,426,305	\$ 918,127
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing (Uses)	\$ (22,049,634)	\$ (20,974,534)	\$ 4,012,344	\$ 24,986,878
Fund Balance - Beginning	11,588,112	11,588,112	22,432,795	10,844,683
Fund Balance - Ending	\$ (10,461,522)	\$ (9,386,422)	\$ 26,445,139	\$ 35,831,561

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, 2024

	SPECIAL REVENUE			VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES:				
Local Sources	\$ 842,965	\$ 842,965	\$ 593,523	\$ (249,442)
Earnings on Investments	0	0	0	0
State Sources	3,129,351	3,129,351	3,201,021	71,670
Federal Sources	12,537,508	12,537,508	24,090,396	11,552,888
TOTAL REVENUES	\$ 16,509,824	\$ 16,509,824	\$ 27,884,940	\$ 11,375,116
EXPENDITURES:				
Instruction	\$ 11,984,698	\$ 11,984,698	\$ 16,542,718	\$ (4,558,020)
Support Services:				
Student	306,187	306,187	591,365	(285,178)
Instructional Staff	1,975,058	1,975,058	3,552,869	(1,577,811)
District Administration	0	0	0	0
School Administration	0	0	91,155	(91,155)
Business	143,973	143,973	150,835	(6,862)
Plant Operations & Maintenance	1,000	1,000	1,307,765	(1,306,765)
Student Transportation	100,000	100,000	282,538	(182,538)
Central Office	0	0	0	0
Food Service Operations	0	0	0	0
Other	0	0	0	0
Community Service	1,981,221	1,981,221	2,196,047	(214,826)
Facilities Acquisition & Construction	0	0	621,298	(621,298)
Contingency	0	0	0	0
TOTAL EXPENDITURES	\$ 16,492,137	\$ 16,492,137	\$ 25,336,590	\$ (8,844,453)
Excess (Deficit) of Revenues over Expenditures	\$ 17,687	\$ 17,687	\$ 2,548,350	\$ 2,530,663
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	\$ 133,623	\$ 133,623	\$ 277,031	\$ 143,408
Operating Transfers Out	(130,271)	(130,271)	(2,825,381)	(2,695,110)
TOTAL OTHER FINANCING SOURCES (USES):	\$ 3,352	\$ 3,352	\$ (2,548,350)	\$ (2,551,702)
Net Change in Fund Balance	\$ 21,039	\$ 21,039	\$ 0	\$ (21,039)
Fund Balance - Beginning	0	0	0	0
Fund Balance - Ending	<u>\$ 21,039</u>	<u>\$ 21,039</u>	<u>\$ 0</u>	<u>\$ (21,039)</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, 2024

	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	492,517	492,517
Other Local Revenues	0	0	0	0
Intergovernmental-State	0	0	0	0
Intergovernmental – Indirect Federal	0	0	0	0
Intergovernmental – Direct Federal	0	0	0	0
TOTAL REVENUES	\$ 0	\$ 0	\$ 492,517	\$ 492,517
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	114,070	(114,070)
Building Improvements	0	9,275,304	2,573,756	6,701,548
Site Improvements	0	0	352,050	(352,050)
TOTAL EXPENDITURES	\$ 0	\$ 9,275,304	\$ 3,039,876	\$ 6,235,428
Excess (Deficit) of Revenues over Expenditures	\$ 0	\$ (9,275,304)	\$ (2,547,359)	\$ 6,727,945
OTHER FINANCING SOURCES (USES):				
Bonds Proceeds	\$ 0	\$ 0	\$ 0	\$ 0
Premium on Bond Issuance	0	0	0	0
Bond Discounts	0	0	0	0
Operating Transfers In	0	0	2,467,224	2,467,224
Operating Transfers Out	0	0	(39,367)	(39,367)
TOTAL OTHER FINANCING SOURCES (USES):	\$ 0	\$ 0	\$ 2,427,857	\$ 2,427,857
Net Change in Fund Balance	\$ 0	\$ (9,275,304)	\$ (119,502)	\$ 9,155,802
Fund Balance - Beginning	0	0	16,188,350	16,188,350
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (9,275,304)</u>	<u>\$ 16,068,848</u>	<u>\$ 25,344,152</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, 2024

	<u>DEBT SERVICE</u>			VARIANCE
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>FAVORABLE (UNFAVORABLE)</u>
REVENUES:				
Intergovernmental- State	\$ 3,285,303	\$ 3,285,303	\$ 3,285,303	\$ 0
TOTAL REVENUES	<u>\$ 3,285,303</u>	<u>\$ 3,285,303</u>	<u>\$ 3,285,303</u>	<u>\$ 0</u>
EXPENDITURES:				
Instruction	\$ 0	\$ 0	\$ 0	\$ 0
Support Services:				
Student	0	0	0	0
Instructional Staff	0	0	0	0
District Administration	0	0	0	0
School Administration	0	0	0	0
Business	0	0	0	0
Plant Operations & Maintenance	0	0	0	0
Student Transportation	0	0	0	0
Central Office	0	0	0	0
Food Service Operations	0	0	0	0
Other	0	0	0	0
Community Service	0	0	0	0
Debt Service	0	0	0	0
Principal	10,353,312	10,353,312	10,349,084	4,228
Interest	0	0	0	0
Bond Issuance Costs	0	0	0	0
TOTAL EXPENDITURES	<u>\$ 10,353,312</u>	<u>\$ 10,353,312</u>	<u>\$ 10,349,084</u>	<u>\$ 4,228</u>
Excess (Deficit) of Revenues over Expenditures	<u>\$ (7,068,009)</u>	<u>\$ (7,068,009)</u>	<u>\$ (7,063,781)</u>	<u>\$ 4,228</u>
OTHER FINANCING SOURCES (USES):				
Bonds Proceeds	\$ 0	\$ 0	\$ 0	\$ 0
Premium on Bond Issuance	0	0	0	0
Operating Transfers In	7,068,009	7,068,009	7,063,781	(4,228)
Operating Transfers Out	0	0	0	0
TOTAL OTHER FINANCING SOURCES (USES):	<u>\$ 7,068,009</u>	<u>\$ 7,068,009</u>	<u>\$ 7,063,781</u>	<u>\$ (4,228)</u>
Net Change in Fund Balance	\$ 0	\$ 0	\$ 0	\$ 0
Fund Balance - Beginning	0	0	2,380,768	2,380,768
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,380,768</u>	<u>\$ 2,380,768</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, 2024**

Last Ten Fiscal Years **	2023-2024	2022-2023	2021-2022	2020-2021	2019-2020	2018-19	2017-18	2016-17	2015-16	2014-15
Schedule of the District's Proportionate Share of the Net Pension Liability										
Commonwealth's proportion of the net pension liability	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
Commonwealth's proportionate share of the net pension liability	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Commonwealth's proportion of the net pension liability associated with the District	100.0000%	100.0000%	100.0000%	100.0000%	100.0000%	100.0000%	100.0000%	100.0000%	100.0000%	100.0000%
Commonwealth's proportionate share of the net pension liability associated with the District	\$ 161,110,034	\$ 174,820,718	\$ 135,328,791	\$ 145,422,332	\$ 146,312,371	\$ 143,777,280	\$ 312,509,016	\$ 353,664,994	\$ 283,538,388	\$ 260,475,099
Total	<u>\$ 161,110,034</u>	<u>\$ 174,820,718</u>	<u>\$ 135,328,791</u>	<u>\$ 145,422,332</u>	<u>\$ 146,312,371</u>	<u>\$ 143,777,280</u>	<u>\$ 312,509,016</u>	<u>\$ 353,664,994</u>	<u>\$ 283,538,388</u>	<u>\$ 260,475,099</u>
District's covered-employee payroll	\$ 39,345,151	\$ 38,411,047	\$ 37,621,763	\$ 42,435,552	\$ 31,871,005	\$ 37,105,911	\$ 36,809,662	\$ 38,195,439	\$ 34,181,498	\$ 39,104,554
District's proportionate share of the net pension liability	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Commonwealth's proportionate share of the net pension liability as a percentage of District's covered-employee payroll	24.4213%	21.9717%	27.8003%	29.1809%	21.7829%	25.8079%	11.7788%	10.7999%	12.0553%	15.0128%
Plan fiduciary net position as a percentage of the total pension liability	57.6800%	56.4000%	65.6000%	58.2700%	58.8000%	59.3000%	39.8300%	54.6000%	55.3000%	45.5907%
Schedule of State Contributions										
	2023-2024	2022-2023	2021-2022	2020-2021	2019-2020	2018-19	2017-18	2016-17	2015-16	2014-15
Contractually required contribution	\$ 9,690,965	\$ 15,950,844	\$ 10,802,392	\$ 10,525,964	\$ 11,010,813	\$ 10,417,762	\$ 11,103,259	\$ 5,819,247	\$ 5,863,960	\$ 6,133,500
Contributions in relation to the contractually required contribution	9,690,965	15,950,844	10,802,392	10,525,964	11,010,813	10,417,762	11,103,259	5,819,247	1,567,395	6,133,500
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 4,296,565</u>	<u>\$ 0</u>							
District's covered payroll	\$ 39,345,151	\$ 38,411,047	\$ 37,621,763	\$ 42,435,552	\$ 31,871,005	\$ 37,105,911	\$ 36,809,662	\$ 38,195,439	\$ 34,181,498	\$ 39,104,554
Contributions as a percentage of covered-employee payroll	24.6306%	41.5267%	28.7131%	24.8046%	34.5481%	28.0757%	30.1640%	15.2354%	4.5855%	15.6849%

** 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, 2024

Last Ten Fiscal Years **

	2023-2024	2022-2023	2021-2022	2020-2021	2019-2020	2018-2019	2017-18	2016-17	2015-16	2014-15
Schedule of the District's Proportionate Share of the Net Pension Liability										
District's proportion of the net pension liability	0.507992%	0.495097%	0.599896%	0.486460%	0.549032%	0.56995%	0.57442%	0.59071%	0.61359%	0.62367%
District's proportionate share of the net pension liability	32,596,504	35,788,749	38,248,076	37,311,079	38,613,665	34,711,631	33,623,037	29,084,219	26,381,351	20,234,000
District's covered-employee payroll	24,060,496	23,457,860	21,375,190	23,175,462	18,290,845	19,941,375	19,615,193	17,640,094	19,050,950	17,811,339
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	135.47727%	152.56613%	178.93678%	160.99390%	211.10925%	174.06839%	171.41324%	164.87565%	138.47788%	113.60179%
Plan fiduciary net position as a percentage of the total pension liability	57.48%	52.42%	57.33%	47.81%	50.45%	53.54%	55.32%	55.50%	59.97%	66.80%

	2023-2024	2022-2023	2021-2022	2020-2021	2019-2020	2018-2019	2017-18	2016-17	2015-16	2014-15
Schedule of District Contributions										
Contractually required contribution	\$ 3,450,641	\$ 3,118,538	\$ 2,957,318	\$ 2,404,898	\$ 3,682,772	\$ 3,730,476	\$ 3,492,697	\$ 2,443,771	\$ 2,497,324	\$ 2,497,359
Contributions in relation to the contractually required contribution	3,450,641	3,118,538	2,957,318	2,404,898	3,682,772	3,730,476	3,492,697	2,443,771	2,497,324	2,497,359
Contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
District's covered payroll	24,060,496	23,457,860	21,375,190	23,175,462	18,290,845	19,941,375	19,615,193	17,640,094	19,050,950	17,811,339
Contributions as a percentage of covered-employee payroll	14.3415%	13.2942%	13.8353%	10.3769%	20.1345%	18.7072%	17.8061%	13.8535%	13.1087%	14.0212%

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

PIKE COUNTY BOARD OF EDUCATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET OPEB LIABILITY - MEDICAL INSURANCE PLAN
Teachers' Retirement System Kentucky
Last 10 Fiscal Years*
FOR THE YEAR ENDED JUNE 30, 2024

	2024	2023	2022	2021	2020	2019	2018
District's proportion of the collective net OPEB liability (asset)	0.497415%	0.747427%	0.556658%	0.552358%	0.573923%	0.569656%	0.613982%
District's proportionate share of the collective net OPEB liability (asset)	\$ 12,115,000	\$ #REF!	\$ 11,944,000	\$ 13,940,000	\$ 16,798,000	\$ 16,795,000	\$ 21,893,000
State's proportionate share of the collective net OPEB liability (asset) associated with the District	10,211,000	#REF!	9,829,000	11,167,000	13,565,000	17,034,000	17,884,000
Total	\$ 22,326,000	\$ #REF!	\$ 21,773,000	\$ 25,107,000	\$ 30,363,000	\$ 33,829,000	\$ 39,777,000
District's covered-employee payroll	39,345,151	38,411,047	37,621,763	42,435,552	31,871,005	37,105,911	36,809,662
District's proportionate share of the collective net OPEB liability (asset) as a percentage of its covered-employee payroll	30.792%	#REF!	31.748%	32.850%	52.706%	45.262%	59.476%
Plan fiduciary net position as a percentage of the total OPEB liability	57.700%	56.400%	39.046%	39.050%	35.580%	25.540%	21.180%

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

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

PIKE COUNTY BOARD OF EDUCATION
SCHEDULE OF DISTRICT CONTRIBUTIONS - MEDICAL INSURANCE PLAN
Teachers' Retirement System Kentucky
Last 10 Fiscal Years*
FOR THE YEAR ENDED JUNE 30, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	942,518	991,712	988,072	975,503	999,356	\$ 1,014,736	\$ 1,051,925
Contributions in relation to the							
Contractually required contribution	<u>942,518</u>	<u>991,712</u>	<u>988,072</u>	<u>975,503</u>	<u>999,356</u>	<u>1,014,736</u>	<u>1,051,925</u>
Contribution deficiency (excess)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>\$ 0</u>	<u>\$ 0</u>
District's covered-employee payroll	\$ 39,345,151	\$ 38,411,047	\$ 37,621,763	\$ 42,435,552	\$ 31,871,005	\$ 37,105,911	\$ 36,809,662
Contributions as a percentage of covered- employee payroll	2.40%	2.58%	2.63%	2.30%	3.14%	2.73%	2.86%

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

PIKE COUNTY BOARD OF EDUCATION
Notes to Required Supplementary Information - Kentucky Teachers Retirement System
For the Year Ended June 30, 2024

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, 2023:

Actuarial Assumptions			
A summary of the actuarial assumptions as of the latest actuarial valuation follows.			
		MIF	LIF
Valuation date		June 30, 2022	June 30, 2022
Investment rate of return		7.10%, net of OPEB plan investment expense, including inflation	7.10%, net of OPEB plan investment expense, including inflation
Projected salary increases		3.0 - 7.5%, including wage inflation	3.0 - 7.5%, including wage inflation
Inflation rate		2.50%	2.50%
Real wage growth		0.25%	0.25%
Wage inflation		2.75%	2.75%
Municipal bond index rate		3.66%	3.66%
Discount rate		7.10%	7.10%
Single equivalent interest rate		7.10%, net of OPEB plan investment expense, including price inflation	7.10%, net of OPEB plan investment expense, including price inflation
Health care cost trends			
	KEHP group	6.75% for fiscal year 2023 decreasing to an ultimate rate of 4.5% by fiscal year 2032	
	MEHP group	6.75% for fiscal year 2023 decreasing to an ultimate rate of 4.5% by fiscal year 2032	
	Medicare Part B premiums	1.55% for fiscal year 2023 with an ultimate rate of 4.5% by 2034	

PIKE COUNTY BOARD OF EDUCATION
Notes to Required Supplementary Information - Kentucky Teachers Retirement System
For the Year Ended June 30, 2024

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 are contributed by the state.

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

At June 30, 2024, 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	\$ 12,115,000
State’s proportionate share of the net OPEB liability associated with the District	0
Medical Insurance	10,211,000
Life Insurance	253,000
Total liability associated with the District	\$ 22,579,000

For the year ended June 30, 2024, the District recognized OPEB expense of \$822,196 and revenue of \$822,196 for support provided by the State. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	0	\$ 4,106,000
Changes of assumptions	2,754,000	0
Net difference between projected and actual earnings on pension plan investments	227,000	0
Changes in proportion and differences between District contributions and proportionate share of contributions	4,178,000	6,552,000
District contributions subsequent to the measurement date	942,518	0
Total	\$ 8,101,518	\$ 10,658,000

PIKE COUNTY BOARD OF EDUCATION
Notes to Required Supplementary Information - Kentucky Teachers Retirement System
For the Year Ended June 30, 2024

Of the total amount reported as deferred outflows of resources related to OPEB, \$942,518 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as shown:

Year ended June 30:	
2024	\$ (145,482)
2025	(912,000)
2026	(89,000)
2027	(154,000)
2028	(634,000)
Thereafter	<u>(622,000)</u>
	<u>\$ (2,556,482)</u>

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

Actuarial Assumptions

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

	MIF	LIF
Valuation date	June 30, 2022	June 30, 2022
Investment rate of return	7.10%, net of OPEB plan investment expense, including inflation	7.10%, net of OPEB plan investment expense, including inflation
Projected salary increases	3.0 - 7.5%, including wage inflation	3.0 - 7.5%, including wage inflation
Inflation rate	2.50%	2.50%
Real wage growth	0.25%	0.25%
Wage inflation	2.75%	2.75%
Municipal bond index rate	3.66%	3.66%
Discount rate	7.10%	7.10%
Single equivalent interest rate	7.10%, net of OPEB plan investment expense, including price inflation	7.10%, net of OPEB plan investment expense, including price inflation
Health care cost trends		
KEHP group	6.75% for fiscal year 2023 decreasing to an ultimate rate of 4.5% by fiscal year 2032	
MEHP group	6.75% for fiscal year 2023 decreasing to an ultimate rate of 4.5% by fiscal year 2032	
Medicare Part B premiums	1.55% for fiscal year 2023 with an ultimate rate of 4.5% by 2034	

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

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

PIKE COUNTY BOARD OF EDUCATION
Notes to Required Supplementary Information - Kentucky Teachers Retirement System
For the Year Ended June 30, 2024

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

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends) used in the June 30, 2023 valuation of the Health Trust were based on a review of recent plan experience done concurrently with the June 30, 2023 valuation. The health care cost trend assumption was updated for the June 30, 2023 valuation and was shown as an assumption change in the TOL roll forward, while the change in initial per capita claims costs were included with experience in the TOL roll forward.

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

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

<u>Asset Class</u>	<u>Target Allocation Percentage</u>	<u>Long-Term Expected Real Rate Percentage of Return</u>
U.S. large cap equity	35.4	5.0
U.S. small cap equity	2.6	5.5
Developed international equity	15.0	5.5
Emerging markets equity	5.0	6.1
Fixed income	9.0	1.9
High yield bonds	8.0	3.8
Other additional categories	9.0	3.7
Real estate	6.5	3.2
Private equity	8.5	8.0
Cash	1.0	1.6
Total	100.0	

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

PIKE COUNTY BOARD OF EDUCATION
Notes to Required Supplementary Information - Kentucky Teachers Retirement System
For the Year Ended June 30, 2024

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

	1% Decrease Rate (6.10%)	Current Discount Rate (7.10%)	1% Increase Rate (8.10%)
Systems' net pension liability	\$ 8,722,000	\$ 12,115,000	\$ 16,340,000

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, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the collective net OPEB liability (asset)	0.507992%	0.495097%	0.599755%	0.486319%	5.489250%	0.569928%	0.574428%
District's proportionate share of the collective net OPEB liability (asset)	\$ (770,807)	\$ 9,770,807	\$ 11,482,009	\$ 11,743,125	\$ 9,232,671	\$ 10,118,958	\$ 11,547,968
Total	\$ (770,807)	\$ 9,770,807	\$ 11,482,009	\$ 11,743,125	\$ 9,232,671	\$ 10,118,958	\$ 11,547,968
District's covered-employee payroll	24,060,496	23,457,860	21,375,190	23,175,462	18,290,845	19,941,375	19,615,193
District's proportionate share of the collective net OPEB liability (asset) as a percentage of its covered-employee payroll	-3.204%	41.653%	53.717%	50.671%	50.477%	50.744%	58.873%
Plan fiduciary net position as a percentage of the total OPEB liability	104.230%	60.950%	62.910%	51.670%	60.440%	53.540%	53.320%

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

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

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, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 499,901	\$ 887,051	\$ 1,068,862	\$ 837,519	\$ 889,060	\$ 663,929	\$ 661,534
Contributions in relation to the							
Contractually required contribution	(499,901)	(887,051)	(1,068,862)	(837,519)	(889,060)	(663,929)	(661,534)
Contribution deficiency (excess)	<u>\$ 0</u>						
District's covered-employee payroll	\$ 24,060,496	\$ 23,457,860	\$ 21,375,190	\$ 23,175,462	\$ 18,290,845	\$ 19,941,375	\$ 19,615,193
Contributions as a percentage of covered- employee payroll	2.08%	3.78%	5.00%	3.61%	4.86%	3.33%	3.37%

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

PIKE COUNTY BOARD OF EDUCATION
Notes to the Required Supplementary Information
for the Year Ended June 30, 2024

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, 2023, was performed by Gabriel Roeder Smith (GRS). The total OPEB liability, net OPEB liability, and sensitivity information as of June 30, 2022, were based on an actuarial valuation date of June 30, 2023. The total OPEB liability was rolled-forward from the valuation date (June 30, 2020) to the plan’s fiscal year ending June 30, 2023, using generally accepted actuarial principles. There have been no changes in actuarial assumptions since June 30, 2020 (other than the blended discount rate used to calculate the total OPEB liability). However, during the 2018 legislative session, House Bill 185 was enacted, which updated the benefit provisions for active members who die in the line of duty. The system shall now pay 100% of the insurance premium for spouses and children of all active members who die in the line of duty. The total OPEB liability as of June 30, 2022, is determined using these updated benefit provisions.

Determined by the	
Actuarial Valuation as of:	June 30, 2021
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Amortization Method:	Level Percent of Pay
Amortization Period:	30 Year, Closed period at June 30, 2019
	<i>Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases</i>
Inflation	2.30%
Payroll Growth Rate	2.0% for CERS Nonhazardous and CERS Hazardous
Salary Increases	3.30% to 10.30%, varies by service for CERS Nonhazardous
Investment Rate of Return	6.25%
Healthcare Trend Rates	
Pre – 65	Initial trend starting at 6.30% at January 1, 2023, gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2022 premiums were known at the time of the valuation and were incorporated into the liability measurement.
Post – 65	Initial trend starting at 6.30% at January 1, 2023 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2022 premiums were known at the time of the valuation and were incorporated into the liability measurement.
Mortality	
Pre-retirement	PUB-2010 General Mortality table, for the Nonhazardous Systems, and the PUB-2010 Public Safety Mortality table for the Hazardous Systems, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010
Post-retirement (non-disabled)	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019
Post-retirement (disabled)	PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010

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

PIKE COUNTY BOARD OF EDUCATION
Notes to the Required Supplementary Information
for the Year Ended June 30, 2024

Kentucky Retirement System – County Employee OPEB Plan

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

Medical Insurance Plan

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

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

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

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

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

At June 30, 2023, the Kentucky School District reported a liability of \$9,770,807 for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2023 the District's proportion was .495097 percent, which was a decrease of .104658 percent from its proportion measured as of June 30, 2022 (.599755 percent).

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

District's proportionate share of the net OPEB liability	\$ (701,368)
--	--------------

PIKE COUNTY BOARD OF EDUCATION
Notes to the Required Supplementary Information
for the Year Ended June 30, 2024

Kentucky Retirement System – County Employee OPEB Plan

For the year ended June 30, 2024, the District recognized OPEB expense of \$1,163,089. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Liability Experience	\$ 983,513	\$ 2,240,673
Changes of assumptions	1,545,321	1,273,336
Investment Experience	1,819,425	1,422,852
Changes in proportion and differences between District contributions and proportionate share of contributions	1,261,278	2,295,535
District contributions subsequent to the measurement date	570,994	0
Total	<u>\$ 6,180,531</u>	<u>\$ 7,232,396</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$570,994 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Year Ended June 30:	
2023	\$ 234,526
2024	(333,763)
2025	(640,325)
2026	(312,303)
2027	0
ther after	0
	<u>\$ (1,051,865)</u>

PIKE COUNTY BOARD OF EDUCATION
Notes to the Required Supplementary Information
for the Year Ended June 30, 2024

Kentucky Retirement System – County Employee OPEB Plan

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

Determined by the	
Actuarial Valuation as of:	June 30, 2020
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Amortization Method:	Level Percent of Pay
Amortization Period:	30 Year, Closed period at June 30,2019
	<i>Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases</i>
Inflation	2.30%
Payroll Growth Rate	2.0% for CERS Nonhazardous and CERS Hazardous
Salary Increases	3.30% to 10.30%, varies by service for CERS Nonhazardous
Investment Rate of Return	6.25%
Healthcare Trend Rates	
Pre – 65	Initial trend starting at 6.20% at January 1, 2024, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Post – 65	Initial trend starting at 9.00% in 2024, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years
Mortality	
Pre-retirement	PUB-2010 General Mortality table, for the Nonhazardous Systems, and the PUB-2010 Public Safety Mortality table for the Hazardous Systems, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010
Post-retirement (non-disabled)	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019
Post-retirement (disabled)	PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010

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

PIKE COUNTY BOARD OF EDUCATION
Notes to the Required Supplementary Information
for the Year Ended June 30, 2024

Kentucky Retirement System – County Employee OPEB Plan

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

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

Discount Rate – Single discount rates of 5.70% for the CERS non-hazardous insurance plan were used to measure the total OPEB liability as of June 30, 2022. The single discount rates are based on the expected rate of return on OPEB plan investments of 6.58% and a municipal bond rate of 3.69%, as reported in Fidelity Index’s “20-Year Municipal GO AA Index” as of June 30, 2022. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, each plan’s fiduciary net position and future contributions were projected separately and were sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the plan. However, the cost associated with the implicit employer subsidy is not currently being included in the calculation of the plan’s actuarially determined contributions, and it is our understanding that any cost associated with the implicit subsidy will not be paid out of the plan’s trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

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

The following table presents the District’s proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 5.70%, as well as what the District’s proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.70%) or 1-percentage-point higher (6.70%) than the current rate:

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

PIKE COUNTY BOARD OF EDUCATION
Notes to the Required Supplementary Information
for the Year Ended June 30, 2024

Kentucky Retirement System – County Employee OPEB Plan

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

	1% Decrease	Current Discount Rate	1% Increase
System's Net OPEB Liability	\$ 7,264,378	\$ 9,770,807	\$ 12,780,500

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

**COMBINING FINANCIAL STATEMENTS
AND OTHER SUPPLEMENTARY INFORMATION**

PIKE COUNTY BOARD OF EDUCATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	Capital Outlay Fund	Building Fund	District Activity	School Activity Funds	Total Non-Major Governmental Funds
REVENUES					
From Local Sources					
Taxes					
Property	\$ 0	\$ 2,407,836	\$ 0	\$ 0	\$ 2,407,836
Motor Vehicles	0	0	0	0	0
Utilities	0	0	0	0	0
Other	0	0	0	0	0
Earnings on Investments	0	0	0	0	0
Other Local Revenues	0	0	0	4,035,236	4,035,236
Intergovernmental- State	722,139	4,929,096	0	0	5,651,235
Intergovernmental-Indirect Federal	0	0	0	0	0
Total Revenues	\$ 722,139	\$ 7,336,932	\$ 0	\$ 4,035,236	\$ 12,094,307
EXPENDITURES					
Instruction	\$ 0	\$ 0	\$ 177,709	\$ 0	\$ 177,709
Support Services					
Student	0	0	0	0	0
Instruction Staff	0	0	24,680	0	24,680
District Administrative	0	0	0	0	0
School Administrative	0	0	15,212	3,851,960	3,867,172
Business	0	0	0	0	0
Plant Operation and Maint.	0	0	64,753	0	64,753
Student Transportation	0	0	0	0	0
Food Service	0	0	0	0	0
Community Services	0	0	0	0	0
Facilities Acquisitions and Construction	0	0	0	0	0
Site Improvement	0	0	0	0	0
Building Improvements	0	0	0	0	0
Debt Service					
Principal	0	0	0	0	0
Interest	0	0	0	0	0
Bond Issuance Costs	0	0	0	0	0
Total Expenditures	\$ 0	\$ 0	\$ 282,354	\$ 3,851,960	\$ 4,134,314
Excess (Deficit) of Revenues over Expenditures	\$ 722,139	\$ 7,336,932	\$ (282,354)	\$ 183,276	\$ 7,959,993
Other Financing Sources (Uses)					
Proceeds from Sales of Bonds	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Premium on Bond Issuance	0	0	0	0	0
Bond Discounts	0	0	0	0	0
Proceeds from Capital Leases	0	0	0	0	0
KISBIT Payments	0	0	0	0	0
Proceeds from Sales of Fixed Assets	0	0	0	0	0
Operating Transfer, In	0	0	249,529	0	249,529
Operating Transfer, Out	(722,139)	(7,336,932)	0	(249,529)	(8,308,600)
Total Other Financing Sources	\$ (722,139)	\$ (7,336,932)	\$ 249,529	\$ (249,529)	\$ (8,059,071)
Net Change in Fund Balance	\$ 0	\$ 0	\$ (32,825)	\$ (66,253)	\$ (99,078)
Fund Balance - Beginning	0	0	165,320	1,275,399	1,440,719
Prior Period Adjustment	0	0	0	0	0
Fund Balance - Ending	\$ 0	\$ 0	\$ 132,495	\$ 1,209,146	\$ 1,341,641

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

**PIKE COUNTY BOARD OF EDUCATION
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2024**

	<u>Capital Outlay Fund</u>	<u>Building Fund</u>	<u>District Activity</u>	<u>School Activity Funds</u>	<u>Total Non- Major Governmental Funds</u>
<u>ASSETS AND RESOURCES</u>					
Cash and Cash Equivalents	\$ 0	\$ 0	\$ 133,473	\$ 1,246,894	\$ 1,380,367
Accounts Receivable	0	0	0	5,264	5,264
Amounts held by Fiscal Agents	0	0	0	0	0
Due From Other Funds	0	0	0	0	0
Total Assets	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 133,473</u>	<u>\$ 1,252,158</u>	<u>\$ 1,385,631</u>
<u>LIABILITIES AND FUND BALANCE</u>					
Liabilities					
Accounts Payable	\$ 0	\$ 0	\$ 978	\$ 43,012	\$ 43,990
Summer Payrolls	0	0	0	0	
Other Liabilities	0	0	0	0	0
Other Liabilities	0	0	0	0	0
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 978</u>	<u>\$ 43,012</u>	<u>\$ 43,990</u>
Deferred Revenue	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Fund Balances					
Restricted:					
Other	\$ 0	\$ 0	\$ 132,495	\$ 1,209,146	\$ 1,341,641
Future Construction	0	0	0	0	0
Debt Service	0	0	0	0	0
Committed:					
Site Based Carryforward	0	0	0	0	0
Sick-leave	0	0	0	0	0
Worker's Compensation	0	0	0	0	0
Assigned:					
Purchase Obligations	0	0	0	0	0
Unassigned	0	0	0	0	0
Total Fund Balances	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 132,495</u>	<u>\$ 1,209,146</u>	<u>\$ 1,341,641</u>
Total Liabilities and Fund Balances	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 133,473</u>	<u>\$ 1,252,158</u>	<u>\$ 1,385,631</u>

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, 2024**

SCHOOLS	Cash Balance July 1, 2023	Receipts	Disburse- ments	Cash Balance June 30, 2024	Accounts Receivable	Accounts Payable	Due to Students June 30, 2024
HIGH SCHOOLS							
Belfry	\$ 166,487	\$ 394,809	\$ 407,521	\$ 153,775	\$ 1,864	\$ 0	\$ 155,639
East Ridge	128,338	230,267	211,564	147,041	0	0	147,041
Phelps	75,017	199,812	211,255	63,574	0	285	63,289
Pike Central	76,194	567,069	563,500	79,763	0	2,667	77,096
Shelby Valley	131,772	438,751	422,827	147,696	0	0	147,696
MIDDLE SCHOOLS							
Belfry Middle	36,824	209,554	200,270	46,108	0	13,818	32,290
ELEMENTARY SCHOOLS							
Belfry Elementary	45,700	133,665	138,820	40,545	0	0	40,545
Bevins	64,454	68,272	87,351	45,375	0	100	45,275
Dorton	43,440	157,904	152,819	48,525	795	209	49,111
Elkhorn City	28,105	161,146	148,382	40,869	0	0	40,869
Feds Creek	12,313	89,614	84,194	17,733	0	0	17,733
Johns Creek	85,894	245,571	256,829	74,636	450	17,021	58,065
Kimper	29,350	26,357	25,386	30,321	0	843	29,478
Millard	97,519	267,720	275,542	89,697	0	0	89,697
Mullins	69,567	368,087	394,658	42,996	1,363	3,575	40,784
Phelps	28,412	88,435	99,741	17,106	0	0	17,106
Valley	162,950	384,351	395,276	152,025	792	4,494	148,323
DAY TREATMENT CENTERS							
Pike County Day Treatment	8,574	6,894	6,358	9,110	0	0	9,110
TOTALS	<u>\$ 1,290,910</u>	<u>\$ 4,038,278</u>	<u>\$ 4,082,293</u>	<u>\$ 1,246,895</u>	<u>\$ 5,264</u>	<u>\$ 43,012</u>	<u>\$ 1,209,147</u>

**PIKE COUNTY BOARD OF EDUCATION
BELFRY HIGH SCHOOL
ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024**

Fund	Cash Balance July 1, 2023	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2024	Accounts Receivable	Accounts Payable	Due to Students June 30, 2024
GENERAL	\$ 1,860	\$ 8,723	\$ 8,754	\$ 0	\$ 1,829	\$ 0	\$ 0	\$ 1,829
ACADEMIC	0	0	1,218	1,218	0	0	0	0
TENNIS	0	0	739	739	0	0	0	0
SPIRIT TEAM	1,112	1,015	1,190	0	937	0	0	937
NANCY SCOTT	500	0	500	0	0	0	0	0
INSTRUCTIONAL FEE	4,279	6,476	5,659	(3,153)	1,943	0	0	1,943
DEBBIE HUNTER	500	500	500	0	500	0	0	500
ESPORTS	114	3,760	4,634	759	(1)	0	0	(1)
PHOTOGRAPHY	1	1,146	0	(1,145)	2	0	0	2
FACULTY	7,271	6,127	9,325	0	4,073	0	0	4,073
JAG	0	0	0	0	0	0	0	0
HOMECOMING	3,145	3,080	3,138	(319)	2,768	0	0	2,768
VARSITY COURT	93	0	411	319	1	0	0	1
HONOR SOCIETY	449	1,440	1,340	0	549	0	0	549
WRESTLING	0	10,680	5,614	(5,066)	0	0	0	0
STLP	124	1,987	1,934	0	177	0	0	177
MU ALPHA THETA	194	96	138	0	152	0	0	152
HOBY	0	800	1,780	980	0	0	0	0
BILLY HATFIELD MINIS	0	0	0	0	0	0	0	0
PERSEVERE SCHOLARSHIP	1,000	1,000	1,000	0	1,000	0	0	1,000
JAMES WILLIS STUL	5,545	500	4,000	0	2,045	0	0	2,045
KY BLOOD CENTER	1,137	1,305	2,000	0	442	0	0	442
STUDENT COMMUNITY	1,000	0	0	(1,000)	0	0	0	0
DESIRE SCHOLARSHIP	0	2,000	1,000	0	1,000	0	0	1,000
EASTERN KY STRONG	11,765	12,750	14,585	0	9,930	0	0	9,930
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, 2024**

Fund	Cash Balance July 1, 2023	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2024	Accounts Receivable	Accounts Payable	Due to Students June 30, 2024
STARTUP	0	18,490	54,455	35,965	0	0	0	0
STORES	9,614	35,564	19,855	(16,497)	8,826	0	0	8,826
ROBOTICS	7,195	5,163	6,252	0	6,106	0	0	6,106
PLTW PROJECT	20,879	130	16,028	(211)	4,770	0	0	4,770
FCA	345	0	0	0	345	0	0	345
DR MARY JOHNSON SCHOLARSHIP	5,000	5,000	5,000	0	5,000	0	0	5,000
HOSA	2,813	9,229	7,238	0	4,804	0	0	4,804
FOOTBALL	25,486	76,203	63,536	(9,577)	28,576	0	0	28,576
YOUTH FOOTBALL	243	0	0	0	243	0	0	243
FOOTBALL II	2,669	0	0	0	2,669	0	0	2,669
BOYS BASKETBALL	2,259	29,963	25,423	(6,799)	0	0	0	0
YOUTH BASKETBALL	29	0	0	0	29	0	0	29
GIRLS BASKETBALL	213	13,822	11,185	(2,849)	1	0	0	1
BASEBALL	0	5,703	5,969	266	0	0	0	0
		2,238	1,285	(953)	0	0	0	0
VARSITY CHEER	1,760	21,051	14,574	(100)	8,137	0	0	8,137
VARSITY CHEER NATIONALS	0	0	0	0	0	0	0	0
JV CHEERLEADERS	1,206	0	206	0	1,000	0	0	1,000
SOFTBALL	564	14,919	14,072	(1,411)	0	0	0	0
		1,107	870	(237)	0	0	0	0
		1,081	384	(697)	0	0	0	0
VOLLEYBALL	7,556	4,011	3,672	(1,467)	6,428	0	0	6,428
ART HONOR SOCIETY	970	565	229	0	1,306	0	0	1,306
SWIM TEAM	2	10,511	8,791	(225)	1,497	0	0	1,497
SPECIAL NEEDS	5,248	7,192	9,237	2,500	5,703	0	0	5,703
SPECIAL NEEDS II	3,340	0	3,265	0	75	0	0	75

**PIKE COUNTY BOARD OF EDUCATION
BELFRY HIGH SCHOOL
ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024**

Fund	Cash Balance July 1, 2023	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2024	Accounts Receivable	Accounts Payable	Due to Students June 30, 2024
BOYS SOCCER	1,421	7,896	5,522	(3,794)	1	0	0	1
GIRLS SOCCER	283	6,520	1,491	(2,034)	3,278	0	0	3,278
JR CLASS	0	9,974	8,144	(1,830)	0	0	0	0
SENIOR CLASS	762	523	1,032	1,930	2,183	0	0	2,183
JR ROTC	0	1,565	3,831	2,266	0	1,864	0	1,864
KYTSA	0	1,000	400	0	600	0	0	600
SADD	589	0	0	0	589	0	0	589
YALSA	939	99	549	0	489	0	0	489
SPEECH & DRAMA	1,027	0	171	0	856	0	0	856
SPANISH	266	0	0	0	266	0	0	266
CLAY TARGET LEAGUE	1,051	896	1,970	23	0	0	0	0
FBLA	939	3,106	3,368	118	795	0	0	795
	0	5,174	0	0	5,174	0	0	5,174
CHILDREN INC	2,155	10,287	10,241	0	2,201	0	0	2,201
YOUTH SERVICE CENTER	1,748	1,873	2,025	0	1,596	0	0	1,596
PIRATE PANTRY	646	500	75	0	1,071	0	0	1,071
YEARBOOK	15,797	20,069	14,742	0	21,124	0	0	21,124
CHARITABLE GAMING	1	0	0	0	1	0	0	1
TRACK	276	0	1,586	1,310	0	0	0	0
BAND	725	0	325	(93)	307	0	0	307
CHOIR	0	0	93	93	0	0	0	0
DAF INSTRUCTION	0	0	7,436	7,436	0	0	0	0
DAF BUILDING/GROUND	0	0	3,535	3,535	0	0	0	0
TOTAL	\$ 166,487	\$ 394,809	\$ 407,521	\$ 0	\$ 153,775	\$ 1,864	\$ 0	\$ 155,639

**PIKE COUNTY BOARD OF EDUCATION
EAST RIDGE HIGH SCHOOL
ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024**

Fund	Cash Balance July 1, 2023	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2024	Accounts Receivable	Accounts Payable	Due to Students June 30, 2024
GENERAL	\$ 5,841	\$ 9,319	\$ 4,789	\$ (2,218)	\$ 8,153	\$ 0	\$ 0	\$ 8,153
LIBRARY	44	4	0	0	48	0	0	48
AP EXAMS	52	0	0	0	52	0	0	52
SCHOLARSHIPS	30,378	32,313	24,000	0	38,691	0	0	38,691
PARKING	2,829	400	0	0	3,229	0	0	3,229
TEXTBOOKS	5,018	0	0	0	5,018	0	0	5,018
SCIENCE DEPT	0	0	0	0	0	0	0	0
STUDENT ACTIVITY	39	0	0	0	39	0	0	39
SCOREBOARD	6,593	0	0	(6,593)	0	0	0	0
LINK CREW	0	0	89	500	411	0	0	411
PEP CLUB	0	0	0	0	0	0	0	0
WARRIOR WEARHOUSE	7,634	2,157	3,359	701	7,133	0	0	7,133
STUDENTS INCENTIVES	75	0	0	0	75	0	0	75
LITTLE LEAGUE BASKETBALL	392	6,014	3,968	(2,438)	0	0	0	0
FMD	363	2,758	1,879	(450)	792	0	0	792
ARCHERY	0	8,872	3,433	(420)	5,019	0	0	5,019
ACADEMIC TEAM	271	1,140	982	(225)	204	0	0	204
AUDIO VISUAL	310	150	0	0	460	0	0	460
ATHLETICS	4,254	18,925	13,071	(9,662)	446	0	0	446
STARTUP CHANGE	0	600	600	0	0	0	0	0
BOYS BASKETBALL	4,235	7,848	16,581	4,498	0	0	0	0
GIRLS BASKETBALL	9	3,081	4,333	4,548	3,305	0	0	3,305
PEEWEE FOOTBALL	239	0	0	0	239	0	0	239
FOOTBALL	153	13,141	17,073	3,779	0	0	0	0
ER MS FOOTBALL	365	17,685	6,658	(1,956)	9,436	0	0	9,436
ER MS SOFTBALL	0	0	0	0	0	0	0	0
SOFTBALL	2	3,607	6,054	2,445	0	0	0	0
59TH DIST BASE/SOFT TOURN	0	0	0	0	0	0	0	0
BASEBALL	772	2,595	5,291	1,925	1	0	0	1

**PIKE COUNTY BOARD OF EDUCATION
EAST RIDGE HIGH SCHOOL
ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024**

Fund	Cash Balance July 1, 2023	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2024	Accounts Receivable	Accounts Payable	Due to Students June 30, 2024
ER MS BASEBALL	705	0	0	0	705	0	0	705
ER MS BASEBALL BOOSTERS	268	0	0	0	268	0	0	268
ER MS BASEBALL BOOST CONC	586	0	0	0	586	0	0	586
VOLLEYBALL	1,939	3,194	5,011	1,412	1,534	0	0	1,534
DISTRIC VB TOUR	1,206	0	0	0	1,206	0	0	1,206
GOLF	0	200	160	(40)	0	0	0	0
CROSS COUNTRY	456	3,528	2,210	(1,159)	615	0	0	615
TRACK BOYS/GIRLS	4,820	0	5,131	550	239	0	0	239
CULTURE CLUB	117	0	0	0	117	0	0	117
CHEERLEADERS	0	500	360	(140)	0	0	0	0
DANCE TEAM	245	2,041	1,667	(495)	124	0	0	124
SPANISH	68	0	0	0	68	0	0	68
CTE ENTERPRISES	0	23,679	18,282	3,162	8,559	0	0	8,559
SOPHOMORES	583	0	0	0	583	0	0	583
JROTC VENDING	11,062	7,833	4,584	0	14,311	0	0	14,311
TEACHERS LOUNGE CONC	275	1,266	590	0	951	0	0	951
STUDENT VENDING	5,521	132	0	0	5,653	0	0	5,653
DUAL CREDIT	54	1,524	0	0	1,578	0	0	1,578
BAND/CHOIR	0	7,756	9,056	1,300	0	0	0	0
CLASS OF 2025	0	0	0	799	799	0	0	799
JROTC DRILL TEAM	3,579	801	238	(1,519)	2,623	0	0	2,623
DRAMA	181	1,857	1,948	0	90	0	0	90
ANNUAL YEARBOOK	10,266	1,366	43	0	11,589	0	0	11,589
PICTURES	1,641	346	0	(350)	1,637	0	0	1,637
BETA CLUB	183	0	0	0	183	0	0	183
NATIONAL HONOR SOCIETY	277	1,400	1,292	0	385	0	0	385
NEWSPAPER	96	0	0	0	96	0	0	96
CHILDREN INC	3,544	5,390	6,567	(246)	2,121	0	0	2,121
GUIDANCE COUNSELOR	65	0	0	0	65	0	0	65

**PIKE COUNTY BOARD OF EDUCATION
EAST RIDGE HIGH SCHOOL
ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024**

Fund	Cash Balance July 1, 2023	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2024	Accounts Receivable	Accounts Payable	Due to Students June 30, 2024
GYM SIGN ADS	0	5,250	390	(4,860)	0	0	0	0
NANCY RATLIFF SHOL	1,500	0	1,500	0	0	0	0	0
PROM	3,607	7,975	8,076	0	3,506	0	0	3,506
HOMECOMING ACTIVITIES	2,181	0	207	0	1,974	0	0	1,974
STUDENT ENRICHMENT	185	1,470	1,100	0	555	0	0	555
HOSA	116	1,085	706	0	495	0	0	495
REG/DIST BB/SB TOURNAMENT	0	0	0	0	0	0	0	0
SENIOR TRIP	701	1,916	3,025	408	0	0	0	0
SENIORS	1,524	14,633	15,048	(1,109)	0	0	0	0
SIGNS	400	0	0	0	400	0	0	400
GIFTED AND TALENTED	173	0	0	0	173	0	0	173
SMILE CLUB	0	0	0	0	0	0	0	0
DOLLYWOOD	73	3,241	2,516	(799)	(1)	0	0	(1)
AWARDS BANQUET	200	0	0	0	200	0	0	200
FBLA	73	795	575	0	293	0	0	293
FLAG FOOTBALL	0	480	100	(370)	10	0	0	10
DAF INSTRUCTION	0	0	2,500	2,500	0	0	0	0
DAF ATHLETICS	0	0	5,495	5,495	0	0	0	0
DAF BUILDING/GROUNDS/M&R	0	0	1,027	1,027	0	0	0	0
Total	<u>\$ 128,338</u>	<u>\$ 230,267</u>	<u>\$ 211,564</u>	<u>\$ 0</u>	<u>\$ 147,041</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 147,041</u>

**PIKE COUNTY BOARD OF EDUCATION
PHELPS HIGH SCHOOL
ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024**

Fund	Cash Balance July 1, 2023	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2024	Accounts Receivable	Accounts Payable	Due to Students June 30, 2024
START UP MONEY	\$ 0	\$ 650	\$ 650	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
PHARMACY TECH CLASS	434	0	0	(434)	0	0	0	0
CROSS COUNTRY	3	0	0	0	3	0	0	3
ESPORTS	436	0	0	0	436	0	0	436
SPANISH	43	49	56	0	36	0	0	36
STEM AWARDS/SCHOLARSHIP	897	0	500	0	397	0	0	397
TRACK	896	2,771	2,663	0	1,004	0	0	1,004
COUNTY GATE	0	0	(114)	(114)	0	0	0	0
CTE ENTERPRISES	0	250	0	0	250	0	0	250
DB AWARDS/SCHOLARSHIP	550	0	250	0	300	0	0	300
GENERAL FUND	6,557	6,446	29,100	26,794	10,697	0	0	10,697
SR CLASS	242	465	539	0	168	0	0	168
FRYCS DONATIONS	60	0	0	0	60	0	0	60
VOLLEYBALL	4,569	4,789	5,969	1,225	4,614	0	0	4,614
JH VOLLEYBALL	2,582	1,988	2,240	1,116	3,446	0	0	3,446
B TEAM VP TOURNAMENT	0	4,023	1,928	(2,095)	0	0	0	0
ART CLUB	0	966	304	0	662	0	0	662
JKG	48	1,202	1,134	175	291	0	0	291
LOCKERS	0	115	0	(115)	0	0	0	0
CHEER	256	2,131	1,773	0	614	0	0	614
WRESTLING	765	445	886	7,152	7,476	0	0	7,476
WRESTLING REGIONAL	0	9,396	2,384	(7,012)	0	0	0	0
CONCESSION REG WRESTLINGS	0	1,459	1,064	(395)	0	0	0	0
BOYS VARSITY BASKETBALL	7,070	18,423	22,970	(77)	2,446	0	0	2,446
BOYS VARSITY CONCESSION	0	4,068	0	(4,068)	0	0	0	0
GIRLS VARSITY BASKETBALL	8,179	14,211	13,012	(1,722)	7,656	0	0	7,656
CON GIRLS VASITY BBALL	0	2,459	262	(2,197)	0	0	0	0
FOOTBALL	6,996	13,294	17,948	1,053	3,395	0	285	3,110

**PIKE COUNTY BOARD OF EDUCATION
PHELPS HIGH SCHOOL
ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024**

Fund	Cash Balance July 1, 2023	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2024	Accounts Receivable	Accounts Payable	Due to Students June 30, 2024
BASEBALL	1,190	3,785	2,790	(995)	1,190	0	0	1,190
SOFTBALL	3,180	1,964	4,047	(1,097)	0	0	0	0
JH BASEBALL	165	4,465	2,902	504	2,232	0	0	2,232
CONCESSION JH BASEBALL	0	1,463	143	(1,320)	0	0	0	0
JH BOYS BASKETBALL	7,557	4,133	8,159	(343)	3,188	0	0	3,188
JH FOOTBALL	1	0	0	0	1	0	0	1
JH GIRLS BASKETBALL	663	2,641	2,013	(403)	888	0	0	888
PHELPS ELEM LL BBALL	540	0	0	0	540	0	0	540
NATIONAL HONOR SOCIETY	0	330	113	0	217	0	0	217
JROTC	2,347	0	0	0	2,347	0	0	2,347
FBLA	39	240	224	0	55	0	0	55
VARSITY ACADEMIC TEAM	72	0	0	0	72	0	0	72
JR HIGH ACADEMIC TEAM	322	0	0	0	322	0	0	322
PROM	1,397	7,250	8,646	0	1	0	0	1
CHILDREN INC	395	23,780	23,856	0	319	0	0	319
SCHOOL STORE	5,410	22,900	15,696	(12,615)	(1)	0	0	(1)
PEPSI VENDING MACH	0	0	0	0	0	0	0	0
TEACHER VENDING (POP)	2,903	7,236	7,767	(47)	2,325	0	0	2,325
VENDING STORE	350	0	0	(350)	0	0	0	0
STLP	5	460	460	0	5	0	0	5
BASEBALL CONCESSION	1	2,380	1,673	(707)	1	0	0	1
4-H CLUB	2	0	0	0	2	0	0	2
PARKING TAGS	120	70	0	(190)	0	0	0	0
GRAPHICS ACCOUNT	0	0	0	0	0	0	0	0
FMD UNIT	1	891	677	0	215	0	0	215
BAND	3,934	12,571	12,619	0	3,886	0	0	3,886
GENERAL SPORTS FUND	3,515	330	3,950	1,584	1,479	0	0	1,479
JH ACTIVITIES	35	0	0	0	35	0	0	35

**PIKE COUNTY BOARD OF EDUCATION
PHELPS HIGH SCHOOL
ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024**

Fund	Cash Balance July 1, 2023	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2024	Accounts Receivable	Accounts Payable	Due to Students June 30, 2024
BETA CLUB	277	76	63	0	290	0	0	290
CON JH BOYS BASKETBALL	0	2,358	1,113	(1,245)	0	0	0	0
CON JH GIRLS BASKETBALL	0	1,048	0	(1,048)	0	0	0	0
SOFTBALL CONCESSION	0	501	322	(179)	0	0	0	0
FOOTBALL CONCESSIONS	0	5,324	1,736	(3,588)	0	0	0	0
JH FOOTBALL CONCESSIONS	0	0	0	0	0	0	0	0
VOLLEYBALL CONCESSIONS	0	3,192	377	(2,815)	0	0	0	0
WRESTING CONCESSIONS	0	824	277	(547)	0	0	0	0
JR HIGH CHEER	13	0	0	0	13	0	0	13
ATHLETIC FIELD ACCT	0	0	0	0	0	0	0	0
DAF INSTRUCTION	0	0	0	0	0	0	0	0
DAF ATHLETICS	0	0	6,115	6,115	0	0	0	0
DAF PROFESSIONAL DEV	0	0	0	0	0	0	0	0
DAF LIBRARY	0	0	0	0	0	0	0	0
DAF PRINCIPALS OFFICE	0	0	0	0	0	0	0	0
DAF BUILDING/GROUNDS M&R	0	0	0	0	0	0	0	0
TOTAL	\$ 75,017	\$ 199,812	\$ 211,256	\$ 0	\$ 63,573	\$ 0	\$ 285	\$ 63,288

**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, 2024**

Fund	Cash Balance July 1, 2023	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2024	Accounts Receivable	Accounts Payable	Due to Students June 30, 2024
GENERAL FUND	\$ 0	\$ 12,394	\$ 11,224	\$ 1,012	\$ 2,182	\$ 0	\$ 0	\$ 2,182
PARKING PERMITS	460	390	0	0	850	0	0	850
STUDENT FEES	0	2,530	40	(2,120)	370	0	0	370
MEMORIAL	227	0	0	0	227	0	0	227
CONCESSION	62	18,059	15,345	(303)	2,473	0	0	2,473
AP CLASSES	947	752	1,699	0	0	0	0	0
HALL OF FAME	50	0	27	0	23	0	0	23
SCHOOL PICTURES	213	0	0	0	213	0	0	213
STAFF VENDING	343	1,256	876	0	723	0	0	723
ATHLETIC	355	43,197	44,134	5,341	4,759	0	0	4,759
START UP MONEY	0	1,050	1,050	0	0	0	0	0
VARSITY CHEERLEADING	2,532	64,010	65,687	0	855	0	0	855
VARSITY CHEERLEADING CONCESSION	1,498	1,481	0	0	2,979	0	0	2,979
BASEBALL	116	33,298	42,155	11,164	2,423	0	1,293	1,130
BASEBALL CONCESSION	7,663	4,001	0	(11,164)	500	0	0	500
60TH DISTRICT BASKETBALL	0	12,918	8,444	(4,474)	0	0	0	0
CENTRAL MIDDLE BASEBALL	0	5,916	6,977	1,400	339	0	189	150
CENTRAL MIDDLE BASEBALL CONCESSION	0	1,426	0	(1,400)	26	0	0	26
BOYS BASKETBALL	1,413	11,723	18,240	5,125	21	0	0	21
BOYS BB CONCESSION	3,424	7,838	408	(4,800)	6,054	0	0	6,054
FOOTBALL	3,141	23,697	35,921	10,975	1,892	0	0	1,892
FOOTBALL CONCESSION	5,409	8,083	917	(11,500)	1,075	0	0	1,075
GIRLS BASKETBALL	0	16,511	23,239	9,432	2,704	0	0	2,704
GIRLS BB CONCESSION	1,779	9,475	2,158	(9,097)	(1)	0	0	(1)
SOFTBALL	0	24,692	26,931	2,239	0	0	0	0
SOFTBALL CONCESSION	2,357	3,322	0	(2,239)	3,440	0	0	3,440
VOLLEYBALL	5,061	12,204	17,431	1,236	1,070	0	0	1,070
VOLLEYBALL CONCESSION	5,026	2,218	931	(3,500)	2,813	0	0	2,813
WRESTLING	172	1,800	3,258	1,286	0	0	0	0

**PIKE COUNTY BOARD OF EDUCATION
PIKE COUNTY CENTRAL HIGH SCHOOL
ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024**

Fund	Cash Balance July 1, 2023	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2024	Accounts Receivable	Accounts Payable	Due to Students June 30, 2024
BOYS TRACK	0	0	454	454	0	0	0	0
GIRLS TRACK	3	120	0	0	123	0	0	123
GOLF (GIRLS)	201	0	100	0	101	0	0	101
GOLF (BOYS)	3,185	5,941	7,819	0	1,307	0	681	626
BASS FISHING	424	0	0	0	424	0	0	424
GIRLS SOCCER	2,435	8,551	8,601	(85)	2,300	0	284	2,016
SOCCER CONCESSION	709	400	0	(1,109)	0	0	0	0
15TH REGIONAL BASKETBALL	0	49,050	49,050	0	0	0	0	0
ARCHERY	2,194	9,404	8,081	0	3,517	0	0	3,517
ARCHERY CONCESSION	1,199	1,194	0	0	2,393	0	0	2,393
SENIOR TRIP	0	40,861	40,509	495	847	0	0	847
ACADEMIC	357	2,500	605	0	2,252	0	38	2,214
INTERACT	531	650	470	0	711	0	0	711
FBLA	405	663	1,371	303	0	0	0	0
CTE (SCHOOL STORE)	0	1,240	0	0	1,240	0	0	1,240
PEP CLUB	469	0	200	0	269	0	0	269
PROJECT PROM	658	7,169	7,291	0	536	0	0	536
STUDENT ACTIVITIES	0	1,793	1,429	0	364	0	0	364
SCIENCE CLUB	246	0	0	0	246	0	0	246
STUDENT COUNCIL	493	0	0	0	493	0	0	493
SPANISH CLUB	235	0	0	0	235	0	0	235
BETA CLUB	939	10,375	8,383	0	2,931	0	0	2,931
FCA	167	0	0	0	167	0	0	167
FEA	533	0	0	0	533	0	0	533
NHS	3,130	1,860	3,050	0	1,940	0	0	1,940
ART	807	0	0	0	807	0	0	807
CLASS OF 2022	793	0	0	(793)	0	0	0	0
CLASS OF 2023	689	0	0	(689)	0	0	0	0
CLASS OF 2024	0	5,935	5,203	0	732	0	0	732

**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, 2024**

Fund	Cash Balance July 1, 2023	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2024	Accounts Receivable	Accounts Payable	Due to Students June 30, 2024
PROM	888	10,300	7,930	0	3,258	0	0	3,258
BAND	2,117	54,531	49,282	919	8,285	0	0	8,285
BAND TRIP	0	13,085	12,403	(682)	0	0	0	0
CHORUS	1,388	4,027	5,373	0	42	0	0	42
COLOR GUARD	237	0	0	(237)	0	0	0	0
JR. ROTC	17	958	673	0	302	0	0	302
HOSA	2,394	960	2,356	0	998	0	0	998
MEDICAID NURSE	95	740	740	0	95	0	0	95
JOURNALISM	1,938	320	2,729	471	0	0	0	0
YEARBOOK	0	995	0	0	995	0	0	995
THEATRE	51	0	0	0	51	0	0	51
LIBRARY	0	0	0	0	0	0	0	0
HVPA	49	0	0	0	49	0	0	49
EXPLORER'S	1,456	313	989	0	780	0	0	780
KEY CLUB	554	0	0	0	554	0	0	554
NATIONAL HISTORY DAY	567	0	0	0	567	0	0	567
CHILDREN INC	1,393	8,893	8,672	(305)	1,309	0	0	1,309
DAF INSTRUCTION	0	0	2,120	2,120	0	0	0	0
DAF ATHLETICS	0	0	525	525	0	0	182	(182)
Total	\$ 76,194	\$ 567,069	\$ 563,500	\$ 0	\$ 79,763	\$ 0	\$ 2,667	\$ 77,096

**PIKE COUNTY BOARD OF EDUCATION
SHELBY VALLEY HIGH SCHOOL
ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024**

Fund	Cash Balance July 1, 2023	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2024	Accounts Receivable	Accounts Payable	Due to Students June 30, 2024
DAF BUILDING GROUNDS M & R	\$ 0	\$ 0	\$ 16,058	\$ 16,058	\$ 0	\$ 0	\$ 0	\$ 0
ESPORTS	1,269	0	1,704	485	50	0	0	50
TECHNOLOGY STUDENTS	355	720	257	0	818	0	0	818
ARCHERY	7,057	16,297	20,015	0	3,339	0	0	3,339
ACADEMIC TEAM	(1)	2,374	3,904	1,531	0	0	0	0
ALUMNI ASSOCIATION	21,782	0	2,390	0	19,392	0	0	19,392
BAND BOOSTERS	2,815	17,123	16,773	0	3,165	0	0	3,165
ATHLETICS	641	52,647	24,011	(27,337)	1,940	0	0	1,940
BLUE CREW	0	0	53	53	0	0	0	0
BASEBALL	0	0	3,403	3,403	0	0	0	0
BASEBALL BOOSTERS	5,568	11,375	14,552	595	2,986	0	0	2,986
BASKETBALL-BOYS	0	150	1,271	1,121	0	0	0	0
BASKETBALL GIRLS	0	0	3,609	3,609	0	0	0	0
GIRLS B BALL BOOSTERS	4,774	9,894	3,123	0	11,545	0	0	11,545
BETA CLUB	167	1,382	1,285	0	264	0	0	264
CTE ENTERPRISES	2,015	1,115	1,489	3,001	4,642	0	0	4,642
CHEERLEADING	15,089	29,957	26,117	0	18,929	0	0	18,929
CHOIR	1,670	2,287	4,239	1,274	992	0	0	992
CATS	0	1,674	2,976	1,301	(1)	0	0	(1)
BAND/CHOIR	97	20,391	7,800	0	12,688	0	0	12,688
CHILDREN INC	1,189	4,785	4,317	0	1,657	0	0	1,657

**PIKE COUNTY BOARD OF EDUCATION
SHELBY VALLEY HIGH SCHOOL
ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024**

Fund	Cash Balance July 1, 2023	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2024	Accounts Receivable	Accounts Payable	Due to Students June 30, 2024
VENDING CONCESSIONS	15,212	63,323	33,848	(43,217)	1,470	0	0	1,470
CROSS COUNTRY	0	450	1,543	1,093	0	0	0	0
CULINARY SKILLS	491	0	136	0	355	0	0	355
DANCE TEAM	10,350	7,686	10,869	0	7,167	0	0	7,167
DISTRICT TOURNAMENT	0	2,125	1,936	(189)	0	0	0	0
REGIONAL TOURNAMENT	0	7,096	2,925	(4,171)	0	0	0	0
YOUTH SERVICE CENTER	97	0	0	0	97	0	0	97
FBLA	1,769	1,946	2,238	0	1,477	0	0	1,477
FCCLA	160	9,234	9,854	975	515	0	0	515
FCA	883	3,375	3,636	383	1,005	0	0	1,005
ALL A TOURNAMENT	0	2,226	286	(1,940)	0	0	0	0
FOOTBALL	0	20	27,571	27,551	0	0	0	0
FRESHMAN CLASS	127	0	0	(127)	0	0	0	0
LIBRARY	405	79	0	0	484	0	0	484
FOOTBALL BOOSTERS	0	5,565	4,312	595	1,848	0	0	1,848
LOCKER RENTAL	0	70	0	0	70	0	0	70
GENERAL	540	26,942	24,571	1,111	4,022	0	0	4,022
GOLF	0	1,235	3,658	2,423	0	0	0	0
JROTC	467	4,507	4,482	834	1,326	0	0	1,326
JV CHEERLEADING	699	3,168	1,638	0	2,229	0	0	2,229
YEARBOOK	6,753	4,715	2,617	(4,285)	4,566	0	0	4,566
TECHNOLOGY FEE	5,957	3,408	0	0	9,365	0	0	9,365
TEACHERS LOUNGE	341	1,034	641	237	971	0	0	971
JUNIOR CLASS	2,788	0	0	3,005	5,793	0	0	5,793
JAG	583	0	0	0	583	0	0	583

**PIKE COUNTY BOARD OF EDUCATION
SHELBY VALLEY HIGH SCHOOL
ACTIVITY FUNDS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024**

Fund	Cash Balance July 1, 2023	Receipts	Disburse- ments	Transfers	Cash Balance June 30, 2024	Accounts Receivable	Accounts Payable	Due to Students June 30, 2024
NATIONAL HONOR SOCIETY	625	6,646	5,911	(296)	1,064	0	0	1,064
PARKING PERMITS	0	1,310	0	(1,130)	180	0	0	180
PICTURE ORDERS	175	3,450	0	(175)	3,450	0	0	3,450
PROM	571	19,194	15,809	115	4,071	0	0	4,071
PROJECT PROM	435	350	549	0	236	0	0	236
SCIENCE FAIR	202	0	0	0	202	0	0	202
SENIOR CLASS	0	50,822	53,807	2,987	2	0	0	2
SOCCER BOYS	822	0	0	(822)	0	0	0	0
SOCCER GIRLS	250	444	0	(694)	0	0	0	0
BOYS/GIRLS SOCCER		2,481	5,101	2,620	0	0	0	0
SOFTBALL	0	0	2,371	2,371	0	0	0	0
SOPHOMORE CLASS	5,793	0	0	(5,666)	127	0	0	127
SOFTBALL BOOSTERS	3,737	2,125	2,170	950	4,642	0	0	4,642
SEASON STARTUP	0	2,500	2,500	0	0	0	0	0
TENNIS	0	7,666	11,103	3,437	0	0	0	0
INSTRUCTION FEE	2,883	1,760	0	(2,883)	1,760	0	0	1,760
TRACK	0	6,014	7,986	1,972	0	0	0	0
PRINCIPAL'S ADVISORY	0	250	0	0	250	0	0	250
VOLLEYBALL	0	0	7,842	7,842	0	0	0	0
VOLLEYBALL BOOSTER	4,170	13,364	11,571	0	5,963	0	0	5,963
TOTAL	\$ 131,772	\$ 438,751	\$ 422,827	\$ 0	\$ 147,696	\$ 0	\$ 0	\$ 147,696

**PIKE COUNTY BOARD OF EDUCATION
BOARD MEMBERS AND OTHER OFFICERS OF THE BOARD
JUNE 30, 2024**

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

**OTHER REPORTS REQUIRED
BY GOVERNMENT AUDITING STANDARD**

Wallen, Puckett, & Associates, PSC

CERTIFIED PUBLIC ACCOUNTANTS

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

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

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, Appendix I to the Independent auditor, contract-general audit requirements, and Appendix II to the Independent Auditor's contract-state audit requirement, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Pike County Board Of Education, as of and for the year ended June 30, 2024, 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, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Wallen, Puckett and Associates, PSC

Certified Public Accountants
Pikeville, Kentucky

November 15, 2024

Wallen, Puckett, & Associates, PSC
CERTIFIED PUBLIC ACCOUNTANTS

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

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

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

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Pike County Board of Education's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Pike County Board of Education's major federal programs for the year ended June 30, 2024. Pike County Board of Education's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Pike County Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Pike County Board of Education's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Pike County Board of Education's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Pike County Board of Education's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

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

Wallen, Puckett and Associates, PSC

Certified Public Accountants
Pikeville, Kentucky

November 15, 2024

FEDERAL FINANCIAL ASSISTANCE

**PIKE COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

<u>Federal Grantor</u> <u>Pass-Through Grantor</u> <u>/Program or Cluster Title</u>	Federal Assistance Listing Number	Pass- Through Entity Identifying Number	Total Federal Expenditures
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Passed Through State Department of Education:			
Title I Part A Cluster			
Title I Grants to Local Educational Agencies	84.010	3100002	\$ 1,086,669
Title I Grants to Local Educational Agencies - Parent Involvement	84.010	3100002	90,314
Title I Grants to Local Educational Agencies	84.010	3100002	4,151,682
Title I Grants to Local Educational Agencies - Parent Involvement	84.010	3100002	40,896
Total Title I Part A Cluster			<u>\$ 5,369,561</u>
Passed Through Department of Juvenile Justice			
Title I- Neglected and Delinquent Children - Day Treatment	84.013	N/A	\$ 10,305
Title I- Neglected and Delinquent Children - Day Treatment	84.013	N/A	30,000
Total pass-through Department of Juvenile Justice			<u>\$ 40,305</u>
Special Education Cluster			
Special Education-Grants to States (IDEA, Part B)	84.027	3810002	701,640
Special Education-Grants to States (IDEA, Part B) - Private	84.027A	3810002	10,376
Special Education-Grants to States (IDEA, Part B)	84.027	3810002	\$ 1,014,088
Special Education-Grants to States (IDEA, Part B)	84.027	3810002	7,398
Special Education-Grants to States (IDEA, Part B) - ARP IDEA-B	84.027X	3810002	444,630
Special Education-Grants to States (IDEA, Part B) - Preschool	84.173	3800002	305
Special Education-Grants to States (IDEA, Part B) - Preschool	84.173	3800002	2,042
Special Education-Grants to States (IDEA, Part B) - Preschool	84.173	3800002	27,650
Special Education-Grants to States (IDEA, Part B) - Preschool	84.173	3800002	305
Total Special Education Cluster			<u>\$ 2,208,434</u>
Career and Technical Education-Basic Grants to States (Perkins V)			
Vocational Education Basic	84.048	3710002	\$ 7,440
Vocational Education Basic	84.048	3710002	88,261
Total Career and Technical Education-Basic Grants to States (Perkins V)			<u>\$ 95,701</u>
Title IV-Rural/Low Income	84.358B	3140002	\$ 69,915
Title IV-Rural/Low Income	84.358B	3140002	215,246
Total Title IV-Rural/Low Income			<u>\$ 285,161</u>
Striving Readers Comp Literacy	84.371C	3220002	\$ 156,797
Striving Readers Comp Literacy	84.371C	3220002	155,001
Total Striving Readers Comp Literacy			<u>\$ 311,798</u>

See accompanying notes to schedule of expenditures of federal awards.

**PIKE COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

<u>Federal Grantor</u> <u>Pass-Through Grantor</u> <u>/Program or Cluster Title</u>	Federal Assistance Listing Number	Pass- Through Entity Identifying Number	Total Federal Expenditures
Title IV-Part A	84.424A	3420002	\$ 80,177
Title IV-Part A	84.424A	3420002	275,942
Title IV-Part A Stronger Connections - Pike Central	84.424F	3420002	95,927
Total Title IV-Part A			<u>\$ 452,046</u>
Race to the Top - District			
ESSER III Funds	84.425D	3420002	\$ 4,841,196
ESSER III Funds	84.425D	3420002	2,848,747
ESSER III-KY VIRTUAL LIBRARY	84.425U	N/A	9,881
ESSER III-PREDICTOR IMPLEMENT PRJ-ARP	84.425U	N/A	12,047
COVID-19 - ARP HOMELESS	84.425W	N/A	77,423
COVID-19 - ARP HOMELESS	84.425W	N/A	27,804
ESSER II - Direct 85%	84.425D	N/A	1,132,403
Deeper Learning Initiative	84.425O	N/A	58,414
Total Race to the Top - District			<u>\$ 9,007,915</u>
Passed Through Berea College			
Gaining Early Awareness and Readiness for Undergraduate Programs (GE	84.334A	N/A	\$ 1,281,048
Gaining Early Awareness and Readiness for Undergraduate Programs (GE	84.334A	N/A	465,418
Total pass-through Berea College			<u>\$ 1,746,466</u>
Total US Department of Education			<u>\$ 19,517,387</u>
<u>US DEPARTMENT OF DEFENSE</u>			
MJROTC	12.000	N/A	\$ 213,429
MJROTC	12.000	N/A	0
Total MJROTC			<u>\$ 213,429</u>
Total U. S. Department of Defense			<u>\$ 213,429</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
<u>Passed Through Big Sandy Community Action Program</u>			
Head Start Covid Funding Cleaning	93.600	04CH0712	\$ 2,016
Head Start	93.600	04CH0712	731,713
Head Start	93.600	04CH0712	2,246,069
Total Head Start			<u>\$ 2,979,798</u>
Promoting Adolescent Health	93.079	2100001	2,902
Total U. S. Department of Health and Human Services			<u>\$ 2,982,700</u>

See accompanying notes to schedule of expenditures of federal awards.

**PIKE COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

<u>Federal Grantor</u> <u>Pass-Through Grantor</u> <u>/Program or Cluster Title</u>	Federal Assistance Listing Number	Pass- Through Entity Identifying Number	Total Federal Expenditures
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Public Safety Partnership and Community School Violence Prevention Project	16.710	N/A	\$ 468,750
Total U.S. Department of Justice			<u>\$ 468,750</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
<u>Passed Through State Department of Education:</u>			
<u>LEARNING AND TELEMEDINCE GRANTS</u>			
RUS - Telehealth	10.855	N/A	\$ 958,450
Child Nutrition Clusters			
<u>Passed Through State Department of Agriculture</u>			
Food Donation	10.555	N/A	\$ 194,585
<u>Passed Through State Department of Education</u>			
School Breakfast Program	10.553	7760005	1,980,126
National School Lunch Program	10.555	7750002	3,831,511
National School Lunch Program	10.555	9980000	234,797
Summer Food Service Program For Children	10.559	7740023	\$ 49,542
Total Child Nutrition Clusters			<u>\$ 6,290,561</u>
Total U.S. Department of Agriculture			<u>\$ 7,249,011</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 30,625,862</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, 2024**

NOTE A—BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Pike County Board of Education under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Pike County Board of Education, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Pike County Board of Education.

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) The Pike County Board of Education has elected not 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 \$194,585.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

PIKE COUNTY BOARD OF EDUCATION
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2024

SECTION I - SUMMARY OF AUDITOR'S RESULTS

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

Name	CFDA #
US Department of Agriculture – Distance Learning and Telemedicine Loans and Grants	10.855
US Department of Education / Berea College – Gaining Early Awareness and Readiness for Undergraduate Programs	84.334A
US Department of Education - COVID-19 Elementary and Secondary School Emergency Relief Fund - ESSER Funds	84.425D
US Department of Education - COVID-19 Elementary and Secondary School Emergency Relief Fund – Deeper Learning	84.425O
US Department of Education - COVID-19 Elementary and Secondary School Emergency Relief Fund – ESSER III -Digital Learning / Predictor Implement Project	84.425U
US Department of Education – ESSER III – ARP Homeless	84.425W
US Department of Health and Human Services / Big Sandy Add	93.600

8. The threshold for distinguishing Types A and B programs was \$918,776.
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, 2024**

There were no findings in the prior year.

MANAGEMENT LETTER AND MANAGEMENT POINTS

Wallen, Puckett, & Associates, PSC
CERTIFIED PUBLIC ACCOUNTANTS

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

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

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

MANAGEMENT LETTER

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

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Pike County Board of Education (the "District") as of and for the year ended June 30, 2024, 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 ASSOCIATES, P. S. C.

Wallen, Puckett and Associates, PSC

Certified Public Accountants
Pikeville, Kentucky

November 15, 2024

**PIKE COUNTY BOARD OF EDUCATION
MANAGEMENT LETTER POINTS
FOR THE YEAR ENDED JUNE 30, 2024**

BELFRY ELEMENTARY
2024-01

One of the twenty-five expenditures tested resulted in a standard invoice not being present where one was required. The Redbook requires a standard invoice be completed when an original invoice is incomplete or missing.

This was not a repeat finding.

Management Response:

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

EAST RIDGE HIGH SCHOOL
2024-02

One of the twenty-five expenditures tested resulted in no invoice or purchase order being present. The Redbook requires all invoices be retained and a purchase order be completed prior to an order being placed.

This was not a repeat finding.

Management Response:

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

ELKHORN CITY ELEMENTARY
2024-03

Five of the twenty-five expenditures tested resulted in no invoice being present. The Redbook requires all invoices be retained.

This was a repeat finding.

Management Response:

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

ELKHORN CITY ELEMENTARY
2024-04

One of the twenty-five expenditures tested resulted in an invoice with a payee that does not agree with the check register. The Redbook requires vendor payments be recorded properly.

This was not a repeat finding.

Management Response:

The CFO has instructed all personnel of the importance of recording vendor payments properly.

ELKHORN CITY ELEMENTARY
2024-05

Eight of twenty-five expenditures tested resulted in a purchase order being approved after the invoice date. The Redbook requires purchase orders be approved prior to an order being placed.

This was a repeat finding.

**PIKE COUNTY BOARD OF EDUCATION
MANAGEMENT LETTER POINTS
FOR THE YEAR ENDED JUNE 30, 2024**

Management Response:

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

FEDS CREEK ELEMENTARY
2024-06

Eight of the twenty-five expenditures tested resulted in no standard invoice where one was required. The Redbook requires a standard invoice be completed when an original invoice is incomplete or missing.

This was not a repeat finding.

Management Response:

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

FEDS CREEK ELEMENTARY
2024-07

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

This was a repeat finding.

Management Response:

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

FEDS CREEK ELEMENTARY
2024-08

Twenty-three of the twenty-five expenditures tested resulted in a purchase order without an approval date. The Redbook requires purchase orders be properly completed before an order is placed.

This was a repeat finding.

Management Response:

The CFO has instructed all personnel of the importance of having purchase orders properly completed before an order is placed.

JOHNS CREEK ELEMENTARY
2024-09

Three of the twenty-five expenditures tested resulted in no invoice being present. The Redbook requires all invoices be retained.

This was not a repeat finding.

Management Response:

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

**PIKE COUNTY BOARD OF EDUCATION
MANAGEMENT LETTER POINTS
FOR THE YEAR ENDED JUNE 30, 2024**

**JOHNS CREEK ELEMENTARY
2024-10**

Twenty of the twenty-five expenditures tested resulted in a purchase order that was approved after the invoice date or not properly approved by principal. The Redbook requires purchase orders be properly approved and completed prior to an order being placed.

This was not a repeat finding.

Management Response:

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

**JOHNS CREEK ELEMENTARY
2024-11**

One of the twenty-five expenditures tested resulted in an invoice with a payee that does not agree with the check register. The Redbook requires vendor payments be recorded properly.

This was not a repeat finding.

Management Response:

The CFO has instructed all personnel of the importance of recording vendor payments properly.

**KIMPER ELEMENTARY
2024-12**

One of the twenty-five expenditures tested resulted in a check with only one signature. The Redbook requires two signatures on checks to vendors.

This was not a repeat finding.

Management Response:

The CFO has instructed all personnel of the importance of ensuring checks to vendors contain two signatures.

**KIMPER ELEMENTARY
2024-13**

One of the twenty-five expenditures tested resulted in no invoice being present. The Redbook requires all invoices be retained.

This was not a repeat finding.

Management Response:

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

**MULLINS ELEMENTARY
2024-14**

Two of the twenty-five expenditures tested resulted in a purchase order approved after the invoice date or with no approval date. The Redbook requires purchase orders be properly approved and completed prior to an order being placed.

This was a repeat finding.

**PIKE COUNTY BOARD OF EDUCATION
MANAGEMENT LETTER POINTS
FOR THE YEAR ENDED JUNE 30, 2024**

Management Response:

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

MULLINS ELEMENTARY

2024-15

Two of the twenty-five expenditures tested resulted in no invoice being present. The Redbook requires all invoices be retained.

This was not a repeat finding.

Management Response:

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

MULLINS ELEMENTARY

2024-16

One of the twenty-five expenditures tested resulted in an invoice that was less than the amount paid to the vendor. The Redbook requires payments to vendors agree with the amount on the vendor invoice.

This was not a repeat finding.

Management Response:

The CFO has instructed all personnel of the importance of ensuring payments to vendors agrees with the amount on the vendor invoice.

MULLINS ELEMENTARY

2024-17

One of the twenty-five expenditures tested resulted in physical check being marked as void, but not being voided on the check register. The Redbook requires all voided checks be recorded properly.

This was not a repeat finding.

Management Response:

The CFO has instructed all personnel of the importance of properly recording voided checks.

PHELPS ELEMENTARY

2024-18

Two of the twenty-five expenditures tested resulted in a purchase order approved after the invoice date. The Redbook requires purchase orders be properly approved and completed prior to an order being placed.

This was not a repeat finding.

Management Response:

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

**PIKE COUNTY BOARD OF EDUCATION
MANAGEMENT LETTER POINTS
FOR THE YEAR ENDED JUNE 30, 2024**

PHELPS HIGH SCHOOL
2024-19

One of the twenty-five expenditures tested resulted in a purchase order approved after the invoice date. The Redbook requires purchase orders be properly approved and completed prior to an order being placed.

This was a repeat finding.

Management Response:

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

PHELPS HIGH SCHOOL
2024-20

Four of the twenty-five expenditures tested resulted in no standard invoice where one was required. The Redbook requires a standard invoice be completed when an original invoice is incomplete or missing.

This was not a repeat finding.

Management Response:

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

PIKE COUNTY CENTRAL HIGH SCHOOL
2024-21

Three of the twenty-five expenditures tested resulted in a purchase order approved after the invoice date. The Redbook requires purchase orders be properly approved and completed prior to an order being placed.

This was not a repeat finding.

Management Response:

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

SHELBY VALLEY HIGH SCHOOL
2024-22

One of the twenty-five expenditures tested resulted in a purchase order approved after the invoice date. The Redbook requires purchase orders be properly approved and completed prior to an order being placed.

This was not a repeat finding.

Management Response:

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

VALLEY ELEMENTARY
2024-23

Three of the twenty-five expenditures tested resulted in a purchase order approved after the invoice date. The Redbook requires purchase orders be properly approved and completed prior to an order being placed.

This was not a repeat finding.

**PIKE COUNTY BOARD OF EDUCATION
MANAGEMENT LETTER POINTS
FOR THE YEAR ENDED JUNE 30, 2024**

Management Response:

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

VALLEY ELEMENTARY
2024-24

One of the twenty-five expenditures tested resulted in a check with only one signature. The Redbook requires two signatures on checks to vendors.

This was not a repeat finding.

Management Response:

The CFO has instructed all personnel of the importance of ensuring checks to vendors contain two signatures.

**PIKE COUNTY BOARD OF EDUCATION
MANAGEMENT LETTER POINTS-PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024**

ELKHORN CITY ELEMENTARY
2023-01

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

Management Response:

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

The deficiency was not corrected. Repeat findings for 2024 were noted.

ELKHORN CITY ELEMENTARY
2023-02

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

Management Response:

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

The deficiency was not corrected. Repeat findings for 2024 were noted.

FEDS CREEK ELEMENTARY
2023-03

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

Management Response:

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

The deficiency was not corrected. Repeat findings for 2024 were noted.

FEDS CREEK ELEMENTARY
2023-04

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

Management Response:

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

The deficiency was not corrected. Repeat findings for 2024 were noted.

FEDS CREEK ELEMENTARY
2023-05

Two instances of expenditures tested resulted in purchase orders that were not approved by the principal. The Redbook requires purchase orders to be approved before an order is placed.

**PIKE COUNTY BOARD OF EDUCATION
MANAGEMENT LETTER POINTS-PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024**

Management Response:

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

The deficiency was not corrected. Repeat findings for 2024 were noted.

FEDS CREEK ELEMENTARY
2023-06

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

Management Response:

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

The deficiency was corrected. No repeat findings for 2024 were noted.

KIMPER ELEMENTARY
2023-07

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

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. No repeat findings for 2024 were noted.

KIMPER ELEMENTARY
2023-08

One instance of expenditures tested resulted in a missing approval date on the purchase order. The Redbook requires purchase orders to be approved before an order is placed.

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. No repeat findings for 2024 were noted.

MULLINS ELEMENTARY
2023-09

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

Management Response:

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

The deficiency was not corrected. Repeat findings for 2024 were noted

**PIKE COUNTY BOARD OF EDUCATION
MANAGEMENT LETTER POINTS-PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024**

**PHELPS HIGH SCHOOL
2023-10**

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

Management Response:

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

The deficiency was not corrected. Repeat findings for 2024 were noted

APPENDIX C

**Pike County School District Finance Corporation
School Building Revenue Bonds
Series of 2025**

Official Terms and Conditions of Bond Sale

**OFFICIAL
TERMS AND CONDITIONS OF BOND SALE**

\$820,000*

**Pike County School District Finance Corporation
School Building Revenue Bonds, Series of 2025
Dated September 25, 2025**

SALE: September 4, 2025 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 September 4, 2025, 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, 200 Mero Street, 5th Floor, Frankfort, KY 40622, 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 \$80,000.

**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 Pike County, Kentucky (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 roof replacement at Phelps High School (the "Project") and are secured by a statutory mortgage lien upon and a pledge of the revenues from the rental of the school building Project property to the Board under the Lease on a year to year basis; the first rental period ending June 30, 2026; 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 or refinance the school building(s) which constitute the school building 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 property 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 property is leased to the Board for the initial period ending June 30, 2026, 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, so long as the Bonds remain outstanding and in conformance with the intent and purpose of KRS 157.627(5) and 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 and Participation Agreement to the Corporation and the Commission 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.

Although the Board is obligated to pay the Corporation annual rentals in the full amount of the principal and interest requirements for the Bonds for each year in which the Lease is renewed, the Board has entered into the Lease in reliance upon a certain Participation Agreement by and between the Board and the Kentucky School Facilities Construction Commission (the "Commission"). Under the terms of the Participation Agreement, the Commission has agreed to pay annually directly to the Paying Agent for the Bonds a stated Agreed Participation equal to approximately 100% of the annual debt service requirements for the Bonds herein identified through September 1, 2045, subject to the constitutional restrictions limiting the commitment to the biennium; said annual amount is to be applied only to the principal and interest requirements of the Bonds so long as the Board renews the Lease. Under the Lease, the Board has pledged and assigned all of its rights under the Participation Agreement in and to the Agreed Participation to the Corporation in order to secure the Bonds and has agreed to pay that portion of the rentals in excess of said Agreed Participation for each year in which the Lease is renewed.

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 Sections 157.611 through 157.640 of the Kentucky Revised Statutes, as repealed, amended, 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.

Pursuant to the provisions of the Act, the Regulations of the Kentucky Board of Education and the Commission, the Commission has determined that the Board is eligible for participation from the Commission in meeting the costs of construction of the Projects and has entered into a Participation Agreement with the Board whereunder the Commission agrees to pay an annual Agreed Participation equal to approximately 100% of the annual debt service requirements for the Bonds herein identified each year through September 1, 2045; provided, however, that the contractual commitment of the Commission to pay the annual Agreed Participation is limited to the biennial budget period of the Commonwealth, with the first such biennial period terminating on June 30, 2026; the right is reserved in the Commission to terminate its commitment to pay the Agreed Participation after the initial biennial period and every two years thereafter. The obligation of the Commission to make payments of the Agreed Participation shall be automatically renewed each two years for a period of two years unless the Commission shall give notice of its intention not to participate not less than sixty days prior to the end of the biennium; however, by the execution of the Participation Agreement, the Commission has expressed its present intention to continue to pay the Agreed Participation in each successive biennial budget period until the retirement of all of the Bonds, but such execution does not obligate the Commission to do so.

The General Assembly of the Commonwealth adopted the State's Budget for the fiscal year ending June 30, 2026. Inter alia, the Budget provides \$116,928,400 in FY 2024-2025 and \$126,269,500 in FY 2025-2026 to pay debt service on existing and future bond issues. There are \$75,900,000 of the Commission's previous Offers of Assistance made during the last biennium. It authorizes \$85,000,000 in additional Offers of Assistance for the current biennium to be funded in the Budget for the biennium ending June 30, 2026.

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 property 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 September 25, 2025, payable on March 1, 2026, and semi annually thereafter and shall mature as to principal on September 1 in each of the years as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2026	\$30,000	2036	\$40,000
2027	30,000	2037	40,000
2028	30,000	2038	45,000
2029	30,000	2039	45,000
2030	35,000	2040	50,000
2031	35,000	2041	50,000
2032	35,000	2042	50,000
2033	35,000	2043	55,000
2034	40,000	2044	60,000
2035	40,000	2045	45,000

*Subject to a Permitted Adjustment of the amount of Bonds awarded of up to \$80,000 which may be applied in any or all maturities.

The Bonds maturing on or after September 1, 2034 are subject to redemption at the option of the Corporation prior to their stated maturity on any date falling on or after September 1, 2033, 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 March 1 and September 1 of each year, beginning March 1, 2026 (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 \$803,600 (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 \$820,000 principal amount of Bonds offered for sale under the terms and conditions herein specified, but the Corporation may adjust the principal amount of Bonds upward or downward by \$80,000 (the "Permitted Adjustment") which may be awarded to such best bidder may be a minimum of \$740,000 or a maximum of \$900,000. In the event of such Permitted Adjustment, no rebidding or recalculation of a submitted bid will be required or permitted and the Underwriter's Discount on the Bonds as submitted by the successful bidder shall be held constant. The Underwriter's Discount shall be defined as the difference between the purchase price of the Bonds submitted by the bidder and the price at which the Bonds will be issued to the public, calculated from information provided by the bidder, divided by the par amount of the Bonds bid. 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 \$820,000 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 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 September 4, 2025.

(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 September 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 (\$4,326) 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 \$57,158 to be applied to fair cash value.

BIENNIAL BUDGET FOR PERIOD ENDING JUNE 30, 2026

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.

The General Assembly recently adopted a budget for the biennial period ending June 30, 2026 which was approved and signed by the Governor. Such budget became effective beginning July 1, 2024. 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. For example, on August 16, 2022, President Biden signed the Inflation Reduction Act of 2022 (the "Inflation Reduction Act"). The Inflation Reduction Act imposes a minimum tax of 15 percent of the adjusted financial statement income of certain corporations whose income exceeds stated thresholds for tax years beginning after December 31, 2022. Under the Inflation Reduction Act, interest on debt obligations otherwise exempt from federal income tax would be included in the calculation of adjusted financial statement income for corporations subject to the minimum tax. 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 principal amount of Bonds being offered not exceeding \$1,000,000 Bond Counsel has advised the Corporation and the Board that they are exempt from application of the Rule 15c2-12c2-12(b)(5) of the Securities and Exchange Commission with respect to the Bonds. Financial information regarding the Board may be obtained from Superintendent, Pike County Board of Education, 316 South Mayo Trail, Pikeville, Kentucky 41501 (606.433.9200).

TAX EXEMPTION; 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 computing the Federal alternative minimum tax, however, with respect to certain corporations, interest on the Bonds is taken into account in determining the annual adjusted financial statement income for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

(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, 2025, the Bonds may be treated by financial institutions as "qualified tax-exempt obligations" within the meaning of the Internal Revenue Code of 1986, as amended.

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 /s/ Tina Adkins
Secretary

APPENDIX D

**Pike County School District Finance Corporation
School Building Revenue Bonds
Series of 2025**

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 September 4, 2025, receive in the office of the Executive Director of the Kentucky School Facilities Construction Commission, 200 Mero Street, 5th Floor, Frankfort, KY 40622, (telephone 502-564-5582; fax 888-979-6152) competitive bids for its \$820,000 School Building Revenue Bonds, Series of 2025, dated September 25, 2025; maturing September 1, 2026 through 2045 ("Bonds").

We hereby bid for said \$820,000* principal amount of Bonds, the total sum of \$_____ (not less than \$803,600) plus accrued interest from September 25, 2025 payable March 1, 2026 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 September 1 in the years as follows:

<u>Year</u>	<u>Amount*</u>	<u>Rate</u>	<u>Year</u>	<u>Amount*</u>	<u>Rate</u>
2026	\$30,000	_____%	2036	\$40,000	_____%
2027	30,000	_____%	2037	40,000	_____%
2028	30,000	_____%	2038	45,000	_____%
2029	30,000	_____%	2039	45,000	_____%
2030	35,000	_____%	2040	50,000	_____%
2031	35,000	_____%	2041	50,000	_____%
2032	35,000	_____%	2042	50,000	_____%
2033	35,000	_____%	2043	55,000	_____%
2034	40,000	_____%	2044	60,000	_____%
2035	40,000	_____%	2045	45,000	_____%

* Subject to Permitted Adjustment

We understand this bid may be accepted for as much as \$900,000 of Bonds or as little as \$740,000 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 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 September 4, 2025.
- (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 September 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, Vice President (502.797.6421).

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 September 25, 2025 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 September 25, 2025, 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 and Agent 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>
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	_____%
2033	_____,000	_____%	2043	_____,000	_____%
2034	_____,000	_____%	2044	_____,000	_____%
2035	_____,000	_____%	2045	_____,000	_____%

Dated: September 4, 2025

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