

**REPORT OF THE AUDIT OF THE
PIKE COUNTY
FISCAL COURT**

**For The Year Ended
June 30, 2023**



**ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS
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ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS

Independent Auditor's Report

To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
Finance and Administration Cabinet
The Honorable Ray S. Jones II, Pike County Judge/Executive
Members of the Pike County Fiscal Court

Report on the Audit of the Financial Statement

Opinions

We have audited the accompanying Statement of Receipts, Disbursements, and Changes in Fund Balances – Regulatory Basis of the Pike County Fiscal Court, for the year ended June 30, 2023, and the related notes to the financial statement, which collectively comprise the Pike County Fiscal Court's financial statement as listed in the table of contents.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and changes in fund balances – regulatory basis of the Pike County Fiscal Court, for the year ended June 30, 2023, in accordance with accounting practices prescribed or permitted by the Commonwealth of Kentucky as described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Pike County Fiscal Court, for the year ended June 30, 2023, or the changes in financial position and cash flows thereof for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Fiscal Court Audit Guide* issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of Pike County Fiscal Court 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.



To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
Finance and Administration Cabinet
The Honorable Ray S. Jones II, Pike County Judge/Executive
Members of the Pike County Fiscal Court

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statement, the financial statement is prepared by the Pike County Fiscal Court on the basis of the accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statement

Pike County Fiscal Court's management is responsible for the preparation and fair presentation of the financial statement in accordance with accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws. This includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement is 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 GAAS, 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 statement.

In performing an audit in accordance with GAAS 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 statement, 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 statement.
- 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 Fiscal Court'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 statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Pike County Fiscal Court's ability to continue as a going concern for a reasonable period of time.

To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
Finance and Administration Cabinet
The Honorable Ray S. Jones II, Pike County Judge/Executive
Members of the Pike County Fiscal Court

Auditor's Responsibilities for the Audit of the Financial Statement (Continued)

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.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statement taken as a whole of the Pike County Fiscal Court. The Budgetary Comparison Schedules and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) are presented for purposes of additional analysis and are not a required part of the financial statement; however, they are required to be presented in accordance with accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws.

The accompanying Budgetary Comparison Schedules and Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedules and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the financial statement as a whole.

Other Information


Management is responsible for the other information included in this report. The other information is comprised of the schedule of capital assets but does not include the financial statement and our auditor's report thereon. Our opinions on the financial statement do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statement, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statement, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

To the People of Kentucky
The Honorable Andy Beshear, Governor
Holly M. Johnson, Secretary
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Members of the Pike County Fiscal Court

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 4, 2024, on our consideration of the Pike County Fiscal Court'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Pike County Fiscal Court's internal control over financial reporting and compliance.

Respectfully submitted,



Allison Ball
Auditor of Public Accounts
Frankfort, Ky

March 4, 2024

PIKE COUNTY OFFICIALS
For The Year Ended June 30, 2023

Fiscal Court Members:

Ray S. Jones II	County Judge/Executive
Ronald Scott	Commissioner
Clinard "Bubby" Adkins	Commissioner
Orville Blackburn	Commissioner

Other Elected Officials:

Paul Howard	County Attorney
Brain Morris	Jailer
Darrell Pugh	County Clerk
Anna Pinson Spears	Circuit Court Clerk
Rodney Scott	Sheriff
Kevin Auton	Property Valuation Administrator
Kevin Hall	Coroner

Appointed Personnel:

Frankie Stacy	County Treasurer
Pam Vanover	Finance Commissioner
Reggie Hickman	Deputy Judge/Executive

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**PIKE COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS**

For The Year Ended June 30, 2023

PIKE COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS

For The Year Ended June 30, 2023

	Budgeted Funds			
	General Fund	Road Fund	Jail Fund	Local Government Economic Assistance Fund
RECEIPTS				
Taxes	\$ 11,526,661	\$	\$	\$
In Lieu Tax Payments	48,669			
Excess Fees	786,253			
Licenses and Permits	301,918			
Intergovernmental	1,714,749	14,313,648	4,277,500	6,916,343
Charges for Services	37,771		7,159	
Miscellaneous	1,078,949	1,935,370	495,726	27,318
Interest	419,677			
Total Receipts	<u>15,914,647</u>	<u>16,249,018</u>	<u>4,780,385</u>	<u>6,943,661</u>
DISBURSEMENTS				
General Government	5,711,457			1,582,888
Protection to Persons and Property	1,166,998		4,421,754	1,158,543
General Health and Sanitation	359,977			90,704
Social Services	382,288			736,917
Recreation and Culture	394,880			576,300
Roads	79,212	12,959,321		
Airports				113,380
Other Transportation Facilities and Services	10,779			
Debt Service	95,371	81,009	381,485	
Capital Projects				
Administration	2,142,849	1,616,084	1,365,064	383,823
Total Disbursements	<u>10,343,811</u>	<u>14,656,414</u>	<u>6,168,303</u>	<u>4,642,555</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>5,570,836</u>	<u>1,592,604</u>	<u>(1,387,918)</u>	<u>2,301,106</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds		3,676,522	1,177,312	608,578
Transfers To Other Funds	(5,462,412)	(719,810)		
Total Other Adjustments to Cash (Uses)	<u>(5,462,412)</u>	<u>2,956,712</u>	<u>1,177,312</u>	<u>608,578</u>
Net Change in Fund Balance	108,424	4,549,316	(210,606)	2,909,684
Fund Balance - Beginning (Restated)	<u>6,113,259</u>	<u>1,307,510</u>	<u>250,081</u>	<u>691,847</u>
Fund Balance - Ending	<u>6,221,683</u>	<u>5,856,826</u>	<u>\$ 39,475</u>	<u>\$ 3,601,531</u>
Composition of Fund Balance				
Bank Balance	\$ 6,508,837	\$ 5,896,761	\$ 75,562	\$ 3,611,261
Less: Outstanding Checks	(287,154)	(39,935)	(36,087)	(9,730)
Certificates of Deposit				
Fund Balance - Ending	<u>\$ 6,221,683</u>	<u>\$ 5,856,826</u>	<u>\$ 39,475</u>	<u>\$ 3,601,531</u>

The accompanying notes are an integral part of the financial statement.

PIKE COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2023
(Continued)

Budgeted Funds						
State Grants Fund	Federal Grants Fund	Forest Fire Protection Fund	Solid Waste Fund	Landfill Post-Closure CD Fund	Local Government Economic Development Fund	County Clerk Record Storage Fund
\$	\$	\$ 7,593	\$	\$	\$	\$
	720,710		219,487			
			6,646,547	130,000		64,333
			1,014,560		111,780	
			56,073	15,811	3,184	15
	720,710	7,593	7,936,667	145,811	114,964	64,348
					113,749	35,468
		5,719	5,105,773			
			204,044			
49,989	720,710		1,937,802			
49,989	720,710	5,719	7,247,619		113,749	35,468
(49,989)		1,874	689,048	145,811	1,215	28,880
			(719,810)			
			(719,810)			
(49,989)		1,874	(30,762)	145,811	1,215	28,880
138,924		12,384	2,031,395	4,511,428	27,998	
\$ 88,935	\$ 0	\$ 14,258	\$ 2,000,633	\$ 4,657,239	\$ 29,213	\$ 28,880
\$ 88,935	\$ 0	\$ 14,258	\$ 2,058,908	\$	\$ 29,213	\$ 28,880
			(58,275)			
				4,657,239		
\$ 88,935	\$ 0	\$ 14,258	\$ 2,000,633	\$ 4,657,239	\$ 29,213	\$ 28,880

The accompanying notes are an integral part of the financial statement.

PIKE COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES - REGULATORY BASIS
For The Year Ended June 30, 2023
(Continued)

	Budgeted Funds		Unbudgeted Funds		Total Funds
	Maintenance Garage Fund	American Rescue Plan Act Fund	Public Properties Corporation Fund	Jail Commissary Fund	
RECEIPTS					
Taxes	\$	\$	\$	\$	\$ 11,534,254
In Lieu Tax Payments					48,669
Excess Fees					786,253
Licenses and Permits					301,918
Intergovernmental		61,885	1,894,200		30,118,522
Charges for Services					6,885,810
Miscellaneous	9,461			282,927	4,956,091
Interest		175,815	577		671,152
Total Receipts	9,461	237,700	1,894,777	282,927	55,302,669
DISBURSEMENTS					
General Government					7,443,562
Protection to Persons and Property					6,753,014
General Health and Sanitation					5,556,454
Social Services					1,119,205
Recreation and Culture				373,345	1,344,525
Roads					13,038,533
Airports					113,380
Other Transportation Facilities and Services	1,296,160				1,306,939
Debt Service			1,894,200		2,656,109
Capital Projects		3,527,032			4,297,731
Administration	227,725		1,540		7,674,887
Total Disbursements	1,523,885	3,527,032	1,895,740	373,345	51,304,339
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(1,514,424)	(3,289,332)	(963)	(90,418)	3,998,330
Other Adjustments to Cash (Uses)					
Transfers From Other Funds	1,439,620				6,902,032
Transfers To Other Funds					(6,902,032)
Total Other Adjustments to Cash (Uses)	1,439,620				
Net Change in Fund Balance	(74,804)	(3,289,332)	(963)	(90,418)	3,998,330
Fund Balance - Beginning (Restated)	83,426	7,262,870	10,853	141,122	22,583,097
Fund Balance - Ending	\$ 8,622	\$ 3,973,538	\$ 9,890	\$ 50,704	\$ 26,581,427
Composition of Fund Balance					
Bank Balance	\$ 18,045	\$ 3,975,600	\$ 9,890	\$ 56,986	\$ 22,373,136
Less: Outstanding Checks	(9,423)	(2,062)		(6,282)	(448,948)
Certificates of Deposit					4,657,239
Fund Balance - Ending	\$ 8,622	\$ 3,973,538	\$ 9,890	\$ 50,704	\$ 26,581,427

The accompanying notes are an integral part of the financial statement.

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TO THE FINANCIAL STATEMENT**

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PIKE COUNTY
NOTES TO FINANCIAL STATEMENT

June 30, 2023

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statement of Pike County includes all budgeted and unbudgeted funds under the control of the Pike County Fiscal Court. Budgeted funds included within the reporting entity are those funds presented in the county's approved annual budget and reported on the quarterly reports submitted to the Department for Local Government. Unbudgeted funds may include non-fiduciary financial activities, private purpose trust funds, and internal service funds that are within the county's control. Unbudgeted funds may also include any corporation to act for and on behalf of, and as the agency and instrumentality of the fiscal court in the acquisition and financing of any public project which may be undertaken by the fiscal court pursuant to the provisions of Kentucky law and thus accomplish a public purpose of the fiscal court. The unbudgeted funds are not presented in the annual approved budget or in the quarterly reports submitted to the Department for Local Government.

The Pike County Interlocal 911 Board would have been included in the reporting entity under accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. However, under the regulatory basis, they no longer are required components of the reporting entity. Audits of the following entities can be obtained from the Pike County Fiscal Court at 146 Main Street, Pikeville, KY 41501

B. Basis of Accounting

The financial statement is presented on a regulatory basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. This basis of accounting involves the reporting of fund balances and the changes therein resulting from cash inflows (cash receipts) and cash outflows (cash disbursements) to meet the financial reporting requirements of the Department for Local Government and the laws of the Commonwealth of Kentucky.

This regulatory basis of accounting differs from GAAP primarily because the financial statement format does not include the GAAP presentations of government-wide and fund financial statements, cash receipts are recognized when received in cash rather than when earned and susceptible to accrual, and cash disbursements are recognized when paid rather than when incurred or subject to accrual.

Generally, except as otherwise provided by law, property taxes are assessed as of January 1, levied (mailed) November 1, due at discount November 30, due at face value December 31, delinquent January 1 following the assessment, and subject to sale ninety days following April 15.

C. Basis of Presentation

Budgeted Funds

The fiscal court reports the following budgeted funds:

General Fund - This is the primary operating fund of the fiscal court. It accounts for all financial resources of the general government, except where the Department for Local Government requires a separate fund or where management requires that a separate fund be used for some function.

Road Fund - This fund is for road and bridge construction and repair. The primary sources of receipts for this fund are state payments for truck license distribution, municipal road aid, and transportation grants. The Department for Local Government requires the fiscal court to maintain these receipts and disbursements separately from the general fund.

PIKE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Budgeted Funds (Continued)

Jail Fund - The primary purpose of this fund is to account for the jail expenses of the county. The primary sources of receipts for this fund are reimbursements from the state and federal governments, payments from other counties for housing prisoners, and transfers from the general fund. The Department for Local Government requires the fiscal court to maintain these receipts and disbursements separately from the general fund.

Local Government Economic Assistance Fund - The primary purpose of this fund is to account for grants and related disbursements. The primary sources of receipts for this fund are grants from the state and federal governments.

State Grants Fund - The primary purpose of this fund is to account for the receipts and disbursements received from the state for various projects.

Federal Grants Fund - The primary purpose of this fund is to account for the receipts and disbursements for a Community Development Block Grant from the federal government.

Forest Fire Protection Fund - The primary purpose of this fund is to account for collections and disbursements of taxes relating to fire protection.

Solid Waste Fund - The primary purpose of this fund is to account for activities of the solid waste collection services in Pike County and account for the operation of the Ford's Branch landfill. The primary sources of receipts for this fund are solid waste collection services and landfill disposal fees.

Landfill Post-Closure CD Fund - The primary purpose of this fund is to account for funds reserved for the post-closure costs of when the Ford's Branch landfill closes.

Local Government Economic Development Fund - The primary purpose of this fund is to account for grants and related disbursements. The primary sources of receipts for this fund are grants from the state and federal governments.

County Clerk Record Storage Fund - The primary purpose of this fund is to account for receipts from the county clerk for storage fees.

Maintenance Garage Fund - The purpose of this fund is to account for expenses for the maintenance garage.

American Rescue Plan Act Fund - The purpose of this fund to account for American Rescue Plan Act grants and related disbursements. The primary sources of receipts for this fund are grants from the federal government.

Unbudgeted Funds

The fiscal court reports the following unbudgeted funds:

Public Properties Corporation Fund - The primary purpose of this fund is to account for the proceeds and debt service of revenue bonds that were issued to fund construction of public buildings.

PIKE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Unbudgeted Funds (Continued)

Jail Commissary Fund - The canteen operations are authorized pursuant to KRS 441.135. The profits generated from the sale of items are to be used for the benefit and to enhance the well-being of the inmates or to enhance safety and security within the jail. The jailer is required to maintain accounting records and report annually to the county treasurer the receipts and disbursements of the jail commissary fund.

Unbudgeted Funds

D. Budgetary Information

Annual budgets are adopted on a regulatory basis of accounting according to the laws of Kentucky as required by the state local finance officer, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board.

The county judge/executive is required to submit estimated receipts and proposed disbursements to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the state local finance officer. Disbursements may not exceed budgeted appropriations at the activity level.

The state local finance officer does not require the jail commissary fund to be budgeted because the fiscal court does not approve the expenses of this fund.

The state local finance officer does not require the public properties corporation fund to be budgeted. Bond indentures and other relevant contractual provisions require specific payments to and from this fund annually.

E. Pike County Elected Officials

Kentucky law provides for election of the officials listed below from the geographic area constituting Pike County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices. These financial statements are not required to be included in the financial statement of the Pike County Fiscal Court.

- Circuit Court Clerk
- County Attorney
- Property Valuation Administrator
- County Clerk
- County Sheriff

PIKE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

F. Deposits and Investments

The government's fund balance is considered to be cash on hand, demand deposits, certificates of deposit, and short-term investments with original maturities of three months or less from the date of acquisition. The government's fund balance includes cash and cash equivalents and investments.

KRS 66.480 authorizes the county to invest in obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

G. Long-term Obligations

The fund financial statement recognizes bond interest, as well as bond issuance costs when received or when paid, during the current period. The principal amount of the debt and interest are reported as disbursements. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as disbursements. Debt proceeds are reported as other adjustments to cash.

Note 2. Deposits

The fiscal court maintained deposits of public funds with federally insured banking institutions as required by the Department for Local Government's (DLG) *County Budget Preparation and State Local Finance Officer Policy Manual*. The DLG Manual strongly recommends perfected pledges of securities covering all public funds except direct federal obligations and funds protected by federal insurance. In order to be perfected in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the fiscal court and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were not met, as the fiscal court did not have a written agreement with the bank.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the government's deposits may not be returned. The fiscal court does not have a deposit policy for custodial credit risk but rather follows the requirements of the DLG *County Budget Preparation and State Local Finance Officer Policy Manual*. On June 30, 2023, the fiscal court's bank balance was exposed to custodial credit risk as follows:

- Uncollateralized and Uninsured \$12,083

PIKE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 3. Transfers

The table below shows the interfund operating transfers for fiscal year 2023.

	General Fund	Road Fund	Solid Waste Fund	Total Transfers In
Road Fund	\$ 3,676,522	\$	\$	\$ 3,676,522
Jail Fund	1,177,312			1,177,312
LGEA Fund	608,578			608,578
Maintenance Garage Fund		719,810	719,810	1,439,620
Total Transfers Out	<u>\$ 5,462,412</u>	<u>\$ 719,810</u>	<u>\$ 719,810</u>	<u>\$ 6,902,032</u>

Reason for transfers:

To move resources from and to the general fund and other funds, for budgetary purposes, to the funds that will expend them.

Note 4. Custodial Funds

Custodial funds report only those resources held in a trust or custodial capacity for individuals, private organizations, or other governments. In accordance with the regulatory basis of accounting, custodial funds are not presented on the financial statement.

The fiscal court has the following custodial fund:

Jail Inmate Fund - This fund accounts for funds received from the inmates. The balance in the jail inmate fund as of June 30, 2023, was \$388,737.

Note 5. Leases

A. Lessor

1. During the current fiscal year, the Pike County Fiscal Court amended a land lease for the Carl D. Perkins Douglas Towers Apartment Building that started in Fiscal Year 1981. The lease has 58 years, and the Pike County Fiscal Court will receive monthly payments of \$433. The Pike County Fiscal Court recognized \$5,200 in lease revenue during the current fiscal year related to this lease. As of June 30, 2023, the Pike County Fiscal Court's receivable lease payments were \$296,400.
2. During the fiscal year ending June 30, 2018, the Pike County Fiscal Court began leasing office space on the third floor of the jail to the state for a probation and parole office. The lease is on a yearly basis and can be extended up to 7 additional periods, and the fiscal court receives quarterly payments of \$15,030. The Pike County Fiscal Court recognized \$60,120 for in lease revenue during the current fiscal year related to this lease. As of June 30, 2023, the Pike County Fiscal Court's receivable for lease payments were \$60,120.
3. During the current fiscal year, the Pike County Fiscal Court began leasing office space at the Belfry Courthouse to the state for a Cabinet for Families and Children Services office. The lease is on a yearly basis and the fiscal court will receive quarterly payments of \$2,497. The Pike County Fiscal Court recognized \$9,990 in lease revenue during the current fiscal year related to this lease. As of June 30, 2023, the Pike County Fiscal Court's receivable for lease payments were \$0.

PIKE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 5. Leases (Continued)

A. Lessor (Continued)

4. During the current fiscal year, the Pike County Fiscal Court began leasing office space at the Phelps Courthouse to the state for a Cabinet for Families and Children Services office. The lease is on a yearly basis and the fiscal court will receive quarterly payments of \$1,350. The Pike County Fiscal Court recognized \$5,400 in lease revenue during the current fiscal year related to this lease. As of June 30, 2023, the Pike County Fiscal Court's receivable for lease payments were \$0.
5. During the current fiscal year, the Pike County Fiscal Court began leasing office space on the 3rd floor of the Pike County Courthouse to the State of Kentucky for a Juvenile Justice office. The lease is on a yearly basis and the fiscal court will receive quarterly payments of \$5,628. The Pike County Fiscal Court recognized \$22,512 in lease revenue during the current fiscal year related to this lease. As of June 30, 2023, the Pike County Fiscal Court's receivable for lease payments were \$0.
6. During the fiscal year ending June 30, 2009, the Pike County Fiscal Court began leasing a building, located at the Douglas Site on Robinson Creek, to Shelby Valley Day Care Centers, Inc. The lease was for five years and extended another 10 years. The Pike County Fiscal Court has received monthly payments of \$600. The Pike County Fiscal Court recognized \$6,600 in lease revenue during the current fiscal year related to this lease. As of June 30, 2023, the Pike County Fiscal Court's receivable for lease payments were \$600.
7. During the current fiscal year, the Pike County Fiscal Court began leasing office space in Belfry Courthouse to the United States Postal Service. The lease is for five years and the Pike County Fiscal Court will receive monthly payments of \$1,392. The Pike County Fiscal Court recognized \$18,090 in lease revenue during the current fiscal year related to this lease. As of June 30, 2023, the Pike County Fiscal Court's receivable for lease payments were \$59,834.
8. During the fiscal year ending June 30, 2020, the Pike County Fiscal Court began leasing office space in Majestic to the United States Postal Service. The lease was for five years and the Pike County Fiscal Court will receive monthly payments of \$358. The Pike County Fiscal Court recognized \$1,075 in lease revenue during the current fiscal year related to this lease. The fiscal court voted to terminate this lease as of March 21, 2023. As of June 30, 2023, the Pike County Fiscal Court's receivable for lease payments were \$0.
9. During the fiscal year ending June 30, 2011, the Pike County Public Properties Corporation began leasing the justice center to the Administrative Office of the Courts (AOC). The lease was for 19 years and would cover the debt payments the county owed on the building. On August 13, 2020, the Pike County Public Properties Corporation refinanced the loan on the justice center and the payment schedule changed. The Pike County Public Properties Corporation has received semi-annual payments based on the debt payment schedule totaling \$27,533,013. The Pike County Public Properties Corporation recognized \$1,894,200 in lease revenue during the current fiscal year related to this lease. As of June 30, 2023, the Pike County Public Properties Corporation's receivable for lease payments were \$14,306,800.

B. Lessee

1. During the current fiscal year, the Pike County Fiscal Court entered into a one-year lease agreement as lessee for the McCoy Well Site parking lot. An initial lease liability was recorded in the amount of \$1,800 during that fiscal year. As of June 30, 2023, the value of the lease liability was \$0. The fiscal court made an annual payment of \$1,800.

PIKE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 5. Leases (Continued)

B. Lessee (Continued)

2. During the current fiscal year, the Pike County Fiscal Court entered into a five-year lease agreement as lessee for the acquisition and use of a postage meter. An initial lease liability was recorded in the amount of \$18,284 during the current fiscal year. As of June 30, 2023, the value of the lease liability was \$12,800. The Pike County Fiscal Court is required to make quarterly principal payments of \$914.

Fiscal Year Ended June 30	Amount
2024	\$ 3,656
2025	3,656
2026	3,656
2027	1,832
	<hr/>
Total Minimum Lease Payments	<u>\$ 12,800</u>

3. During the fiscal year ending June 30, 1991, the Pike County Fiscal Court entered into a 99-year land lease agreement for the use of land for a golf course. An initial lease liability was recorded in the amount of \$1,370,041 during that fiscal year. Payments change every 5 years based on the consumer price index. As of June 30, 2023, the value of the lease liability was \$913,374. The Pike County Fiscal Court is required to make an annual principal payment of \$13,839.

Fiscal Year Ended June 30	Amount
2024	\$ 13,839
2025	13,839
2026	13,839
2027	13,839
2028	13,839
2029-2033	69,195
2034-2038	69,195
2039-2043	69,195
2044-2048	69,195
2049-2053	69,195
2054-2058	69,195
2059-2063	69,195
2064-2068	69,195
2069-2073	69,195
2074-2078	69,195
2079-2083	69,195
2084-2088	69,195
2089	13,839
	<hr/>
Total Minimum Lease Payments	<u>\$ 913,374</u>

PIKE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 5. Leases (Continued)

B. Lessee (Continued)

4. During the fiscal year ending June 30, 1995, the Pike County Fiscal Court entered into a 99-year land lease agreement for the use additional land for a golf course. An initial lease liability was recorded in the amount of \$3,029,400 during that fiscal year. Payments change every 5 years based on the consumer price index. As of June 30, 2023, the value of the lease liability was \$2,172,600. The Pike County Fiscal Court is required to make quarterly principal payments of \$30,600.

Fiscal Year Ended June 30	Amount
2024	\$ 30,600
2025	30,600
2026	30,600
2027	30,600
2028	30,600
2029-2033	153,000
2034-2038	153,000
2039-2043	153,000
2044-2048	153,000
2049-2053	153,000
2054-2058	153,000
2059-2063	153,000
2064-2068	153,000
2069-2073	153,000
2074-2078	153,000
2079-2083	153,000
2084-2088	153,000
2089-2093	153,000
2094	30,600
	<hr/>
Total Minimum Lease Payments	<u>\$2,172,600</u>

Note 6. Long-term Debt

A. Direct Borrowings and Direct Placements

1. KACo #41

On December 4, 2015, the Pike County Fiscal Court entered into a seven-year lease agreement with Kentucky Association of Counties for several trucks. The principal amount of the lease was \$1,738,002 with an interest rate of 3.56 percent. The lease is secured by the trucks and in the event of default, the lessor is entitled to reclaim the trucks. The lease agreement was paid in full as of June 30, 2023.

PIKE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 6. Long-term Debt (Continued)

A. Direct Borrowings and Direct Placements (Continued)

2. Asphalt Paver Lease

On September 22, 2020, the Pike County Fiscal Court entered into a five-year lease agreement with Community Trust Bank for an asphalt paver. The principal amount of the lease was \$385,369 with an interest rate of 1.95 percent. The lease is secured by the equipment and the lessor is entitled to reclaim the equipment in case of default. The lease agreement balance as of June 30, 2023, was \$177,916. Lease payments for the remaining years are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2024	\$ 78,236	\$ 2,773
2025	79,776	1,233
2026	<u>19,904</u>	<u>64</u>
Totals	<u>\$ 177,916</u>	<u>\$ 4,070</u>

3. Compactor Lease

On February 2, 2021, the Pike County Fiscal Court entered into a five-year lease agreement with Community Trust Bank for a landfill compactor. The principal amount of the lease was \$500,000 with an interest rate of 1.95 percent. The lease is secured by the equipment and the lessor is entitled to reclaim the equipment in case of default. The lease agreement balance as of June 30, 2023, was \$280,835. Lease payments for the remaining years are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2024	\$ 100,534	\$ 4,581
2025	102,512	2,603
2026	<u>77,789</u>	<u>631</u>
Totals	<u>\$ 280,835</u>	<u>\$ 7,815</u>

B. Other Debt

1. First Mortgage Revenue Bonds, Series 2010, Non-Refunded Portion

On August 5, 2010, the Pike County Fiscal Court issued \$30,925,000 in revenue bonds for the construction of the new judicial center. The public properties corporation entered into an agreement with the Administrative Office of the Courts (AOC) for the payments to be made by AOC while being tenants of the building. These bonds were issued at varying interest rates ranging from two to four percent (2-4%) and will be fully refunded on August 1, 2022.

PIKE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 6. Long-term Debt (Continued)

B. Other Debt (Continued)

1. First Mortgage Revenue Bonds, Series 2010, Non-Refunded Portion (Continued)

The owners of the bonds remedies in an event of default are the following, (i) foreclose on the mortgage lien on the project site and improvements granted by the mortgage or carry out decretal sale. However, no such foreclosure sale will result in a deficiency judgement of any type or in any amount against AOC, the county, or the corporation. The county may at any time by the discharge of the bonds and interest thereon receive an unencumbered fee simple title to the mortgaged facilities; provided that the event of any such enforcement of said lien by the trustee, there will first be paid all expenses incident to said document, and thereafter the bonds then outstanding will be paid and retired, (ii) by mandamus or other suit, action or proceeding at law or in equity, to enforce all rights of the owners of the bonds, including the right to require the corporation to enforce fully the lease and to charge, collect and fully account for the pledged receipts, and to require the corporation to carry out any and all other covenants or agreements with the bondholders and to perform its duties under the act, (iii) by bring suit upon the bonds, (iv) by action or suit in equity, require the corporation to account as if it were the trustee of an express trust for the owners of the bonds (v) by action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the owners of the bonds (vi) by declaring all bonds due and payable, and if all defaults will be made good, then, with the written consent of the owners of not less than fifty percent in a principal amount of the outstanding bonds, by annulling such declaration and its consequences; and (vii) in the event that all bonds are declared due and payable, by selling investment obligations of the corporation (to the extent not theretofore set aside for redemption of the bonds for which call has been made), and enforcing all choices in action of the corporation to the fullest legal extent in the name of the corporation for the use and benefit of the owners of the bonds. These bonds were partially refunded by first mortgage revenue refunding bonds, series 2020. The bonds will require semiannual interest payments due February 1 and August 1 and one principal payment each year due February 1. As of June 30, 2023, the principal outstanding was \$0.

2. General Obligation Refunding and Improvement Bond, Series 2013

In April 2013, the Pike County Fiscal Court issued \$7,340,000 in general obligation refunding bonds to refinance the 2005 improvement bonds and for courthouse energy savings improvements. The bonds require semiannual interest payments due March 1 and September 1 and one principal payment each year due September 1. The bonds will mature on March 1, 2036. The bonds are guaranteed by general revenues of the county. In the event of default, the paying agent may proceed to protect and enforce its rights and the rights of the bond owners by such of the following remedies, as the paying agent, being advised by counsel, shall deem most effectual to protect and enforce such rights: (a) by mandamus or other suit, action or proceeding at law or in equity, to enforce all rights of the bond owners, including the right to require the county to enforce fully the ordinance and to charge, collect and fully account for the county revenues and to require the county to carry out any and all other covenants or agreements with the bond owners and to perform its duties under the act; (b) by bringing suit upon the bonds; (c) by action or suit in equity, to require the county to account as if it were the paying agent of an express trust for the owners of the bonds; (d) by action or suit in equity, to enjoin any acts or things which may be unlawful or in violation of the rights of the owners of the bonds; (e) by declaring all bonds due and payable, and if all defaults shall be made good, then, with the written consent of the owners of not less than 50% in principal amount of the outstanding bonds, by annulling such declaration and its consequences; (f) in the event that all bonds are declared due and payable, by selling permitted investments of the county (to the extent not theretofore set aside for redemption of bonds for which call has been made), and enforcing all courses in action of the county to the fullest legal extent in the name of the county for the use and benefit of the owners of the bonds. The county expressly waives any right to claim a trespass in connection with any such action. In the event of default, each defaulted bond shall continue to bear interest after maturity at the interest rate applicable to such respective bonds until the necessary funds are made available for the payment thereof.

PIKE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 6. Long-term Debt (Continued)

B. Other Debt (Continued)

2. General Obligation Refunding and Improvement Bond, Series 2013 (Continued)

As of June 30, 2023, the principal amount outstanding was \$4,560,000. Bond payments for the remaining years are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2024	\$ 340,000	\$ 134,738
2025	355,000	127,087
2026	360,000	118,656
2027	385,000	109,656
2028	400,000	99,550
2029-2033	1,660,000	339,100
2034-2036	1,060,000	75,075
Totals	<u>\$ 4,560,000</u>	<u>\$ 1,003,862</u>

3. First Mortgage Revenue Bonds, Series 2020 – Justice Center

The Pike County Public Properties Corporation (the corporation) issued \$13,310,000 first mortgage refunding revenue bonds dated August 13, 2020, for the purpose of a partial defeasance of the outstanding first mortgage revenue bonds, series 2010, which were used for the construction of the Pike County Justice Center. The bonds were issued at an interest rate of two percent (2%) and will be retired by August 1, 2029. The corporation is acting as agent for the Administrative Office of the Courts (AOC) in order to manage and maintain the justice center. The corporation expects annual rentals from AOC for use of the justice center to be in the full amount of the annual principal and interest requirements of the bonds. The corporation is in reliance upon the use allowance payment in order to meet the debt service for the bonds. The use allowance payment commenced with occupancy of the justice center by AOC. AOC, with the execution of the lease, has expressed its intention to continue to pay the full use allowance payment in each successive biennial budget period until February 1, 2029, but AOC is not legally obligated to do so.

The owners of the bonds remedies in an event of default are the following, (i) foreclose on the mortgage lien on the project site and improvements granted by the mortgage or carry out decretal sale. However, no such foreclosure sale will result in a deficiency judgement of any type or in any amount against AOC, the county, or the corporation. The county may at any time by the discharge of the bonds and interest thereon receive an unencumbered fee simple title to the mortgaged facilities; provided that the event of any such enforcement of said lien by the trustee, there will first be paid all expenses incident to said document, and thereafter the bonds then outstanding will be paid and retired, (ii) by mandamus or other suit, action or proceeding at law or in equity, to enforce all rights of the owners of the bonds, including the right to require the corporation to enforce fully the lease and to charge, collect, and fully account for the pledged receipts, and to require the corporation to carry out any and all other covenants or agreements with the bondholders and to perform its duties under the act, (iii) by bring suit upon the bonds, (iv) by action or suit in equity, require the corporation to account as if it were the trustee of an express trust for the owners of the bonds (v) by action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the owners of the bonds (vi) by declaring all bonds due

PIKE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 6. Long-term Debt (Continued)

B. Other Debt (Continued)

3. First Mortgage Revenue Bonds, Series 2020 – Justice Center (Continued)

and payable, and if all defaults will be made good, then, with the written consent of the owners of not less than fifty percent in a principal amount of the outstanding bonds, by annulling such declaration and its consequences; and (vii) in the event that all bonds are declared due and payable, by selling investment obligations of the corporation (to the extent not theretofore set aside for redemption of the bonds for which call has been made), and enforcing all choices in action of the corporation to the fullest legal extent in the name of the corporation for the use and benefit of the owners of the bonds.

Per the debt service requirements, interest payments will be required on March 1 and August 1 for fiscal year 2022 and 2023. On August 1, 2022, the first mortgage revenue bonds, series 2010, will be fully refunded and at that time principal payments are due on March 1, and interest payments are due on March 1 and September 1 of each year. As of June 30, 2023, the principal outstanding was \$13,310,000. Future principal and interest requirements are:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2024	\$ 1,170,000	\$ 254,500
2025	1,925,000	223,550
2026	1,965,000	184,650
2027	2,000,000	145,000
2028	2,045,000	104,550
2029-2030	4,205,000	84,550
Totals	<u>\$ 13,310,000</u>	<u>\$ 996,800</u>

C. Changes In Long-term Debt

Long-term Debt activity for the year ended June 30, 2023, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings and Direct Placements	\$ 731,983		\$ 273,232	\$ 458,751	\$ 178,770
Revenue Bonds	14,910,000		1,600,000	13,310,000	1,170,000
General Obligation Bonds	4,895,000		335,000	4,560,000	340,000
Total Long-term Debt	<u>\$ 20,536,983</u>	<u>\$ 0</u>	<u>\$ 2,208,232</u>	<u>\$ 18,328,751</u>	<u>\$ 1,688,770</u>

PIKE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 6. Long-term Debt (Continued)

D. Aggregate Debt Schedule

The amount of required principal and interest payments on long-term obligations at June 30, 2023, were as follows:

Fiscal Year Ended June 30	Other Debt		Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest
2024	\$ 1,510,000	\$ 389,237	\$ 178,770	\$ 7,354
2025	2,280,000	350,638	182,288	3,836
2026	2,325,000	303,306	97,693	695
2027	2,385,000	254,656		
2028	2,445,000	204,100		
2029-2033	5,865,000	423,650		
2034-2038	1,060,000	75,075		
Totals	<u>\$ 17,870,000</u>	<u>\$ 2,000,662</u>	<u>\$ 458,751</u>	<u>\$ 11,885</u>

Note 7. Contingencies

The county is involved in multiple lawsuits. While individually they may not be significant, in the aggregate they could negatively impact the county's financial position. Due to the uncertainty of the litigation, a reasonable estimate of the financial impact on the county cannot be made at this time.

Note 8. Employee Retirement System

The fiscal court has elected to participate, pursuant to KRS 78.530, in the County Employees Retirement System (CERS), which is administered by the Board of Trustees of the Kentucky Retirement Systems (Ky. Ret. Sys.). This is a cost-sharing, multiple-employer, defined benefit pension plan, which covers all eligible full-time employees and provides for retirement, disability, and death benefits to plan members. Benefit contributions and provisions are established by statute. Effective April 1, 2021, the Kentucky Public Pension Authority (KPPA) was created by KRS 61.505 to provide staffing and daily administrative needs for CERS and Ky. Ret. Sys. The CERS nine (9) member board of trustees is responsible for the governance of the CERS pension and insurance plans.

The county's contribution for FY 2021 was \$1,860,175, FY 2022 was \$2,386,090 and FY 2023 was \$1,919,548.

Nonhazardous covered employees are required to contribute five percent (5%) of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008, are required to contribute six percent (6%) of their salary to be allocated as follows: five percent (5%) will go to the member's account and one percent (1%) will go to the Ky. Ret. Sys. insurance fund.

PIKE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 8. Employee Retirement System (Continued)

In accordance with Senate Bill 2, signed by the Governor on April 4, 2013, plan members who began participating on or after January 1, 2014, were required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members in the plan contribute a set percentage of their salary each month to their own accounts. Nonhazardous covered employees contribute five percent (5%) of their annual creditable compensation. Nonhazardous members also contribute one percent (1%) to the health insurance fund which is not credited to the member's account and is not refundable. The employer contribution rate is set annually by the Ky. Ret. Sys. Board of Directors based on an actuarial valuation. The employer contributes a set percentage of the member's salary. Each month, when employer contributions are received, an employer pay credit is deposited to the member's account. A member's account is credited with a four percent (4%) employer pay credit. The employer pay credit represents a portion of the employer contribution.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Nonhazardous employees who begin participation on or after September 1, 2008, must meet the rule of 87 (member's age plus years of service credit must equal 87, and the member must be a minimum of 57 years of age) or the member is age 65, with a minimum of 60 months service credit.

The county's contribution rate for nonhazardous employees was 26.79 percent.

Other Post-Employment Benefits (OPEB)

A. Health Insurance Coverage - Tier 1

CERS provides post-retirement health care coverage as follows:

For members participating prior to July 1, 2003, years of service and respective percentages of the maximum contribution are as follows:

Years of Service	% Paid by Insurance Fund	% Paid by Member through Payroll Deduction
20 or more	100%	0%
15-19	75%	25%
10-14	50%	50%
4-9	25%	75%
Less than 4	0%	100%

As a result of House Bill 290 (2004 General Assembly), medical insurance benefits are calculated differently for members who began participation on or after July 1, 2003. Once members reach a minimum vesting period of ten years, non-hazardous employees whose participation began on or after July 1, 2003, earn ten dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually based on the retiree cost of living adjustment, which is updated annually due to changes in the Consumer Price Index. Benefits are covered under KRS 78.5536.

PIKE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 8. Employee Retirement System (Continued)

Other Post-Employment Benefits (OPEB) (Continued)

B. Health Insurance Coverage - Tier 2 and Tier 3 - Nonhazardous

Once members reach a minimum vesting period of 15 years, they earn ten dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually by 1.5 percent. This was established for Tier 2 members during the 2008 Special Legislative Session by House Bill 1. During the 2013 Legislative Session, Senate Bill 2 was enacted, creating Tier 3 benefits for members.

The monthly insurance benefit has been increased annually as a 1.5 percent cost of living adjustment (COLA) since July 2003 when the law changed. The annual increase is cumulative and continues to accrue after the member's retirement.

Tier 2 member benefits are covered by KRS 78.5536. Tier 3 members are not covered by the same provisions.

C. Cost of Living Adjustments - Tier 1

The 1996 General Assembly enacted an automatic cost of living adjustment (COLA) provision for all recipients of Ky. Ret. Sys. benefits. During the 2008 Special Session, the General Assembly determined that each July beginning in 2009, retirees who have been receiving a retirement allowance for at least 12 months will receive an automatic COLA of 1.5 percent. The COLA is not a guaranteed benefit. If a retiree has been receiving a benefit for less than 12 months, and a COLA is provided, it will be prorated based on the number of months the recipient has been receiving a benefit.

D. Cost of Living Adjustments - Tier 2 and Tier 3

No COLA is given unless authorized by the legislature with specific criteria. To this point, no COLA has been authorized by the legislature for Tier 2 or Tier 3 members.

E. Death Benefit

If a retired member is receiving a monthly benefit based on at least 48 months of service credit, KPPA will pay a \$5,000 death benefit payment to the beneficiary designated by the member specifically for this benefit. Members with multiple accounts are entitled to only one death benefit.

F. Annual Financial Report and Proportionate Share Audit Report

Ky. Ret. Sys. issues a publicly available annual financial report that includes financial statements and required supplementary information on CERS. This report may be obtained by writing the Kentucky Public Pensions Authority, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646.

KPPA also issues proportionate share audit reports for both total pension liability and other post-employment benefits for CERS determined by actuarial valuation as well as each participating county's proportionate share. Both the Schedules of Employer Allocations and Pension Amounts by Employer and the Schedules of Employer Allocations and OPEB Amounts by Employer reports and the related actuarial tables are available online at <https://kyret.ky.gov>. The complete actuarial valuation report, including all actuarial assumptions and methods, is also available on the website or can be obtained as described in the paragraph above.

PIKE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 9. Deferred Compensation

The Pike County Fiscal Court voted to allow all eligible employees to participate in deferred compensation plans administered by the Kentucky Public Employees' Deferred Compensation Authority. The Kentucky Public Employees' Deferred Compensation Authority is authorized under KRS 18A.230 to 18A.275 to provide administration of tax-sheltered supplemental retirement plans for all state, public school and university employees, and employees of local political subdivisions that have elected to participate.

These deferred compensation plans permit all full-time employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Participation by eligible employees in the deferred compensation plans is voluntary.

Historical trend information showing the Kentucky Public Employees' Deferred Compensation Authority's progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Public Employees' Deferred Compensation Authority's annual financial report. This report may be obtained by writing the Kentucky Public Employees' Deferred Compensation Authority at 501 High Street, 2nd Floor, Frankfort, KY 40601, or by telephone at (502) 573-7925.

Note 10. Closure and Post-Closure Care Costs of Municipal Solid Waste Landfill

Sections 2 and 3 of 401 KAR 48:310 require the owner or operator of a landfill to have a detailed written estimate, in current dollars, of the cost of hiring a third party to close the solid waste disposal site and to conduct each phase of closure care monitoring and maintenance in accordance with the closure plan. The Ford's Branch Landfill closure plan currently calls for six phases. As of March 23, 2023, the 2023 annual survey indicated 165,000 cubic yards of remaining disposal space, which equates to approximately 2 years of capacity remaining.

Pike County must comply with established state and federal closure procedures and must perform maintenance and monitoring procedures at the site for 30 years after closure. Previous estimated closure costs pulled from 2018 totaled \$4,783,404 and estimated post-closure care costs totaled \$66,663 per year for 30 years. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. Since the financial statement is prepared on a regulatory basis of accounting, no liability has been recognized for closure or post-closure costs. No post-closure cost study has been completed as of June 30, 2023.

The fiscal court is required by state and federal laws and regulations to make annual contributions to finance closure and post-closure care. The fiscal court annually deposits \$130,000 of solid waste receipts into an account reserved for the landfill closing. At June 30, 2023, the Ford's Branch Landfill Closing Account had a cash balance of \$4,657,239.

The Ford's Branch Landfill phase four was completed in 2011, and phase five is scheduled to close in 2025. It is anticipated that sufficient funds will be available in the Ford's Branch Landfill Closing Account to pay estimated closure and post-closure costs.

Note 11. Related Party Transactions

The fiscal court purchased, in accordance with the county's ethic code, \$269,560 of erosion and drainage control supplies from a company owned by a relative of the county judge/executive during the year ending June 30, 2023 through an official bid.

PIKE COUNTY
NOTES TO FINANCIAL STATEMENT
June 30, 2023
(Continued)

Note 12. Conduit Debt

From time to time, the county has issued debt instruments to provide financial assistance to local agencies for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest, in accordance with KRS 103.210. This debt may take the form of certain types of limited-obligation revenue bonds, certificates of participation, or similar debt instruments. Although conduit debt obligations bear the Pike County Fiscal Court's name as issuer, the fiscal court has no obligation for such debt beyond the resources provided by a lease or loan with the third party on whose behalf it is issued. Neither the fiscal court nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statement. As of June 30, 2023, conduit debt has been issued but the amount currently outstanding is not reasonably determinable.

Note 13. Tax Abatement

The occupational tax was abated under the authority of the Pike County Fiscal Court. MC Mining, LLC and its affiliate Excel Mining, LLC are contingent upon meeting all terms and conditions for eligibility under the Kentucky Industrial Revitalization Act. The taxes are to be abated by allowing the company to retain the one percent (1%) occupational tax levied on employees. Recapture of abated taxes can occur as long as they are in compliance with and receiving incentives under the Kentucky Industrial Revitalization Act Excel Mining Project, not to exceed ten years from final approval of said project. For fiscal year ended June 30, 2023, the Pike County Fiscal Court abated occupational taxes totaling \$161,216.

Note 14. Prior Period Adjustments

The beginning balance of the road, jail, and forest fire protection funds decreased \$1 due to rounding, totaling a negative \$3. The beginning balance of the solid waste fund increased \$15 due to a prior year voided check. The beginning balance of the Local Government Economic Development fund increased \$1 due to rounding.

PIKE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2023

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PIKE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis

For The Year Ended June 30, 2023

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 8,735,000	\$ 8,735,000	\$ 11,526,661	\$ 2,791,661
In Lieu Tax Payments	41,500	41,500	48,669	7,169
Excess Fees	520,000	520,000	786,253	266,253
Licenses and Permits	292,100	292,100	301,918	9,818
Intergovernmental	3,780,956	3,780,956	1,714,749	(2,066,207)
Charges for Services	32,500	32,500	37,771	5,271
Miscellaneous	258,780	258,780	1,078,949	820,169
Interest	20,000	20,000	419,677	399,677
Total Receipts	<u>13,680,836</u>	<u>13,680,836</u>	<u>15,914,647</u>	<u>2,233,811</u>
DISBURSEMENTS				
General Government	4,754,482	5,909,218	5,711,457	197,761
Protection to Persons and Property	578,670	1,194,842	1,166,998	27,844
General Health and Sanitation	2,842,959	2,879,670	359,977	2,519,693
Social Services	370,100	428,354	382,288	46,066
Recreation and Culture	306,500	401,941	394,880	7,061
Roads	90,194	91,820	79,212	12,608
Other Transportation Facilities and Services	30,000	30,000	10,779	19,221
Debt Service	95,371	95,371	95,371	
Administration	4,942,873	4,504,280	2,142,849	2,361,431
Total Disbursements	<u>14,011,149</u>	<u>15,535,496</u>	<u>10,343,811</u>	<u>5,191,685</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(330,313)</u>	<u>(1,854,660)</u>	<u>5,570,836</u>	<u>7,425,496</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	3,000,000	3,000,000		(3,000,000)
Transfers To Other Funds	<u>(5,387,412)</u>	<u>(5,387,412)</u>	<u>(5,462,412)</u>	<u>(75,000)</u>
Total Other Adjustments to Cash (Uses)	<u>(2,387,412)</u>	<u>(2,387,412)</u>	<u>(5,462,412)</u>	<u>(3,075,000)</u>
Net Change in Fund Balance	(2,717,725)	(4,242,072)	108,424	4,350,496
Fund Balance - Beginning	<u>2,717,725</u>	<u>6,113,258</u>	<u>6,113,259</u>	<u>1</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 1,871,186</u>	<u>\$ 6,221,683</u>	<u>\$ 4,350,497</u>

PIKE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

	ROAD FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 9,153,508	\$ 13,648,508	\$ 14,313,648	\$ 665,140
Miscellaneous	807,500	807,500	1,935,370	1,127,870
Total Receipts	<u>9,961,008</u>	<u>14,456,008</u>	<u>16,249,018</u>	<u>1,793,010</u>
DISBURSEMENTS				
Roads	14,108,763	18,600,128	12,959,321	5,640,807
Debt Service	81,009	81,086	81,009	77
Administration	1,727,948	1,769,017	1,616,084	152,933
Total Disbursements	<u>15,917,720</u>	<u>20,450,231</u>	<u>14,656,414</u>	<u>5,793,817</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(5,956,712)</u>	<u>(5,994,223)</u>	<u>1,592,604</u>	<u>7,586,827</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	5,676,522	5,676,522	3,676,522	(2,000,000)
Transfers To Other Funds	(719,810)	(719,810)	(719,810)	
Total Other Adjustments to Cash (Uses)	<u>4,956,712</u>	<u>4,956,712</u>	<u>2,956,712</u>	<u>(2,000,000)</u>
Net Change in Fund Balance	(1,000,000)	(1,037,511)	4,549,316	5,586,827
Fund Balance - Beginning (Restated)	<u>1,000,000</u>	<u>1,037,511</u>	<u>1,307,510</u>	<u>269,999</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,856,826</u>	<u>\$ 5,856,826</u>

PIKE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

	JAIL FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 4,295,848	\$ 4,295,848	\$ 4,277,500	\$ (18,348)
Charges for Services	67,732	67,732	7,159	(60,573)
Miscellaneous	70,925	70,925	495,726	424,801
Total Receipts	<u>4,434,505</u>	<u>4,434,505</u>	<u>4,780,385</u>	<u>345,880</u>
DISBURSEMENTS				
Protection to Persons and Property	3,667,692	4,433,764	4,421,754	12,010
Debt Service	381,485	381,485	381,485	
Administration	1,487,640	1,371,649	1,365,064	6,585
Total Disbursements	<u>5,536,817</u>	<u>6,186,898</u>	<u>6,168,303</u>	<u>18,595</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,102,312)</u>	<u>(1,752,393)</u>	<u>(1,387,918)</u>	<u>364,475</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	<u>1,102,312</u>	<u>1,102,312</u>	<u>1,177,312</u>	<u>75,000</u>
Total Other Adjustments to Cash (Uses)	<u>1,102,312</u>	<u>1,102,312</u>	<u>1,177,312</u>	<u>75,000</u>
Net Change in Fund Balance		(650,081)	(210,606)	439,475
Fund Balance - Beginning (Restated)		<u>250,081</u>	<u>250,081</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (400,000)</u>	<u>\$ 39,475</u>	<u>\$ 439,475</u>

PIKE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 6,548,608	\$ 6,548,608	\$ 6,916,343	\$ 367,735
Charges for Services	500	500		(500)
Miscellaneous	33,000	33,000	27,318	(5,682)
Total Receipts	<u>6,582,108</u>	<u>6,582,108</u>	<u>6,943,661</u>	<u>361,553</u>
DISBURSEMENTS				
General Government	2,596,654	1,666,312	1,582,888	83,424
Protection to Persons and Property	719,700	1,399,453	1,158,543	240,910
General Health and Sanitation	2,497,686	2,497,686	90,704	2,406,982
Social Services	634,583	821,937	736,917	85,020
Recreation and Culture	445,098	641,508	576,300	65,208
Airports	111,342	113,380	113,380	
Administration	185,623	742,258	383,823	358,435
Total Disbursements	<u>7,190,686</u>	<u>7,882,534</u>	<u>4,642,555</u>	<u>3,239,979</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(608,578)</u>	<u>(1,300,426)</u>	<u>2,301,106</u>	<u>3,601,532</u>
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	<u>608,578</u>	<u>608,578</u>	<u>608,578</u>	
Total Other Adjustments to Cash (Uses)	<u>608,578</u>	<u>608,578</u>	<u>608,578</u>	
Net Change in Fund Balance		(691,848)	2,909,684	3,601,532
Fund Balance - Beginning		<u>691,848</u>	<u>691,847</u>	<u>(1)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,601,531</u>	<u>\$ 3,601,531</u>

PIKE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

	STATE GRANTS FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
DISBURSEMENTS				
Capital Projects	\$ 138,925	\$ 138,925	\$ 49,989	\$ 88,936
Total Disbursements	138,925	138,925	49,989	88,936
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(138,925)	(138,925)	(49,989)	88,936
Net Change in Fund Balance	(138,925)	(138,925)	(49,989)	88,936
Fund Balance - Beginning	138,925	138,925	138,924	(1)
Fund Balance - Ending	\$ 0	\$ 0	\$ 88,935	\$ 88,935

PIKE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

	FEDERAL GRANTS FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 1,250,000	\$ 1,750,000	\$ 720,710	\$ (1,029,290)
Total Receipts	<u>1,250,000</u>	<u>1,750,000</u>	<u>720,710</u>	<u>(1,029,290)</u>
DISBURSEMENTS				
Capital Projects	1,250,000	1,750,000	720,710	1,029,290
Total Disbursements	<u>1,250,000</u>	<u>1,750,000</u>	<u>720,710</u>	<u>1,029,290</u>
Net Change in Fund Balance				
Fund Balance - Beginning				
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

PIKE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

FOREST FIRE PROTECTION FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	\$ 9,000	\$ 9,000	\$ 7,593	\$ (1,407)
Total Receipts	<u>9,000</u>	<u>9,000</u>	<u>7,593</u>	<u>(1,407)</u>
DISBURSEMENTS				
Protection to Persons and Property	9,000	9,000	5,719	3,281
Administration		12,385		12,385
Total Disbursements	<u>9,000</u>	<u>21,385</u>	<u>5,719</u>	<u>15,666</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		<u>(12,385)</u>	<u>1,874</u>	<u>14,259</u>
Net Change in Fund Balance		(12,385)	1,874	14,259
Fund Balance - Beginning (Restated)		<u>12,385</u>	<u>12,384</u>	<u>(1)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 14,258</u>	<u>\$ 14,258</u>

PIKE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

	SOLID WASTE FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Intergovernmental	\$ 252,855	\$ 252,855	\$ 219,487	\$ (33,368)
Charges for Services	5,840,000	5,840,000	6,646,547	806,547
Miscellaneous	686,120	686,120	1,014,560	328,440
Interest	5,000	5,000	56,073	51,073
Total Receipts	<u>6,783,975</u>	<u>6,783,975</u>	<u>7,936,667</u>	<u>1,152,692</u>
DISBURSEMENTS				
General Health and Sanitation	5,653,279	5,619,184	5,105,773	513,411
Debt Service	204,045	204,508	204,044	464
Administration	2,001,214	2,271,869	1,937,802	334,067
Total Disbursements	<u>7,858,538</u>	<u>8,095,561</u>	<u>7,247,619</u>	<u>847,942</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(1,074,563)</u>	<u>(1,311,586)</u>	<u>689,048</u>	<u>2,000,634</u>
Other Adjustments to Cash (Uses)				
Transfers To Other Funds	<u>(719,810)</u>	<u>(719,810)</u>	<u>(719,810)</u>	
Total Other Adjustments to Cash (Uses)	<u>(719,810)</u>	<u>(719,810)</u>	<u>(719,810)</u>	
Net Change in Fund Balance	(1,794,373)	(2,031,396)	(30,762)	2,000,634
Fund Balance - Beginning (Restated)	<u>1,794,373</u>	<u>2,031,396</u>	<u>2,031,395</u>	<u>(1)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,000,633</u>	<u>\$ 2,000,633</u>

PIKE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

LANDFILL POST-CLOSURE CD FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Charges for Services	\$ 130,000	\$ 130,000	\$ 130,000	\$
Interest	10,000	10,000	15,811	5,811
Total Receipts	<u>140,000</u>	<u>140,000</u>	<u>145,811</u>	<u>5,811</u>
DISBURSEMENTS				
General Health and Sanitation	140,000	140,000		140,000
Administration	4,373,792	4,511,429		4,511,429
Total Disbursements	<u>4,513,792</u>	<u>4,651,429</u>		<u>4,651,429</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(4,373,792)</u>	<u>(4,511,429)</u>	145,811	4,657,240
Net Change in Fund Balance	(4,373,792)	(4,511,429)	145,811	4,657,240
Fund Balance - Beginning	<u>4,373,792</u>	<u>4,511,429</u>	<u>4,511,428</u>	<u>(1)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,657,239</u>	<u>\$ 4,657,239</u>

PIKE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

LOCAL GOVERNMENT ECONOMIC DEVELOPMENT FUND

	<u>Budgeted Amounts</u>		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Miscellaneous	\$ 112,000	\$ 112,000	\$ 111,780	\$ (220)
Interest	500	500	3,184	2,684
Total Receipts	<u>112,500</u>	<u>112,500</u>	<u>114,964</u>	<u>2,464</u>
DISBURSEMENTS				
General Government	112,500	113,748	113,749	(1)
Administration		26,750		26,750
Total Disbursements	<u>112,500</u>	<u>140,498</u>	<u>113,749</u>	<u>26,749</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)		<u>(27,998)</u>	<u>1,215</u>	<u>29,213</u>
Net Change in Fund Balance		(27,998)	1,215	29,213
Fund Balance - Beginning (Restated)		<u>27,998</u>	<u>27,998</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 29,213</u>	<u>\$ 29,213</u>

PIKE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

COUNTY CLERK RECORD STORAGE FUND

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Charges for Services	\$	\$ 80,000	\$ 64,333	\$ (15,667)
Interest			15	15
Total Receipts		80,000	64,348	(15,652)
DISBURSEMENTS				
General Government		80,000	35,468	44,532
Total Disbursements		80,000	35,468	44,532
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)			28,880	28,880
Net Change in Fund Balance			28,880	28,880
Fund Balance - Beginning				
Fund Balance - Ending	\$ 0	\$ 0	\$ 28,880	\$ 28,880

PIKE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

MAINTENANCE GARAGE FUND				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Miscellaneous	\$ 22,500	\$ 22,500	\$ 9,461	\$ (13,039)
Total Receipts	22,500	22,500	9,461	(13,039)
DISBURSEMENTS				
Other Transportation Facilities and Services	1,226,550	1,314,176	1,296,160	18,016
Administration	235,570	231,371	227,725	3,646
Total Disbursements	1,462,120	1,545,547	1,523,885	21,662
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(1,439,620)	(1,523,047)	(1,514,424)	8,623
Other Adjustments to Cash (Uses)				
Transfers From Other Funds	1,439,620	1,523,047	1,439,620	(83,427)
Total Other Adjustments to Cash (Uses)	1,439,620	1,523,047	1,439,620	(83,427)
Net Change in Fund Balance			(74,804)	(74,804)
Fund Balance - Beginning			83,426	83,426
Fund Balance - Ending	\$ 0	\$ 0	\$ 8,622	\$ 8,622

PIKE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

	AMERICAN RESCUE PLAN ACT FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$	\$ 61,885	\$ 61,885	\$
Interest	10,000	10,000	175,815	165,815
Total Receipts	10,000	71,885	237,700	165,815
DISBURSEMENTS				
Capital Projects	3,744,056	3,805,941	3,527,032	278,909
Total Disbursements	3,744,056	3,805,941	3,527,032	278,909
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(3,734,056)	(3,734,056)	(3,289,332)	444,724
Other Adjustments to Cash (Uses)				
Transfers To Other Funds	(5,000,000)	(5,000,000)		5,000,000
Total Other Adjustments to Cash (Uses)	(5,000,000)	(5,000,000)		5,000,000
Net Change in Fund Balance	(8,734,056)	(8,734,056)	(3,289,332)	5,444,724
Fund Balance - Beginning	8,734,056	7,262,870	7,262,870	
Fund Balance - Ending	\$ 0	\$ (1,471,186)	\$ 3,973,538	\$ 5,444,724

PIKE COUNTY
BUDGETARY COMPARISON SCHEDULES
Supplementary Information - Regulatory Basis
For The Year Ended June 30, 2023
(Continued)

ABANDONED MINE LAND FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
RECEIPTS				
Intergovernmental	\$ 700,000	\$ 700,000	\$	\$ (700,000)
Total Receipts	<u>700,000</u>	<u>700,000</u>	<u></u>	<u>(700,000)</u>
DISBURSEMENTS				
General Government	700,000	700,000	<u></u>	700,000
Total Disbursements	<u>700,000</u>	<u>700,000</u>	<u></u>	<u>700,000</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u></u>	<u></u>	<u></u>	<u></u>
Net Change in Fund Balance				
Fund Balance - Beginning	<u></u>	<u></u>	<u></u>	<u></u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

PIKE COUNTY
NOTES TO REGULATORY SUPPLEMENTARY
INFORMATION - BUDGETARY COMPARISON SCHEDULES

June 30, 2023

Note 1. Budgetary Information

Annual budgets are adopted on a regulatory basis of accounting according to the laws of Kentucky as required by the state local finance officer, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board.

The county judge/executive is required to submit estimated receipts and proposed disbursements to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the state local finance officer. Disbursements may not exceed budgeted appropriations at the activity level.

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**PIKE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For The Year Ended June 30, 2023

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PIKE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity's Identifying Number	Provided to Subrecipient	Total Federal Expenditures
<u>U. S. Department of Commerce</u>				
Economic Development Cluster				
<i>Passed-Through Kentucky Department for Local Government:</i>				
Economic Adjustment Program	11.307	04-79-07644	\$	\$ 841,296
Total U.S. Department of Housing & Urban				<u>841,296</u>
<u>U. S. Department of Housing & Urban Government</u>				
<i>Passed-Through Kentucky Department for Local Government:</i>				
Community Development Block Grant	14.228	CDBG #20C-023	\$	\$ 720,710
Total U.S. Department of Housing & Urban				<u>720,710</u>
<u>U. S. Department of the Treasury</u>				
<i>Direct Program:</i>				
COVID-19 - Coronavirus State And Local Fiscal Recovery Funds	21.027		\$	\$ 3,527,031
Total U.S. Department of the Treasury				<u>3,527,031</u>
<u>Appalachian Regional Commission</u>				
<i>Direct Program:</i>				
Appalachian Regional Development				
Levisa Fork Basin Flood Protection Design	23.001	KY-20363	\$	\$ 49,939
Total Appalachian Regional Commission				<u>49,939</u>
<u>U. S. Department of Homeland Security</u>				
<i>Passed-Through Kentucky Department of Military Affairs:</i>				
Disaster Grants - Public Assistance	97.036	FEMA-4595-DR-KY	\$	\$ 424,902
Disaster Grants - Public Assistance	97.036	FEMA-4643-DR-KY		305,557
Disaster Grants - Public Assistance	97.036	FEMA-4663-DR-KY		1,669,606
Hazard Mitigation Grant Program	97.039	PON2-095-2000003849-1		26,438
Emergency Management Performance Grant	97.042	SC-095-22000005689-1		88,352
Homeland Security Grant	97.067	SC-094-2300001128-1		78,900
Total U.S. Department of Homeland Security				<u>2,593,755</u>
Total Expenditures of Federal Awards			\$ 0	<u>\$ 7,732,731</u>

The accompanying notes are an integral part of this schedule.

PIKE COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2023

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Pike County, Kentucky 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 Pike County, Kentucky, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Pike County, Kentucky.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the basis of the accounting practices prescribed or permitted by the Department for Local Government to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting and budget laws, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3. Indirect Cost Rate

Pike County has not adopted an indirect cost rate and has not elected to use the ten percent (10%) de minimis indirect cost rate allowed under the Uniform Guidance.

**PIKE COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis**

For The Year Ended June 30, 2023

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PIKE COUNTY
SCHEDULE OF CAPITAL ASSETS
Other Information - Regulatory Basis

For The Year Ended June 30, 2023

The fiscal court reports the following Schedule of Capital Assets:

	Beginning Balance	Additions	Deletions	Ending Balance
Land	\$ 12,738,606	\$	\$	\$ 12,738,606
Land Improvements	2,283,550	107,356		2,390,906
Buildings	52,112,151	232,745		52,344,896
Vehicles and Equipment	19,185,144	4,171,382	689,229	22,667,297
Infrastructure	142,880,453	5,173,434	981,484	147,072,403
 Total Capital Assets	 <u>\$ 229,199,904</u>	 <u>\$ 9,684,917</u>	 <u>\$ 1,670,713</u>	 <u>\$ 237,214,108</u>

PIKE COUNTY
NOTES TO OTHER INFORMATION - REGULATORY BASIS
SCHEDULE OF CAPITAL ASSETS

June 30, 2023

Note 1. Capital Assets

Capital assets, which include land, land improvements, buildings, furniture, and office equipment, building improvements, machinery, equipment, and infrastructure assets (roads and bridges) that have a useful life of more than one reporting period based on the government's capitalization policy, are reported as other information. Such assets are recorded at historical cost or estimated historical cost when purchased or constructed.

	<u>Capitalization Threshold</u>	<u>Useful Life (Years)</u>
Land Improvements	\$ 25,000	10-60
Buildings and Building Improvements	\$ 25,000	10-70
Equipment	\$ 2,500	3-25
Vehicles	\$ 2,500	5-7
Infrastructure	\$ 20,000	2-40

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS

Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With *Government Auditing Standards*

Independent Auditor's Report

The Honorable Ray S. Jones II, Pike County Judge/Executive
Members of the Pike County Fiscal Court

We have audited, 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, the Statement of Receipts, Disbursements, and Changes in Fund Balances - Regulatory Basis of the Pike County Fiscal Court for the fiscal year ended June 30, 2023 and the related notes to the financial statement which collectively comprise the Pike County Fiscal Court's financial statement and have issued our report thereon dated March 4, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Pike County Fiscal Court's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Pike County Fiscal Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Pike County Fiscal Court'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement 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 over financial reporting 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 or significant deficiencies may exist that were not identified.



Report On Internal Control Over Financial Reporting
And On Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With *Government Auditing Standards*
(Continued)

Report on Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Pike County Fiscal Court's financial statement is free of 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 financial statement. 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.

Respectfully submitted,



Allison Ball
Auditor of Public Accounts
Frankfort, Ky

March 4, 2024

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

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ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS

Report On Compliance For Each Major Federal Program
And Report On Internal Control Over Compliance
In Accordance With The Uniform Guidance

Independent Auditor's Report

The Honorable Ray S. Jones II, Pike County Judge/Executive
Members of the Pike County Fiscal Court

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Pike County Fiscal Court's compliance with the types of compliance requirements identified as subject to audit in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Pike County Fiscal Court's major federal programs for the year ended June 30, 2023. The Pike County Fiscal Court'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 Fiscal Court complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 Fiscal Court 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 Fiscal Court's compliance with the compliance requirements referred to above.



Report On Compliance For Each Major Federal Program
And Report On Internal Control Over Compliance
In Accordance With The Uniform Guidance
(Continued)

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 Fiscal Court'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 Fiscal Court'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 GAAS, *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 Fiscal Court's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 Fiscal Court'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 Fiscal Court'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 Fiscal Court'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.

Report On Compliance For Each Major Federal Program
And Report On Internal Control Over Compliance
In Accordance With The Uniform Guidance
(Continued)

Report on Internal Control over Compliance (Continued)

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 result of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



Allison Ball
Auditor of Public Accounts
Frankfort, Ky

March 4, 2024

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**PIKE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For The Year Ended June 30, 2023

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**PIKE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For The Year Ended June 30, 2023

Section I: Summary of Auditor's Results

Financial Statement

Type of report the auditor issued on whether the financial statement audited was prepared in accordance with GAAP:
Adverse on GAAP and Unmodified on Regulatory Basis

Internal control over financial reporting:

Are any material weaknesses identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are any significant deficiencies identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported
Are any noncompliances material to financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Federal Awards

Internal control over major programs:

Are any material weaknesses identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are any significant deficiencies identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported
Type of auditor's report issued on compliance for major federal programs: Unmodified		
Are any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Identification of major programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
11.307	Economic Adjustment Program
21.027	COVID-19 - Coronavirus State And Local Fiscal Recovery Funds
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as a low-risk auditee?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

PIKE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2023
(Continued)

Section II: Financial Statement Findings

None.

Section III: Federal Award Findings And Questioned Costs

None.

Section IV: Summary Schedule of Prior Audit Findings

None.

**CERTIFICATION OF COMPLIANCE -
LOCAL GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAMS**

PIKE COUNTY FISCAL COURT

For The Year Ended June 30, 2023

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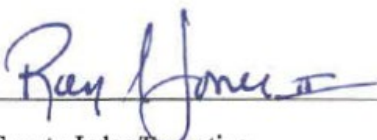
CERTIFICATION OF COMPLIANCE

LOCAL GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAM

PIKE COUNTY FISCAL COURT

For The Year Ended June 30, 2023

The Pike County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance and Development Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.



A handwritten signature in blue ink, appearing to read "Ray Jones", is written over a horizontal line.

County Judge/Executive



A handwritten signature in blue ink, appearing to read "Francis J. Jones", is written over a horizontal line.

County Treasurer