

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

**For The Year Ended  
June 30, 2021**



**MIKE HARMON  
AUDITOR OF PUBLIC ACCOUNTS  
[auditor.ky.gov](http://auditor.ky.gov)**

**209 ST. CLAIR STREET  
FRANKFORT, KY 40601-1817  
TELEPHONE (502) 564-5841  
FACSIMILE (502) 564-2912**



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**MIKE HARMON**  
**AUDITOR OF PUBLIC ACCOUNTS**

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

**Independent Auditor's Report**

**Report on the Financial Statement**

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, 2021, 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.

**Management's Responsibility for the Financial Statement**

Management is responsible for the preparation and fair presentation of this 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 Responsibility**

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Audit Guide for Fiscal Court Audits* issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

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

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



To the People of Kentucky  
The Honorable Andy Beshear, Governor  
Holly M. Johnson, Secretary  
Finance and Administration Cabinet  
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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.

### **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 paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Pike County Fiscal Court as of June 30, 2021, or changes in financial position or cash flows thereof for the year then ended.

### **Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statement referred to above presents fairly, in all material respects, the fund balances of the Pike County Fiscal Court as of June 30, 2021, and their respective cash receipts and disbursements, and budgetary results for the year then ended, in accordance with the basis of accounting practices prescribed or permitted by the Department for Local Government as described in Note 1.

### **Other Matters**

#### *Supplementary and Other 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 (supplementary information), as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Schedule of Capital Assets (other information) 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.

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

**Other Matters (Continued)**

*Supplementary and Other Information (Continued)*

The Schedule of Capital Assets has not been subjected to the auditing procedures applied in the audit of the basic financial statement, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2022, 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,

A handwritten signature in dark ink, appearing to read "Mike H", with a long horizontal line extending to the right.

Mike Harmon  
Auditor of Public Accounts

March 16, 2022

**PIKE COUNTY OFFICIALS**  
**For The Year Ended June 30, 2021**

**Fiscal Court Members:**

Ray S. Jones II	County Judge/Executive
Ronnie Robertson	Commissioner
Jason Tackett	Commissioner
Brian Booth	Commissioner

**Other Elected Officials:**

Kevin Keene	County Attorney
Brain Morris	Jailer
Rhonda Taylor	County Clerk
Anna Pinson Spears	Circuit Court Clerk
Rodney Scott	Sheriff
Lonnie Osbourne	Property Valuation Administrator
Russell Roberts	Coroner

**Appointed Personnel:**

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



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

**For The Year Ended June 30, 2021**

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

**For The Year Ended June 30, 2021**

	<b>Budgeted Funds</b>			
	<b>General Fund</b>	<b>Road Fund</b>	<b>Jail Fund</b>	<b>Local Government Economic Assistance Fund</b>
<b>RECEIPTS</b>				
Taxes	\$ 9,722,368	\$	\$	\$
In Lieu Tax Payments	46,006			
Excess Fees	589,755			
Licenses and Permits	297,997			
Intergovernmental	4,730,111	5,080,074	3,754,603	2,163,012
Charges for Services	41,122		66,744	428
Miscellaneous	429,917	816,710	28,395	4,500
Interest	43,087			
Total Receipts	<u>15,900,363</u>	<u>5,896,784</u>	<u>3,849,742</u>	<u>2,167,940</u>
<b>DISBURSEMENTS</b>				
General Government	3,738,901			465,573
Protection to Persons and Property	478,857		3,425,681	604,069
General Health and Sanitation	1,291,451			24,586
Social Services	271,842			624,581
Recreation and Culture	273,691			557,846
Roads	59,441	7,579,230		
Airports				108,009
Other Transportation Facilities and Services	14,925			
Debt Service	117,599	972,579	379,885	11,015
Capital Projects				104,374
Administration	1,725,865	1,128,577	972,001	160,612
Total Disbursements	<u>7,972,572</u>	<u>9,680,386</u>	<u>4,777,567</u>	<u>2,660,665</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>7,927,791</u>	<u>(3,783,602)</u>	<u>(927,825)</u>	<u>(492,725)</u>
<b>Other Adjustments to Cash (Uses)</b>				
Financing Obligation Proceeds		385,369		
Bond Proceeds				
Premium on Bond Issuance				
Discount on Bond Issuance				
Payment to Bond Escrow Agent				
Transfers From Other Funds		4,758,526	686,577	638,696
Transfers To Other Funds	(6,083,799)	(577,849)		
Total Other Adjustments to Cash (Uses)	<u>(6,083,799)</u>	<u>4,566,046</u>	<u>686,577</u>	<u>638,696</u>
Net Change in Fund Balance	1,843,992	782,444	(241,248)	145,971
Fund Balance - Beginning (Restated)	4,233,366	500,226	287,331	163,325
Fund Balance - Ending	<u>\$ 6,077,358</u>	<u>\$ 1,282,670</u>	<u>\$ 46,083</u>	<u>\$ 309,296</u>
<b>Composition of Fund Balance</b>				
Bank Balance	\$ 6,408,943	\$ 1,606,049	\$ 76,238	\$ 318,677
Less: Outstanding Checks	(331,585)	(323,379)	(30,155)	(9,381)
Certificates of Deposit				
Fund Balance - Ending	<u>\$ 6,077,358</u>	<u>\$ 1,282,670</u>	<u>\$ 46,083</u>	<u>\$ 309,296</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, 2021**  
**(Continued)**

Budgeted Funds							
State Grant Fund	Federal Grants Fund	Forestry Fund	Solid Waste Fund	Landfill Post-Closure CD Fund	Local Government Economic Development Fund	Maintenance Garage Fund	American Rescue Plan Act Fund
\$	\$	\$ 7,120	\$	\$	\$	\$	\$
	82,672		307,685				5,620,855
			6,809,574	130,000			
			1,268,961		111,780	2,274	
			7,568	21,123	319		2,045
	82,672	7,120	8,393,788	151,123	112,099	2,274	5,622,900
					102,795		
		5,719	5,755,135				
						1,032,910	
	82,672		1,130,912				10,540
			1,588,378			209,024	
	82,672	5,719	8,474,425		102,795	1,241,934	10,540
		1,401	(80,637)	151,123	9,304	(1,239,660)	5,612,360
			500,000				
						1,155,698	
			(577,849)				
			(77,849)			1,155,698	
656,980		1,401	(158,486)	151,123	9,304	(83,962)	5,612,360
		9,393	1,744,511	4,215,004	18,718	268,999	
\$ 656,980	\$	\$ 10,794	\$ 1,586,025	\$ 4,366,127	\$ 28,022	\$ 185,037	\$ 5,612,360
\$ 656,980	\$	\$ 10,794	\$ 1,638,876	\$	\$ 28,022	\$ 196,482	\$ 5,612,360
			(52,851)			(11,445)	
				4,366,127			
\$ 656,980	\$ 0	\$ 10,794	\$ 1,586,025	\$ 4,366,127	\$ 28,022	\$ 185,037	\$ 5,612,360

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, 2021**  
**(Continued)**

	<u>Unbudgeted Funds</u>		
	<b>Public Properties Corporation Fund</b>	<b>Jail Commissary Fund</b>	<b>Total Funds</b>
<b>RECEIPTS</b>			
Taxes	\$	\$	\$ 9,729,488.00
In Lieu Tax Payments			46,006
Excess Fees			589,755
Licenses and Permits			297,997
Intergovernmental	2,258,515		23,997,527
Charges for Services			7,047,868
Miscellaneous		311,161	2,973,698
Interest	128		74,270
Total Receipts	<u>2,258,643</u>	<u>311,161</u>	<u>44,756,609</u>
<b>DISBURSEMENTS</b>			
General Government			4,307,269
Protection to Persons and Property			4,514,326
General Health and Sanitation			7,071,172
Social Services			896,423
Recreation and Culture		212,443	1,043,980
Roads			7,638,671
Airports			108,009
Other Transportation Facilities and Services			1,047,835
Debt Service	2,378,933		4,990,923
Capital Projects			197,586
Administration	1,540		5,785,997
Total Disbursements	<u>2,380,473</u>	<u>212,443</u>	<u>37,602,191</u>
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	<u>(121,830)</u>	<u>98,718</u>	<u>7,154,418</u>
<b>Other Adjustments to Cash (Uses)</b>			
Financing Obligation Proceeds			885,369
Bond Proceeds	13,310,000		13,310,000
Premium on Bond Issuance	638,064		638,064
Discount on Bond Issuance	(202,312)		(202,312)
Payment to Bond Escrow Agent	(13,615,388)		(13,615,388)
Transfers From Other Funds			7,239,497
Transfers To Other Funds			(7,239,497)
Total Other Adjustments to Cash (Uses)	<u>130,364</u>	<u></u>	<u>1,015,733</u>
Net Change in Fund Balance	8,534	98,718	8,170,151
Fund Balance - Beginning (Restated)	1,964	103,325	12,203,142
Fund Balance - Ending	<u>\$ 10,498</u>	<u>\$ 202,043</u>	<u>\$ 20,373,293</u>
<b>Composition of Fund Balance</b>			
Bank Balance	\$ 10,498	\$ 202,043	\$ 16,765,962
Less: Outstanding Checks			(758,796)
Certificates of Deposit			4,366,127
Fund Balance - Ending	<u>\$ 10,498</u>	<u>\$ 202,043</u>	<u>\$ 20,373,293</u>

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, 2021**

**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 as 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 are no longer required to be reported as a component of the reporting entity. Audits of the entity 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.

**PIKE COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2021**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**C. Basis of Presentation (Continued)**

**Budgeted Funds (Continued)**

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.

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 Grant 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.

Forestry 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.

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

**PIKE COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2021**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**C. Basis of Presentation (Continued)**

**Unbudgeted Funds**

The fiscal court reports the following unbudgeted funds:

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

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.

**D. Budgetary Information**

Annual budgets are adopted 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 and according to the laws of Kentucky as required by the state local finance officer.

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.



**PIKE COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2021**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**E. Pike County Elected Officials (Continued)**

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

**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 met.

**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 government 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*. As of June 30, 2021, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

**PIKE COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2021**  
**(Continued)**

**Note 3. Transfers**

The table below shows the interfund operating transfers for fiscal year 2021.

	General Fund	Road Fund	Solid Waste Fund	Total Transfers In
Road Fund	\$ 4,758,526	\$	\$	\$ 4,758,526
Jail Fund	686,577			686,577
LGEA Fund	638,696			638,696
Maintenance Garage Fund		577,849	577,849	1,155,698
Total Transfers Out	<u>\$ 6,083,799</u>	<u>\$ 577,849</u>	<u>\$ 577,849</u>	<u>\$ 7,239,497</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, 2021 was \$608,567.

**Note 5. Short-term Debt**

**A. Direct Borrowings and Direct Placements**

**1. Community Trust Bank - Trucks**

On October 15, 2019, the Pike County Fiscal Court entered into a 12-month note with Community Trust Bank in the total amount of \$1,500,000 and bearing interest at a rate of 4.31 percent. The note is secured by the trucks and in the event of default, the bank has the option to reclaim the trucks. The loan was paid off during the fiscal year 2021.

**PIKE COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2021**  
**(Continued)**

**Note 5. Short-term Debt (Continued)**

**B. Changes In Short-term Debt**

Short-term Debt activity for the year ended June 30, 2021, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings and Direct Placements	\$ 1,500,000	\$	\$1,500,000	\$	\$
Total Short-term Debt	\$ 1,500,000	\$ 0	\$ 1,500,000	\$ 0	\$ 0

**Note 6. Long-term Debt**

**A. Direct Borrowings and Direct Placements**

**1. Compactor Lease**

On February 21, 2017, the Pike County Fiscal Court, entered into a 60-month lease for a new compactor at the landfill. The lease requires monthly payments starting September 15, 2017, in the amount of \$10,986 including interest at a rate of 2.95 percent. The lease matures on August 15, 2022. The lease is secured by the equipment and the lessor is entitled to reclaim the equipment in case of default. The loan was paid off during the fiscal year 2021.

**2. 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 balance at June 30, 2021 was \$289,738. Lease payments for the remaining years are as follows:

Fiscal Year Ending June 30	Principal	Scheduled Interest
2022	\$ 191,826	\$ 7,192
2023	97,912	1,017
Totals	\$ 289,738	\$ 8,209

**PIKE COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2021**  
**(Continued)**

**Note 6. Long-term Debt (Continued)**

**A. Direct Borrowings and Direct Placements (Continued)**

**3. Five Trucks Lease**

On September 14, 2017, the Pike County Fiscal Court entered into a 5-year lease agreement for 5 trucks. The principal amount of the lease was \$189,121 with an interest rate of 3.14 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 balance as of June 30, 2021, was \$49,497. Lease payments for the remaining years are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Scheduled Interest</u>
2022	\$ 39,830	\$ 984
2023	9,667	49
Totals	<u>\$ 49,497</u>	<u>\$ 1,033</u>

**4. Asphalt Paver Lease**

On September 22, 2020, the Pike County Fiscal Court entered into a 5-year lease agreement 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, 2021, was \$329,889. Lease payments for the remaining years are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Scheduled Interest</u>
2022	\$ 75,246	\$ 5,763
2023	76,727	4,282
2024	78,236	2,773
2025	79,776	1,233
2026	19,904	64
Totals	<u>\$ 329,889</u>	<u>\$ 14,115</u>

**5. Compactor Lease**

On February 2, 2021, the Pike County Fiscal Court entered into a 5-year lease agreement 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, 2021, was \$476,120. Lease payments for the remaining years are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Scheduled Interest</u>
2022	\$ 96,691	\$ 8,423
2023	98,594	6,521
2024	100,534	4,581
2025	102,512	2,603
2026	77,789	631
Totals	<u>\$ 476,120</u>	<u>\$ 22,759</u>

**PIKE COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2021**  
**(Continued)**

**Note 6. Long-term Debt (Continued)**

**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 2 percent to 4 percent and will be fully refunded on August 1, 2022.

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, 2021, the principal outstanding was \$3,145,000. Future principal and interest requirements are:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Scheduled Interest</u>
2022	1,545,000	83,038
2023	1,600,000	28,000
Totals	<u>\$ 3,145,000</u>	<u>\$ 111,038</u>

**PIKE COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2021**  
**(Continued)**

**Note 6. Long-term Debt (Continued)**

**B. Other Debt (Continued)**

**2. General Obligation Refunding 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.

As of June 30, 2021, the principal amount outstanding was \$5,225,000. Bond payments for the remaining years are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Scheduled Interest</u>
2022	\$ 330,000	\$ 148,456
2023	335,000	141,856
2024	340,000	134,738
2025	355,000	127,088
2026	360,000	118,656
2027-2031	1,795,000	441,406
2032-2036	<u>1,710,000</u>	<u>181,975</u>
Totals	<u>\$ 5,225,000</u>	<u>\$ 1,294,175</u>

**PIKE COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2021**  
**(Continued)**

**Note 6. Long-term Debt (Continued)**

**B. Other Debt (Continued)**

**3. First Mortgage Refunding 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 2 percent 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 and payable, and if all defaults will be made good, then, with the written consent of the owners of not less than 50% 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, bonds 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, 2021, the principal outstanding was \$13,310,000. Future principal and interest requirements are:

**PIKE COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2021**  
**(Continued)**

**Note 6. Long-term Debt (Continued)**

**B. Other Debt (Continued)**

**3. First Mortgage Refunding Revenue Bonds, Series 2020 - Justice Center (Continued)**

Fiscal Year Ending June 30	Principal	Scheduled Interest
2022	\$	\$ 266,200
2023		266,200
2024	1,170,000	254,500
2025	1,925,000	223,550
2026	1,965,000	184,650
2027-2030	8,250,000	334,100
Totals	<u>\$ 13,310,000</u>	<u>\$ 1,529,200</u>

**C. Changes In Long-term Debt**

Long-term Debt activity for the year ended June 30, 2021, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings and Direct Placements	\$ 840,819	\$ 885,369	\$ 580,944	\$ 1,145,244	\$ 403,593
Revenue Bonds	17,755,000	13,310,000	14,610,000	16,455,000	1,545,000
General Obligation Bonds	5,545,000		320,000	5,225,000	330,000
Total Long-term Debt	<u>\$ 24,140,819</u>	<u>\$ 14,195,369</u>	<u>\$ 15,510,944</u>	<u>\$ 22,825,244</u>	<u>\$ 2,278,593</u>

**D. Aggregate Debt Schedule**

The amount of required principal and interest payments on long-term obligations at June 30, 2021, were as follows:

Fiscal Year Ended June 30	Other Debt		Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest
2022	\$ 1,875,000	\$ 497,694	\$ 403,593	\$ 22,362
2023	1,935,000	436,056	282,900	11,869
2024	1,510,000	389,238	178,770	7,354
2025	2,280,000	350,638	182,288	3,836
2026	2,325,000	303,306	97,693	695
2027-2031	10,045,000	775,506		
2032-2036	1,710,000	181,975		
Totals	<u>\$ 21,680,000</u>	<u>\$ 2,934,413</u>	<u>\$ 1,145,244</u>	<u>\$ 46,116</u>



**PIKE COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2021**  
**(Continued)**

**Note 7. 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 (KRS). 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 Retirement Systems as an agency of the Commonwealth is now known as the Kentucky Public Pensions Authority (KPPA). The governance of CERS has been transferred to a separate 9-member board of trustees that is responsible for the governance of the CERS pension and insurance plans.

The county's contribution for FY 2019 was \$1,704,799, FY 2020 was \$1,915,315, and FY 2021 was \$1,860,175.

Nonhazardous

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

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 5 percent of their annual creditable compensation. Nonhazardous members also contribute 1 percent 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 KRS 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 4 percent 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 24.06 percent.

**PIKE COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2021**  
**(Continued)**

**Note 7. Employee Retirement System (Continued)**

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:

<b>Years of Service</b>	<b>% Paid by Insurance Fund</b>	<b>% Paid by Member through Payroll Deduction</b>
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 with exception of COLA and retiree health benefits after July 2003.

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 with exception of COLA and retiree health benefits after July 2003. Tier 3 members are not covered by the same provisions.

**PIKE COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2021**  
**(Continued)**

**Note 7. Employee Retirement System (Continued)**

Other Post-Employment Benefits (OPEB) (Continued)

**C. Cost of Living Adjustments - Tier 1**

The 1996 General Assembly enacted an automatic cost of living adjustment (COLA) provision for all recipients of KRS 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.

**KRS Annual Financial Report and Proportionate Share Audit Report**

KRS 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.

**Note 8. 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.

**PIKE COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2021**  
**(Continued)**

**Note 8. Deferred Compensation (Continued)**

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 9. 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 13, 2021, the 2021 annual survey indicated 200,000 cubic yards of remaining disposal space, which equates to approximately 4 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, 2021.

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, 2021, the Ford's Branch Landfill Closing Account had a cash balance of \$4,366,127.

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 10. Related Party Transactions**

The fiscal court purchased pursuant to an advertisement for bids \$222,199 of erosion and drainage control supplies from a company owned by relative of the county judge/executive during the year ending June 30, 2021.

**Note 11. 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, 2021, conduit debt has been issued but the amount currently outstanding is not reasonably determinable.

**PIKE COUNTY**  
**NOTES TO FINANCIAL STATEMENT**  
**June 30, 2021**  
**(Continued)**

**Note 12. 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 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, 2021, the Pike County Fiscal Court abated occupational taxes totaling \$33,271.

**Note 13. Prior Period Adjustments**

The general fund cash balance as of June 30, 2020, was adjusted \$508 to move the cash that was reported as the general obligation bond fund ending cash balance in the prior year audit. This adjustment also corrected the prior year ending cash balance by adjusting out \$1,383 to agree to confirmed balances.

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**PIKE COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**

**For The Year Ended June 30, 2021**

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**PIKE COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**

**For The Year Ended June 30, 2021**

	<b>GENERAL FUND</b>			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Taxes	\$ 7,975,000	\$ 7,975,000	\$ 9,722,368	\$ 1,747,368
In Lieu Tax Payments	45,000	45,000	46,006	1,006
Excess Fees	500,000	500,000	589,755	89,755
Licenses and Permits	277,750	277,750	297,997	20,247
Intergovernmental	2,065,700	4,696,157	4,730,111	33,954
Charges for Services	25,000	25,000	41,122	16,122
Miscellaneous	258,610	258,610	429,917	171,307
Interest	40,000	40,000	43,087	3,087
Total Receipts	11,187,060	13,817,517	15,900,363	2,082,846
<b>DISBURSEMENTS</b>				
General Government	3,907,170	3,894,505	3,738,901	155,604
Protection to Persons and Property	738,315	705,850	478,857	226,993
General Health and Sanitation	907,270	3,521,433	1,291,451	2,229,982
Social Services	377,100	281,022	271,842	9,180
Recreation and Culture	267,500	275,191	273,691	1,500
Roads	64,425	64,427	59,441	4,986
Other Transportation Facilities and Services	30,000	30,000	14,925	15,075
Debt Service	117,356	117,599	117,599	
Administration	1,694,125	2,076,550	1,725,865	350,685
Total Disbursements	8,103,261	10,966,577	7,972,572	2,994,005
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	3,083,799	2,850,940	7,927,791	5,076,851
<b>Other Adjustments to Cash (Uses)</b>				
Transfers To Other Funds	(3,083,799)	(3,083,799)	(6,083,799)	(3,000,000)
Total Other Adjustments to Cash (Uses)	(3,083,799)	(3,083,799)	(6,083,799)	(3,000,000)
Net Change in Fund Balance		(232,859)	1,843,992	2,076,851
Fund Balance - Beginning (Restated)		4,232,859	4,233,366	507
Fund Balance - Ending	\$ 0	\$ 4,000,000	\$ 6,077,358	\$ 2,077,358

**PIKE COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2021**  
**(Continued)**

<b>ROAD FUND</b>				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Intergovernmental	\$ 4,068,375	\$ 5,418,375	\$ 5,080,074	\$ (338,301)
Miscellaneous	807,500	807,500	816,710	9,210
Total Receipts	4,875,875	6,225,875	5,896,784	(329,091)
<b>DISBURSEMENTS</b>				
Roads	4,073,170	7,620,141	7,579,230	40,911
Debt Service	910,964	972,579	972,579	
Administration	1,072,418	3,314,058	1,128,577	2,185,481
Total Disbursements	6,056,552	11,906,778	9,680,386	2,226,392
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(1,180,677)	(5,680,903)	(3,783,602)	1,897,301
<b>Other Adjustments to Cash (Uses)</b>				
Financing Obligation Proceeds			385,369	385,369
Transfers From Other Funds	1,758,526	1,758,526	4,758,526	3,000,000
Transfers To Other Funds	(577,849)	(577,849)	(577,849)	
Total Other Adjustments to Cash (Uses)	1,180,677	1,180,677	4,566,046	3,385,369
Net Change in Fund Balance		(4,500,226)	782,444	5,282,670
Fund Balance - Beginning		500,226	500,226	
Fund Balance - Ending	\$ 0	\$ (4,000,000)	\$ 1,282,670	\$ 5,282,670

**PIKE COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2021**  
**(Continued)**

<b>JAIL FUND</b>				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Intergovernmental	\$ 4,095,081	\$ 4,095,081	\$ 3,754,603	\$ (340,478)
Charges for Services	67,732	67,732	66,744	(988)
Miscellaneous	10,925	10,925	28,395	17,470
Total Receipts	4,173,738	4,173,738	3,849,742	(323,996)
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	3,110,099	3,432,140	3,425,681	6,459
Debt Service	379,884	379,885	379,885	
Administration	1,370,332	1,335,621	972,001	363,620
Total Disbursements	4,860,315	5,147,646	4,777,567	370,079
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(686,577)	(973,908)	(927,825)	46,083
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	686,577	686,577	686,577	
Total Other Adjustments to Cash (Uses)	686,577	686,577	686,577	
Net Change in Fund Balance		(287,331)	(241,248)	46,083
Fund Balance - Beginning		287,331	287,331	
Fund Balance - Ending	\$ 0	\$ 0	\$ 46,083	\$ 46,083

**PIKE COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2021**  
**(Continued)**

<b>LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND</b>				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Intergovernmental	\$ 6,849,078	\$ 7,538,842	\$ 2,163,012	\$ (5,375,830)
Charges for Services	500	500	428	(72)
Miscellaneous	30,000	30,000	4,500	(25,500)
Total Receipts	6,879,578	7,569,342	2,167,940	(5,401,402)
<b>DISBURSEMENTS</b>				
General Government	5,192,898	5,491,719	465,573	5,026,146
Protection to Persons and Property	687,049	624,069	604,069	20,000
General Health and Sanitation	180,409	212,923	24,586	188,337
Social Services	626,942	637,529	624,581	12,948
Recreation and Culture	570,065	884,223	557,846	326,377
Airports	96,542	108,009	108,009	
Debt Service	11,137	11,137	11,015	122
Capital Projects		122,250	104,374	17,876
Administration	153,232	279,480	160,612	118,868
Total Disbursements	7,518,274	8,371,339	2,660,665	5,710,674
Excess (Deficiency) of Receipts Over				
Disbursements Before Other				
Adjustments to Cash (Uses)	(638,696)	(801,997)	(492,725)	309,272
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	638,696	638,696	638,696	
Total Other Adjustments to Cash (Uses)	638,696	638,696	638,696	
Net Change in Fund Balance		(163,301)	145,971	309,272
Fund Balance - Beginning		163,301	163,325	24
Fund Balance - Ending	\$ 0	\$ 0	\$ 309,296	\$ 309,296

**PIKE COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2021**  
**(Continued)**

	<b>STATE GRANT FUND</b>			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>DISBURSEMENTS</b>				
Capital Projects	\$ 656,980	\$ 656,980	\$	\$ 656,980
Administration				
Total Disbursements	656,980	656,980		656,980
Net Change in Fund Balance	(656,980)	(656,980)		(656,980)
Fund Balance - Beginning	656,980	656,980	656,980	
Fund Balance - Ending	\$ 0	\$ 0	\$ 656,980	\$ (656,980)

**PIKE COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2021**  
**(Continued)**

<b>FEDERAL GRANTS FUND</b>				
Budgeted Amounts		Actual	Variance with	
Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive	(Negative)
<b>RECEIPTS</b>				
Intergovernmental	\$ 176,501	\$ 176,501	\$ 82,672	\$ (93,829)
Total Receipts	176,501	176,501	82,672	(93,829)
<b>DISBURSEMENTS</b>				
Capital Projects	176,501	176,501	82,672	93,829
Total Disbursements	176,501	176,501	82,672	93,829
Net Change in Fund Balance				
Fund Balance - Beginning				
Fund Balance - Ending	\$ 0	\$ 0	\$ 0	\$ 0

**PIKE COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2021**  
**(Continued)**

<b>FORESTRY FUND</b>				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Taxes	\$ 9,000	\$ 9,000	\$ 7,120	\$ (1,880)
Total Receipts	9,000	9,000	7,120	(1,880)
<b>DISBURSEMENTS</b>				
Protection to Persons and Property	9,000	9,000	5,719	3,281
Administration		9,393		9,393
Total Disbursements	9,000	18,393	5,719	12,674
Net Change in Fund Balance		(9,393)	1,401	10,794
Fund Balance - Beginning		9,393	9,393	
Fund Balance - Ending	\$ 0	\$ 0	\$ 10,794	\$ 10,794

**PIKE COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2021**  
**(Continued)**

<b>SOLID WASTE FUND</b>				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Intergovernmental	\$ 319,845	\$ 319,845	\$ 307,685	\$ (12,160)
Charges for Services	5,132,000	6,215,784	6,809,574	593,790
Miscellaneous	583,209	942,715	1,268,961	326,246
Interest	20,000	20,000	7,568	(12,432)
Total Receipts	6,055,054	7,498,344	8,393,788	895,444
<b>DISBURSEMENTS</b>				
General Health and Sanitation	3,725,630	5,788,115	5,755,135	32,980
Debt Service	1,024,648	1,135,104	1,130,912	4,192
Administration	1,562,463	1,741,787	1,588,378	153,409
Total Disbursements	6,312,741	8,665,006	8,474,425	190,581
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(257,687)	(1,166,662)	(80,637)	1,086,025
<b>Other Adjustments to Cash (Uses)</b>				
Financing Obligation Proceeds			500,000	500,000
Transfers To Other Funds	(577,849)	(577,849)	(577,849)	
Total Other Adjustments to Cash (Uses)	(577,849)	(577,849)	(77,849)	500,000
Net Change in Fund Balance	(835,536)	(1,744,511)	(158,486)	1,586,025
Fund Balance - Beginning	835,536	1,744,511	1,744,511	
Fund Balance - Ending	\$ 0	\$ 0	\$ 1,586,025	\$ 1,586,025



**PIKE COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2021**  
**(Continued)**

<b>LANDFILL POST-CLOSURE CD FUND</b>				
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Charges for Services	\$ 130,000	\$ 130,000	\$ 130,000	\$
Interest	40,000	40,000	21,123	(18,877)
Total Receipts	170,000	170,000	151,123	(18,877)
<b>DISBURSEMENTS</b>				
General Health and Sanitation	170,000	170,000		170,000
Administration		4,215,004		4,215,004
Total Disbursements	170,000	4,385,004		4,385,004
Net Change in Fund Balance		(4,215,004)	151,123	4,366,127
Fund Balance - Beginning		4,215,004	4,215,004	
Fund Balance - Ending	\$ 0	\$ 0	\$ 4,366,127	\$ 4,366,127

**PIKE COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2021**  
**(Continued)**

**LOCAL GOVERNMENT ECONOMIC DEVELOPMENT FUND**

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>RECEIPTS</b>				
Miscellaneous	\$ 112,000	\$ 112,000	\$ 111,780	\$ (220)
Interest	10,000	10,000	319	(9,681)
Total Receipts	122,000	122,000	112,099	(9,901)
<b>DISBURSEMENTS</b>				
General Government		102,795	102,795	
Administration	122,000	37,923		37,923
Total Disbursements	122,000	140,718	102,795	37,923
Net Change in Fund Balance		(18,718)	9,304	28,022
Fund Balance - Beginning		18,718	18,718	
Fund Balance - Ending	\$ 0	\$ 0	\$ 28,022	\$ 28,022

**PIKE COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2021**  
**(Continued)**

<b>MAINTENANCE GARAGE FUND</b>				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Miscellaneous	\$ 21,500	\$ 21,500	\$ 2,274	\$ (19,226)
Total Receipts	21,500	21,500	2,274	(19,226)
<b>DISBURSEMENTS</b>				
Other Transportation Facilities and Services	983,160	1,055,907	1,032,910	22,997
Administration	194,038	390,290	209,024	181,266
Total Disbursements	1,177,198	1,446,197	1,241,934	204,263
Excess (Deficiency) of Receipts Over Disbursements Before Other Adjustments to Cash (Uses)	(1,155,698)	(1,424,697)	(1,239,660)	185,037
<b>Other Adjustments to Cash (Uses)</b>				
Transfers From Other Funds	1,155,698	1,155,698	1,155,698	
Total Other Adjustments to Cash (Uses)	1,155,698	1,155,698	1,155,698	
Net Change in Fund Balance		(268,999)	(83,962)	185,037
Fund Balance - Beginning		268,999	268,999	
Fund Balance - Ending	\$ 0	\$ 0	\$ 185,037	\$ 185,037

**PIKE COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Supplementary Information - Regulatory Basis**  
**For The Year Ended June 30, 2021**  
**(Continued)**

<b>AMERICAN RESCUE ACT PLAN</b>			
	Budgeted Amounts		Variance with
	Original	Final	Final Budget Positive (Negative)
<b>RECEIPTS</b>			
Intergovernmental	\$	\$ 5,612,347	\$ 5,620,855 \$ 8,508
Interest			2,045 2,045
Total Receipts		5,612,347	5,622,900 10,553
<b>DISBURSEMENTS</b>			
Capital Projects		5,612,347	10,540 5,601,807
Total Disbursements		5,612,347	10,540 5,601,807
Net Change in Fund Balance			5,612,360 5,612,360
Fund Balance - Beginning			
Fund Balance - Ending	\$ 0	\$ 0	\$ 5,612,360 \$ 5,612,360

**PIKE COUNTY**  
**NOTES TO REGULATORY SUPPLEMENTARY**  
**INFORMATION - BUDGETARY COMPARISON SCHEDULES**

**June 30, 2021**

**Note 1. Budgetary Information**

Annual budgets are adopted 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 and according to the laws of Kentucky as required by the state local finance officer.

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, 2021**

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

**For The Year Ended June 30, 2021**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity's Identifying Number	Provided to Subrecipient	Total Federal Expenditures
<b><u>U. S. Department of Housing &amp; Urban Government</u></b>				
<b><i>Passed-Through Kentucky Department for Local Government:</i></b>				
Community Development Block Grants/State's Program	14.228	15-067	\$	\$ 82,672
<b>Total U.S. Department of Housing &amp; Urban</b>			<b>\$</b>	<b>\$ 82,672</b>
<b><u>U. S. Department of the Treasury</u></b>				
<b><i>Direct Program:</i></b>				
Coronavirus State and Local Fiscal Recovery Funds	21.027		\$	\$ 10,540
<b><i>Passed-Through Kentucky Department for Local Government:</i></b>				
Coronavirus Relief Fund For States	21.019	P0N2-112-2000004454-1	500,000	1,094,564
Coronavirus Relief Fund For States	21.019	P0N2-112-2100001461-1		653,612
<b>Total U.S. Department of the Treasury</b>			<b>\$ 500,000</b>	<b>\$ 1,758,716</b>
<b><u>U. S. Department of Homeland Security</u></b>				
<b><i>Passed-Through Kentucky Department of Military Affairs:</i></b>				
Public Assistance	97.036	FEMA-4358-DR-KY	\$	\$ 1,562
Public Assistance	97.036	FEMA-4428-DR-KY		147,910
Public Assistance	97.036	FEMA-4540-DR-KY		111,691
Public Assistance	97.036	FEMA-4595-DR-KY		55,246
Emergency Management Performance Grant	97.042	SC-095-2100000605-1		39,491
Homeland Security Grant Program	97.067	SC-094-1900002256-1		9,240
<b>Total U.S. Department of Homeland Security</b>			<b>\$</b>	<b>\$ 365,140</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 500,000</b>	<b>\$ 2,206,528</b>

The accompanying notes are an integral part of this schedule.

**PIKE COUNTY**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**June 30, 2021**

**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, 2021. 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 10 percent 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, 2021**

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

**For The Year Ended June 30, 2021**

The fiscal court reports the following Schedule of Capital Assets:

	Beginning Balance	Additions	Deletions	Ending Balance
Land	\$ 12,463,606	\$ 275,000	\$	\$ 12,738,606
Land Improvements	2,283,550			2,283,550
Buildings	51,809,344	302,807		52,112,151
Vehicles and Equipment	16,118,144	3,315,468	3,253,284	16,180,328
Infrastructure	138,212,585	1,893,885	746,699	139,359,771
 Total Capital Assets	 <u>\$ 220,887,229</u>	 <u>\$ 5,787,160</u>	 <u>\$ 3,999,983</u>	 <u>\$ 222,674,406</u>

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

**June 30, 2021**

**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.

	Capitalization Threshold	Useful Life (Years)
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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**MIKE HARMON**  
**AUDITOR OF PUBLIC ACCOUNTS**

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

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

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, 2021 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 16, 2022.

**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 over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been 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)

**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,

A handwritten signature in dark ink, appearing to read "Mike H", followed by a horizontal line.

Mike Harmon  
Auditor of Public Accounts

March 16, 2022

**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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**MIKE HARMON**  
**AUDITOR OF PUBLIC ACCOUNTS**

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  
And Report On Internal Control Over Compliance  
In Accordance With The Uniform Guidance

Independent Auditor's Report

**Report on Compliance for Each Major Federal Program**

We have audited the Pike County Fiscal Court's compliance with the types of compliance requirements described 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, 2021. 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.

**Management's Responsibility**

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

**Auditor's Responsibility**

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

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



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

**Opinion on Each Major Federal Program**

In our opinion, the Pike County Fiscal Court complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

**Report on Internal Control over Compliance**

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

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

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

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mike Harmon", with a long horizontal flourish extending to the right.

Mike Harmon  
Auditor of Public Accounts

March 16, 2022

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

**For The Year Ended June 30, 2021**

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

**For The Year Ended June 30, 2021**

**Section I: Summary of Auditor's Results**

***Financial Statement***

Type of report the auditor issued on whether the financial statements audited were 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>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
CFDA 21.019	Coronavirus Relief Fund For States

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, 2021**  
**(Continued)**

**Section II: Financial Statement Findings**

None.

**Section III: Federal Award Findings And Questioned Costs**

None.

**Section IV: Summary Schedule of Prior Audit Findings**

Finding Number	Prior Year Finding Title	Status	Corrective Action
2020-001	The Jailer Failed To Properly Reconcile The Inmate Trust Account	Resolved	N/A

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

**PIKE COUNTY FISCAL COURT**

**For The Year Ended June 30, 2021**

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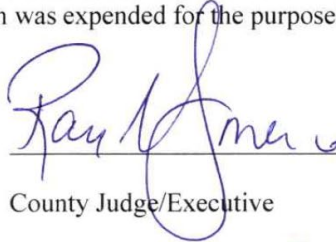
CERTIFICATION OF COMPLIANCE

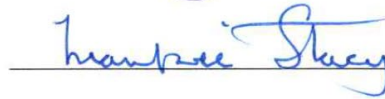
LOCAL GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAM

COUNTY FISCAL COURT

For The Year Ended June 30, 2021

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.

  
\_\_\_\_\_  
County Judge/Executive

  
\_\_\_\_\_  
County Treasurer