

**PINEVILLE INDEPENDENT SCHOOL DISTRICT**

**BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2023**

**with**

**REPORT OF INDEPENDENT AUDITORS**

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**Cloyd & Associates, PSC**

*Certified Public Accountants  
and  
Business Advisors*

**INDEPENDENT AUDITORS' REPORT**

Kentucky State Committee for  
School District Audits  
Members of the Board of Education  
Pineville Independent School District  
Pineville, Kentucky

**Report on the Audit of the Financial Statements**

***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Pineville Independent School District (District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Pineville Independent School District, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Independent Auditor's Contract*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Pineville Independent School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Responsibilities of Management for the Financial Statements***

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

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



### ***Auditors' Responsibilities for the Audit of the Financial Statement***

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

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

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

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

### ***Required Supplementary Information***

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Pineville Independent School District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.



The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Reporting Required by Governmental Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report, dated November 15, 2023, on our consideration of Pineville Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pineville Independent School District's internal control over financial reporting and compliance.

*Cloyd & Associates, PSC*

Cloyd & Associates, PSC  
London, Kentucky  
November 15, 2023

**PINEVILLE INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENTS' DISCUSSION AND ANALYSIS (MD&A)**  
For the year ended June 30, 2023

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The management of Pineville Independent School District (District) offers readers this narrative overview and analysis of the financial activities and educational programs of the District for the fiscal year ended June 30, 2023. We encourage readers to review the information presented here in conjunction with additional information found within the body of this audit.

This Management Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, issued June 1999; GASB Statement No. 37, Basic Financial Statement - and Management Discussion and Analysis - for State and Local Governments: Omnibus, an amendment to GASB Statements No. 21 and No. 34, issued in June 2001; and in GASB Statement No. 38, Certain Financial Statement Note Disclosures, issued in 2001. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

### **FINANCIAL HIGHLIGHTS**

- The General Fund had \$5,405,029 in revenue, excluding interfund transfers, proceeds from sale of assets and capital lease proceeds, which primarily consisted of the SEEK program, property, utilities, and motor vehicle taxes. Excluding interfund transfers, there was \$5,555,702 in General Fund expenditures.
- The beginning cash balance for the District was \$817,924. The ending cash balance for the District was \$736,617.
- Governmental Capital Assets had a net decrease of \$144,779 during FY 2023. Business-type Capital Assets had a net decrease of \$5,754 during the current fiscal year.
- The District renovates and constructs facilities consistent with long-range facilities plan that is established with the community input and keeping with the Department of Education stringent compliance regulations.

### **OVERVIEW OF FINANCIAL STATEMENTS**

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

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

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

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

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



**PINEVILLE INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENTS' DISCUSSION AND ANALYSIS (MD&A)-CONTINUED**  
For the year ended June 30, 2023

The government-wide financial statements can be found on the table of contents of this report.

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

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The financial statements can be found on the table of contents of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment and construction in progress), less any related debt used to acquire those assets that are still outstanding. The District used these capital assets to provide services to its students; consequently, these assets are not available for future spending.

Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

**Net Position for the period ending June 30, 2023**

Fiscal year 2023 government-wide net position compared to 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Current and other assets	\$ 1,302,297	\$ 1,220,545
Capital assets	7,552,850	7,646,445
Total assets	<u>\$ 8,855,147</u>	<u>\$ 8,866,990</u>
Deferred outflow of resources	<u>\$ 1,692,838</u>	<u>\$ 922,674</u>
Current liabilities	\$ 651,981	\$ 814,334
Noncurrent liabilities	6,482,848	5,975,263
Total liabilities	<u>\$ 7,134,829</u>	<u>\$ 6,789,597</u>
Deferred inflow of resources	<u>\$ 1,044,798</u>	<u>\$ 1,162,814</u>
Net investment in capital assets, net of debt	\$ 4,103,375	\$ 3,880,073
Restricted net position	441,644	275,783
Unrestricted net position	<u>(2,176,661)</u>	<u>(2,080,530)</u>
Total net position	<u>\$ 2,368,358</u>	<u>\$ 2,075,326</u>

Net Position may serve over time as a useful indicator of a government's financial position. In the case of the District, governmental assets exceeded liabilities by approximately \$2,549,106; proprietary liabilities exceeded assets by \$180,748 and total assets exceeded liabilities by \$2,368,358 at June 30, 2023.

**PINEVILLE INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENTS' DISCUSSION AND ANALYSIS (MD&A)-CONTINUED**  
For the year ended June 30, 2023

The District had an overall increase in unrestricted net position of \$293,032 comprised of an increase in governmental activities unrestricted net position of \$340,715 and a decrease in business-type activities of \$47,683.

The following table presents a fund accounting comparison and summary of revenue and expense for Government Funds only for the fiscal years 2023 and 2022.

	<u>2023</u>	<u>2022</u>
<b>Revenues and other financing sources</b>		
Local revenue sources	\$ 1,111,130	\$ 991,014
State revenue sources	5,775,362	5,296,849
Federal revenue	2,614,258	1,999,058
<b>Total revenue</b>	<u>\$ 9,500,750</u>	<u>\$ 8,286,921</u>
<b>Expenditures and other financing uses</b>		
Instruction	\$ 5,692,807	\$ 4,994,262
Student support services	300,387	258,809
Instructional support	408,704	261,794
District administration	501,573	400,847
School administration	326,288	339,714
Business operations	244,923	231,495
Plant operations and maintenance	1,094,088	838,393
Student transportation	140,782	134,477
Community services	174,738	122,864
Debt service	496,371	494,800
Land/site acquisitions	50,000	-
<b>Total expenditures</b>	<u>\$ 9,430,661</u>	<u>\$ 8,077,455</u>
<b>Excess revenues (expenditures)</b>	<u>\$ 70,089</u>	<u>\$ 209,466</u>
<b>Other financing sources (uses)</b>		
Transfers in	\$ 411,695	\$ 494,005
Transfers out	(411,695)	(494,005)
<b>Total other financing sources (uses)</b>	<u>\$ -</u>	<u>\$ -</u>
<b>Net change in fund balance</b>	<u>\$ 70,089</u>	<u>\$ 209,466</u>

On-behalf payments are included in the above amounts. On-behalf, as defined by the KDE, are payments the state makes on behalf of employees to the various agencies for health and life insurance, retirement, and administration fees. The on-behalf payments are allocated to expense as mandated by the KDE and are credited to revenues; therefore, have no effect on the District's fund balance.

## **BUDGETARY IMPLICATION**

In Kentucky the public-school fiscal year is July 1 through June 30; other programs, such as, some federal programs operate on a different fiscal calendar, but are reflected in the District's overall budget. By law, the budget must have a minimum 2% contingency. The District adopted a working budget with \$250,000 in contingency. Significant variations in the actual results of operations and the final budget are primarily due to on-behalf payments that are included in the financial statements but are not budgeted by the District.

### **Comments on Budget Comparisons**

- The District's total general fund revenues for the fiscal year ended June 30, 2023, were \$5,405,029 excluding transfers.
- General fund budgeted revenue compared to actual revenue varied from line item to line item with the ending actual balance being \$1,789,062 more than budget or 49.47 % more than budget. This is due primarily to recording on-behalf payments made by the State of Kentucky of \$1,585,514 that were not budgeted. When these were eliminated, revenues compared to budget were \$203,548 or 5.63% more than anticipated.
- The total cost of all general fund programs and services for the fiscal year ended June 30, 2023, was \$5,555,702.
- General fund budgeted expenditures compared to actual expenditures varied from line item to line item with the ending actual balance being \$1,591,819 more than budget or 40.02% more than budget. When you eliminate the non-budgeted State of Kentucky on-behalf expense, expenditures compared to budget were only \$6,305 or 0.01% more than anticipated.

### **Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives.

Questions regarding this report should be directed to the Superintendent or the Director of Financial Services at 606-337-5701, or by mail at 401 Virginia Avenue, Pineville, Kentucky 40977.

PINEVILLE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
June 30, 2023

	Governmental Activities	Business- Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 640,488	\$ 101,718	\$ 742,206
Accounts receivable:			
Other	141	-	141
Intergovernmental - State	37,931	-	37,931
Intergovernmental - Federal	522,760	-	522,760
Inventory	-	4,848	4,848
Capital Assets, net			
Nondepreciable	505,115	-	505,115
Depreciable	6,996,551	51,184	7,047,735
<b>Total assets</b>	<u>8,702,986</u>	<u>157,750</u>	<u>8,860,736</u>
<b>Deferred outflow of resources</b>			
Deferred amounts created by bond refundings	45,958	-	45,958
Deferred outflows from KTRS	824,435	-	824,435
Deferred outflows from pensions	437,177	104,152	541,329
Deferred outflows from OPEB	227,030	54,086	281,116
<b>Total deferred outflow of resources</b>	<u>1,534,600</u>	<u>158,238</u>	<u>1,692,838</u>
<b>LIABILITIES</b>			
Accounts payable	58,658	6,146	64,804
Unearned revenue	104,286	-	104,286
Accrued expenses	95,953	-	95,953
Current portion of capital lease obligations	41,938	-	41,938
Current maturities of bond obligations	345,000	-	345,000
Interest payable	26,074	-	26,074
Net pension liability- noncurrent	1,305,061	310,913	1,615,974
Net OPEB - CERS liability- noncurrent	356,216	84,863	441,079
Net OPEB - KTRS liability- noncurrent	1,259,000	-	1,259,000
Noncurrent portion of capital lease obligations	198,495	-	198,495
Noncurrent maturities of bond obligations	2,910,000	-	2,910,000
Noncurrent portion of accumulated sick leave	32,226	-	32,226
<b>Total liabilities</b>	<u>6,732,907</u>	<u>401,922</u>	<u>7,134,829</u>
<b>Deferred inflow of resources</b>			
Deferred inflows from pensions	195,484	46,571	242,055
Deferred inflows from OPEB - CERS	202,500	48,243	250,743
Deferred inflows from OPEB - KTRS	552,000	-	552,000
<b>Total deferred inflow of resources</b>	<u>949,984</u>	<u>94,814</u>	<u>1,044,798</u>
<b>NET POSITION</b>			
Net investment in capital assets	4,052,191	51,184	4,103,375
Restricted for:			
Capital expenditures	523,239	-	523,239
Other	150,337	(231,932)	(81,595)
Unrestricted	(2,171,072)	-	(2,171,072)
<b>Total net position</b>	<u>\$ 2,554,695</u>	<u>\$ (180,748)</u>	<u>\$ 2,373,947</u>



PINEVILLE INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

Year ended June 30, 2023

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>FUNCTIONS/PROGRAMS</b>							
<b>Governmental activities</b>							
Instruction	\$ 5,683,924	\$ -	\$ 2,972,337	\$ -	\$ (2,711,587)	\$ -	\$ (2,711,587)
Student	300,438	-	164,157	-	(136,281)	-	(136,281)
Instructional support	408,704	-	223,254	-	(185,450)	-	(185,450)
District administration	559,420	-	274,142	-	(285,278)	-	(285,278)
School administration	327,156	-	179,478	-	(147,678)	-	(147,678)
Business support	245,043	-	134,062	-	(110,981)	-	(110,981)
Plant operations and maintenance	1,189,185	-	598,626	-	(590,559)	-	(590,559)
Student transportation	161,400	-	77,154	-	(84,246)	-	(84,246)
Community services	174,738	-	95,758	-	(78,980)	-	(78,980)
Interest on long-term debt	110,026	-	-	54,100	(55,926)	-	(55,926)
<b>Total governmental activities</b>	<b>9,160,034</b>	<b>-</b>	<b>4,718,968</b>	<b>54,100</b>	<b>(4,386,966)</b>	<b>-</b>	<b>(4,386,966)</b>
<b>Business-type activities</b>							
Food service	541,733	16,783	477,267	-	-	(47,683)	(47,683)
<b>Total business-type activities</b>	<b>541,733</b>	<b>16,783</b>	<b>477,267</b>	<b>-</b>	<b>-</b>	<b>(47,683)</b>	<b>(47,683)</b>
<b>Total primary government</b>	<b>\$ 9,701,767</b>	<b>\$ 16,783</b>	<b>\$ 5,196,235</b>	<b>\$ 54,100</b>	<b>(4,386,966)</b>	<b>(47,683)</b>	<b>(4,434,649)</b>
			<b>General revenues</b>				
			Taxes:				
			Property		485,208	-	485,208
			Motor vehicle		44,539	-	44,539
			Utility		131,863	-	131,863
			Earnings on investments		22,069	-	22,069
			State grants		3,616,552	-	3,616,552
			Other local amounts		426,252	-	426,252
			<b>Total general revenues</b>		<b>4,726,483</b>	<b>-</b>	<b>4,726,483</b>
			Change in net position		339,517	(47,683)	291,834
			Net position as of June 30, 2022		2,208,391	(133,065)	2,075,326
			<b>Net position as of June 30, 2023</b>		<b>\$ 2,547,908</b>	<b>\$ (180,748)</b>	<b>\$ 2,367,160</b>

**PINEVILLE INDEPENDENT SCHOOL DISTRICT**

**BALANCE SHEET -**

**GOVERNMENTAL FUNDS**

June, 30 2023

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ (33,089)	\$ -	\$ 673,577	\$ 640,488
Accounts receivable:				
Other	-	141	-	141
Intergovernmental - State	-	37,931	-	37,931
Intergovernmental - Federal	-	522,760	-	522,760
Interfund receivable	<u>426,940</u>	<u>-</u>	<u>-</u>	<u>426,940</u>
<b>Total assets</b>	<u>\$ 393,851</u>	<u>\$ 560,832</u>	<u>\$ 673,577</u>	<u>\$ 1,628,260</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	\$ 29,052	\$ 29,606	\$ -	\$ 58,658
Accrued expenses	95,953	-	-	95,953
Interfund payable	-	426,940	-	426,940
Advances from grantors	<u>-</u>	<u>104,286</u>	<u>-</u>	<u>104,286</u>
<b>Total liabilities</b>	<u>125,005</u>	<u>560,832</u>	<u>-</u>	<u>685,837</u>
<b>Fund balances</b>				
Restricted	-	-	673,577	673,577
Unassigned	<u>268,846</u>	<u>-</u>	<u>-</u>	<u>268,846</u>
<b>Total fund balances</b>	<u>268,846</u>	<u>-</u>	<u>673,577</u>	<u>942,423</u>
<b>Total liabilities and fund balances</b>	<u>\$ 393,851</u>	<u>\$ 560,832</u>	<u>\$ 673,577</u>	<u>\$ 1,628,260</u>

The accompanying notes are an integral part of these financial statements.

**PINEVILLE INDEPENDENT SCHOOL DISTRICT**

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO  
THE STATEMENT OF NET POSITION

June 30, 2023

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Total fund balances - governmental funds	\$ 942,423
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds.	7,501,666
Deferred outflows of resources are presented in the statement of net position but are not presented in the fund financial statements.	1,534,600
Bonds payable are not reported in the governmental fund balance sheet because they are not due and payable in the current period, but they are presented in the statement of net position.	(3,255,000)
Capital leases payable are not reported in the governmental fund balance sheet because they are not due and payable in the current period, but they are presented in the statement of net position.	(240,433)
Accumulated sick leave is not reported in the governmental fund balance sheet because it is not due and payable in the current period, but it is presented in the statement of net position.	(32,226)
The net pension liability is presented on the statement of net position but is not presented in the fund financial statements.	(2,920,277)
Deferred inflow of resources are not recorded in the government fund financials because they do not affect current resources but are recorded in the statement of net position.	(949,984)
Interest payable is not reported in the governmental fund balance sheet because it is not due and payable in the current period, but it is presented in the statement of net position.	<u>(26,074)</u>
Total net position - governmental activities	<u>\$ 2,554,695</u>

**PINEVILLE INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
Year ended June 30, 2023

	General Fund	Special Revenue Funds	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
From local sources:				
Taxes:				
Property	\$ 412,450	\$ -	\$ 72,758	\$ 485,208
Motor vehicle	44,539	-	-	44,539
Utility	131,863	-	-	131,863
Earnings from investments	22,069	-	-	22,069
Other local	24,263	395	401,595	426,253
Intergovernmental - State	4,729,745	490,152	555,465	5,775,362
Intergovernmental - Federal	40,100	2,574,158	-	2,614,258
Total revenues	<u>5,405,029</u>	<u>3,064,705</u>	<u>1,029,818</u>	<u>9,499,552</u>
<b>Expenditures</b>				
Current:				
Instruction	3,151,398	2,181,170	353,452	5,686,020
Student	228,235	72,152	-	300,387
Instructional support	165,282	243,422	-	408,704
District administration	498,752	2,821	-	501,573
School administration	326,288	-	-	326,288
Business support	244,923	-	-	244,923
Plant operations and maintenance	755,796	338,292	-	1,094,088
Student transportation	135,028	5,754	-	140,782
Community services	-	174,738	-	174,738
Land/site acquisitions	50,000	-	-	50,000
Debt service	-	49,270	447,101	496,371
Total expenditures	<u>5,555,702</u>	<u>3,067,619</u>	<u>800,553</u>	<u>9,423,874</u>
Excess (deficit) of revenues over (under) expenditures	(150,673)	(2,914)	229,265	75,678
<b>Other financing sources (uses)</b>				
Transfers in	7,890	10,804	393,001	411,695
Transfers out	(10,804)	(7,890)	(393,001)	(411,695)
Total other financing sources (uses)	<u>(2,914)</u>	<u>2,914</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balance</b>	(153,587)	-	229,265	75,678
Fund balance as of June 30, 2022	<u>422,433</u>	<u>-</u>	<u>444,312</u>	<u>866,745</u>
<b>Fund balance as of June 30, 2023</b>	<u>\$ 268,846</u>	<u>\$ -</u>	<u>\$ 673,577</u>	<u>\$ 942,423</u>



**PINEVILLE INDEPENDENT SCHOOL DISTRICT**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

Year ended June 30, 2023

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Net change in total fund balances - governmental funds	\$ 75,678
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported as expenditures in the governmental fund financial statements because they use current financial resources, but they are treated as assets in the statement of net position and depreciated over their estimated economic lives. The difference is the amount by which capital outlay exceeds depreciation expense for the year.	(144,779)
Deferred outflows created by refunding bonds are not presented in the governmental fund financial statements but are presented and amortized in the government wide financial statements.	(10,104)
Bond, capital lease, and other debt payments are recognized as expenditures of current financial resources in the governmental fund financial statements, but are reductions of liabilities in the statement of net position.	383,939
Calculated pension expense is recognized on the statement of activities while current year pension contributions are deferred.	10,232
Interest payments are recognized as expenditures of current financial resources in the governmental fund financial statements, but are expensed as incurred in the statement of activities.	2,406
Accumulated sick leave is recognized by the amount earned in the statement of activities, but the governmental fund financial statements only recognize the obligations anticipated to be retired from existing financial resources.	<u>28,932</u>
Change in net position - governmental activities	<u>\$ 346,304</u>

PINEVILLE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION -  
PROPRIETARY FUNDS  
June 30, 2023

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	Food Service Fund
<b>ASSETS</b>	
<b>Current assets</b>	
Cash and cash equivalents	\$ 101,718
Inventory	<u>4,848</u>
Total current assets	<u>106,566</u>
<b>Noncurrent assets</b>	
Capital assets	174,789
Less accumulated depreciation	<u>(123,605)</u>
Total noncurrent assets	<u>51,184</u>
<b>Total assets</b>	<u>157,750</u>
<b>Deferred outflow of resources</b>	
Deferred outflows from pensions	104,152
Deferred outflows from OPEB	<u>54,086</u>
	<u>158,238</u>
<b>LIABILITIES</b>	
<b>Current liabilities</b>	
Accounts payable	<u>6,146</u>
<b>Total current liabilities</b>	<u>6,146</u>
<b>Noncurrent liabilities</b>	
Net pension liability	310,913
Net OPEB liability	<u>84,863</u>
<b>Total noncurrent liabilities</b>	<u>395,776</u>
<b>Total liabilities</b>	<u>401,922</u>
<b>Deferred inflow of resources</b>	
Deferred inflows from pensions	46,571
Deferred inflows from OPEB	<u>48,243</u>
	94,814
<b>NET POSITION</b>	
Net investment in capital assets	51,184
Restricted for:	
Other	-
Unrestricted	<u>(231,932)</u>
<b>Total net position</b>	<u>\$ (180,748)</u>

**PINEVILLE INDEPENDENT SCHOOL DISTRICT**

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -

## PROPRIETARY FUNDS

Year ended June 30, 2023

	<u>Food Service Fund</u>
<b>Operating revenues</b>	
Lunchroom sales	\$ 16,783
Total operating revenues	<u>16,783</u>
<b>Operating expenses</b>	
Salaries and wages	139,178
Employee benefits	56,974
Materials and supplies	349,157
Pension expense	(9,330)
Depreciation	<u>5,754</u>
Total operating expenses	<u>541,733</u>
Operating gain/(loss)	<u>(524,950)</u>
<b>Nonoperating revenues</b>	
Federal grants	380,691
Donated commodities	16,585
State grants	<u>79,991</u>
Total nonoperating revenues/(expenses)	<u>477,267</u>
Income before contributions, transfers, and special items	<u>(47,683)</u>
Transfers out	<u>-</u>
<b>Change in net position</b>	(47,683)
Net position as of June 30, 2022	<u>(133,065)</u>
<b>Net position as of June 30, 2023</b>	<u>\$ (180,748)</u>

The accompanying notes are an integral part of these financial statements.

**PINEVILLE INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF CASH FLOWS -**  
**PROPRIETARY FUNDS**  
Year ended June 30, 2023

	<u>Food Service Fund</u>
<b>Cash flows from operating activities</b>	
Cash received from:	
Lunchroom sales	\$ 16,783
Cash paid to/for:	
Employees	(196,152)
Supplies	<u>(372,551)</u>
Net cash used in operating activities	<u>(551,920)</u>
<b>Cash flows from non-capital financing activities</b>	
Grants received	<u>475,360</u>
Net cash used in non-capital financing activities	<u>475,360</u>
<b>Cash flows from investing activities</b>	
Interest received on investments	<u>-</u>
Net cash used in capital and related activities	<u>-</u>
Net increase in cash and cash equivalents	(76,560)
Cash and cash equivalents as of June 30, 2022	<u>178,278</u>
<b>Cash and cash equivalents as of June 30, 2023</b>	<u>\$ 101,718</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>	
Operating income/ (loss)	\$ (524,950)
Adjustments to reconcile change in net position to net cash used in operating activities:	
Net change in pension expense	(9,330)
(Increase) Decrease in inventory	1,990
Increase (Decrease) in Accounts payable	(41,969)
Depreciation	5,754
Commodities received	<u>16,585</u>
<b>Net cash used in operating activities</b>	<u>\$ (551,920)</u>
<b>Schedule of non-cash transactions:</b>	
Depreciation	\$ 5,754
Donated commodities	<u>16,585</u>
<b>Total non-cash transactions</b>	<u>\$ 22,339</u>



## **1. REPORTING ENTITY**

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

The District, for financial purposes, includes all of the funds and activities relevant to the operation of the Pineville Independent Board of Education. The basic financial statements presented herein do not include funds of groups and organizations, which, although associated with the school system, have not originated within the Board itself such as Band Boosters, Parent-Teacher Associations, etc. Such funds or groups have been considered as prospective component units under GASB Statement Number 39, *Determining Whether Certain Organizations Are Component Units*, and have been determined to have insignificant assets, liabilities, equity, revenue and expenditures to be considered component units. In addition, the Board has the ability to exert little control over the fiscal activities of the funds or groups.

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

Based on the foregoing criteria, the financial statements of the following organization are included in the accompanying financial statements:

Pineville Independent School District Finance Corporation – In a prior year, the Pineville Independent Board of Education resolved to authorize the establishment of the Pineville Independent School District Finance Corporation (a non-profit, non-stock, public and charitable corporation pursuant to Section 162.385 of the School Bond Act and Chapter 273 and Section 58.180 of the Kentucky Revised Statutes (the "Corporation") to act as an agency for the District for financing the costs of school building facilities. The members of the Board also comprise the Corporation's Board of Directors.

## **2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The District has elected to apply all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989 to its proprietary funds, unless those pronouncements conflict or contradict GASB pronouncements.

The following is a summary of the basis of presentation:

**Government-wide Financial Statements** - The statement of net position and the statement of revenues, expenses, and changes in net position display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the District that are governmental, which normally are supported by tax revenues, and those that are considered business-type activities, which rely significantly on fees and charges for support.

## **2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED**

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

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

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

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

Accounting principles generally accepted in the United States of America require that the General Fund be reported as a major fund. All other governmental and proprietary funds whose assets, liabilities, revenues, or expenditures comprise at least 10% of the total for the relevant fund category and at least 5% of the corresponding total for all governmental and proprietary funds combined must also be reported as major funds.

The District has the following funds:

### **I. Government Fund Types**

The General Fund is the main operating fund of the District. It accounts for all revenues and expenditures of the District not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund. This is a budgeted fund, and any fund balances are considered as resources available for use. This is always a major fund of the District.

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



**2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED**

I. Government Fund Types - continued

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment (other than those financed by Proprietary Funds). The Capital Projects Funds account for revenue and expenditures from three sources:

1. The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund receives those funds designated by the state as Capital Outlay Funds and is restricted for use in financing projects identified in the District's facility plan.
2. The Facility Support Program of Kentucky (FSPK) accounts for funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable. Funds may be used for projects identified in the District's facility plan.
3. The Construction Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction and/or remodeling.

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest and related cost; and for the payment of interest on general obligation notes payable, as required by Kentucky law.

The Student Activity Fund is a special revenue fund that accounts for school activity fund revenues and expenditures.

II. Proprietary Fund Types (Enterprise Funds)

The Food Service Fund is used to account for school food service activities, including the National School Lunch Program and the National School Breakfast Program, which are conducted in cooperation with the U.S. Department of Agriculture (USDA). Amounts have been recorded for in-kind contribution of commodities from the USDA. The Food Service Fund is a major fund.

The District applies all GASB pronouncements to proprietary funds as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Basis of Accounting

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

## **2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED**

Revenues, Exchange and Non-exchange Transactions - Revenues resulting from exchange transactions, in which each party receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of the fiscal year-end. Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenues from nonexchange transactions must also be available before they can be recognized.

Unearned Revenue - Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenue. The District reports unearned revenue on its statement of net position and governmental funds balance sheet. In both the government-wide and governmental fund statements, grants that are intended to finance future periods are reported as unearned revenue. In subsequent periods, the liability for unearned revenue is removed from the statement of net position and governmental funds balance sheet and revenue is recognized.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on flow of current financial resources. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred except for (1) principal and interest on general long-term debt, which is recorded when due, and (2) the costs of accumulated unpaid vacation and sick leave, which are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by employees.

The fair value of donated commodities used during the year is reported in the statement of revenues, expenses, and changes in net position – proprietary funds as an expense with a like amount reported as donated commodities revenue.

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

### Property Taxes

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

The property tax rates (including exonerations) assessed for the year ended June 30, 2023, to finance the General Fund operations were \$.717 per \$100 valuation for real property, \$.724 per \$100 valuation for business personal property and \$.553 per \$100 valuation for motor vehicles.

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



**2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED**

Prepaid Assets

Payments made that will benefit periods beyond the end of the fiscal year are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings and improvements	25-50 years
Land improvements	20 years
Technology equipment	5 years
School buses	10 years
Other vehicles	5 years
Audio-visual equipment	15 years
Food service equipment	12 years
Furniture and fixtures	7 years
Rolling stock	15 years
Other general equipment	10 years

Interfund Receivables and Payables

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental and business-type activities columns of the statements of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Accumulated Unpaid Sick Leave Benefits

Upon retirement from the school system, an employee will receive from the District an amount equal to 30% of the value of accumulated sick leave. Sick leave benefits are accrued as a liability using the vesting method, in which leave amounts for both employees who are currently eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

## **2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED**

The entire compensated absence liability includes the remaining 70% plus any accrued sick leave for people not eligible and is reported on the government-wide financial statements. For governmental fund financial statements, the amount of accumulated vacation and sick leave of employees has been recorded as an assigned portion of fund balance. The balance of the liability is not recorded.

For governmental fund financial statements the current portion, if any, of unpaid accrued sick leave is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "accumulated sick leave payable" in the General Fund. The noncurrent portion of the liability is not reported.

### Bonds and Related Premiums, Discounts, and Issuance Costs

In the government-wide financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premiums or discounts. Bond issuance costs are expensed when bonds are issued.

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Discounts related to debt issuance are reported as other financing uses. Issuance costs are reported as debt service expenditures.

### Budgetary Process

The District's budgetary process accounts for certain transactions on a basis other than Generally Accepted Accounting Principles (GAAP). The major differences between the budgetary basis and the GAAP basis are:

- Revenues are recorded on the modified accrual basis of accounting (budgetary) as opposed to when susceptible to accrual (GAAP).
- Expenditures are recorded on the modified accrual basis of accounting (budgetary) as opposed to when susceptible to accrual (GAAP).

Once the budget is approved by the Board, it can be amended. Amendments are presented to the Board at their regular meetings. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end as dictated by law. Budgetary receipts represent original estimates modified for adjustments, if any, during the fiscal year. Budgetary disbursements represent original appropriations adjusted for budget transfers and additional appropriations, if any, approved during the fiscal year.

Each budget is prepared and controlled at the revenue and expenditure function/object level. All budget appropriations lapse at year-end.

### Cash and Cash Equivalents

The District considers demand deposits, certificates of deposit, money market funds, and other investments with an original maturity of 90 days or less, to be cash equivalents.

### Receivables

The District recognizes revenues as receivables when they are measurable, and receipt is probable. Concentration of credit risk with respect to the receivables from federal and state governments is limited due to the historical stability of those institutions. Federal and state grants to be used or expended as specified by the grantor are recognized as revenue and recorded as receivables as qualifying expenditures are made.



## **2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED**

### Inventories

On government-wide and governmental fund financial statements inventories of supplies and materials are stated at cost and are expensed when used. The school Food Service Fund inventory consists of food, supplies and U.S. Government commodities. The Food Service Fund inventory is stated at cost and uses the specific identification method; the General Fund inventory is stated at cost and uses the first-in, first-out method.

### Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements; and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, accumulated sick leave, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year-end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

### Fund Balances

Fund balances are separated into five categories, as required by GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as follows:

**Nonspendable** fund balance is permanently nonspendable by decree of donor. Examples would be an endowment or that which may not be used for another purpose such as amounts used to prepay future expenses or already purchased inventory on hand.

**Restricted** fund balances arise when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

**Committed** fund balances are those amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, which, for the District is the Board of Education. The Board of Education must approve by majority vote the establishment (and modification or rescinding) of a fund balance commitment.

**Assigned** fund balances are those amounts that are constrained by the government's *intent* to be used for specific purposes, but are neither restricted nor committed. The Board of Education allows program supervisors to complete purchase orders which result in the encumbrance of funds. Assigned fund balance also includes (a) all remaining amounts (except for negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed and (b) amounts in the general fund that are intended to be used for a specific purpose.

**Unassigned** fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

It is the Board's practice to liquidate funds when conditions have been met releasing these funds from legal, contractual, Board, or managerial obligations, using restricted funds first, followed by committed funds, assigned funds, then unassigned funds.

## **2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED**

### Encumbrances

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end, and outstanding encumbrances at year-end are appropriated in the next year. Encumbrances are considered a managerial assignment of fund balance at June 30, 2023, in the governmental funds balance sheet.

### Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

### Operating and Non-Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, those revenues are primarily charges for meals provided by the various schools.

Non-operating revenues are not generated directly from the primary activity of the proprietary funds. For the School District those revenues come in the form of grants (federal and state), donated commodities, and earnings from investments.

### Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of fixed assets, or from grants or outside contributions of resources restricted to capital acquisition and construction.

### Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

### Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the District's management to make estimates and assumptions that affect reported amounts of assets, liabilities, designated fund balances, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.



**2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONTINUED**

Deferred Inflows and Deferred Outflows of Resources

Deferred inflows and deferred outflows are recorded on the government-wide and proprietary financial statements. The deferred outflows of resources presented were primarily created by the differences in pension expectations, the prior refunding of revenue bonds, and deferral of pension contributions. Deferred inflows were primarily created by actuarial determinations of net pension liability changes.

Pensions

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

Other Postemployment Benefits (OPEB)

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

Leases

GASB Statement No. 87 was issued to improve accounting and financial reporting for leases by governments, by establishing standards for leases that were previously classified as operating leases. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset, thus requiring lessees to recognize a lease liability and an intangible right-to-use lease asset, and lessors to recognize a lease receivable and a deferred inflow of resources.

**3. CUSTODIAL CREDIT RISK - DEPOSITS**

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2023, none of the District's bank balances were exposed to custodial credit risk because of coverage by Federal Depository insurance, collateral agreements, and collateral held by the pledging banks' trust departments in the District's name.

Cash and cash equivalents at June 30, 2023 consisted of the following:

	<u>Bank Balance</u>	<u>Book Balance</u>
First State Bank	\$ 1,194,073	\$ 736,617
	<u>\$ 1,194,073</u>	<u>\$ 736,617</u>

**3. CUSTODIAL CREDIT RISK – DEPOSITS – CONTINUED**

Breakdown per financial statements is as follows:

Governmental funds	\$	634,899
Proprietary funds		101,718
	\$	<u>736,617</u>

Cash is commingled in various bank accounts and short-term certificates of deposit. Due to the nature of the accounts and limitations imposed by bond issue requirements, construction projects, and Federal financial assistance programs, each cash account within the following funds is restricted:

- Special Revenue Funds
- SEEK Capital Outlay Fund
- Facility Support Program (FSPK) Fund
- School Construction Fund
- School Food Service Fund
- Agency Funds

**4. INVESTMENTS**

Funds of the District are public funds and, therefore, their investment is limited by statute to certain obligations of the United States or similar government agencies, cash instruments, and certain pooled investment funds as provided by KRS 66.480. At June 30, 2023, the District holds only demand deposits and certificates of deposit considered to be cash equivalents. Consequently, the District does not have investment related credit risk or interest risk.

**5. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2023 was as follows:

*See table on next page*

**PINEVILLE INDEPENDENT SCHOOL DISTRICT**  
 NOTES TO THE BASIC FINANCIAL STATEMENTS-CONTINUED  
 Year ended June 30, 2023

**5. CAPITAL ASSETS - CONTINUED**

	June 30, 2022			June 30, 2023
	Balance	Additions	Retirements	Balance
<b>Governmental Activities</b>				
Land & land improvements	\$ 758,104	\$ 50,000	\$ -	\$ 808,104
Buildings	10,664,019	-	-	10,664,019
Technology equipment	647,206	-	-	647,206
Vehicles	673,496	-	-	673,496
General equipment	<u>304,540</u>	<u>-</u>	<u>-</u>	<u>304,540</u>
Total historical cost	13,047,365	50,000	-	13,097,365
Less accumulated depreciation	<u>5,400,920</u>	<u>194,779</u>	<u>-</u>	<u>5,595,699</u>
Governmental capital assets, net	<u>\$ 7,646,445</u>	<u>\$ (144,779)</u>	<u>\$ -</u>	<u>\$ 7,501,666</u>
<b>Business-type Activities</b>				
Technology equipment	\$ 11,052	\$ -	\$ -	\$ 11,052
Food service and equipment	<u>163,737</u>	<u>-</u>	<u>-</u>	<u>163,737</u>
Total historical cost	174,789	-	-	174,789
Less accumulated depreciation	<u>117,851</u>	<u>5,754</u>	<u>-</u>	<u>123,605</u>
Business-type capital assets, net	<u>\$ 56,938</u>	<u>\$ (5,754)</u>	<u>\$ -</u>	<u>\$ 51,184</u>

Depreciation expense for business-type activities was entirely incurred in the operation of the School Food Services. Depreciation for governmental activities was charged to governmental functions as follows:

Instruction	\$ 30,282
Student	51
District administrative	57,847
School administrative	868
Plant operation and maintenance	120
Student transportation	84,993
Community services	<u>20,618</u>
	<u>\$ 194,779</u>

**6. CAPITAL LEASE PAYABLE**

The District has entered into a capital lease agreement for buses which will become the property of the District when all the terms of the lease agreement are met. The following schedule presents the capital lease activity for the year ended June 30, 2023:

*See table on next page*



**PINEVILLE INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS-CONTINUED**  
Year ended June 30, 2023

**6. CAPITAL LEASE PAYABLE - CONTINUED**

Description	Maturity	Interest Rates	Original Issue	Balance June 30, 2022	Debt Issued	Debt Paid	Balance June 30, 2023	Due Within One Year
KISTA:								
2014	March, 2024	2.0%	\$ 104,420	\$ 36,574	\$ -	\$ 11,815	\$ 24,759	\$ 12,182
2019	March, 2029	3.0%	105,560	67,340	-	9,624	57,716	9,888
2020	March, 2030	2.0%	<u>202,958</u>	<u>180,458</u>	-	<u>22,500</u>	<u>157,958</u>	<u>19,868</u>
			<u>\$ 412,938</u>	<u>\$ 284,372</u>	<u>\$ -</u>	<u>\$ 43,939</u>	<u>\$ 240,433</u>	<u>\$ 41,938</u>

The following table presents a schedule by years of the future minimum lease payments under capital lease as of June 30, 2023:

Year	Principal	Interest	Total
2023-24	\$ 41,938	\$ 4,393	\$ 46,331
2024-25	42,824	3,453	46,277
2025-26	30,804	2,692	33,496
2026-27	31,390	2,124	33,514
2027-28	28,924	1,543	30,467
2028-29	29,554	1,040	30,594
2029-30	17,368	525	17,893
2030-31	<u>17,631</u>	<u>265</u>	<u>17,896</u>
Totals	<u>\$ 240,433</u>	<u>\$ 16,035</u>	<u>\$ 256,468</u>
		Less: amounts representing interest	<u>(16,035)</u>
		Net capital lease liability	<u>\$ 240,433</u>

**7. LONG-TERM OBLIGATIONS**

The amounts shown in the accompanying basic financial statements as bond obligations represent the District's future obligations to make lease payments relating to the bonds issued by the Pineville Independent School District Finance Corporation. The original amount of each issue, the issue date, and interest rates of bonded debt and lease obligations are summarized below:

Issue Date	Proceeds	Rates
2012R	\$ 965,000	1.00%-2.625%
2014R	\$ 4,100,000	2.00%-3.25%
2018	\$ 995,000	3.00%-3.375%

The District, through the General Fund, including utility taxes and the Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund, is obligated to make payments in amounts sufficient to satisfy debt service requirements on bonds issued by the Pineville Independent School District Finance Corporation to construct school facilities. The District has an option to purchase the property under lease at any time by retiring the bonds then outstanding.



**PINEVILLE INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS-CONTINUED**  
Year ended June 30, 2023

**7. LONG-TERM OBLIGATIONS-CONTINUED**

The District entered "participation agreements" with the Kentucky School Facility Construction Commission (Commission). The Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting school construction needs. The participation agreements generally provide for the Commission to assist the District in meeting bond obligations and are renewable, at the Commission's option, bi-annually. In 2008, the District also entered into an agreement with the Urgent Needs Trust Fund. The Urgent Needs Trust Fund was established by the 2003 Kentucky General Assembly for the purpose of assisting school districts that have urgent and critical construction needs. The Urgent Needs Trust Fund is administered by the School Facility Construction Commission. Should the Kentucky General Assembly choose to not fund the Commission in the future, the District would be responsible for meeting the full requirements of the bond issues. The following table sets forth the amount to be paid by the District and the Commission for each year until maturity of all bond issues.

The liability for the total bond amount remains with the District and, as such, the total principal outstanding has been recorded in the financial statements.

The bonds may be called prior to maturity and redemption premiums are specified in each issue. Assuming no bonds are called prior to scheduled maturity, the minimum obligations of the District, including amounts to be paid by the Commission at June 30, 2023 for debt service (principal and interest) are as follows:

Year	Local Principal	Local Interest	SFCC Principal	SFCC Interest	Total Principal	Total Interest
2023-24	\$ 304,926	\$ 85,704	\$ 40,074	\$ 12,630	\$ 345,000	\$ 98,334
2024-25	312,232	79,246	37,768	11,610	350,000	90,856
2025-26	321,098	69,879	38,902	10,477	360,000	80,356
2026-27	329,931	60,246	40,069	9,310	370,000	69,556
2027-28	343,729	50,348	41,271	8,108	385,000	58,456
2028-29	352,492	40,036	42,508	6,870	395,000	46,906
2029-30	361,144	28,647	43,856	5,522	405,000	34,169
2030-31	60,909	16,988	14,091	4,131	75,000	21,119
2031-32	60,485	15,161	14,515	3,708	75,000	18,869
2032-33	60,033	13,271	14,967	3,254	75,000	16,525
2033-34	64,546	11,320	15,454	2,768	80,000	14,088
2034-35	64,044	9,222	15,956	2,266	80,000	11,488
2035-36	68,525	7,141	16,475	1,747	85,000	8,888
2036-37	67,970	4,828	17,030	1,191	85,000	6,019
2037-38	72,394	2,534	17,606	616	90,000	3,150
Totals	\$ 2,844,458	\$ 494,571	\$ 410,542	\$ 84,208	\$ 3,255,000	\$ 578,779

**7. LONG-TERM OBLIGATIONS-CONTINUED**

A summary of the changes in long-term liabilities during the fiscal year ended June 30, 2023 is as follows:

School Building Revenue Bonds	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023
2012 Refunding	\$ 205,000	\$ -	\$ 100,000	\$ 105,000
2014 Refunding	2,455,000	-	225,000	2,230,000
2018	935,000	-	15,000	920,000
Net Pension Liability	1,218,030	397,944	-	1,615,974
Net OPEB - CERS Liability	365,641	75,438	-	441,079
Net OPEB - KTRS Liability	835,000	424,000	-	1,259,000
Accrued Sick Leave	61,159	-	28,933	32,226
	<b>\$ 6,074,830</b>	<b>\$ 897,382</b>	<b>\$ 368,933</b>	<b>\$ 6,603,279</b>

**8. RETIREMENT PLANS**

The District's employees are provided with two pension plans, based on each position's college degree requirement as described below. The two pension plans are County Employees Retirement System (CERS) and the Kentucky Teachers Retirement System (KTRS).

**General information about the County Employees Retirement System Non-Hazardous (CERS)**

*Plan description*—Employees whose positions do not require a degree beyond a high school diploma are covered by the CERS, a cost-sharing multiple-employer defined benefit pension plan administered by the Kentucky Retirement System, an agency of the Commonwealth of Kentucky. Under the provisions of the Kentucky Revised Statute (KRS) Section 61.645, the Board of Trustees of the Kentucky Retirement System administers CERS and has the authority to establish and amend benefit provisions. The Kentucky Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for CERS. That report may be obtained from <http://kyret.ky.gov/>.

*Benefits provided*—CERS provides retirement, health insurance, death and disability benefits to Plan employees and beneficiaries. Employees are vested in the plan after five years' service. For retirement purposes, employees are grouped into three tiers, based on hire date:

Tier 1	Participation date	Before September 1, 2008
	Unreduced retirement	27 years service or 65 years old
	Reduced retirement	At least 5 years service and 55 years old At least 25 years service and any age
Tier 2	Participation date	September 1, 2008 - December 31, 2013
	Unreduced retirement	At least 5 years service and 65 years old Or age 57+ and sum of service years plus age equal 87
	Reduced retirement	At least 10 years service and 60 years old
Tier 3	Participation date	After December 31, 2013
	Unreduced retirement	At least 5 years service and 65 years old Or age 57+ and sum of service years plus age equal 87
	Reduced retirement	Not available

**8. RETIREMENT PLANS - CONTINUED**

Participating employees become eligible to receive the health insurance benefit after at least 180 months of service. Death benefits are provided for both death after retirement and death prior to retirement.

Contributions—Required contributions by the employee are based on the tier:

	<u>Required contribution</u>
Tier 1	5%
Tier 2	5% + 1% for insurance
Tier 3	5% + 1% for insurance

*Funding Policy* - Funding for the plan is provided through payroll withholdings and matching District contributions. The District contributes 26.79% of the employee's total compensation subject to contribution. Pension has a contribution rate of 23.40% and OPEB has a contribution rate of 3.39%.

**General information about the Teachers' Retirement System of the State of Kentucky (KTRS)**

*Plan description*—Teaching certified employees of the District and other employees whose positions require at least a college degree are provided pensions through the Teachers' Retirement System of the State of Kentucky (KTRS)—a cost-sharing multiple-employer defined benefit pension plan with a special funding situation established to provide retirement annuity plan coverage for local school districts and other public educational agencies in the Commonwealth. KTRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the KRS. KTRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth's financial statements. KTRS issues a publicly available financial report that can be obtained at [http://www.ktrs.ky.gov/05\\_publications/index.htm](http://www.ktrs.ky.gov/05_publications/index.htm).

*Benefits provided*—TRS provides retirement, health insurance, death and disability benefits to Plan employees and beneficiaries. Employees become vested when they complete five (5) years of credited service. For retirement purposes, employees are grouped into four tiers, based on hire date:

TRS 1	Participation Date	Before July 1, 2002
	Unreduced retirement	27 years service or at least 5 years service and 60 years old
	Reduced retirement	At least 5 years service and 55 years old with a reduction in retirement of 5% for each year under age 60 or under 27 years of service, whichever is less (up to 25%)
	Retirement factors	2.5% per year of service up to 30, 3.0% per year of service for each year over 30
	Final average salary	Average of the 5 highest annual salaries until a member reaches At least 27 years service and age 55, when the highest 3 annual Salaries are used
TRS 2	Participation Date	July 1, 2002 – June 30, 2008
	Unreduced retirement	27 years service or at least 5 years service and 60 years old
	Reduced retirement	At least 5 years service and 55 years old with a reduction in retirement of 5% for each year under age 60 or under 27 years of service, whichever is less (up to 25%)
	Retirement factors	2.0 - 2.5% per year of service up to 30, 3.0% per year of service for each year over 30

**8. RETIREMENT PLANS - CONTINUED**

TRS 3	Participation Date	July 1, 2008 – December 31, 2022
	Unreduced retirement	27 years service or at least 5 years service and 60 years old
	Reduced retirement	At least 10 years service and 55 years old with a reduction in retirement of 6% for each year under age 60 or under 27 years of service, whichever is less (up to 30%)
	Retirement factors	1.7 - 2.5% per year of service up to 30, 3.0% per year of service for each year over 30
	Final average salary	Average of the 5 highest annual salaries until a member reaches At least 27 years service and age 55, when the highest 3 annual Salaries are used
TRS 4	Participation Date	On or after January 1, 2022 – December 31, 2022
	Unreduced retirement	Age 57 with 30 years service or at least 10 years service and 60 years old or at least 5 years service and 65 years old
	Reduced retirement	At least 10 years service and 57 years old with a reduction in retirement of 6% for each year under age 60 or under 27 years of service, whichever is less (up to 18%)
	Retirement factors	1.7 - 2.5% per year of service up to 30, 2.2 – 2.4% per year of service for each year over 30
	Final average salary	Average of the 5 highest annual salaries

KTRS also provides disability benefits for vested employees at a rate of sixty (60) percent of their final average salary. A life insurance benefit, payable upon the death of a member, is \$2,000 for active contributing employees and \$5,000 for retired or disabled employees.

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

The Commonwealth of Kentucky, as a non-employer contributing entity, pays matching contributions at the rate of 13.105% of salaries for local school district and regional cooperative employees hired before July 1, 2008, and 14.105% for those hired after July 1, 2008. For local school district and regional cooperative employees whose salaries are federally funded, the employer contributes 16.105% of salaries. If an employee leaves covered employment before accumulating five (5) years of credited service, accumulated employee pension contributions plus interest are refunded to the employee upon the member's request.

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

At June 30, 2023, the District reported a liability of \$1,615,974 for its proportionate share of the net pension liability for CERS. The District did not report a liability for the District's proportionate share of the net pension liability for KTRS because the Commonwealth of Kentucky provides the pension support directly to KTRS on behalf of the District. The amount recognized by the District as its proportionate share of the net pension liability, the related Commonwealth support, and the total portion of the net pension liability that was associated with the District were as follows:



**8. RETIREMENT PLANS – CONTINUED**

District's proportionate share of the CERS net pension liability	\$ 1,615,974
Commonwealth's proportionate share of the KTRS net pension liability associated with the District	<u>11,914,635</u>
	<u>\$ 13,530,609</u>

The net pension liability for each plan was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The District's proportion of the net pension liability for CERS was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2022, the District's proportion was 0.022354%.

For the year ended June 30, 2023, the District recognized pension expense of \$1,256 related to CERS and \$1,316,203 related to KTRS. The District also recognized revenue of \$1,316,203 for KTRS support provided by the Commonwealth. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 1,728	\$ 14,391
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	219,886	178,458
Changes in proportion and differences between District contributions and proportionate share of contributions	155,179	49,206
District contributions subsequent to the measurement date	<u>164,536</u>	<u>-</u>
Total	<u>\$ 541,329</u>	<u>\$ 242,055</u>

The \$164,536 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2023	\$ 32,297
2024	70,112
2025	(13,580)
2026	45,908
	<u>\$ 134,737</u>

**8. RETIREMENT PLANS - CONTINUED**

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

	<u>CERS</u>	<u>KTRS</u>
Inflation	2.30%	2.75%
Projected salary increases	3.3-10.3%	3.0-7.5%
Investment rate of return, net of investment expense & inflation	6.25%	7.10%
Municipal bond index rate		3.37%
Single equivalent interest rate		7.10%

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

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

For KTRS, the discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan employees until the 2040 plan year. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments through 2039 and a municipal bond index rate of 3.37% was applied to all periods of projected benefit payments after 2039. The Single Equivalent Interest Rate (SEIR) that discounts the entire projected benefit stream to the same amount as the sum of the present values of the two separate benefit payments streams was used to determine the total pension liability.

*Sensitivity of CERS and KTRS proportionate share of net pension liability to changes in the discount rate*—The following table presents the net pension liability of the District, calculated using the discount rates selected by each pension system, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

**8. RETIREMENT PLANS - CONTINUED**

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
CERS	5.25%	6.25%	7.25%
District's proportionate share of net pension liability	\$ 2,019,767	\$ 1,615,974	\$ 1,282,003
 KTRS	 6.10%	 7.10%	 8.10%
District's proportionate share of net pension liability	-	-	-

*Pension plan fiduciary net position*—Detailed information about the CERS and the KTRS pension plans' fiduciary net position, projected benefits, and projected funding status is available in separately issued financial reports at <http://kyret.ky.gov/> and <https://gov.state.ky.us>, respectively.

The District's contribution to KTRS (both withholding and match) for the years ended June 30, 2023, 2022, and 2021 was \$631,013, \$557,110, and \$505,969, respectively. The District's contributions CERS (employer's match) for the years ended June 30, 2023, 2022, and 2021 were \$188,373, \$174,731, and \$154,838, respectively. The District met their contribution requirements.

**9. OTHER POST-EMPLOYMENT BENEFITS PLAN**

**General Information about the Kentucky Teachers' Retirement System of the State of Kentucky (TRS)**

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

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

**Medical Insurance Plan**

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

To be eligible for medical benefits, the member must have retired either for service or disability. The KTRS Medical Insurance Fund offers coverage to employees under the age of 65 through the Kentucky Employees Health Plan administered by the Kentucky Department of Employee Insurance.



**9. OTHER POST-EMPLOYMENT BENEFITS PLAN – CONTINUED**

*Funding policy*—In order to fund the post-retirement healthcare benefit, seven and one-half percent (7.50%) of the gross annual payroll of employees before July 1, 2008 is contributed. Three and three quarters percent (3.75%) is paid by member contributions and three quarters percent (0.75%) from Commonwealth appropriation and three percent (3.00%) from the employer.

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

At June 30, 2023, the District reported a liability of \$1,259,000 for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the collective net OPEB liability was based on projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022 the District's proportion was 0.050723%.

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

District's proportionate share of the KTRS net OPEB liability	\$	1,259,000
Commonwealth's proportionate share of the KTRS net OPEB liability associated with the District		<u>414,000</u>
	<u>\$</u>	<u>1,673,000</u>

For the year ended June 30, 2023, the District recognized OPEB expense of \$23,680 and revenue of \$23,680 for support provided by the State. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 529,000
Changes of assumptions	256,000	-
Net difference between projected and actual earnings on pension plan investments	67,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	407,000	23,000
District contributions subsequent to the measurement date	<u>94,435</u>	<u>-</u>
Total	<u>\$ 824,435</u>	<u>\$ 552,000</u>

**9. OTHER POST-EMPLOYMENT BENEFITS PLAN – CONTINUED**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Year ended June 30:	
2024	\$ -
2025	6,000
2026	13,000
2027	82,000
2028	55,000
Thereafter	22,000
	<u>\$ 178,000</u>

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

Investment rate of return	7.10%, net of OPEB plan investment expense, including inflation
Projected salary increases	3.50-7.50%, including inflation
Inflation rate	2.50%
Real Wage Growth	0.25%
Wage Inflation	2.75%
Healthcare cost trend rates	
Under 65	7.00% for FY 2022 decreasing to an ultimate rate of 4.50% by FY 2032
Ages 65 and Older	5.125% for FY 2022 decreasing to an ultimate rate of 4.50% by FY 2025
Medicare Part B	6.97% for FY 2022 with an ultimate rate of 4.50% by 2034
Municipal Bond Index Rate	3.37%
Discount Rate	7.10%
Single Equivalent Interest Rate	7.10%, net of OPEB plan investment expense, including inflation

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

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

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

**9. OTHER POST-EMPLOYMENT BENEFITS PLAN-CONTINUED**

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
KTRS	6.10%	7.10%	8.10%
District's proportionate share of net OPEB liability	\$ 1,580,000	\$ 1,259,000	\$ 994,000

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

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
KTRS	6.10%	7.10%	8.10%
District's proportionate share of net OPEB liability	\$ 944,000	\$ 1,259,000	\$ 1,651,000

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

**Life Insurance Plan**

*Plan description* – Life Insurance Plan – TRS administers the life insurance plan as provided by Kentucky Revised Statute 161.655 to eligible active and retired members. The TRS Life Insurance benefit is a cost-sharing multiple employer defined benefit plan with a special funding situation. Changes made to the life insurance plan may be made by the TRS Board of Trustees and the General Assembly.

*Benefits provided* – TRS provides a life insurance benefit of five thousand dollars payable for members who retire based on service or disability. TRS provides a life insurance benefit of two thousand dollars payable for its active contributing members. The life insurance benefit is payable upon the death of the member to the member's estate or to a party designated by the member.

*Contributions* – In order to fund the post-retirement life insurance benefit, three hundredths of one percent (.03%) of the gross annual payroll of members is contributed by the state.

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

At June 30, 2023, the District did not report a liability for its proportionate share of the collective net OPEB liability for life insurance benefits because the State of Kentucky provides the OPEB support directly to TRS on behalf of the District. The amount recognized by the District as its proportionate share of the OPEB liability that was associated with the District were as follows:

District's proportionate share of the KTRS net OPEB Life Insurance Plan liability	\$ -
Commonwealth's proportionate share of the KTRS net OPEB Life Insurance liability associated with the District	<u>21,000</u>
	<u>\$ 21,000</u>



**9. OTHER POST-EMPLOYMENT BENEFITS PLAN-CONTINUED**

For the year ended June 30, 2023, the District recognized OPEB expense of \$1,570 and revenue of \$1,570 for support provided by the State.

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

Investment rate of return	7.10%, net of OPEB plan investment expense, including inflation
Projected salary increases	3.00-7.50%, including inflation
Inflation rate	2.50%
Real Wage Growth	0.25%
Wage Inflation	2.75%
Municipal Bond Index Rate	3.37%
Discount Rate	7.10%
Single Equivalent Interest Rate	7.10%, net of OPEB plan investment expense, including inflation

The remaining actuarial assumptions (e.g. initial per capita costs, rate of plan participation, rates of plan election, etc.) used in the June 30, 2022 valuation were based on a review of recent plan experience done concurrently with the June 30, 2022 valuation.

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

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

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
KTRS	6.10%	7.10%	8.10%
State's proportionate share of net OPEB liability - Life Insurance	\$ 39,500	\$ 21,000	\$ 14,250

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

**9. OTHER POST-EMPLOYMENT BENEFITS PLAN-CONTINUED**

**General information about the County Employees Retirement System Non-Hazardous (CERS)**

*Plan description*—Employees whose positions do not require a degree beyond a high school diploma are provided OPEBs through the County Employees Retirement System Non-Hazardous (CERS), a cost-sharing multiple-employer defined benefit pension plan administered by the Kentucky Retirement System, an agency of the Commonwealth of Kentucky. Under the provisions of the Kentucky Revised Statute (KRS) Section 61.645, the Board of Trustees of the Kentucky Retirement System administers CERS and has the authority to establish and amend benefit provisions. The Kentucky Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for CERS. That report may be obtained from <http://kyret.ky.gov/>.

*Benefits provided*—CERS provides hospital and medical insurance for eligible members receiving benefits from the pension plan. Employees are vested in the plan after five years' service. For plan purposes, employees are grouped into two groups, based on hire date. Members who reach a minimum vesting period of 10 years, and began participating on, or after, July 1, 2003, earn \$10 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. For members participating prior to July 1, 2003, are paid up to a maximum of \$13.18 per month for every year of earned service. The percentage of the maximum monthly benefit paid is based on years of service as follows:

Years of Service	Paid by Insurance Fund (%)
20+ years	100.00%
15-19 years	75.00%
10-14 years	50.00%
4-9 years	25.00%
Less than 4 years	0.00%

*Contributions*—Required contributions by the employee are based on the tier:

Tier 1	Participation date	Before September 1, 2008
	Contribution percentage	0.00%
Tier 2	Participation date	September 1, 2008 - December 31, 2013
	Contribution percentage	1%
Tier 3	Participation date	After December 31, 2013
	Contribution percentage	1%

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

At June 30, 2023, the District reported a liability of \$441,079 for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the collective net OPEB liability was based on projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the District's proportion was 0.022350%.

**PINEVILLE INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS-CONTINUED**  
Year ended June 30, 2023

**9. OTHER POST-EMPLOYMENT BENEFITS PLAN-CONTINUED**

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

District's proportionate share of the CERS net pension liability	\$	441,079
net OPEB liability		
Commonwealth's proportionate share of the CERS net OPEB liability associated with the District		-
		<u>                    </u>
	<u>\$</u>	<u>441,079</u>

For the year ended June 30, 2023, the District recognized OPEB expense of \$49,749. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 44,398	\$ 101,150
Changes of assumptions	69,760	57,482
Net difference between projected and actual earnings on pension plan investments	82,134	64,231
Changes in proportion and differences between District contributions and proportionate share of contributions	60,987	27,880
District contributions subsequent to the measurement date	<u>23,837</u>	<u>-</u>
Total	<u>\$ 281,116</u>	<u>\$ 250,743</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$23,837 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

<u>Year ended June 30:</u>	
2023	\$ 8,419
2024	5,353
2025	(19,985)
2026	12,749
Thereafter	-
	<u>\$ 6,536</u>



**9. OTHER POST-EMPLOYMENT BENEFITS PLAN-CONTINUED**

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

*Discount rate* – The Discount rate used to measure the total OPEB liability was 5.70%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at statutorily required rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
CERS	4.70%	5.70%	6.70%
District's proportionate share of net OPEB liability	\$ 589,654	\$ 441,079	\$ 318,259

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

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
CERS			
District's proportionate share of net OPEB liability	\$ 327,933	\$ 441,079	\$ 576,948

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

**10. DEFERRED COMPENSATION**

The District offers its employees participation in a deferred compensation program administered by the Kentucky Public Employees' Deferred Compensation Authority. This program offers a plan authorized by Section 457(b) of the Internal Revenue Code and a plan authorized by Section 401(k) of the Internal Revenue Code. Both plans are available to all employees and permit them to defer up to 25% of their compensation (subject to limits) until future years. The District makes no contributions to these plans.

**11. OPERATING LEASES**

The District has no operating leases requiring disclosure as right-of-use assets as defined by FASB Accounting Standards Codification Topic 842, Leases.

**12. CONTINGENCIES**

*Grants* - The District receives funding from Federal, State, and Local government agencies and private contributions. These funds are to be used for designated purposes only. For government agency grants, if based on the grantor's review the funds are considered not to have been used for the intended purpose, the grantor may request a refund of funds advanced, or refuse to reimburse the District for its disbursements, and the collectability of any related receivables as of June 30, 2023, may be impaired. The amount of such future refunds and unreimbursed disbursements, if any, is not expected to be significant. Continuation of the District's grant programs is predicated upon the grantors' satisfaction that the funds provided are being spent as intended and the grantors' intent to continue their programs.

**13. LITIGATION**

The District is subject to legal actions in various states of litigation, the outcome of which is not determinable at this time. Management of the District and its legal counsel do not anticipate that there will be any material effect on the financial statements as a result of the cases presently in progress.

**14. RISK MANAGEMENT**

The District is exposed to various forms of loss of assets associated with the risks of fire, personal liability, theft, vehicular accidents, errors and omissions, fiduciary responsibility, etc. Each of these risk areas is covered through the purchase of commercial insurance. Settled claims resulting from these risks have created a potential liability as discussed in the *Litigation* disclosure above.

Contributions for Workers' Compensation coverage are based on premium rates established in conjunction with the insurance carrier, subject to claims experience modifications and discounts.

**15. DEFICIT FUND BALANCES**

The Food Service Fund had a deficit net position of \$180,748. There also may be funds with deficit operating balances.

**16. COBRA**

Under COBRA, employers are mandated to notify terminated employees of available continuing insurance coverage. Failure to comply with this requirement may put the school district at risk of a substantial loss. There were no instances of noncompliance noted.

**17. TRANSFER OF FUNDS**

The following transfers were made during the year:

Type	From Fund	To Fund	Purpose	Amount
Matching	General	Special Revenue	KETS	\$ 7,890
Indirect	Special Revenue	General	Indirect	\$ 10,804
Operating	Building	Debt Service	Debt Service	\$ 393,001

**18. INTERFUND RECEIVABLES AND PAYABLES**

At June 30, 2023, the Special Revenue owes the General Fund an amount of \$426,940.

**19. ON-BEHALF PAYMENTS**

The Commonwealth of Kentucky pays certain expenses on behalf of the District. These expenses include employee health insurance, the employer match of Kentucky Teachers' Retirement System, certain other employee benefits, specific technology expense and debt service. These amounts are included in the fund financial statements; however, the revenues and related expenditures are not budgeted amounts.

The following payments for fringe benefits are included as revenues and expenses on the statement of revenues, expenses, and changes in net position:

Retirement contributions to the Teachers' Retirement System of Kentucky	\$ 1,087,104
OPEB contributions to the Teachers' Retirement System of Kentucky	23,680
Health and Life insurance	677,586
Other Less Federal	(225,102)
Technology	77,886
Debt Service	54,099
	<u>\$ 1,695,253</u>

**20. FUND BALANCE DESIGNATIONS**

The following funds had restricted fund balances:

Fund	Amount	Purpose
Student Activity Fund	\$ 144,749	Student Activities
Capital Outlay	\$ 53,577	Future Construction
FSPK	\$ 469,662	Future Construction

**21. COVID-19 PANDEMIC**

COVID-19 continues to spread across the globe and is impacting worldwide economic activity and financial markets. The continued spread of the disease represents a significant risk that operations could continue to be disrupted in the near future. The District current has measures in place to move to nontraditional instruction, if needed. The extent to which COVID-19 may impact the District will depend on future developments and governmental regulations, which are highly uncertain and cannot be predicted. As a result, the District has not yet determined the impact this disruption may have on its financial statements for the year ending June 30, 2023.

During the fiscal year, the District expended \$598,795 of federal grant funding under the COVID-19 Elementary and Secondary School Emergency Relief Fund.



**22. SUBSEQUENT EVENTS**

Management of the District has evaluated subsequent events through November 15, 2023, which was the date the audit report was available for release. No events that have occurred subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

**PINEVILLE INDEPENDENT SCHOOL DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - GENERAL FUND**

Year ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
From local sources				
Taxes:				
Property	\$ 305,908	\$ 305,908	\$ 412,450	\$ 106,542
Motor vehicle	25,000	25,000	44,539	19,539
Utility	120,000	120,000	131,863	11,863
Earnings on investments	10,000	10,000	22,069	12,069
Other local	7,000	7,000	24,263	17,263
Intergovernmental - State	3,130,059	3,130,059	4,729,745	1,599,686
Intergovernmental - Federal	18,000	18,000	40,100	22,100
Total revenues	<u>3,615,967</u>	<u>3,615,967</u>	<u>5,405,029</u>	<u>1,789,062</u> *
<b>Expenditures</b>				
Current:				
Instruction	1,961,041	1,961,041	3,151,398	(1,190,357)
Student	199,869	199,869	228,235	(28,366)
Instructional staff	135,312	135,312	165,282	(29,970)
District administration	432,572	432,572	498,752	(66,180)
School administration	230,595	230,595	326,288	(95,693)
Business support	139,279	139,279	244,923	(105,644)
Plant operations and maintenance	635,412	635,412	755,796	(120,384)
Student transportation	129,803	129,803	135,028	(5,225)
Land/Site acquisitions	50,000	50,000	50,000	-
Debt service	50,000	50,000	-	50,000
Total expenditures	<u>3,963,883</u>	<u>3,963,883</u>	<u>5,555,702</u>	<u>(1,591,819)</u> *
Excess (deficit) of revenues over (under) expenditures	(347,916)	(347,916)	(150,673)	197,243
<b>Other financing sources (uses)</b>				
Transfers in	191,495	191,495	7,890	199,385
Transfers out	(13,000)	(13,000)	(10,804)	2,196
Contingency	(250,000)	(250,000)	-	250,000
Total other financing sources (uses)	<u>(71,505)</u>	<u>(71,505)</u>	<u>(2,914)</u>	<u>68,591</u>
<b>Net change in fund balance</b>	(419,421)	(419,421)	(153,587)	265,834
Fund balance as of June 30, 2022	<u>419,421</u>	<u>419,421</u>	<u>422,433</u>	<u>3,012</u>
<b>Fund balance as of June 30, 2023</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 268,846</u>	<u>\$ 268,846</u>

\* Kentucky on-behalf revenues and expenditures were not budgeted during the fiscal year.



**PINEVILLE INDEPENDENT SCHOOL DISTRICT**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -

BUDGET AND ACTUAL - SPECIAL REVENUE FUND

Year ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Other local	\$ -	\$ -	\$ 395	\$ 395
Intergovernmental - State	433,220	433,220	490,152	56,932
Intergovernmental - Federal	2,370,961	2,370,961	2,574,158	203,197
<b>Total revenues</b>	<b>2,804,181</b>	<b>2,804,181</b>	<b>3,064,705</b>	<b>260,524</b>
<b>Expenditures</b>				
Current:				
Instruction	2,170,814	2,170,814	2,181,170	(10,356)
Student	56,230	56,230	72,152	(15,922)
Instructional support	384,981	384,981	243,422	141,559
District administration	13,000	13,000	2,821	10,179
Plant operation and maintenance	-	-	338,292	(338,292)
Student transportation	4,679	4,679	5,754	(1,075)
Debt service	-	-	49,270	(49,270)
Community service	168,344	168,344	174,738	(6,394)
<b>Total expenditures</b>	<b>2,798,048</b>	<b>2,798,048</b>	<b>3,067,619</b>	<b>(269,571)</b>
Deficit of revenues under expenditures	6,133	6,133	(2,914)	9,047
<b>Other financing sources</b>				
Operating transfers in	13,000	13,000	10,804	(2,196)
Operating transfers out	(19,133)	(19,133)	(7,890)	(11,243)
<b>Total other financing sources</b>	<b>(6,133)</b>	<b>(6,133)</b>	<b>2,914</b>	<b>(13,439)</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund balance as of June 30, 2022	-	-	-	-
<b>Fund balance as of June 30, 2023</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

The accompanying notes are an integral part of these financial statements.

**PINEVILLE INDEPENDENT SCHOOL DISTRICT**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

BUDGET AND ACTUAL - GENERAL FUND AND SPECIAL REVENUE FUND

Year ended June 30, 2023

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The District's budgetary process accounts for transactions on the modified accrual basis of accounting which is consistent with accounting principles generally accepted in the United States of America. In accordance with state law, the District prepares a general school budget based upon the amount of revenue to be raised by local taxation, including the rate of levy, and from estimates of other Local, State, and Federal revenues. The budget contains estimated expenditures for current expenses, debt service, capital outlay, and other necessary expenses. The budget must be approved by the Board. The District must formally and publicly examine estimated revenues and expenses for the subsequent fiscal year by January 31 of each calendar year. Additionally, the District must submit a certified budget to the Kentucky Department of Education by March 1 of each calendar year, which includes the amount for certified and classified staff, based on the District's staffing policy, and the amount for the instructional supplies, materials, travel and equipment. Additionally, the District must adopt a tentative working budget for the subsequent fiscal year by May 30 of each calendar year. The budget must contain a 2% reserve. Finally, the District must adopt a final working budget and submit it to the Kentucky Department of Education by September 30 of each calendar year.

The budgeted total revenues and expenditures was exceeded during the fiscal year.

**PINEVILLE INDEPENDENT SCHOOL DISTRICT**

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
COUNTY EMPLOYEES RETIREMENT SYSTEM  
June 30, 2023**

	District's proportion of net pension liability (asset)	District's proportionate share of the net pension liability (asset)	District's covered-employee payroll	District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2023	0.02%	\$ 1,615,974	\$ 703,145	229.82%	52.42%
2022	0.02%	\$ 1,218,030	\$ 652,696	186.62%	57.33%
2021	0.02%	\$ 1,621,114	\$ 535,912	302.50%	47.81%
2020	0.02%	\$ 1,518,645	\$ 457,746	331.77%	50.45%
2019	0.02%	\$ 1,236,515	\$ 735,724	168.07%	53.54%
2018	0.02%	\$ 1,117,982	\$ 620,930	180.05%	53.30%
2017	0.02%	\$ 996,547	\$ 465,032	214.30%	55.50%
2016	0.02%	\$ 913,039	\$ 552,114	165.37%	59.97%
2015	0.02%	\$ 734,000	\$ 540,043	135.92%	66.80%

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.



**PINEVILLE INDEPENDENT SCHOOL DISTRICT**

**SCHEDULE OF DISTRICT CONTRIBUTIONS  
COUNTY EMPLOYEES RETIREMENT SYSTEM**

Year ended June 30, 2023

	Contractually required contribution	Contributions in relation to contractually required contribution	Contribution deficiency (excess)	District's covered-employee payroll	Contributions as a percentage of covered-employee payroll
2023	\$ 164,536	\$ 164,536	\$ -	\$ 703,145	23.40%
2022	\$ 138,004	\$ 138,004	\$ -	\$ 652,696	21.17%
2021	\$ 103,259	\$ 103,259	\$ -	\$ 535,912	19.30%
2020	\$ 88,345	\$ 88,345	\$ -	\$ 457,746	19.30%
2019	\$ 123,075	\$ 123,075	\$ -	\$ 735,724	16.73%
2018	\$ 96,506	\$ 96,506	\$ -	\$ 620,930	15.54%
2017	\$ 86,415	\$ 86,415	\$ -	\$ 465,032	18.58%
2016	\$ 63,171	\$ 63,171	\$ -	\$ 552,114	17.03%
2015	\$ 61,844	\$ 61,844	\$ -	\$ 540,043	11.45%

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

**PINEVILLE INDEPENDENT SCHOOL DISTRICT**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
COUNTY EMPLOYEES RETIREMENT SYSTEM - PENSION FUND  
Year ended June 30, 2023**

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Changes of Benefit Terms

None.

Changes of Assumptions

None.

PINEVILLE INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE  
 NET OPEB LIABILITY - MEDICAL INSURANCE PLAN  
 County Employees Retirement System  
 June 30, 2023

	District's proportion of net OPEB liability (asset)	District's proportionate share of the net OPEB liability (asset)	District's covered-employee payroll	District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2023	0.02%	\$ 441,079	\$ 703,145	62.73%	60.95%
2022	0.02%	\$ 365,641	\$ 652,696	56.02%	62.91%
2021	0.02%	\$ 510,225	\$ 535,912	95.21%	51.67%
2020	0.02%	\$ 363,084	\$ 457,746	79.32%	60.44%
2019	0.02%	\$ 360,458	\$ 735,724	48.99%	57.62%
2018	0.02%	\$ 301,179	\$ 620,930	48.50%	52.40%

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.



PINEVILLE INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS - MEDICAL INSURANCE PLAN

County Employees Retirement System

Year ended June 30, 2023

	<u>Contractually required contribution</u>	<u>Contributions in relation to contractually required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>District's covered-employee payroll</u>	<u>Contributions as a percentage of covered-employee payroll</u>
2023	\$ 23,837	\$ 23,837	\$ -	\$ 703,145	3.39%
2022	\$ 37,684	\$ 37,684	\$ -	\$ 652,696	5.78%
2021	\$ 25,467	\$ 25,467	\$ -	\$ 535,912	4.76%
2020	\$ 34,964	\$ 34,964	\$ -	\$ 457,746	4.76%
2019	\$ 57,472	\$ 57,472	\$ -	\$ 735,724	7.81%
2018	\$ 29,184	\$ 29,184	\$ -	\$ 620,930	4.70%

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

**PINEVILLE INDEPENDENT SCHOOL DISTRICT**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
COUNTY EMPLOYEES RETIREMENT SYSTEM - MEDICAL INSURANCE PLAN  
Year ended June 30, 2023**

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Changes of Benefit Terms

None

Changes of Assumptions

Single Discount Rates used to calculate the total OPEB liability increased from 5.20% to 5.70%.

**PINEVILLE INDEPENDENT SCHOOL DISTRICT**

**SCHEDULE OF THE STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**KENTUCKY TEACHERS' RETIREMENT SYSTEM**  
**June 30, 2023**

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	<u>State's proportion of net pension liability (asset)</u>	<u>State's proportionate share of the net pension liability (asset)</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
2023	100%	\$ 11,941,635	56.41%
2022	100%	\$ 9,490,372	65.59%
2021	100%	\$ 10,458,579	58.27%
2020	100%	\$ 9,313,538	58.80%
2019	100%	\$ 8,552,195	59.30%
2018	100%	\$ 17,638,350	39.83%
2017	100%	\$ 19,136,720	35.22%
2016	100%	\$ 16,426,739	42.49%
2015	100%	\$ 16,129,543	45.59%

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.



**PINEVILLE INDEPENDENT SCHOOL DISTRICT**

**SCHEDULE OF STATE CONTRIBUTIONS  
KENTUCKY TEACHERS' RETIREMENT SYSTEM**

Year ended June 30, 2023

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	<u>Statutorily required contribution</u>	<u>Contributions in relation to the statutorily required contribution</u>	<u>Contribution deficiency (excess)</u>
2023	\$ 1,087,104	\$ 1,087,104	\$ -
2022	\$ 757,550	\$ 757,550	\$ -
2021	\$ 757,014	\$ 757,014	\$ -
2020	\$ 700,891	\$ 700,891	\$ -
2019	\$ 617,499	\$ 617,499	\$ -
2018	\$ 626,677	\$ 626,677	\$ -
2017	\$ 314,876	\$ 314,876	\$ -
2016	\$ 109,562	\$ 109,562	\$ -
2015	\$ 100,991	\$ 100,991	\$ -

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

**PINEVILLE INDEPENDENT SCHOOL DISTRICT**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
KENTUCKY TEACHERS RETIREMENT SYSTEM  
Year ended June 30, 2023

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Changes of Benefit Terms

None.

Changes of Assumptions

Municipal Bond Index Rate changed from 2.13% to 3.37%.

PINEVILLE INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE  
NET OPEB LIABILITY - MEDICAL INSURANCE PLAN  
Kentucky Teachers' Retirement System  
June 30, 2023

	District's proportion of net OPEB liability (asset)	District's proportionate share of the net OPEB liability (asset)	State's proportionate share of the net OPEB liability (asset)	District's covered-employee payroll	District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2023	0.05%	\$ 1,259,000	\$ 414,000	\$ 3,219,042	39.11%	47.75%
2022	0.04%	\$ 835,000	\$ 678,000	\$ 2,927,394	28.52%	51.74%
2021	0.04%	\$ 998,000	\$ 799,000	\$ 2,788,879	35.78%	39.05%
2020	0.04%	\$ 1,067,000	\$ 862,000	\$ 2,444,088	43.66%	32.58%
2019	0.03%	\$ 1,191,000	\$ 945,000	\$ 2,444,088	48.73%	25.50%
2018	0.03%	\$ 1,240,000	\$ 991,000	\$ 2,504,577	56.89%	21.18%

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

PINEVILLE INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS - MEDICAL INSURANCE PLAN  
 Kentucky Teachers' Retirement System

Year ended June 30, 2023

	Contractually required contribution	Contributions in relation to contractually required contribution	Contribution deficiency (excess)	District's covered-employee payroll	Contributions as a percentage of covered-employee payroll
2023	\$ 96,571	\$ 96,571	\$ -	\$ 3,219,042	3.00%
2022	\$ 87,822	\$ 87,822	\$ -	\$ 2,927,394	3.00%
2021	\$ 83,666	\$ 83,666	\$ -	\$ 2,788,879	3.00%
2020	\$ 73,323	\$ 73,323	\$ -	\$ 2,444,088	3.00%
2019	\$ 73,323	\$ 73,323	\$ -	\$ 2,444,088	3.00%
2018	\$ 75,137	\$ 75,137	\$ -	\$ 2,504,577	3.00%

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.



**PINEVILLE INDEPENDENT SCHOOL DISTRICT**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**Kentucky Teachers' Retirement System - Medical Insurance Plan  
Year ended June 30, 2023**

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Changes of Benefit Terms

None.

Changes of Assumptions

Municipal Bond Index Rate changed from 2.13% to 3.37%.

PINEVILLE INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF STATE'S PROPORTIONATE SHARE OF THE  
 NET OPEB LIABILITY - LIFE INSURANCE PLAN  
 Kentucky Teachers' Retirement System  
 June 30, 2023

	State's proportion of net OPEB liability (asset)	State's proportionate share of the net OPEB liability (asset)	Plan fiduciary net position as a percentage of the total OPEB liability
2023	100%	\$ 21,000	73.97%
2022	100%	\$ 9,000	89.15%
2021	100%	\$ 24,000	71.57%
2020	100%	\$ 20,000	73.40%
2019	100%	\$ 21,000	75.00%
2018	100%	\$ 18,000	79.99%

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

**PINEVILLE INDEPENDENT SCHOOL DISTRICT**

**SCHEDULE OF STATE CONTRIBUTIONS - LIFE INSURANCE PLAN**

**Kentucky Teachers' Retirement System**

**Year ended June 30, 2023**

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	<u>Statutorily required contribution</u>	<u>Contributions in relation to the statutorily required contribution</u>	<u>Contribution deficiency (excess)</u>
2023	\$ 1,570	\$ 1,570	\$ -
2022	\$ 1,381	\$ 1,381	\$ -
2021	\$ 900	\$ 900	\$ -
2020	\$ 847	\$ 847	\$ -
2019	\$ 815	\$ 815	\$ -
2018	\$ 745	\$ 745	\$ -

This schedule is presented to illustrate the requirement to show information for 10 years. More information will be added as it becomes available.

**PINEVILLE INDEPENDENT SCHOOL DISTRICT**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
KENTUCKY TEACHERS' RETIREMENT SYSTEM - LIFE INSURANCE PLAN  
Year ended June 30, 2023**

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Changes of Benefit Terms

None.

Changes of Assumptions

Municipal Bond Index Rate changed from 2.13% to 3.37%.



PINEVILLE INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS

June 30, 2023

	Student Activity Fund	Capital Outlay Fund	Facility Support (FSPK) Fund	Construction Fund	Debt Service Fund	Total Non-major Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 150,338	\$ 53,577	\$ 469,662	\$ -	\$ -	\$ 673,577
Total assets	<u>\$ 150,338</u>	<u>\$ 53,577</u>	<u>\$ 469,662</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 673,577</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Fund Balances:						
Restricted	\$ 150,338	\$ 53,577	\$ 469,662	\$ -	\$ -	\$ 673,577
Total fund balances	<u>\$ 150,338</u>	<u>\$ 53,577</u>	<u>\$ 469,662</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 673,577</u>

**PINEVILLE INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS**  
Year ended June 30, 2023

	Student Activity Fund	Capital Outlay Fund	Facility Support (FSPK) Fund	Construction Fund	Debt Service Fund	Total Non-major Governmental Funds
<b>Revenues</b>						
From local sources:						
Taxes:						
Property	\$ -	\$ -	\$ 72,758	\$ -	\$ -	\$ 72,758
Other local	401,595	-	-	-	-	401,595
Intergovernmental - State	-	51,445	449,920	-	54,100	555,465
	<u>401,595</u>	<u>51,445</u>	<u>522,678</u>	<u>-</u>	<u>54,100</u>	<u>1,029,818</u>
Total revenues						
	<u>401,595</u>	<u>51,445</u>	<u>522,678</u>	<u>-</u>	<u>54,100</u>	<u>1,029,818</u>
<b>Expenditures</b>						
Instruction	353,452	-	-	-	-	353,452
Debt service	-	-	-	-	447,101	447,101
	<u>353,452</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>447,101</u>	<u>800,553</u>
Total expenditures						
	<u>353,452</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>447,101</u>	<u>800,553</u>
<b>Other financing sources (uses)</b>						
Transfers in	-	-	-	-	393,001	393,001
Transfers out	-	-	(393,001)	-	-	(393,001)
	<u>-</u>	<u>-</u>	<u>(393,001)</u>	<u>-</u>	<u>393,001</u>	<u>-</u>
Total other financing sources (uses)						
	<u>-</u>	<u>-</u>	<u>(393,001)</u>	<u>-</u>	<u>393,001</u>	<u>-</u>
<b>Net change in fund balance</b>	48,143	51,445	129,677	-	-	229,265
Fund balance as of June 30, 2022	<u>102,195</u>	<u>2,132</u>	<u>339,985</u>	<u>-</u>	<u>-</u>	<u>444,312</u>
<b>Fund balance as of June 30, 2023</b>	<u>\$ 150,338</u>	<u>\$ 53,577</u>	<u>\$ 469,662</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 673,577</u>

**PINEVILLE INDEPENDENT SCHOOL DISTRICT**

COMBINED STATEMENT OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCES - ELEMENTARY AND MIDDLE SCHOOL ACTIVITY FUNDS

Year Ended June 30, 2023

School Activity Fund	Balances June 30, 2022	Receipts	Disbursements	Cash and Cash Equivalents June 30, 2023	Accounts Receivable June 30, 2023	Accounts Payable June 30, 2023	Balances June 30, 2023
Pineville Elementary	<u>\$ 17,048</u>	<u>\$ 30,844</u>	<u>\$ 34,574</u>	<u>\$ 13,318</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,318</u>
Totals	<u>\$ 17,048</u>	<u>\$ 30,844</u>	<u>\$ 34,574</u>	<u>\$ 13,318</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,318</u>

**PINEVILLE INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**PINEVILLE INDEPENDENT HIGH SCHOOL ACTIVITY FUND**  
**Year ended June 30, 2023**

	Balances			Transfers	Cash and Cash	Accounts	Accounts	Balances
	June 30, 2022	Receipts	Disbursements	in	Equivalents	Receivable	Payable	June 30, 2023
	June 30, 2022				June 30, 2023	June 30, 2023	June 30, 2023	June 30, 2023
Miscellaneous	\$ 4,459	\$ 17,602	\$ (9,110)	\$ (5,296)	\$ 7,655	\$ -	\$ -	\$ 7,655
Healthy Schools	-	1,296	-	-	1,296	-	-	1,296
Beta Club	489	2,840	(3,183)	-	147	-	-	147
Special Projects	-	710	(460)	-	250	-	-	250
Athletics	6,927	-	(2,539)	45,435	49,824	-	-	49,824
Gate - Athletics	6,104	39,622	(3,272)	(42,454)	-	-	-	-
Ice Cream Product	-	712	(782)	-	1,622	-	-	1,552
Laurel Bowl	553	24,712	(3,738)	(21,527)	-	-	-	-
3rd-4th Boys Basketball FR	129	-	-	(129)	-	-	-	-
K-8 Basketball	-	750	(3,418)	2,849	181	-	-	181
K-8 Girls Basketball	-	2,096	(4,447)	2,790	440	-	-	440
Band	556	-	(67)	-	490	-	-	490
Varsity Cheerleaders	4,531	14,892	(17,033)	2,603	4,994	-	-	4,994
Baseball Club	1,712	11,599	(9,405)	1,888	5,794	-	-	5,794
Middle School Baseball	144	500	(320)	587	910	-	-	910
Elem- Cheer	3,885	3,018	(6,903)	-	-	-	-	-
Middle School Cheerleader	-	5,374	(4,697)	-	677	-	-	677
Boys Basketball	7,653	8,074	(21,380)	13,648	7,995	-	-	7,995
Football	7,030	31,459	(42,469)	13,720	9,739	-	-	9,739
K-8 Football	-	1,639	(3,351)	1,712	-	-	-	-
MS Volleyball	-	-	(1,140)	1,140	-	-	-	-
Volleyball	-	5,525	(5,852)	2,848	2,521	-	-	2,521
Girls Basketball	2,094	13,807	(19,203)	14,764	11,462	-	-	11,462
All A Boys Basketball	1,122	-	-	(1,122)	-	-	-	-
Golf	530	1,440	(665)	500	1,805	-	-	1,805
Softball	2,051	2,155	(4,935)	5,608	4,879	-	-	4,879
Middle School Softball	1,908	-	(175)	-	1,733	-	-	1,733
Tennis	-	526	(877)	500	149	-	-	149

*Continued on next page*



**PINEVILLE INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**PINEVILLE INDEPENDENT HIGH SCHOOL ACTIVITY FUND -CONTINUED**  
Year ended June 30, 2023

	Balances June 30, 2022	Receipts	Disbursements	Transfers in (out)	Cash and Cash Equivalents June 30, 2023	Accounts Receivable June 30, 2023	Accounts Payable June 30, 2023	Balances June 30, 2023
Track	-	6,278	(6,116)	487	649	-	-	649
Archery	271	5,528	(7,743)	3,166	1,221	-	-	1,221
Class of 2022	831	-	(831)	-	-	-	-	-
Yearbook	3,218	735	(3,166)	-	788	-	-	788
Middle School	4,494	11,219	(11,531)	250	4,432	-	-	4,432
Project Graduation	1,628	6,780	(7,820)	-	588	-	-	588
BOYS BKB Christmas Tourna	1,461	7,550	(320)	(8,691)	-	-	-	-
Humanities/Drama	2,024	-	(30)	-	1,994	-	-	1,994
Concession	378	35,486	(16,948)	(18,916)	-	-	-	-
Start Up	-	1,000	(1,000)	-	-	-	-	-
Cross Country Track	-	-	-	500	500	-	-	500
51st District Basketball	5,165	49,163	(8,711)	(45,617)	-	-	-	-
Girls Class A Basketball	2,170	-	-	(2,170)	-	-	-	-
LetterJackets	-	5,542	(4,485)	(1,057)	-	-	-	-
Baseball Softball FR	1,506	-	(784)	-	722	-	-	722
Alligator Ice	-	499	(3,353)	3,246	391	-	-	391
Arbiter Pay	-	-	(30,000)	30,000	-	-	-	-
Mens League	1,350	1,250	-	(2,600)	-	-	-	-
Girls Basketball Camp	285	-	-	(285)	-	-	-	-
First Priority	724	-	(164)	-	560	-	-	560
Class of 2023	3,252	40,555	(43,445)	(315)	48	-	-	48
Class of 2024	4,514	4,175	(1,659)	315	7,345	-	-	7,345
Class of 2025	-	4,643	(1,352)	-	3,291	-	-	3,291
<b>Total accounts</b>	<b>\$ 85,149</b>	<b>\$ 370,751</b>	<b>\$ (318,880)</b>	<b>\$ -</b>	<b>\$ 137,020</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 137,020</b>

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**PINEVILLE INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
Year ended June 30, 2023

Federal Grantor Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
US Department of Agriculture			
Passed Through State Department of Education:			
<i>Child Nutrition Cluster</i>			
<b>Summer Food Service Program for Children</b> Fiscal Year 23	10.559	7740023-23	\$ 19,590
Passed Through State Department of Agriculture:			
<b>National School Lunch Program</b> Fiscal Year 23	10.555	510-4550	258,485
Fiscal Year 23		510-4950	16,585
<b>School Breakfast Program</b> Fiscal Year 23		510-4550	<u>101,804</u>
<i>Child Nutrition Cluster Total</i>			<u>396,464</u>
Passed Through State Department of Education:			
<b>State Administrative Expenses for Child Nutrition</b> Fiscal year 23	10.560	510-4500	812
			<u>812</u>
Total US Department of Agriculture			<u>\$ 397,276</u>
US Department of Education			
Passed Through State Department of Education			
<b>Title I Grants to Local Educational Agencies</b> Fiscal Year 23	84.010	3100002-23	\$ 282,710
			<u>282,710</u>
<i>Special Education Cluster</i>			
<b>Special Education Grants to States</b> Fiscal Year 23	84.027	3810002-23	149,838
<b>Special Education Preschool Grants</b> Fiscal Year 23	84.173	3800002-23	<u>718</u>
<i>Special Education Cluster Total</i>			<u>150,556</u>
<b>Impact Aid</b> Fiscal Year 23	84.041	27-KY-2021-2905	19,916
			<u>19,916</u>
<b>Rural Education</b> Fiscal Year 23	84.358	3140002-22	25,431
			<u>25,431</u>
<b>Supporting Effective Instruction State Grant</b> Fiscal Year 23	84.367	3230002-22	23,082
			<u>23,082</u>

PINEVILLE INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
 Year ended June 30, 2023

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
<b>Student Support and Academic Enrichment Program</b>			
Fiscal Year 2023	84.424	552X	17,686
			<u>17,686</u>
<b>Comprehensive Literacy Development</b>	84.371		
Fiscal Year 23		220-466X	169,027
			<u>169,027</u>
<b>Innovative Approaches to Literacy</b>	84.215		
Fiscal Year 23		220-610X	789,335
			<u>789,335</u>
Passed through Berea College			
<b>Gaining Early Awareness and Readiness for Undergraduate Programs</b>			
Fiscal Year 23	84.334	379X	358,331
			<u>358,331</u>
Education Stabilization Fund			
<b>COVID-19 Elementary and Secondary School Emergency Relief Fund</b>			
Fiscal Year 23	84.425A	554X	84,506
Fiscal Year 23	84.425U	473X	514,289
			<u>598,795</u>
Total US Department of Education			<u>\$ 2,434,869</u>
US Department of Justice			
<b>Public Safety Partnership and Community Policing Grants</b>			
Fiscal Year 23	16.710	2-437XS	\$ 159,203
			<u>159,203</u>
Total US Department of Justice			<u>\$ 159,203</u>
<b>Total Expenditure of Federal Awards</b>			<u>\$ 2,991,348</u>



**PINEVILLE INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
Year ended June 30, 2023

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**1. BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the Pineville Independent School District and is presented on the accrual basis of accounting. 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**2. IN-KIND COMMODITIES**

Nonmonetary assistance is reported in the schedule at the fair value of the commodities disbursed. The District no longer maintains a separate commodities inventory due to changes in program regulations. Commodities are included under the Child Nutrition Cluster. The valued amount of commodities received for June 30, 2023 is \$16,585.

**3. CLUSTER PROGRAMS**

The following CFDA numbers are considered cluster programs:

Special Education Cluster	
Special Education Grants to States	84.027
Special Education – Preschool Grants	84.173
Child Nutrition Cluster	
National School Lunch Program	10.555
National School Breakfast Program	10.553
Special Milk Program for Children	10.556
Summer Food Services for Children	10.559

**4. INDIRECT COST RATES**

The District has elected not to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.



**Cloyd & Associates, PSC**  
Certified Public Accountants  
and  
Business Advisors

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

Kentucky State Committee for  
School District Audits  
Members of the Board of Education  
Pineville Independent School District  
Pineville, Kentucky

We have audited, in accordance with the 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 prescribed by the Kentucky State Committee for School District Audits in the *Independent Auditor's Contract*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Pineville Independent School District (District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Pineville Independent School District's basic financial statements, and have issued our report thereon dated November 15, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Pineville Independent School District'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Pineville Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Pineville Independent School District's internal control.

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

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



### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Pineville Independent School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*. In addition, the results of our test disclosed no instances of material noncompliance with specific state statutes or regulations identified in the *Independent Auditor's Contract-State Audit Requirements*.

### **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.

*Cloyd & Associates, P.S.C.*

Cloyd & Associates, PSC  
London, Kentucky  
November 15, 2023





**Cloyd & Associates, PSC**

*Certified Public Accountants  
and  
Business Advisors*

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

Kentucky State Committee for  
School District Audits  
Members of the Board of Education  
Pineville Independent School District  
Pineville, Kentucky

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

***Opinion on Each Major Federal Program***

We have audited Pineville Independent School District's (District) 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 Pineville Independent School District's major federal programs for the year ended June 30, 2023. The Pineville Independent School District'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, Pineville Independent School District 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, 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Independent Auditor's Contract-State Audit Requirements*. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Pineville Independent School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related 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 the District's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Pineville Independent School District'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 the District's compliance based on our audit. Reasonable assurance is a high level of assurance, but is not absolute assurance, and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk 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 the District'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 the District'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 the District'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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

*Cloyd & Associates, PSC*

Cloyd & Associates, PSC  
London, Kentucky  
November 15, 2023

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**PINEVILLE INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
 Year ended June 30, 2023

**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of auditors' report issued		Unmodified	
Internal control over financial reporting:			
Material weakness identified	<u>      </u>	Yes	<u>  ✓  </u> No
Significant deficiencies identified that are not considered to be material weaknesses	<u>      </u>	Yes	<u>  ✓  </u> None reported
Noncompliance material to financial statement noted	<u>      </u>	Yes	<u>  ✓  </u> No

**Federal Awards**

Internal control over major programs:			
Material weaknesses identified	<u>      </u>	Yes	<u>  ✓  </u> No
Significant deficiencies identified that are not considered to be material weaknesses	<u>      </u>	Yes	<u>  ✓  </u> None reported
Type of auditors' report issued on compliance for major programs		Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section of 200.516(a)?	<u>      </u>	Yes	<u>  ✓  </u> No

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425A
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425U
Innovative Approaches to Literacy	84.215

Dollar threshold used to distinguish between Type A and Type B program	\$750,000
Auditee qualified as low risk	<u>  ✓  </u> Yes <u>      </u> No

(continued)



**PINEVILLE INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED**  
Year ended June 30, 2023

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**Section II – Financial Statement Findings**

None

**Section III – Federal Award Findings**

None

**PINEVILLE INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
Year ended June 30, 2023

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**Status of Prior Year Findings**

There were no prior year findings.

**MANAGEMENT LETTER COMMENTS**



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**Cloyd & Associates, PSC**

*Certified Public Accountants  
and  
Business Advisors*

Members of the Board of Education  
Pineville Independent School District  
Pineville, Kentucky

In planning and performing our audit of the basic financial statements of Pineville Independent School District for the year ended June 30, 2023, we considered the District's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the basic financial statements and not to provide assurance on the internal control structure.

If during our audit we noted matters that are opportunities for strengthening internal controls and operating efficiency then the memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report thereon dated November 15, 2023, on the basic financial statements of Pineville Independent School District.

If applicable, we will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various District personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Respectfully,

*Cloyd & Associates, PSC*

Cloyd & Associates, PSC  
London, Kentucky  
November 15, 2023



**PINEVILLE INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT LETTER COMMENTS**  
For the year ended June 30, 2023

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**Prior Year Comments – School Activity Funds**

None.

**Current Year Comments –School Activity Funds**

None.