B Co.
Balestra & Company, PLLC

PINEVILLE INDEPENDENT SCHOOL DISTRICT

BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2025

with

REPORT OF INDEPENDENT AUDITORS

Balestra & Company, PLLC
Certified Public Accountants

TABLE OF CONTENTS

Page

Independent Auditor's Report **1**

Management's Discussion and Analysis **4**

Basic Financial Statements

Government-wide Financial Statements:

Statement of Net Position 8
Statement of Activities 9

Fund Financial Statements:

Balance Sheet – Governmental Funds 10
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position 11
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds 12
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to the Statement of Activities 13
Statement of Net Position – Proprietary Funds 14
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds 15
Statement of Cash Flows – Proprietary Funds 16

Notes to the Basic Financial Statements **17**

Required Supplementary Information

Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund 50
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Special Revenue Fund 51
Notes to Required Supplementary Information – Budget and Actual – General Fund and Special Revenue Fund 52
Schedule of the District's Proportionate Share of the Net Pension Liability (Asset) – County Employees Retirement System 53
Schedule of District Contributions – County Employees Retirement System 54
Schedule of the District's Proportionate Share of the Net OPEB Liability (Asset) – County Employees Retirement System – Medical Insurance Plan 55
Schedule of District Contributions – County Employees Retirement System – Medical Insurance Plan 56
Notes to Required Supplementary Information – County Employees Retirement System 57
Schedule of the State's Proportionate Share of the Net Pension Liability (Asset) – Kentucky Teachers' Retirement System 60
Schedule of State Contributions – Kentucky Teachers' Retirement System 61
Schedule of the District's Proportionate Share of the Net OPEB Liability (Asset) – Kentucky Teachers' Retirement System – Medical Insurance Plan 62
Schedule of District Contributions – Kentucky Teachers' Retirement System – Medical Insurance Plan 63
Schedule of the State's Proportionate Share of the Net OPEB Liability (Asset) – Kentucky Teachers' Retirement System – Life Insurance Plan 64

TABLE OF CONTENTS (CONTINUED)

Page

Schedule of State Contributions – Kentucky Teachers' Retirement System – Life Insurance Plan 65
Notes to Required Supplementary Information – Kentucky Teachers' Retirement System 66

Other Supplementary Information

Combining Balance Sheet – Non-major Governmental Funds 69
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-major Governmental Funds 70
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – Elementary and Middle School Activity Funds 71
Statement of Revenues, Expenditures, and Changes in Fund Balances – Pineville Independent High School Activity Fund 72

Federal Awards, Compliance and Other Reports

Schedule of Expenditures of Federal Awards 74
Notes to the Schedule of Expenditures of Federal Awards 76
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Basic Financial Statements Performed in Accordance with Government Auditing Standards 77
Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by Uniform Guidance 79
Schedule of Findings and Questioned Costs – Major Programs 82
Schedule of Prior Year Audit Findings 84
Independent Auditors' Transmittal Letter for Management Letter Comments 85
Management Letter Comments 86

INDEPENDENT AUDITOR'S 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 the Pineville Independent School District (District) as of and for the year ended June 30, 2025, 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 District, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, 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 District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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, budgetary comparison information, and the pension and other postemployment benefits liability and contribution 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 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 *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2026, on our consideration of the 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

Balestra & Company, PLLC

South Shore, Kentucky
March 1, 2026

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, 2025. 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 $5,390,446 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 $5,611,829 in General Fund expenditures.

- The beginning cash balance for the District was $3,134,498. The ending cash balance for the District was $1,230,316.

- Governmental Capital Assets had a net increase of $1,634,507 during FY 2025. 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.

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, 2025

Fiscal year 2025 government-wide net position compared to 2024 is as follows:

	2025	2024
Current and other assets	$ 1,923,941	$ 4,785,135
Capital assets	9,813,160	8,184,407
Total assets	$ 11,737,101	$ 12,969,542
Deferred outflow of resources	$ 984,201	$ 1,475,610
Current liabilities	$ 992,412	$ 1,360,064
Noncurrent liabilities	7,757,676	8,492,487
Total liabilities	$ 8,750,088	$ 9,852,551
Deferred inflow of resources	$ 1,350,067	$ 1,582,724
Net investment in capital assets, net of debt	$ 3,903,343	$ 1,871,766
Restricted net position	992,251	992,251
Unrestricted net position	(2,274,447)	145,860
Total net position	$ 2,621,147	$ 3,009,877

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 $3,200,646; proprietary liabilities exceeded assets by $213,633 and total assets exceeded liabilities by $2,987,013 at June 30, 2025.

The District had an overall decrease in unrestricted net position of $2,420,307 comprised due to mainly a large increase in capital assets during 2025, which increased the net position invested in capital assets.

The following table presents a fund accounting comparison and summary of revenue and expense for Government Funds only for the fiscal years 2025 and 2024.

	2025	2024
Revenues and other financing sources		
Local revenue sources	$ 1,243,335	$ 1,570,071
State revenue sources	5,820,829	5,420,806
Federal revenue	2,883,448	3,132,897
Total revenue	$ 9,947,612	$ 10,123,774
Expenditures and other financing uses		
Instruction	$ 6,139,882	$ 6,095,461
Student support services	369,998	287,023
Instructional support	478,054	441,421
District administration	418,789	514,736
School administration	375,738	300,837
Business operations	144,485	193,519
Plant operations and maintenance	1,039,312	1,085,965
Community services	184,312	174,494
Student transportation	193,539	121,097
Building improvements	2,470,668	651,445
Land/site acquisitions	-	180,000
Debt service	624,318	489,665
Total expenditures	$ 12,439,095	$ 10,535,663
Excess revenues (expenditures)	$ (2,491,483)	$ (411,889)
Other financing sources (uses)		
Bond proceeds	$ -	$ 3,240,000
Transfers in	638,270	649,941
Transfers out	(629,051)	(649,941)
Total other financing sources (uses)	$ 9,219	$ 3,240,000
Net change in fund balance	$ (2,482,264)	$ 2,828,111

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 $151,725 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, 2025, were $5,390,446 excluding transfers.
- General fund budgeted revenue compared to actual revenue varied from line item to line item with the ending actual balance being $1,498,950 more than budget. This is due primarily to recording on-behalf payments made by the State of Kentucky that were not budgeted.
- The total cost of all general fund programs and services for the fiscal year ended June 30, 2025, was $5,611,829
- General fund budgeted expenditures compared to actual expenditures varied from line item to line item with the ending actual balance being $1,552,342 more than budget or 45.91% more than budget. When you eliminate the non-budgeted State of Kentucky on-behalf expense, expenditures compared to budget were only $241,099 or 6.5% 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, 2025

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	$ 1,240,054	$ 4,888	$ 1,244,942
Accounts receivable:			
Other	-	13,788	13,788
Intergovernmental - State	-	-	-
Intergovernmental - Federal	593,352	-	593,352
Inventory	-	3,211	3,211
Net OPEB asset	38,841	6,422	45,263
Internal Balances	23,385	-	23,385
Capital assets, net			
Nondepreciable	505,115	-	505,115
Depreciable	9,268,369	39,676	9,308,045
Total assets	11,669,116	67,985	11,737,101
Deferred outflow of resources			
Deferred amounts created by bond refundings	35,854	-	35,854
Deferred outflows from KTRS	147,251	-	147,251
Deferred outflows from pensions	242,336	56,844	299,180
Deferred outflows from OPEB	406,552	95,364	501,916
Total deferred outflow of resources	831,993	152,208	984,201
LIABILITIES			
Checks written in excess of bank	155,994	-	155,994
Accounts payable	75,186	3,342	78,528
Unearned revenue	120,469	-	120,469
Accrued expenses	159,533	-	159,533
Current portion of lease obligations	30,804	-	30,804
Current maturities of bond obligations	370,000	-	370,000
Interest payable	53,699	-	53,699
Internal Balances	-	23,385	23,385
Net pension liability- noncurrent	1,086,638	254,891	1,341,529
Net OPEB - KTRS liability- noncurrent	772,000	-	772,000
Noncurrent portion of lease obligations	124,867	-	124,867
Noncurrent maturities of bond obligations	5,420,000	-	5,420,000
Noncurrent portion of accumulated sick leave	99,280	-	99,280
Total liabilities	8,468,470	281,618	8,750,088
Deferred inflow of resources			
Deferred inflows from pensions	256,431	60,150	316,581
Deferred inflows from OPEB - CERS	485,190	113,810	599,000
Deferred inflows from OPEB - KTRS	434,486	-	434,486
Total deferred inflow of resources	1,176,107	173,960	1,350,067
NET POSITION			
Net investment in capital assets	3,863,667	39,676	3,903,343
Restricted for:		-	
Capital expenditures	652,908	-	652,908
Other	339,343	-	339,343
Unrestricted	(1,999,386)	(275,061)	(2,274,447)
Total net position	$ 2,856,532	$ (235,385)	$ 2,621,147

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

PINEVILLE INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2025

FUNCTIONS/PROGRAMS	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-Type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Governmental activities							
Instruction	$ 6,238,848	$ -	$ 3,516,802	$ -	$ (2,722,046)	$ -	$ (2,722,046)
Student	375,936	-	166,982	-	(208,954)	-	(208,954)
Instructional support	485,971	-	256,761	-	(229,210)	-	(229,210)
District administration	426,706	-	333,054	-	(93,652)	-	(93,652)
School administration	381,676	-	175,490	-	(206,186)	-	(206,186)
Business support	146,464	-	112,634	-	(33,830)	-	(33,830)
Plant operations and maintenance	2,266,341	-	688,160	-	(1,578,181)	-	(1,578,181)
Student transportation	197,498	-	80,884	-	(116,614)	-	(116,614)
Community services	188,271	-	101,498	-	(86,773)	-	(86,773)
Interest on long-term debt	217,936	-	-	560,061	342,125	-	342,125
Total governmental activities	10,925,647	-	5,432,266	560,061	(4,933,320)	-	(4,933,320)
Business-type activities							
Food service	488,745	6,588	502,183	-	-	20,026	20,026
Total business-type activities	488,745	6,588	502,183	-	-	20,026	20,026
Total primary government	$ 11,414,392	$ 6,588	$ 5,934,449	$ 560,061	(4,933,320)	20,026	(4,913,294)
			General revenues				
			Taxes:				
			Property		523,978	-	523,978
			Motor vehicle		39,529	-	39,529
			Utility		150,560	-	150,560
			Earnings on investments		2,327	-	2,327
			State grants		3,272,011	-	3,272,011
			Other local amounts		536,159	-	536,159
			Total general revenues		4,524,564	-	4,524,564
			Change in net position		(408,756)	20,026	(388,730)
			Net position as of June 30, 2024		3,265,288	(255,411)	3,009,877
			Net position as of June 30, 2025		$ 2,856,532	$ (235,385)	$ 2,621,147

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

PINEVILLE INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2025

	General Fund	Special Revenue Funds	Facility Support (FSPK) Fund	Construction Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	$ -	$ -	$ 703,883	$ 119,273	$ 416,898	$ 1,240,054
Accounts receivable:						
Intergovernmental - Federal	-	593,352	-	-	-	593,352
Interfund receivable	461,184	-	-	-	-	461,184
Total assets	$ 461,184	$ 593,352	$ 703,883	$ 119,273	$ 416,898	$ 2,294,590
LIABILITIES AND FUND BALANCES						
Liabilities						
Checks written in excess of bank	$ 155,994	$ -	$ -	$ -	$ -	$ 155,994
Accounts payable	38,716	35,084	-	1,386	-	75,186
Accrued expenses	159,533	-	-	-	-	159,533
Interfund payable	-	437,799	-	-	-	437,799
Advances from grantors	-	120,469	-	-	-	120,469
Total liabilities	354,243	593,352	-	1,386	-	948,981
Fund balances						
Restricted	-	-	703,883	117,887	416,898	1,238,668
Unassigned	106,941	-	-	-	-	106,941
Total fund balances	106,941	-	703,883	117,887	416,898	1,345,609
Total liabilities and fund balances	$ 461,184	$ 593,352	$ 703,883	$ 119,273	$ 416,898	$ 2,294,590

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, 2025

Total fund balances - governmental funds	$ 1,345,609
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.	9,773,484
Deferred outflows of resources are presented in the statement of net position but are not presented in the fund financial statements.	831,993
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.	(5,790,000)
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.	(155,671)
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.	(99,280)
The net pension liability is presented on the statement of net position but is not presented in the fund financial statements.	(1,819,797)
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.	(1,176,107)
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.	(53,699)
Total net position - governmental activities	$ 2,856,532

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

PINEVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025

	General Fund	Special Revenue Funds	Facility Support (FSPK) Fund	Construction Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
From local sources:						
Taxes:						
Property	$ 402,739	$ -	$ 121,239	$ -	$ -	$ 523,978
Motor vehicle	39,529	-	-	-	-	39,529
Utility	150,560	-	-	-	-	150,560
Earnings from investments	2,327	-	-	-	-	2,327
Other local	91,717	-	-	-	435,224	526,941
Intergovernmental - State				-		
SEEK	3,272,011	-	-		-	3,272,011
Other	1,382,598	508,997	560,061	-	97,162	2,548,818
Intergovernmental - Federal	48,965	2,834,483	-	-	-	2,883,448
Total revenues	5,390,446	3,343,480	681,300	-	532,386	9,947,612
Expenditures						
Current:						
Instruction	2,977,606	2,732,459	-	-	429,817	6,139,882
Student	314,115	55,883	-	-	-	369,998
Instructional support	192,038	286,016	-	-	-	478,054
District administration	413,996	4,793	-	-	-	418,789
School administration	375,738	-	-	-	-	375,738
Business support	144,485	-	-	-	-	144,485
Plant operations and maintenance	953,930	85,382	-	-	-	1,039,312
Student transportation	193,539	-	-	-	-	193,539
Community services	-	184,312	-	-	-	184,312
Building improvements	-	-	-	2,470,668		2,470,668
Debt service	46,382	-	-	-	577,936	624,318
Total expenditures	5,611,829	3,348,845	-	2,470,668	1,007,753	12,439,095
Excess (deficit) of revenues over (under) expenditures	(221,383)	(5,365)	681,300	(2,470,668)	(475,367)	(2,491,483)
Other financing sources (uses)						
Transfers in	90,875	9,618	-	-	537,777	638,270
Transfers out	(9,618)	(4,253)	(528,558)	-	(86,622)	(629,051)
Total other financing sources (uses)	81,257	5,365	(528,558)	-	451,155	9,219
Net change in fund balance	(140,126)	-	152,742	(2,470,668)	(24,212)	(2,482,264)
Fund balance as of June 30, 2024	247,067	-	551,141	2,588,555	441,110	3,827,873
Fund balance as of June 30, 2025	$ 106,941	$ -	$ 703,883	$ 117,887	$ 416,898	$ 1,345,609

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

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, 2025

Net change in total fund balances - governmental funds	$ (2,482,264)
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.	1,243,639
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.	-
Bond, 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.	402,824
Calculated pension expense is recognized on the statement of activities while current year pension contributions are deferred.	274,066
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.	53,699
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.	99,280
Change in net position - governmental activities	$ (408,756)

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

PINEVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2025

	Food Service Fund
ASSETS	
Current assets	
Cash and cash equivalents	$ 4,888
Accounts receivable	13,788
Inventory	3,211
Total current assets	21,887
Noncurrent assets	
Net OPEB asset	6,422
Capital assets	174,789
Less accumulated depreciation	(135,113)
Total noncurrent assets	46,098
Total assets	67,985
Deferred outflow of resources	
Deferred outflows from pensions	56,844
Deferred outflows from OPEB	95,364
	152,208
LIABILITIES	
Current liabilities	
Accounts payable	3,342
Interfund payable	23,385
Total current liabilities	26,727
Noncurrent liabilities	
Net pension liability	254,891
Total noncurrent liabilities	254,891
Total liabilities	281,618
Deferred inflow of resources	
Deferred inflows from pensions	60,150
Deferred inflows from OPEB	113,810
	173,960
NET POSITION	
Net investment in capital assets	39,676
Unrestricted	(275,061)
Total net position	$ (235,385)

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

PINEVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2025

	Food Service Fund
Operating revenues	
Lunchroom sales	$ 6,588
Total operating revenues	6,588
Operating expenses	
Salaries and wages	159,744
Employee benefits	105,515
Materials and supplies	217,732
Depreciation	5,754
Total operating expenses	488,745
Operating gain/(loss)	(482,157)
Nonoperating revenues	
Federal grants	416,042
Donated commodities	27,753
State grants	58,388
Total nonoperating revenues/(expenses)	502,183
Change in net position	20,026
Net position as of June 30, 2024	(255,411)
Net position as of June 30, 2025	$ (235,385)

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, 2025

	Food Service Fund
Cash flows from operating activities	
Cash received from:	
Lunchroom sales	$ 6,588
Cash paid to/for:	
Employees	(276,854)
Supplies	(192,009)
Net cash used in operating activities	(462,275)
Cash flows from non-capital financing activities	
Grants received	457,373
Net cash used in non-capital financing activities	457,373
Net increase in cash and cash equivalents	(4,902)
Cash and cash equivalents as of June 30, 2024	9,790
Cash and cash equivalents as of June 30, 2025	$ 4,888
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
Operating income/ (loss)	$ (482,157)
Adjustments to reconcile change in net position to net cash used in operating activities:	
Net change in pension expense	(11,595)
(Increase) Decrease in accounts receivable	222
(Increase) Decrease in inventory	1,068
Increase (Decrease) in accounts payable	(3,320)
Depreciation	5,754
Commodities received	27,753
Net cash used in operating activities	$ (462,275)
Schedule of non-cash transactions:	
Depreciation	$ 5,754
Donated commodities	27,753
Total non-cash transactions	$ 33,507

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

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. This is a major fund of the district.

3. The Construction Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction and/or remodeling. This is a major fund of the district.

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, 2025, to finance the General Fund operations were $.77 per $100 valuation for real property, $.77 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:

Description	Estimated Lives
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.

The Board establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives).

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

Assigned fund balance is established by the Board through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

This District would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

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, 2025, 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. The District typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a future project.

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) 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 and Other Post-employment Benefits

For purposes of measuring the net liabilities, the deferred outflows of resources and deferred inflows of resources, and expense related to pensions and other post-employment benefits (OPEB), information about the fiduciary net position of the pension / OPEB plans, and additions to / deductions from the pension / OPEB plans' fiduciary net position has been determined on the same basis as they are reported by the pension / OPEB plans. For this purpose, revenues are recognized when earned. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The primary government's proportionate share of pension amounts was further allocated to proprietary funds based on the salaries paid by each proprietary fund. Plan investments are reported at fair value.

Other Post-employment 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. DEPOSITS AND INVESTMENTS

Deposits
The District's deposits (demand deposit accounts) are carried at cost, which approximates fair value. At June 30, 2025, the book balance of the District's bank deposits and the bank balances were as follows:

	Bank Balance	Book Balance
First State Bank	$ 1,258,920	$ 1,230,316
	$ 1,258,920	$ 1,230,316

3. DEPOSITS AND INVESTMENTS – CONTINUED

Breakdown per financial statements is as follows:

Governmental funds	$	1,225,428
Proprietary funds		4,888
	$	1,230,316

Due to the nature of the accounts and limitations imposed for the purposes of various funds, all cash balances are considered to be restricted except for the General Fund.

Custodial Credit Risk

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, 2025, none of the District's bank balance was exposed to custodial credit risk because of coverage by Federal Depository insurance and by collateral agreements and collateral held by the pledging banks' trust departments in the District's name.

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, 2025, 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.

Investments reported on the financial statements are nonparticipating interest-earning investment contracts purchased from a bank in the form of a Certificate of Deposit. Therefore, under GASB Statement No 72, Fair Value Measurement & Application these types of investments are exempt from fair value measurements.

4. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2025 was as follows:

See table on next page

4. CAPITAL ASSETS - CONTINUED

	June 30, 2024 Balance	Additions	Retirements	June 30, 2025 Balance
Governmental Activities				
Land & land improvements	$ 808,104	$ -	$ -	$ 808,104
Buildings	10,844,019	2,447,283	-	13,291,302
Technology equipment	647,206	36,600	-	683,806
Vehicles	673,496	-	-	673,496
General equipment	304,540	-	-	304,540
Construction in progress	651,445	-	651,445	-
Total historical cost	13,928,810	2,483,883	651,445	15,761,248
Less accumulated depreciation	5,789,833	197,931	-	5,987,764
Governmental capital assets, net	$ 8,138,977	$ 2,285,952	$ 651,445	$ 9,773,484
Business-type Activities				
Technology equipment	$ 11,052	$ -	$ -	$ 11,052
Food service and equipment	163,737	-	-	163,737
Total historical cost	174,789	-	-	174,789
Less accumulated depreciation	129,359	5,754	-	135,113
Business-type capital assets, net	$ 45,430	$ (5,754)	$ -	$ 39,676

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:

Student	5,938
Instructional support	7,917
District administration	7,917
School administration	5,938
Business support	1,979
Plant operations and maintenance	61,358
Student transportation	3,959
Community services	3,959
	$ 197,931

5. LEASE PAYABLE

The District has entered into a 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 lease activity for the year ended June 30, 2025:

See table on next page

5. LEASE PAYABLE - CONTINUED

Description	Maturity	Interest Rates	Original Issue	Balance June 30, 2024	Debt Issued	Debt Paid	Balance June 30, 2025	Due Within One Year
KISTA:								
2014	March, 2024	2.0%	$ 104,420	$ 12,577	$ -	$ 12,577	$ -	$ -
2019	March, 2029	3.0%	105,560	47,828	-	10,182	37,646	10,304
2020	March, 2030	2.0%	202,958	138,090	-	20,065	118,025	20,500
			$ 412,938	$ 198,495	$ -	$ 42,824	$ 155,671	$ 30,804

The following table presents a schedule by years of the future minimum lease payments under lease as of June 30, 2025:

Year	Principal	Interest	Total
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	17,631	265	17,896
Totals	$ 155,671	$ 8,189	$ 163,860
		Less: amounts representing interest	(8,189)
		Net lease liability	$ 155,671

6. 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	Final Maturity
2014R	$ 4,100,000	2.00%-3.25%	2030
2018	$ 995,000	3.00%-3.375%	2038
2024	$ 3,240,000	3.35%-4.30%	2044

The District, through the General Fund, including utility taxes, the FSPK Building Fund, 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.

6. 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, 2025 for debt service (principal and interest) are as follows:

Year	Local Principal	Local Interest	SFCC Principal	SFCC Interest	Total Principal	Total Interest
2025-26	331,098	199,079	38,902	10,477	370,000	209,556
2026-27	339,931	189,046	40,069	9,310	380,000	198,356
2027-28	353,729	178,748	41,271	8,108	395,000	186,856
2028-29	362,492	168,036	42,508	6,870	405,000	174,906
2029-30	371,144	156,247	43,856	5,522	415,000	161,769
2030-31	235,909	144,188	14,091	4,131	250,000	148,319
2031-32	245,485	135,361	14,515	3,708	260,000	139,069
2032-33	250,033	126,071	14,967	3,254	265,000	129,325
2033-34	259,546	116,520	15,454	2,768	275,000	119,288
2034-35	269,044	106,622	15,956	2,266	285,000	108,888
2035-36	278,525	96,341	16,475	1,747	295,000	98,088
2036-37	287,970	85,628	17,030	1,191	305,000	86,819
2037-38	302,394	74,534	17,606	616	320,000	75,150
2038-39	235,000	62,800	-	-	235,000	62,800
2039-40	245,000	53,400	-	-	245,000	53,400
2040-41	255,000	43,600	-	-	255,000	43,600
2041-42	265,000	33,400	-	-	265,000	33,400
2042-43	280,000	22,800	-	-	280,000	22,800
2043-44	290,000	11,600	-	-	290,000	11,600
Totals	$ 5,457,300	$ 2,004,020	$ 332,700	$ 59,968	$ 5,790,000	$ 2,063,988

6. LONG-TERM OBLIGATIONS-CONTINUED

A summary of the changes in long-term liabilities during the fiscal year ended June 30, 2025 is as follows:

School Building Revenue Bonds	Balance July 1, 2024	Additions	Deductions	Balance June 30, 2025
2012 Refunding	$ -	$ -	$ -	$ -
2014 Refunding	2,010,000	-	310,000	1,700,000
2018	900,000	-	40,000	860,000
2024	3,240,000	-	10,000	3,230,000
Net Pension Liability (Asset)	1,551,063	-	209,534	1,341,529
Net OPEB - CERS Liability (Asset)	(33,374)	-	11,889	(45,263)
Net OPEB - KTRS Liability (Asset)	930,000	-	158,000	772,000
Accrued Sick Leave	65,753	33,527	-	99,280
	$ 8,663,442	$ 33,527	$ 739,423	$ 7,957,546

The change in accrued sick leave is presented as a net change.

NOTE 7. – PENSION PLANS

KENTUCKY TEACHERS' RETIREMENT SYSTEM (KTRS)

The Pineville Independent School District contributes to the Teachers' Retirement System of Kentucky (KTRS), a cost-sharing, multiple employer defined benefit pension plan. KTRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems and other public educational agencies in Kentucky. KTRS requires that members of KTRS occupy a position requiring either a four (4) year college degree or certification by Kentucky Department of Education (KDE). Job classifications that permit experience to substitute for either of these requirements do not participate in KTRS.

KTRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the Kentucky Revised Statues (KRS). KTRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. That report can be obtained by writing to Kentucky Teachers' Retirement System, 479 Versailles Road, Frankfort, Ky 40601 or from the KTRS web site at http://www.ktrs.ky.gov/.

Funding Policy – Contribution rates are established by KRS. Members are required to contribute 12.855% of their salaries to KTRS. The Commonwealth of Kentucky is required to contribute 13.105% of salaries for members in a state retirement system before July 1, 2008 and 14.105% of salaries for members who started their account after June 30, 2008. The federal program for any salaries paid by that program pays the matching contributions. The local school districts pay employer matching on all employees who do not occupy federally funded positions. As part of the Shared Responsibility Plan, beginning July 1, 2010 each employer is required to pay the amount equal to the increase in employee contributions. Effective July 1, 2015, the current employer match is 3.00% of total gross non-federal salaries in the district and for individuals employed in federally funded positions the employer-matching rate is 16.105%

Medical Insurance Plan

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

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

Funding policy – In order to fund the post-employment healthcare benefit, active member contributions are matched by the state at .75% of members' gross salaries. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan. Additionally, under the Shared Responsibility Plan, the local school district employers pay 3.00% of members' salary for the 2024-2025 fiscal year.

The Pineville Independent School District's total payroll for the year was $4,729,823. The payroll for employees covered under KTRS was $3,599,270. For the year ended June 30, 2025, the Commonwealth contributed $695,538 to KTRS for the benefit of participating employees. The School District's contributions to KTRS for the year ending June 30, 2025 was $228,633, which represents those employees covered by federal programs.

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

At June 30, 2025, the District did not report a liability for its proportionate share of the net pension liability because the Commonwealth of Kentucky provides the pension support directly to KTRS on behalf of the District. The amount recognized by the District as it's proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net Pension Liability	$ -
Commonwealth's proportionate share of the Net Pension liability associated with the District	11,214,800
	$ 11,214,800

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2023. An expected total pension liability as of June 30, 2024 was determined using standard roll-forward techniques. The District's proportion of the net pension liability was based on the actual liability of the employees and former employees relative to the total liability of the Commonwealth as determined by the actuary. At June 30, 2024, the District's proportion was 0.0682%.

For the year ended June 30, 2025, the District recognized pension expense of $1,371,381 and revenue of $1,371,381 for support provided by the State.

Actuarial Methods and Assumptions: The total pension liability was determined by applying procedures to the actuarial valuation as of June 30, 2023. The financial reporting actuarial valuation as of June 30, 2024, used the following actuarial methods and assumptions:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	30 years
Asset Valuation Method	20% of the difference between market value of assets is recognized
Single Equivalent Interest Rate	7.10%
Municipal Bond Index Rate	3.94%
Inflation	2.50%
Salary Increase	3.00%-7.50%, including inflation

Investment Rate of Return	7.10%, net of pension plan investment expense, including inflation
Post-retirement Benefit Increases	1.50% annually

Mortality rates were based on the Pub 2010 (Teachers Benefit-Weighted) Mortality Table projected generationally based on the projection scale MP-2020 with various set-forwards, set-backs, and adjustments for each of the groups; service, retirees, contingent annuitants, disabled retirees, and active members. The actuarial assumptions used were based on the results of an actuarial experience study for the 5-year period ending June 30, 2020, adopted by the board on September 20, 2021. The Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap U.S. Equity	35.4%	5.0%
Small Cap U.S. Equity	2.6%	5.5%
Developed International Equity	15.7%	5.5%
Emerging Markets Equity	5.3%	6.1%
Fixed Income	15.0%	1.9%
High Yield Bonds	2.0%	3.8%
Other Additional Categories	8.0%	3.6%
Real Estate	7.0%	3.2%
Private Equity	7.0%	8.0%
Cash	2.0%	1.6%
Total	100.0%	

Discount Rate: The discount rate used to measure the total pension liability as of the Measurement Date was 7.10 percent. 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 that Employer contributions will be made at the Actuarially Determined Contribution rates for all fiscal years in the future. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on a pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued KTRS financial report which is publically available at http:://www.ktrs.ky.gov/.

NOTE 7. – PENSION PLANS – CONTINUED

COUNTY EMPLOYEES' RETIREMENT SYSTEM (CERS)

Plan Description

Classified employees (substantially all full-time Board employees other than certified employees) are covered by the County Employees' Retirement System (CERS), a cost-sharing, multiple-employer defined benefit pension plan
administered by the Kentucky Retirement System. CERS provides for retirement, disability, and death benefits to plan members and beneficiaries. Cost of living adjustments are provided at the discretion of the State legislature. Under the provisions of the Kentucky Revised Statute Section 61.645, the Board of Trustees of Kentucky Retirement System administers CERS and has the authority to establish and amend benefit provisions. The County Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Kentucky Retirement Systems, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40601 or at http://www.kyret.ky.gov.

Benefits Provided

The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Retirement Benefit

CERS is designed to provide three types of benefits: a monthly retirement benefit for life based on the employee's salary and service (the pension benefit), health insurance benefits after retirement, and disability/death benefits.

Monthly retirement benefits are based on a formula established by statute which is (final compensation x benefit factor x years of service credit). Participants hired before 8/1/04 have their monthly benefit calculated at the average of highest five years salary which must contain at least 48 months of service and includes lump-sum payments for compensatory time times 2.2% benefit factor times years of service credit. Participants hired after 8/1/04 but before 9/1/08 have a reduced benefit factor of 2.0%.

Participants hired after 9/1/08 have their monthly benefit calculated at the average of the five complete fiscal years immediately preceding retirement which must contain 60 months of service and does not include lump-sum payments for compensatory time. The benefit factor is 1.10% for 10 years or less of service, 1.30% for more than 10 years but no more than 20 years, 1.50% for greater than 20 years but no more than 26 years, 1.75% for greater than 26 years but no more than 30 years, and 2.00% for greater than 30 years.

At retirement, a retiree may choose to take a reduced monthly benefit in order to provide a monthly benefit to a beneficiary upon their death, either for a period certain or for the life of the beneficiary. The system also provides for a statutory 1.5% annual increase to monthly benefits after retirement, often referred to as the cost of living adjustment (COLA).

Medical Insurance

CERS also provides access to group rates on medical insurance for retired members, their spouse, and dependents. Coverage for retirees not eligible for Medicare is provided through the KentuckyEmployees Health Plan the same health plan provided to state employees. Coverage for Medicare eligible retirees is provided through a plan administered by or contracted through the retirement systems which then coordinates with Medicare for delivery of health benefits.

NOTE 7. – PENSION PLANS – CONTINUED

As provided by state statute, CERS also subsidizes medical coverage for the retiree. In general, employees participating prior to 7/1/03 receive a percentage of the premium paid based upon service credit, while employees who begin participating after that date receive a set dollar amount for each year of service credit.

Disability and Death Benefits

Like most defined benefit plans, CERS provides benefits for those employees who become disabled or who die prior to retirement. Participants have to have a minimum of 5 years of service to apply for disability benefits and approval determined by systems under criteria established by state statute. CERS also provides death before retirement and special death in the line of duty benefits. After retirement, the benefits left to the retiree's beneficiary vary based upon the payment option selected at retirement. In addition, CERS provides a $5,000 lump sum death benefit for members who retire with at least 4 years of service.

Contributions

Plan members are required to contribute 5.00% of their annual salary if hired before September 1, 2008 and 6% if hired on or after September 1, 2008 through payroll deductions and the Board is required to contribute at an actuarially determined rate. The current rate is 19.71% of the employee's total covered compensation, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District's contributions to CERS for the year ended June 30, 2025 was $137,585, which consisted of $104,924 from the District and $32,661 from the employees.

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

KTRS portion of GASB 68 changes will be reported by the State only and the district will not reflect any of those changes in their report but the district will fully comply with all changes of GASB 68 concerning CERS and disclose those changes within the report.

At June 30, 2025 the District reported a liability of $1,341,529 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2024, the District's proportion was 0.022432%, which was an decrease of 0.001714% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the District recognized pension expense of $141,229. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTE 7. – PENSION PLANS – CONTINUED

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 64,932	$ -
Changes of assumptions	-	60,611
Net difference between projected and actual investment earnings on pension plan investments	92,133	178,386
Changes in proportion and differences between employer contributions and proportionate share of contributions	37,191	77,584
District contributions subsequent to the measurement date	104,924	-
Total	$ 299,180	$ 316,581

$104,924 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2026	$ (64,733)
2027	(5,212)
2028	(33,157)
2029	(19,222)
2030	-
Thereafter	-
	$ (122,324)

Actuarial Methods and Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2024 are as follows:

Inflation	2.30%
Payroll Growth Rate	2.00% for CERS non-hazardous
Salary Increase	3.30% to 10.30%, varies by service for CERS non-hazardous
Investment Rate of Return	6.50% for CERS non-hazardous

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

NOTE 7. – PENSION PLANS – CONTINUED

The long-term expected rate of return was determined by using a building-block method in which best-estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized in the following table below. The current long-term inflation assumption is 2.30% per annum for the non-hazardous plan.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	**60.00%**	
Public Equity	50.00%	4.15%
Private Equity	10.00%	9.10%
Fixed Income	**20.00%**	
Core Bonds	10.00%	2.85%
Cash	0.00%	1.70%
Specialty Credit/High Yield	10.00%	3.82%

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Inflation Protected	**20.00%**	
Real Estate	7.00%	4.90%
Real Return	13.00%	5.35%
Expected Real Rate	**100.00%**	**4.69%**
Long-Term Inflation Assumption		**2.50%**
Expected Nominal Return for Portfolio		**7.19%**

Discount Rate

The projection of cash flows used to determine the discount rate of 6.50% for CERS non-hazardous and CERS Hazardous assumes that the funds receive the required employer contributions each future year, as determined by the current funding policy established in Statue as amended by House Bill 362 (passed in 2018) over the remaining 29 years (closed) amortization period of the unfunded actuarial accrued liability. The discount rate determination does not use a municipal bond rate. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the Actual Comprehensive Financial Report (ACFR).

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

NOTE 7. – PENSION PLANS – CONTINUED

The following presents the District's proportionate share of the Net Pension Liability using the discount rate of 6.50%, as well as what the District's proportionate share of the Net Pension Liability would be if it were calculated using a discount rate that is one percentage-point lower (5.50%) or one percentage-point higher (7.50%) than the current rate:

	1.0% Decrease (5.50%)	Current Discount Rate (6.50%)	1.0% Increase (7.50%)
District's proportionate share of the net pension liability	$1,729,450	$1,341,529	$1,019,656

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued KRS 2024 Comprehensive Annual Financial Report at kyret.ky.gov.

Payable to the Pension Plan

At June 30, 2025, the District reported a payable of $111,326 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2025.

NOTE 8. – OPEB PLAN

General Information about the OPEB plan

COUNTY EMPLOYEES' RETIREMENT SYSTEM (CERS) OPEB PLANS

Plan Description and Benefits Provided

The Pineville Independent School District participates in the County Employees Retirement System (CERS) Insurance Fund, a multiple-employer defined benefit Other Post-Employment Benefits (OPEB) plan for members that cover all regular full-time members employed by the District. The plan provides for health insurance benefits to plan members. OPEB may be extended to beneficiaries of plan members under certain circumstances.

Contributions

The District's contractually required contribution rate for the year ended June 30, 2025, was 0.00 percent of covered payroll. Contributions to the OPEB plan from the District were $10,529 for the year ended June 30, 2025.

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

At June 30, 2025, the District reported a liability of $(38,841), in which is considered an asset, for its proportionate share of the net OPEB liability.

The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on the District's share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At June 30, 2024, the District's proportion was 0.022454%, which was an decrease of 0.001718% from its proportion measured as of June 30, 2023.

NOTE 8. -- OPEB PLAN -- CONTINUED

For the year ended June 30, 2025, the District recognized OPEB expense of $(82,703). At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected And actual experience	$ 21,549	$ 305,602
Changes of assumptions	35,195	27,406
Net difference between projected and actual investment earnings on OPEB plan investments	34,142	69,587
Changes in proportion and differences between District contributions and proportionate share of contributions	45,836	31,891
District contributions subsequent to the measurement date	10,529	-
Total	$ 147,251	$ 434,486

$10,529 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2026.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

Year ended June 30:	
2026	$ (118,699)
2027	(85,832)
2087	(85,726)
2029	(7,508)
2030	-
Thereafter	-
	$ (297,765)

Actuarial Methods and Assumptions

A summary of the actuarial methods and assumptions used in determining the total OPEB liability as of June 30, 2024 are as follows:

Inflation	2.30%
Payroll Growth Rate	2.00% for CERS non-hazardous
Salary Increase	3.30% to 10.30%, varies by service for CERS non-hazardous
Investment Rate of Return	6.25% for CERS non-hazardous
Healthcare Trend Rates	

NOTE 8. – OPEB PLAN – CONTINUED

Pre - 65	Initial trend starting at 6.20% at January 1, 2024, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years. The 2023 premiums were known at the time of the valuation and were incorporated into the liability measurement.
Post – 65	Initial trend starting at 9.00% at January 1, 2024, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years. The 2023 premiums were known at the time of the valuation and were incorporated into the liability measurement.
Mortality	
Pre-retirement	PUB-2010 General Mortality table, for the Non-Hazardous Systems, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.
Post-retirement (non-disabled)	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.
Post-retirement (disabled)	PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

The long-term expected rate of return was determined by using a building-block method in which best-estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized in the following table below. The current long-term inflation assumption is 2.30% per annum for non-hazardous plan.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	**60.00%**	
Public Equity	50.00%	4.15%
Private Equity	10.00%	9.10%
Fixed Income	**20.00%**	
Core Bonds	10.00%	2.85%
Cash	0.00%	1.70%
Specialty Credit/High Yield	10.00%	3.82%
Inflation Protected	**20.00%**	
Real Estate	7.00%	4.90%
Real Return	13.00%	5.35%
Expected Real Rate	**100.00%**	**4.69%**
Long-Term Inflation Assumption		**2.50%**
Expected Nominal Return for Portfolio		**7.19%**

NOTE 8. – OPEB PLAN – CONTINUED

Sensitivity of the Employer's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend

	1.0% Decrease	Current Healthcare Cost Trend Rate	1.0% Increase
District's proportionate share of the net OPEB liability	$ (93,447)	$ (38,841)	$24,771

Discount Rate

Single discount rates of 5.99% for CERS non-hazardous insurance plan and 6.02% for the CERS hazardous insurance plan were used to measure the total OPEB liability as of June 30, 2024. The single discount rates are based on the expected rate of return on OPEB plan investments of 6.50% and a municipal bond rate of 3.97%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2024. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, each plan's fiduciary net position and future contributions were projected separately and were sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the plan.

However, the cost associated with the implicit employer subsidy is not currently being included in the calculation of the plan's actuarially determined contributions, and it is our understanding that any cost associated with the implicit
subsidy will not be paid out of the plan's trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

The projection of cash flows used to determine the single discount rate must include an assumption regarding actual employer contributions made each future year. Future contributions are projected assuming that each participating employer in each insurance plan contributes the actuarially determined employer contribution each future year calculated in accordance with the current funding policy.

Sensitivity of the Employer's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the Net OPEB Liability using the discount rate of (5.99)%, as well as what the District's proportionate share of the Net OPEB Liability would be if it were calculated using a
discount rate that is one percentage-point lower (4.99%) or one percentage-point higher (6.99%) than the current rate:

	1.0% Decrease (4.99%)	Current Discount Rate (5.99%)	1.0% Increase (6.99%)
District's proportionate share of the net OPEB liability	$52,517	$ (38,841)	$ (115,655)

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued KRS 2024 Comprehensive Annual Financial Report at kyret.ky.gov

NOTE 8 – OPEB PLAN – CONTINUED

KENTUCKY TEACHERS RETIREMENT SYSTEM (KTRS) OPEB PLANS

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

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

Medical Insurance Plan

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

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

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

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to KTRS Medical Insurance Plan

At June 30, 2025, the District reported a liability of $772,000 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, 2024. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2023. An expected total OPEB liability as of June 30, 2024 was determined using standard roll-forward techniques. The total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2024, the District's proportion was 0.065486%.

NOTE 8. – OPEB 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 net OPEB liability	$ 772,000
Commonwealth's proportionate share of the Net OPEB liability associated with the District	688,000
	$1,460,000

For the year ended June 30, 2025, the District recognized OPEB expense of $(6,000). At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 232,000
Changes of assumptions	197,000	-
Net difference between projected and actual earnings on investments	-	25,000
Changes in proportion and differences between District contributions and proportionate share of contributions	233,000	342,000
District contributions subsequent to the measurement date	71,916	-
	$ 501,916	$ 599,000

Of the total amount reported as deferred outflows of resources related to OPEB, $71,916 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Year	
2026	$ (43,000)
2027	-
2028	(23,000)
2029	(51,000)
2030	(42,000)
Thereafter	(10,000)
	$ (169,000)

NOTE 8. – OPEB PLAN – CONTINUED

Actuarial methods and assumptions For Health and Life – The total OPEB liability as of June 30, 2024 was determined based on an actuarial valuation prepared as of June 30, 2024, using the new actuarial assumptions adopted by the Board subsequent to the June 30, 2023 valuation based on the experience investigation for the five-year period ending June 30, 2020. The following actuarial assumptions are applied to all periods included in the measurement:

Inflation	2.50%
Real wage growth	0.25%
Wage inflation	2.75%
Salary increases, including wage inflation	3.00% - 7.50%
Long-term Investment Rate of Return, net OPEB plan investment expense, including inflation	
Health Trust	7.10%
Life Trust	7.10%
Municipal Bond Index Rate	3.94%
Year FNP is projected to be depleted	
Health Trust	N/A
Life Trust	N/A
Single Equivalent Interest Rate, net of OPEB plan Investment expense, including price inflation	
Health Trust	7.10%
Life Trust	7.10%
Health Trust Health Care Cost Trends	
Medical Trend	6.50% for FYE 2024 decreasing to an ultimate rate of 4.50% by FYE 2031
Medicare Part B Premiums	5.92% for FYE 2024 with an ultimate rate of 4.50% by 2035

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

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

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

The long-term expected rate of return on Health Trust and Life Trust investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of

NOTE 8. – OPEB PLAN – CONTINUED

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.

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

Health Insurance Trust

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Large Cap U.S. Equity	35.4%	5.0%
Small Cap U.S. Equity	2.6%	5.5%
Developed International Equity	15.0%	5.5%
Emerging Markets Equity	5.0%	6.1%
Fixed Income	9.0%	1.9%
High Yield Bonds	8.0%	3.8%
Other Additional Categories	9.0%	3.7%
Real Estate	6.5%	3.2%
Private Equity	8.5%	8.0%
Cash	1.0%	1.6%
Total	100.0%	

Life Insurance Trust

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
US Equity	40.0%	5.2%
Developed International Equity	15.0%	5.5%
Emerging Markets Equity	5.0%	6.1%
Fixed Income	21.0%	1.9%
Other Additional Categories	5.0%	4.0%
Real Estate	7.0%	3.2%
Private Equity	5.0%	8.0%
Cash	2.0%	1.6%
Total	100.0%	

NOTE 8. – OPEB PLAN – CONTINUED

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

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

	1.0% Decrease (6.10%)	Current Discount Rate (7.10%)	1.0% Increase (8.10%)
District's proportionate share of the net OPEB liability	$1,026,000	$ 772,000	$ 562,000

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:

	1.0% Decrease	Current Trend Rate	1.0% Increase
District's proportionate share of the net OPEB liability	$ 521,000	$772,000	$1,083,000

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 Statue 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.

NOTE 8. – OPEB PLAN – CONTINUED

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to KTRS Life Insurance Plan

At June 30, 2025, 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, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the net OPEB liability	$ -
Commonwealth's proportionate share of the Net OPEB liability associated with the District	16,000
	$ 16,000

The net OPEB liability was measured as of June 30, 2024, and the total pension liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2023. An expected total OPEB liability as of June 30, 2024 was determined using standard roll-forward techniques. The District's proportion of the net OPEB liability was based on the actual liability of the employees and former employees relative to the total liability of the Commonwealth as determined by the actuary. At June 30, 2024, the District's proportion was 0.064023%.

For the year ended June 30, 2025, the District recognized OPEB expense of $-0- and revenue of $-0- for support provided by the state.

Actuarial methods and assumptions – The Actuarially Determined Contribution rates, as a percentage of payroll, used to determine the Actuarially Determined Contribution amounts in the Schedule of Employer Contributions (Schedule A in the GASB 74 valuation) are calculated as of the indicated Valuation Date. The following actuarial methods and assumptions (from the indicated actuarial valuations) were used to determine contribution rates reported in that schedule for the year ending June 30, 2024 for the Life Trust:

Valuation Date	June 30, 2021
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll
Amortization period (closed)	23 years
Asset valuation method	Five-year smoothed value
Inflation	2.50%
Real wage growth	0.50%
Wage Inflation	2.75%
Salary increases, including wage inflation	3.00% - 7.50%
Discount Rate	7.10%

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.

NOTE 8. – OPEB PLAN -- CONTINUED

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

Payable to the OPEB Plan

At June 30, 2025, the District reported a payable of $-0- for the outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2025.

9. 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.

10. 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.

11. CONTINGENCIES

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, 2025, 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.

12. 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.

13. 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.

14. DEFICIT FUND BALANCES

The Food Service Fund had a deficit net position of $235,385. There also may be funds with deficit operating balances.

15. 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.

16. TRANSFER OF FUNDS

The following transfers were made during the year:

Type	From Fund	To Fund	Purpose	Amount
Operating	General	Special Revenue	KETS	$ 9,618
Operating	Special Revenue	General	Indirect	$ 4,253
Operating	Building	General	Capital Funds	$ 86,622
Operating	Facility Support	Debt Service	Debt Service	$ 528,558

17. INTERFUND RECEIVABLES AND PAYABLES

At June 30, 2025, the Special Revenue owes the General Fund an amount of $461,184.

18. 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	$ 744,465
OPEB contributions to the Teachers' Retirement System of Kentucky	62,897
Health and Life insurance	753,052
Other Less Federal	(86,616)
Technology	56,895
Debt Service	52,704
	$ 1,583,397

20. FUND BALANCE DESIGNATIONS

The following funds had restricted fund balances:

Fund	Amount	Purpose
Student Activity Fund	$ 339,343	Student Activities
Capital Outlay	$ 62,929	Future Construction
FSPK	$ 703,883	Future Construction
Construction	$ 117,887	Future Construction

21. SUBSEQUENT EVENTS

Management of the District has evaluated subsequent events through March 1, 2026, 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.

PINEVILLE INDEPENDENT SCHOOL DISTRICT

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

YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Revenues				
From local sources				
Taxes:				
Property	$ 424,645	$ 424,645	$ 402,739	$ (21,906)
Motor vehicle	45,000	45,000	39,529	(5,471)
Utility	130,627	130,627	150,560	19,933
Earnings on investments	20,000	20,000	2,327	(17,673)
Other local	7,000	7,000	91,717	84,717
Intergovernmental - State	3,228,224	3,228,224	4,654,609	1,426,385
Intergovernmental - Federal	36,000	36,000	48,965	12,965
Total revenues	3,891,496	3,891,496	5,390,446	1,498,950 *
Expenditures				
Current:				
Instruction	1,896,458	1,896,458	2,977,606	(1,081,148)
Student	192,677	192,677	314,115	(121,438)
Instructional staff	176,666	176,666	192,038	(15,372)
District administration	380,664	380,664	413,996	(33,332)
School administration	283,834	283,834	375,738	(91,904)
Business support	94,520	94,520	144,485	(49,965)
Plant operations and maintenance	764,649	764,649	953,930	(189,281)
Student transportation	173,742	173,742	193,539	(19,797)
Land/Site acquisitions	-	-	-	-
Debt service	96,277	96,277	46,382	49,895
Total expenditures	4,059,487	4,059,487	5,611,829	(1,552,342) *
Excess (deficit) of revenues over (under) expenditures	(167,991)	(167,991)	(221,383)	(53,392)
Other financing sources (uses)				
Transfers in	100,042	100,042	90,875	190,917
Transfers out	(13,000)	(13,000)	(9,618)	3,382
Contingency	151,725	151,725	-	(151,725)
Total other financing sources (uses)	238,767	238,767	81,257	(157,510)
Net change in fund balance	70,776	70,776	(140,126)	(210,902)
Fund balance as of June 30, 2024	247,067	247,067	247,067	-
Fund balance as of June 30, 2025	$ 317,843	$ 317,843	$ 106,941	$ (210,902)

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

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

PINEVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
Revenues				
Other local	$ -	$ -	$ -	$ -
Intergovernmental - State	513,481	513,481	508,997	(4,484)
Intergovernmental - Federal	1,936,370	1,936,370	2,834,483	898,113
Total revenues	2,449,851	2,449,851	3,343,480	893,629
Expenditures				
Current:				
Instruction	1,916,996	1,916,996	2,732,459	(815,463)
Student	47,103	47,103	55,883	(8,780)
Instructional support	262,962	262,962	286,016	(23,054)
District administration	13,000	13,000	4,793	8,207
Plant operation and maintenance	20,000	20,000	85,382	(65,382)
Student transportation	650	650	-	650
Debt service	-	-	-	-
Community service	188,707	188,707	184,312	4,395
Total expenditures	2,449,418	2,449,418	3,348,845	(899,427)
Deficit of revenues under expenditures	433	433	(5,365)	5,798
Other financing sources				
Operating transfers in	13,000	13,000	9,618	(3,382)
Operating transfers out	(13,433)	(13,433)	(4,253)	(9,180)
Total other financing sources	(433)	(433)	5,365	(12,562)
Net change in fund balance	-	-	-	-
Fund balance as of June 30, 2024	-	-	-	-
Fund balance as of June 30, 2025	$ -	$ -	$ -	$ -

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

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 15 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 but not greater than 10%. 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 Board has the ability to amend the working budget.

PINEVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
COUNTY EMPLOYEES RETIREMENT SYSTEM
JUNE 30, 2025

	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 (asset)
2025	0.022432%	$ 1,341,529	$ 532,339	252.01%	61.61%
2024	0.02%	$ 1,551,063	$ 704,233	220.25%	57.48%
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%

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

The amounts presented have a measurement date of the previous fiscal year end.

PINEVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
COUNTY EMPLOYEES RETIREMENT SYSTEM
YEAR ENDED JUNE 30, 2025

	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
2025	$ 104,924	$ 104,924	$ -	$ 532,339	19.71%
2024	$ 164,368	$ 164,368	$ -	$ 704,233	23.34%
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%

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

PINEVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THENET OPEB LIABILITY (ASSET) - MEDICAL INSURANCE PLAN
County EMPLOYEES RETIREMENT SYSTEM
JUNE 30, 2025

	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 (asset)
2025	0.022454%	$ (38,841)	$ 532,339	-7.30%	104.89%
2024	0.02%	$ (33,374)	$ 704,233	-4.74%	104.20%
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%

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

PINEVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - MEDICAL INSURANCE PLAN
COUNTY EMPLOYEES RETIREMENT SYSTEM
YEAR ENDED JUNE 30, 2025

	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
2025	$ 10,529	$ 10,529	$ -	$ 532,339	1.98%
2024	$ 23,873	$ 23,873	$ -	$ 704,233	3.39%
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%

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

NOTE A – GENERAL INFORMATION

Contributions

Contractually required employer contributions reported on the Schedule of Pension Contributions exclude the portion of contributions paid to CERS but allocated to the insurance fund of the CERS. The insurance contributions are reported on the Schedule of OPEB Contributions.

Payroll

The District's covered payroll reported on the Proportionate Share of the Net Pension Liability and the Proportionate Share of the Net OPEB Liability Schedules is one year prior to the District's fiscal year payroll as reported on the Schedule of Contributions for Pension and OPEB.

NOTE B – CHANGES OF ASSUMPTIONS

June 30, 2024 –Pension and OPEB – Non-hazardous

The following change in assumptions was made by Kentucky Legislature and reflected in the valuation performed as of June 30, 2024 for OPEB:

- The initial healthcare trend rate for pre-65 was 6.20% at January 1, 2024, which gradually decreases to an ultimate trend rate of 4.05% over a period of 12 years. The initial healthcare trend rate for post-65 was 9.00% at January 1, 2024 which gradually decreases to an ultimate trend rate of 4.05% over a period of 12 years.

There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2024 for pension.

June 30, 2023 – Pension and OPEB – Non-hazardous

The following change in assumptions was made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2023 for OPEB:

- The initial healthcare trend rate for pre-65 was 6.30% at January 1, 2023, which gradually decreases to an ultimate trend rate of 4.05% over a period of 13 years. The initial healthcare trend rate for post-65 was 6.30% at January 1, 2023, which gradually decreases to an ultimate trend rate of 4.05% over a period of 13 years.

There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2023, for pension.

June 30, 2022 – Pension and OPEB – Non-hazardous

The following change in assumptions was made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2022, for OPEB:

- The initial healthcare trend rate for pre-65 was 6.40% at January 1, 2022, which gradually decreases to an ultimate trend rate of 4.05% over a period of 14 years. The initial healthcare trend rate for post-65 was 6.30% at January 1, 2022, which gradually decreases to an ultimate trend rate of 4.05% over a period of 13 years.

There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2022, for pension.

NOTE B – CHANGES OF ASSUMPTIONS – CONTINUED

June 30, 2021 – Pension and OPEB – Non-hazardous

The following change in assumptions was made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2021, for OPEB:

- The initial healthcare trend rate for pre-65 was changed from 6.40% to 6.30%, which gradually decreases to an ultimate trend rate of 4.05% over a period of 13 years. The initial healthcare trend rate for post-65 was changed from 2.90% to 6.30%, which gradually decreases to an ultimate trend rate of 4.05% over a period of 13 years.

There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2021, for pension.

June 30, 2020 – Pension and OPEB – Non-hazardous

The following change in assumptions was made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2020, for OPEB:

- The initial healthcare trend rate for pre-65 was changed from 7% to 6.40%, which gradually decreases to an ultimate trend rate of 4.05% over a period of 14 years. The initial healthcare trend rate for post-65 was changed from 5% to 2.90%, which increases to 6.30% in 2023 and then gradually decreases to an ultimate trend rate of 4.05% over a period of 14 years.

There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2020, for pension.

June 30, 2019 – Pension and OPEB – Non-hazardous

The following changes in assumptions were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2019, for both pension and OPEB:

- The assumed rate of salary increases was increased from 3.05% to 3.3% to 10.3% on average.

June 30, 2018 – Pension and OPEB – Non-hazardous

There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2018, for either pension or OPEB.

June 30, 2017 – Pension – Non-hazardous

The following changes in assumptions were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2017:

- The assumed rate of return was deceased from 7.5% to 6.25%.
- The assumed rate of inflation was reduced from 3.25% to 2.3%.
- Payroll growth assumption was reduced from 4% to 2%.

June 30, 2016 – Pension and OPEB – Non-hazardous

There were no changes in assumptions made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2016, for either pension or OPEB.

NOTE B – CHANGES OF ASSUMPTIONS – CONTINUED

June 30, 2015 – Pension – Non-hazardous

The following changes in assumptions were made by the Kentucky Legislature and reflected in the valuation performed as of June 30, 2015:

- The assumed rate of return was decreased from 7.75% to 7.5%.
- The assumed rate of inflation was reduced from 3.5% to 3.25%.
- The assumed rate of wage inflation was reduced from 1% to .75%.
- Payroll growth assumption was reduced from 4.5% to 4%.
- Mortality rates were based on the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females).
- For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females).
- For Disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement.
- The assumed rates of retirement, withdrawal, and disability were updated to reflect experience more accurately.

NOTE C – CHANGES OF BENEFITS

During the 2018 legislative session, House Bill 185 was enacted, which updated the benefit provisions for active members who die in the line of duty. Benefits paid to the spouses of deceased members have been increased from 25% of the member's final rate of pay to 75% of the member's average pay. If the member does not have a surviving spouse, benefits paid to the surviving dependent children have been increased from 10% of the member's final pay rate to 50% of average pay for one child, 65% of average pay for two children, or 75% of average pay for three children. The Total Pension Liability as of June 30, 2019 is determined using these updated benefit provisions.

Senate Bill 169 passed during the 2021 legislative session and increased the disability benefits for qualified members who become "totally and permanently disabled" as a result of a duty-related disability. The minimum disability benefit increased from 25% of the member's monthly final rate of pay to 75% of the member's monthly average pay. The insurance premium for the member, the member's spouse, and the member's dependent children shall also be paid in full by the System. For non-hazardous members to be eligible for this benefit, they must be working in a position that could be certified as a hazardous position. There were no other material plan provision changes since the prior valuation.

Senate Bill 209 passed during the 2022 legislative session increased the insurance dollar contribution for members hired on or after July 1, 2003 by $5 for each year of service a member attains over certain thresholds, depending on a member's retirement eligibility requirement. This increase in the insurance dollar contribution does not increase by 1.5% annually and is only payable for non-Medicare retirees. Additionally, it is only payable when the member's applicable insurance fund is at least 90% funded. The increase is first payable January 1, 2023.

House Bill 506 passed during the 2023 legislative session reinstated the Partial Lump Sum Options (PLSO) form of payment for members retiring on or after January 1, 2024. The bill introduced an expansion of the lump-sum payment options, allowing for payouts equal to 48 or 60 times the member's Basic, or Survivorship 100% monthly retirement allowance. The lifetime monthly retirement allowance is adjusted actuarially to account for the selected lump sum payment option. House Bill 506 additionally modified the minimum separation period required for a retiree to reemploy with a participating employer of the Systems administered by the KPPA while still receiving their retirement allowance. This adjustment standardized the separation period to one month for all scenarios within each plan for retirement dates effective January 1, 2024 and after.

PINEVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
KENTUCKY TEACHERS' RETIREMENT SYSTEM
JUNE 30, 2025

	State's proportion of net pension liability (asset)	State's proportionate share of the net pension liability (asset)	Plan fiduciary net position as a percentage of the total pension liability (asset)
2025	100%	$ 11,214,800	60.36%
2024	100%	$ 12,376,552	57.68%
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%

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

The amounts presented have a measurement date of the previous fiscal year end.

PINEVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF STATE CONTRIBUTIONS
KENTUCKY TEACHERS' RETIREMENT SYSTEM
YEAR ENDED JUNE 30, 2025

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)
2025	$ 728,925	$ 728,925	$ -
2024	$ 744,465	$ 744,465	$ -
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	$ -

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

PINEVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THENET OPEB LIABILITY (ASSET) - MEDICAL INSURANCE PLAN
KENTUCKY TEACHERS' RETIREMENT SYSTEM
JUNE 30, 2025

	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 (asset)
2025	0.065486%	$ 772,000	$ 688,000	$ 3,378,938	22.85%	59.81%
2024	0.04%	$ 930,000	$ 784,000	$ 3,398,563	27.36%	52.97%
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%

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

PINEVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - MEDICAL INSURANCE PLAN
KENTUCKY TEACHERS' RETIREMENT SYSTEM
YEAR ENDED JUNE 30, 2025

	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
2025	$ 71,916	$ 71,916	$ -	$ 3,378,938	2.13%
2024	$ 101,957	$ 101,957	$ -	$ 3,398,563	3.00%
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%

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

PINEVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF STATE'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET) - LIFE INSURANCE PLAN
KENTUCKY TEACHERS' RETIREMENT SYSTEM
JUNE 30, 2025

	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 (asset)
2025	100%	$ 16,000	80.56%
2024	100%	$ 19,000	76.91%
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%

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

PINEVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF STATE CONTRIBUTIONS - LIFE INSURANCE PLAN
KENTUCKY TEACHERS' RETIREMENT SYSTEM
YEAR ENDED JUNE 30, 2025

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)
2025	$ 1,918	$ 1,918	$ -
2024	$ 1,929	$ 1,929	$ -
2023	$ 1,570	$ 1,570	$ -
2022	$ 1,381	$ 1,381	$ -
2021	$ 900	$ 900	$ -
2020	$ 847	$ 847	$ -
2019	$ 815	$ 815	$ -
2018	$ 745	$ 745	$ -

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

NOTE A – CHANGES OF ASSUMPTIONS

In the 2020 valuation, rates of withdrawal, retirement, disability, mortality and salary increase were adjusted to more closely reflect actual experience. The expectation of mortality was changed to the Pub-2010 Mortality Tables (Teachers Benefit-Weighted) projected generationally with MP-2020 with various set forwards, set-backs and adjustments for each of the groups: service retirees, contingent annuitants, disabled retirees and actives. The assumed long-term investment rate of return was changed from 7.5% to 7.1% and the price inflation assumption was lowered from 3% to 2.5%.

In 2019, valuation on the salary increase was reduced to 3.5% - 7.3% from 4.0% - 8.2%.

In 2018, the calculation of Single Equivalent Interest Rate resulted in an assumption change from 4.49% to 7.50%.

In 2017, the calculation of the Single Equivalent Interest Rate resulted in an assumption change from 4.20% to 4.49%.

In the 2016 valuation, rates of withdrawal, retirement, disability and mortality were adjusted to more closely zresulted in an assumption change from 4.88% to 4.20%.

In 2015, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 5.23% to 4.88%.

NOTE B – METHOD AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of June 30, three years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine contribution rates reported in the most recent year of the schedule:

Actuarial Cost Method	Entry age normal
Amortization Method	Level percentage of payroll
Amortization Period (closed)	23 years
Asset Valuation Method	5-year smoothed value
Real Wage Growth	0.50 %
Wage Inflation	2.75 %
Salary Increases, including Wage Inflation	3.00% – 7.50 %
Discount Rate	7.10 %

NOTE C – CHANGES OF BENEFITS

A new benefit tier was added for members joining the system on and after January 1, 2022.

PINEVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (TRS)
YEAR ENDED JUNE 30, 2025

NOTE A – CHANGES OF ASSUMPTIONS

2017

There were no changes in assumptions.

2018

There were no changes in assumptions.

2019

There were no changes in assumptions.

2020

Medical Insurance Plan & Life Insurance Plan: The following change of assumptions were adopted by the Board of Trustees and reflected in the liability measurement as of June 30, 2020.

- In the 2020 experience study, rates of withdrawal, retirement, disability, mortality and rates of salary increases were adjusted to reflect actual experience more closely. The expectation of mortality was changed to the Pub-2010 Mortality Tables (Teachers Benefit-Weighted) projected generationally with MP-2020 with various set forwards, set-backs and adjustments for each of the groups: service retirees, contingent annuitants, disabled retirees and actives.
- The assumed long-term investment rate of return was changed from 7.5% to 7.1%. the price inflation assumption was lowered from 3% to 2.5%.
- The rates of member participation and spousal participation were adjusted to reflect actual experience more closely.

2021

There were no changes in assumptions.

2022

A new benefit tier was added for members joining the system on or after January 1, 2022.

2023

The healthcare trend rates, as well as the TRS 4 retirement decrements, were updated to reflect future anticipated experience.

2024

There were no changes in assumptions.

NOTE B – METHOD AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS

Methods and assumptions used in the actuarially determined contributions – The actuarially determined contribution rates, as a percentage of payroll, used to determine the actuarially determined contribution amounts in the Schedule of Employer Contributions are calculated as the of the indicated valuation date. The following actuarial methods and assumptions (from the indicated actuarial valuations) were used to determine contribution rates reported in that schedule for the year ending June 30, 2023:

NOTE B – METHOD AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS - CONTINUED

Valuation Date	June 30, 2023
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Payroll
Amortization Period	21 years, Closed
Asset Valuation Method	Five-year smoothed value
Inflation	2.50%
Real Wage Growth	0.25%
Wage Inflation	2.75%
Salary Increases, Including	
Wage Inflation	3.0% - 7.5%
Discount Rate	7.10%
Healthcare Cost Trends	
Medical Trend	6.50% for FY 2024 decreasing to an ultimate rate of 4.50% by FY 2031
Medicare Part B Premiums	5.92% for FY 2024 with an ultimate rate of 4.50% by 2035

NOTE C – CHANGES OF BENEFITS

Changes of benefit terms (June 30, 2018) – With the passage of House Bill 471, the eligibility for non-single subsidies (NSS) for the KEHP-participating members who retired prior to July 1, 2010 is restored, but the state will only finance, via its KEHP "Shared Responsibility" contributions, the costs of the NSS related to those KEHP-participating members who retired on or after July 1, 2010.

A new benefit tier was added for members joining the system on or after January 1, 2022.

Benefit changes, which are reflected immediately, will increase OE, if there is a benefit improvement for existing Plan members, or decrease OE, if there is a benefit reduction. For the year ended June 30, 2024, there was no benefit change to be recognized.

PINEVILLE INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025

	Student Activity Fund	Capital Outlay Fund	Debt Service Fund	Total Non-major Governmental Funds
ASSETS				
Cash and cash equivalents	$ 353,969	$ 62,929	$ -	$ 416,898
Total assets	$ 353,969	$ 62,929	$ -	$ 416,898
LIABILITIES AND FUND BALANCES				
Fund Balances:				
Restricted	$ 353,969	$ 62,929	$ -	$ 416,898
Total fund balances	$ 353,969	$ 62,929	$ -	$ 416,898

See accompanying independent auditor's report.

PINEVILLE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025

	Student Activity Fund	Capital Outlay Fund	Debt Service Fund	Total non-major Governmental Funds
Revenues				
From local sources:				
Other local	$ 435,224	$ -	$ -	$ 435,224
Intergovernmental - State	-	47,784	49,378	97,162
Total revenues	435,224	47,784	49,378	532,386
Expenditures				
Instruction	429,817	-		429,817
Debt service	-	-	577,936	577,936
Total expenditures	429,817	-	577,936	1,007,753
Other financing sources (uses)				
Transfers in	9,219	-	528,558	537,777
Transfers out	-	(86,622)	-	(86,622)
Total other financing sources (uses)	9,219	(86,622)	528,558	451,155
Net change in fund balance	14,626	(38,838)	-	(24,212)
Restated fund balance as of June 30, 2024	339,343	101,767	-	441,110
Fund balance as of June 30, 2025	$ 353,969	$ 62,929	$ -	$ 416,898

See accompanying independent auditor's report.

PINEVILLE INDEPENDENT SCHOOL DISTRICT

COMBINED STATEMENT OF REVENUES, EXPENDITURES

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

Year Ended June 30, 2025

School Activity Fund	Balances June 30, 2024	Receipts	Disbursements	Cash and Cash Equivalents June 30, 2025	Accounts Receivable June 30, 2025	Accounts Payable June 30, 2025	Balances June 30, 2025
Pineville Elementary	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Totals	$ -	$ -	$ -	$ -	$ -	$ -	$ -

See accompanying independent auditor's report.

PINEVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
PINEVILLE INDEPENDENT HIGH SCHOOL ACTIVITY FUND
YEAR ENDED JUNE 30, 2025

	Balances June 30, 2024	Receipts	Disbursements	Transfers in	Cash and Cash Equivalents June 30, 2025	Accounts Receivable June 30, 2025	Accounts Payable June 30, 2025	Balances June 30, 2025
Miscellaneous	$ 17,380	$ 19,301	$ 16,701	$ (6,831)	$ 13,149	$ -	$ -	$ 13,149
Healthy Schools	1,781	-	129	-	1,652	-		1,652
Beta Club	62	1,465	1,268	-	259	-	-	259
Special Projects	250	-	-	-	250	-	-	250
FBLA	-	-	-	-	-	-	-	-
13th Regional Tournament	221	-	221	-	-	-	-	-
Athletics	99,961	36,557	57,801	86,938	165,655	-	-	165,655
Gate - Athletics	-	44,711	4,136	(40,575)	-	-	-	-
Ice Cream Product	-	3,609	1,138	(2,471)	-			-
Laurel Bowl	-	22,890	5,420	(17,470)	-	-	-	-
KMLF	-	-	-	-	-	-	-	-
K-8 Basketball	5,735	758	2,749	(770)	2,975	-	-	2,975
K-8 Girls Basketball	5,071	3,268	6,360	(780)	1,198	-	-	1,198
Band	740	2,250	2,605	-	385	-	-	385
Varsity Cheerleaders	6,242	15,155	19,861	(611)	926	-	-	926
Baseball Club	7,163	10,761	11,849	(1,420)	4,655	-	-	4,655
Middle School Baseball	1,050	684	1,349	300	685	-	-	685
Elem- Cheer	-	-	-	-	-	-	-	-
Middle School Cheerleader	184	-	-	-	184	-	-	184
Boys Basketball	12,227	16,631	26,371	595	3,082	-	-	3,082
Football	20,061	39,708	50,751	(3,000)	6,018	-	-	6,018
K-8 Football	3,825	-	3,810	6,448	15	-	-	15
MS Volleyball	1,000	-	2,028	1,028	-	-	-	-
Volleyball	8,839	4,643	11,956	(1,526)	-	-	-	-
Girls Basketball	16,414	10,098	12,880	1,555	15,187	-	-	15,187
Golf	2,191	805	1,423	0	1,573	-	-	1,573
Softball	4,855	9,864	2,461	(3,080)	9,178	-	-	9,178
Middle School Softball	2,733	-	500	(40)	2,193	-	-	2,193
Tennis	2,211	259	1,789	(10)	672	-	-	672
Track	1,161	3,274	3,362	840	1,913	-	-	1,913
Archery	1,599	7,860	7,834	(85)	1,540	-	-	1,540

Continued on next page

See accompanying independent auditor's report.

PINEVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
PINEVILLE INDEPENDENT HIGH SCHOOL ACTIVITY FUND -CONTINUED
YEAR ENDED JUNE 30, 2025

	Balances June 30, 2024	Receipts	Disbursements	Transfers in (out)	Cash and Cash Equivalents June 30, 2025	Accounts Receivable June 30, 2025	Accounts Payable June 30, 2025	Balances June 30, 2025
HS Academic	-	-	-	-	-	-	-	-
Elem-Misc	6,603	4,936	4,637	-	6,902	-	-	6,902
Preschool	1,887	7,594	8,686	-	794	-	-	794
Odyssey of the Mind	1,640	8,368	10,004	-	3	-	-	3
Gov. Cup	907	-	-	-	907	-	-	907
MS Academic	-	2,740	2,807	67	-	-	-	-
Elem Academic	16	-	-	-	16	-	-	16
Playground Fund	1,438	-	-	-	1,438	-	-	1,438
Elem Cheer	68	1,275	1,338	-	4	-	-	4
Elem Dance	-	-	-	-	-	-	-	-
Key Club	28	10,098	9,664	-	461	-	-	461
Yearbook	1,110	1,525	1,269	1,300	2,665	-	-	2,665
Middle School	5,780	11,549	19,978	2,649	-	-	-	-
Project Graduation	8	9,725	9,657	-	76	-	-	76
Chain Rock Classic Tournament	-	12,070	1,387	(10,683)	-	-	-	-
Humanities/Drama	1,994	-	-	-	1,994	-	-	1,994
Concession	-	34,094	16,723	(17,371)	-	-	-	-
Start Up	-	1,000	1,000	-	-	-	-	-
Cross Country Track	1,790	150	1,885	(50)	5	-	-	5
51st District Basketball	-	-	-	-	-	-	-	-
Girls Class A Basketball	-	-	-	-	-	-	-	-
LetterJackets	1,600	4,580	6,097	-	83	-	-	83
Baseball Softball FR	-	-	-	-	-	-	-	-
Alligator Ice	-	960	-	(960)	-	-	-	-
Arbiter Pay	-	-	15,000	15,000	-	-	-	-
Mens League	-	-	-	-	-	-	-	-
Girls Basketball Camp	-	-	-	-	-	-	-	-
First Priority	560	-	234	-	326	-	-	326
Class of 2023	112	-	-	-	112	-	-	112
Class of 2024	554	-	286	-	268	-	-	268
Class of 2025	7,282	42,427	49,660	-	49	-	-	49
Class of 2026	5,134	14,400	2,617	-	16,917	-	-	16,917
Class of 2027	-	3,961	683	-	3,278	-	-	3,278
Wrestling	-	9,221	9,453	232	-	-	-	-
Total accounts	$ 261,468	$ 435,224	$ 429,817	$ 9,219	$ 266,364	$ -	$ -	$ 266,364

See accompanying independent auditor's report.

PINEVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025

Federal Grantor Pass-Through Grantor Program Title	Federal ALN	Pass-Through Grantor's Number	Expenditures
U.S. Department of Agriculture			
Passed Through State Department of Education:			
Child Nutrition Cluster			
Summer Food Service Program for Children	10.559	7740023	$ 23,517
National School Lunch Program	10.555	7750002	250,847
National School Lunch Program - Commodities	10.555	7750002	19,597
School Breaksfast Program	10.553	7760005	97,987
Child Nutrition Cluster Total			391,948
Total U.S. Department of Agriculture			$ 391,948
U.S. Department of Education			
Passed Through State Department of Education			
Title I Grants to Local Educational Agencies	84.010	3100002-24	48,161
			48,161
Special Education Cluster			
Special Education_Grants to States	84.027	3810002	33,529
Special Education_Preschool Grants	84.173	3800002	-
Special Education Cluster Total			33,529
Impact Aid	84.041	27-KY-2021-2905	-
			-
Innovative Approaches to Literacy	84.215	610X	-
			-
Rural Education	84.358	3140002	1,750
			1,750
Supporting Effective Instruction State Grant	84.367	3230002	9,640
			9,640
Student Support and Academic Enrichment Program	84.424	552X	-
			-
Comprehensive Literacy Development	84.371	220-466X	28,029
			28,029
Innovative Approaches to Literacy	84.215	220-518X	295,404
			295,404
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	379X	186,585

See notes to schedule of federal awards.

PINEVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2025

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal ALN	Pass-Through Grantor's Number	Expenditures
Total U.S. Department of Education			$ 603,098
U.S. Department of Justice			
Stop School Violence	16.839	NA	$ 76,970
Public Safety Partnership and Community Policing Grants	16.710	437X	-
			-
Total U.S. Department of Justice			$ 76,970
Total Expenditure of Federal Awards			$ 1,072,016

See notes to schedule of expenditures of federal awards

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, 2025 is $27,753.

3. CLUSTER PROGRAMS

The following ALN 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.

5. SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principle in OMS Circular A-87, Cost Principles for State and Local Governments, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit requirements for Federal Awards, wherein, certain types of expenditures are not allowable or are limited as to reimbursement.

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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the audit requirements prescribed by the Kentucky State Committee for School District Audits 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, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 1, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 the 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.



Balestra & Company, PLLC

South Shore, Kentucky
March 1, 2026

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 identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2025. The 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, the 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, 2025.

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 Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of 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 the 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 risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Balestra & Company, PLLC

South Shore, Kentucky
March 1, 2026

PINEVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

Section I – Summary of Auditor's Results

Financial Statements

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

Federal Awards

Internal control over major programs:				
Material weaknesses identified	____	Yes	✔	No
Significant deficiencies identified that are not considered to be material weaknesses	____	Yes	✔	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)?	____	Yes	✔	No

Identification of major programs:

Name of Federal Program or Cluster	ALN
Education Stabilization Fund:	
Elementary and Secondary School Emergency Relief Fund	84.425U
Elementary and Secondary School Emergency Relief Fund	84.425A

Dollar threshold used to distinguish between Type A and Type B program	$750,000			
Auditee qualified as low risk	✔	Yes	____	No

(continued)

Section II – Financial Statement Findings

None

Section III – Federal Award Findings

None

Status of Prior Year Findings

There were no prior year findings.

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, 2025, 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 March 1, 2026, 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,

Balestra & Company, PLLC
South Shore, Kentucky
March 1, 2026

Prior Year Comments – School Activity Funds

None.

Current Year Comments – School Activity Funds

Pineville Independent School

1. Several instances of invoices not being signed by the proper employee and marked as paid after payment of those invoices. Invoices that are paid need to have a signature on the actual invoice to ensure that invoices aren't paid twice and to allow others to be certain that the item was paid.

   Management Response: Our district will make certain that the proper employee signs the invoice as well as mark the invoices as paid. We will also ensure that the invoice will have an actual signature in the correct location.

2. The Charitable Gaming Activity is not in compliance with the Redbook requirements established. In addition to the noncompliance with the Redbook, it was determined that the Charitable Gaming activities may not be in compliance with KRS Chapter 238 and KAR Title 820, such as the school representative not being present during the gaming activities, in addition to possible other infractions.

   Management Response: Our district will meet Redbook requirements and use the recommended strategies to manage the account. We are now using EPES software to manage expenses and deposits.