FAIRVIEW INDEPENDENT SCHOOL DISTRICT

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2024

TOGETHER WITH INDEPENDENT AUDITOR'S REPORTS

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INDEPENDENT AUDITOR'S REPORT

Kentucky State Committee for
School District Audits
Members of the Board of Education
Fairview Independent School District
Ashland, 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 Fairview Independent School District (the "District"), as of and for the year ended June 30, 2024, 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, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund and the Special Revenue Fund 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedule of District's Proportionate Share of the Net Pension Liability, Schedule of Pension Contributions, Schedule of District's Proportionate Share of the Net OPEB Liability (Asset), and the Schedule of OPEB Contributions 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 other supplemental schedules and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplemental schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 08, 2024, 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 the District's internal control over financial reporting and compliance.

Kelley Galloway Smith Goolsby, PSC

Ashland, Kentucky
November 08, 2024

FAIRVIEW INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2024

As management of the Fairview Independent School District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the financial statements.

FINANCIAL HIGHLIGHTS

- The beginning General Fund cash balance for the District was $3,141,014. Additionally, $492,285 in beginning cash and cash equivalents was restricted for grants, construction, food services and student activities and were accounted for in separate funds. The ending General Fund cash balance was $3,764,167 and there was $513,202 in cash and cash equivalents in other funds.

- The General Fund had $6.9 million in revenues, including on-behalf payments, of which 73.1% consisted of the state funding (SEEK program), 19.4% consisted of property and motor vehicle taxes, and 3.8% consisted of utility taxes. Excluding inter-fund transfers, there was $6.6 million in General Fund expenditures during the year.

- Bonds are issued as the District renovates facilities consistent with a long-range facilities plan that is established with community input and in keeping with Kentucky Department of Education (KDE) stringent compliance regulations. The District made $810,000 in bond principal payments during the 2023-2024 fiscal year.

- Net pension liabilities required to be recorded under GASB No. 68 decreased during the year. Non-professional staff members are covered by the Kentucky County Employee Retirement System. Under this system, the District's share of the pension liability was $1,998,037 as of June 30, 2023, which represents a decrease of $107,558 from the June 30, 2022 balance of $2,105,595. The Kentucky Teachers Retirement System covers the District's professional staff members. The District's allocated pension liability as of June 30, 2023 was $14,203,488, which represents an decrease of $390,148 from the June 30, 2022 balance of $14,593,636. However, this pension liability is the responsibility of the Commonwealth of Kentucky.

- Net OPEB liabilities (assets) required to be recorded under GASB 75 decreased during the year. There are two sources of OPEB liabilities (assets) with which the District has to contend. The Kentucky Teachers Retirement System (KTRS) Medical Insurance Plan and Life Insurance Plan covers the District's professional staff members. The District's allocated OPEB liability as of June 30, 2023 for KTRS Medical Insurance Plan was $1,959,000 with the District's responsibility being $1,063,000 and the Commonwealth of Kentucky's responsibility being $896,000. This is an overall decrease of $71,000 from the District's allocated OPEB liability of $2,030,000 at June 30, 2022 for KTRS Medical Insurance Plan. The liability for the KTRS Life Insurance Plan is the responsibility of the Commonwealth of Kentucky and the District's allocated amount as of June 30, 2023 was $22,000, which represents a decrease of $3,000 from the June 30, 2022 balance of $25,000. Non-professional staff members are covered by the County Employee Retirement System Insurance Fund. Under this fund the District's share of OPEB liability (asset) was $(42,991) as of June 30, 2023, which represents a decrease of $617,718 from the June 30, 2022 balance of $574,727.

OVERVIEW OF FINANCIAL STATEMENTS

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

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

The statement of net position presents information on all of the District's assets, deferred outflows, liabilities, and deferred inflows, with the difference being 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 result in cash flows in future fiscal periods.

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

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

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The State has mandated a uniform system (MUNIS administrative software) and chart of accounts for all Kentucky public school districts. 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. The District's only proprietary fund is food service operations. Fiduciary funds account for activities of student groups and programs. All other activities of the District are included in the governmental funds.

The fund financial statements can be found on pages 12 - 20 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21 - 48 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by $4,260,336 as of June 30, 2024.

The largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment, and construction in progress), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Net Position for the period ending June 30, 2024 as compared to June 30, 2023.

	June 30, 2024	June 30, 2023
Current Assets	$ 4,973,639	$ 4,716,313
Noncurrent Assets	13,586,606	13,630,362
Total Assets	18,560,245	18,346,675
Deferred Outflows	1,385,808	1,616,971
Current Liabilities	1,505,460	1,239,652
Noncurrent Liabilities	12,266,648	14,209,216
Total Liabilities	13,772,108	15,448,868
Deferred Inflows	1,913,609	1,269,088
Net Position		
Net investment in capital assets	3,752,675	3,508,833
Restricted	(53,033)	461,519
Unrestricted	560,694	(724,662)
Total Net Position	$ 4,260,336	$ 3,245,690

The following table presents a summary of revenue and expense on a government-wide basis for the fiscal years ended June 30, 2024 and 2023, respectively:

	2024 Amount	2023 Amount
Revenues:		
Local revenue sources	$ 1,860,044	$ 1,930,927
State revenue sources	7,172,434	4,995,261
Federal revenue sources	2,778,149	2,514,667
Other revenues	369,689	328,114
Interest income	182,415	112,867
Total revenues	12,362,731	9,917,818
Expenses:		
Instruction	6,038,809	2,772,596
Student support services	750,397	733,709
Instructional support	578,608	445,692
District administration	383,649	445,453
School administration	437,678	623,382
Business support	475,637	643,814
Plant operations	1,333,301	1,727,735
Student transportation	233,106	398,215
Community services	183,749	155,057
Food services	646,324	704,263
Debt service - interest	286,827	307,455
Total expenses	11,348,085	8,957,371
Excess (deficiency) of revenues over (under) expenses	$ 1,014,646	$ 960,447

Capital Assets

At the end of June 30, 2024, the District's investment in capital assets for its governmental and business-type activities was $13,513,538 and $30,077, respectively, representing a decrease of $81,151 and $5,596, respectively, net of depreciation, from the prior year.

Debt Service

At year-end, the District had approximately $9.9 million in outstanding debt, compared to $10.8 million last year. The decrease is due to principal payments made during the fiscal year.

FUND FINANCIAL STATEMENTS

Comments on Budget Comparisons

- The District's total budgeted General Fund revenues for the fiscal year ended June 30, 2024 and 2023, were $4.8 and $5.1 million, respectively.

- General fund budget to actual comparison varied slightly from line item to line item with the actual ending balance being $2.5 million less than budget, excluding contingency and before interfund transfers. This resulted in from $373,157 more in revenues as compared to the budget, and $2.1 million in expenditures less than the budget, excluding contingency.

- Site Based Decision Making Councils expended 66.0% of the General Fund budget. Additionally, 13.9% was spent on maintenance and operations, 6.8% on District administration, 3.6% on transportation and 8.6% on business support services.

FUTURE BUDGETARY IMPLICATIONS

In Kentucky the public school fiscal year is July 1 - June 30; other programs, i.e. 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 budget with a contingency above 2% for the 2024 - 2025 fiscal year. The Governmental Funds beginning cash balance for beginning the fiscal year is $4,256,452, including amounts restricted for construction. There was no significant Board action that impacts the finances for the new fiscal year.

Questions regarding this report should be directed to the Superintendent, Jackie Hawley, or to the Finance Director, Crystal Claar, at (606) 324-3877, or by mail at 2201 Main St. WW, Ashland, KY 41102.

FAIRVIEW INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2024

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	$ 4,256,452	$ 20,917	$ 4,277,369
Receivables (net of allowances for uncollectibles):			
Taxes	28,359	-	28,359
Intergovernmental - federal indirect	638,782	6,573	645,355
Inventories	-	22,556	22,556
Capital assets, not being depreciated	1,089,904	-	1,089,904
Capital assets, being depreciated, net	12,423,634	30,077	12,453,711
Net OPEB asset	35,398	7,593	42,991
Total assets	18,472,529	87,716	18,560,245
Deferred outflows of resources			
Deferred amount from refunding bonds	2,143	-	2,143
Deferred outflows - pension	346,343	74,293	420,636
Deferred outflows - other post-employment benefits	931,696	31,333	963,029
Total deferred outflows of resources	1,280,182	105,626	1,385,808
Liabilities			
Accounts payable	198,237	709	198,946
Accrued expenses	42,530	-	42,530
Accrued interest	88,129	-	88,129
Unearned revenue	340,855	-	340,855
Portion due or payable within one year:			
Debt obligations	835,000	-	835,000
Noncurrent liabilities:			
Net pension liability	1,653,076	344,961	1,998,037
Net OPEB liability	1,063,000	-	1,063,000
Portion due or payable after one year:			
Debt obligations, net	9,122,119	-	9,122,119
Accrued sick leave	83,492	-	83,492
Total liabilities	13,426,438	345,670	13,772,108
Deferred inflows of resources			
Deferred inflows - pension	235,461	50,508	285,969
Deferred inflows - other post-employment benefits	1,498,241	129,399	1,627,640
Total deferred inflows of resources	1,733,702	179,907	1,913,609
Net Position			
Net investment in capital assets	3,722,598	30,077	3,752,675
Restricted	309,279	(362,312)	(53,033)
Unrestricted	560,694	-	560,694
Total net position	$ 4,592,571	$ (332,235)	$ 4,260,336

FAIRVIEW INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-Type Activities**	**Total**
Primary government:							
Governmental activities:							
Instruction	$ 6,038,809	$ -	$ 2,001,313	$ -	$ (4,037,496)	$ -	$ (4,037,496)
Support services:							
Students	750,397	34,825	125,479	-	(590,093)	-	(590,093)
Instructional staff	578,608	-	64,791	-	(513,817)	-	(513,817)
District administration	383,649	-	473	-	(383,176)	-	(383,176)
School administration	437,678	-	4,770	-	(432,908)	-	(432,908)
Business and other support services	475,637	-	41,221	-	(434,416)	-	(434,416)
Operation and maintenance of plant	1,333,301	-	25,691	-	(1,307,610)	-	(1,307,610)
Student transportation	233,106	-	140,998	-	(92,108)	-	(92,108)
Community services	183,749	-	183,749	-	-	-	-
Debt service - interest	286,827	-	-	823,434	536,607	-	536,607
Total governmental activities	10,701,761	34,825	2,588,485	823,434	(7,255,017)	-	(7,255,017)
Business-type activities:							
Food service	646,324	38,081	558,379	38,591	-	(11,273)	(11,273)
Total business-type activities	646,324	38,081	558,379	38,591	-	(11,273)	(11,273)
Total primary government	$ 11,348,085	$ 72,906	$ 3,146,864	$ 862,025	$ (7,255,017)	$ (11,273)	$ (7,266,290)

	Governmental Activities	Business-Type Activities	Total
General revenues:			
Taxes:			
Property taxes, levied for general purposes	$ 1,324,388	$ -	$ 1,324,388
Motor vehicle	201,054	-	201,054
Utility	261,696	-	261,696
Intergovernmental revenues:			
State	5,941,694	-	5,941,694
Investment earnings	180,424	1,991	182,415
Other local revenues	369,689	-	369,689
Total general revenues	8,278,945	1,991	8,280,936
Transfers	46,819	(46,819)	-
Total general revenues and transfers	8,325,764	(44,828)	8,280,936
Change in net position	1,070,747	(56,101)	1,014,646
Net position, June 30, 2023	3,521,824	(276,134)	3,245,690
Net position, June 30, 2024	$ 4,592,571	$ (332,235)	$ 4,260,336

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

FAIRVIEW INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024

	General Fund	Special Revenue Fund	Construction Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	$ 3,764,167	$ -	$ 347,042	$ -	$ 145,243	$ 4,256,452
Receivables (net of allowances for uncollectibles):						
Taxes	28,359	-	-	-	-	28,359
Other	17,361	621,421	-	-	-	638,782
Interfund receivable	277,253	-	-	-	-	277,253
Total assets	$ 4,087,140	$ 621,421	$ 347,042	$ -	$ 145,243	$ 5,200,846
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	$ 11,918	$ 3,313	$ 183,006	$ -	$ -	$ 198,237
Accrued expenses	42,530	-	-	-	-	42,530
Interfund payable	-	277,253	-	-	-	277,253
Unearned revenue	-	340,855	-	-	-	340,855
Total liabilities	54,448	621,421	183,006	-	-	858,875
Fund balances:						
Restricted for capital expenditures	-	-	164,036	-	-	164,036
Restricted for student activities	-	-	-	-	145,243	145,243
Unassigned	4,032,692	-	-	-	-	4,032,692
Total fund balances	4,032,692	-	164,036	-	145,243	4,341,971
Total liabilities and fund balances	$ 4,087,140	$ 621,421	$ 347,042	$ -	$ 145,243	$ 5,200,846

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

FAIRVIEW INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2024

Fund balances—total governmental funds		$ 4,341,971
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		13,513,538
Other long-term assets are not available to pay for current-period expenditures and therefore are not reported in the governmental funds.		
Deferred amount from refunding bonds		2,143
Deferred outflows and (inflows) of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows - pension related	346,343	
Deferred inflows - pension related	(235,461)	110,882
Deferred outflows and (inflows) of resources related to OPEB are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows - OPEB related	931,696	
Deferred inflows - OPEB related	(1,498,241)	(566,545)
Some liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds financial statements.		
Net pension liability	(1,653,076)	
Net OPEB liability (asset)	(1,027,602)	
Bonds payable	(9,957,119)	
Accrued interest payable	(88,129)	
Accrued sick leave	(83,492)	(12,809,418)
Net position of governmental activities		$ 4,592,571

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

FAIRVIEW INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	General Fund	Special Revenue Fund	Construction Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
From local sources:						
Taxes -						
Property	$ 1,136,394	$ -	$ -	$ -	$ 187,994	$ 1,324,388
Motor vehicles	201,054	-	-	-	-	201,054
Utility	261,696	-	-	-	-	261,696
Interest income	179,375	1,049	-	-	-	180,424
Other local revenues	41,045	40,358	-	-	288,286	369,689
Intergovernmental - State	5,036,010	397,653	-	161,037	662,397	6,257,097
Intergovernmental - Indirect federal	-	2,190,832	-	-	-	2,190,832
Intergovernmental - Direct federal	34,825	-	-	-	-	34,825
Total revenues	6,890,399	2,629,892	-	161,037	1,138,677	10,820,005
Expenditures:						
Current:						
Instruction	3,476,563	1,727,918	-	-	-	5,204,481
Support services:						
Students	351,712	125,479	-	-	278,627	755,818
Instructional staff	518,956	64,791	-	-	-	583,747
District administration	388,529	473	-	-	-	389,002
School administration	445,440	4,770	-	-	-	450,210
Business and other support services	448,803	41,221	-	-	-	490,024
Operation and maintenance of plant	718,480	25,691	-	-	-	744,171
Student transportation	192,616	140,998	-	-	-	333,614
Community services	-	183,749	-	-	-	183,749
Facility acquisition and construction	52,204	-	473,706	-	-	525,910
Debt service	-	-	-	1,097,996	-	1,097,996
Total expenditures	6,593,303	2,315,090	473,706	1,097,996	278,627	10,758,722
Excess (deficiency) of revenues over (under) expenditures	297,096	314,802	(473,706)	(936,959)	860,050	61,283
Other financing sources (uses):						
Transfers in	371,572	9,951	-	936,959	86,568	1,405,050
Transfers out	(96,519)	(324,753)	-	-	(936,959)	(1,358,231)
Total other financing sources and (uses)	275,053	(314,802)	-	936,959	(850,391)	46,819
Net change in fund balances	572,149	-	(473,706)	-	9,659	108,102
Fund balances, June 30, 2023	3,460,543	-	637,742	-	135,584	4,233,869
Fund balances, June 30, 2024	$ 4,032,692	$ -	$ 164,036	$ -	$ 145,243	$ 4,341,971

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

FAIRVIEW INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

Net change in fund balances—total governmental funds		$	108,102
Amounts reported for governmental activities in the statement of activities are different because:			
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.			
Capital outlay	649,756		
Depreciation expense	(730,907)		(81,151)
Generally, expenditures recognized in the fund financial statements are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred for the following:			
Long-term portion of accrued sick leave			(40,441)
Amortization of deferred savings from refunding bonds			(6,428)
Accrued interest payable			6,873
Amortization of bond discounts and premiums			724
Governmental funds report pension and OPEB contributions as expenditures when paid. However, in the Statement of Activities, pension and OPEB expense is the cost of benefits earned, adjusted for member contributions, the recognition of changes in deferred outflows and inflows of resources related to pensions, OPEB, and investment experience.			
KTRS nonemployer support revenue	905,684		
KTRS OPEB and pension expense	(753,760)		
CERS OPEB and pension expense	121,144		273,068
Long-term debt payments are recognized as expenditures of current financial resources in the fund financial statements, but are reductions of liabilities in the statement of net position.			810,000
Change in net position of governmental activities		$	1,070,747

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

FAIRVIEW INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2024

	Food Service Fund
Assets	
Current assets:	
Cash and cash equivalents	$ 20,917
Accounts receivable	6,573
Inventories	22,556
Total current assets	50,046
Noncurrent assets:	
Capital assets, net of accumulated depreciation	30,077
Net OPEB asset	7,593
Total noncurrent assets	37,670
Total assets	87,716
Deferred Outflows of Resources	
Deferred outflows - pension	74,293
Deferred outflows - other post-employment benefits	31,333
Total deferred outflows of resources	105,626
Total assets and deferred outflows	$ 193,342
Liabilities	
Current liabilities:	
Accounts payable	$ 709
Total current liabilities	709
Noncurrent liabilities:	
Net pension liability	344,961
Total liabilities	345,670
Deferred Inflows of Resources	
Deferred inflows - pension	50,508
Deferred inflows - other post-employment benefits	129,399
Total deferred inflows of resources	179,907
Net Position	
Invested in capital assets	30,077
Restricted	(362,312)
Total net position	(332,235)
Total liabilities, deferred inflows and net position	$ 193,342

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

FAIRVIEW INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Food Service Fund
Operating revenues:	
Lunchroom sales	$ 38,081
Total operating revenues	38,081
Operating expenses:	
Salaries and wages	220,006
Employee benefits	49,106
Contract services	11,720
Materials and supplies	359,896
Depreciation	5,596
Total operating expenses	646,324
Operating loss	(608,243)
Nonoperating revenues:	
Federal grants	513,901
Investment income	1,991
Donated commodities	38,591
State grants	3,312
On-behalf payments	41,166
Total nonoperating revenues	598,961
Transfers out	(46,819)
Change in net position	(56,101)
Net position, June 30, 2023	(276,134)
Net position, June 30, 2024	$ (332,235)

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

FAIRVIEW INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Food Service Fund
Cash flows from operating activities:	
Cash received from:	
Lunchroom sales	$ 38,081
Cash paid to/for:	
Payments to suppliers and providers of goods and services	(336,282)
Payments to employees	(275,898)
Net cash used for operating activities	(574,099)
Cash flows from noncapital financing activities:	
Government grants	517,213
Transfers out	(46,819)
Net cash provided by noncapital and related financing activities	470,394
Cash flows from capital and related financing activities:	
Purchases of capital assets	-
Net cash used for capital and related financing activities	-
Cash flows from investing activities:	
Interest received on investments	1,991
Net cash provided by investing activities	1,991
Net change in cash and cash equivalents	(101,714)
Cash and cash equivalents, June 30, 2023	122,631
Cash and cash equivalents, June 30, 2024	$ 20,917
Reconciliation of operating loss to net cash used for operating activities:	
Operating loss	$ (608,243)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	5,596
Donated commodities	38,591
On-behalf payments	41,166
Net pension adjustment	(4,936)
Net OPEB adjustment	(43,016)
Change in assets and liabilities:	
Accounts receivable	4,578
Inventory	(5,880)
Accounts payable	(1,955)
Net cash used for operating activities	$ (574,099)
Non-cash items:	
Donated Commodities	$ 38,591
On-behalf payments	41,166

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

FAIRVIEW INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
Revenues:				
Taxes -				
Property	$ 1,287,905	$ 1,263,080	$ 1,136,394	$ (126,686)
Motor vehicles	150,000	154,249	201,054	46,805
Utility	300,000	300,000	261,696	(38,304)
Interest income	70,000	70,000	179,375	109,375
Other local revenues	1,000	1,000	41,045	40,045
Intergovernmental - State	2,844,742	3,011,000	3,333,097	322,097
Intergovernmental - Federal	15,000	15,000	34,825	19,825
Total revenues	4,668,647	4,814,329	5,187,486	373,157
Expenditures:				
Current:				
Instruction	2,815,077	2,945,393	2,242,096	703,297
Support services:				
Students	228,166	239,051	233,669	5,382
Instructional staff	319,529	403,674	388,802	14,872
District administration	299,777	352,633	332,589	20,044
School administration	401,140	407,260	362,256	45,004
Business and other support services	312,372	420,586	420,896	(310)
Operation and maintenance of plant	961,958	987,006	679,596	307,410
Student transportation	422,375	422,922	178,282	244,640
Facility acquisition and construction	840,000	840,000	52,204	787,796
Contingency	862,470	876,977	-	876,977
Debt service	233,783	-	-	-
Total expenditures	7,696,647	7,895,502	4,890,390	3,005,112
Excess (deficiency) of revenues over (under) expenditures	(3,028,000)	(3,081,173)	297,096	3,378,269
Other financing sources (uses):				
Transfers in	40,000	40,000	371,572	331,572
Transfers out	(12,000)	(99,841)	(96,519)	3,322
Total other financing sources and uses	28,000	(59,841)	275,053	334,894
Net change in fund balances	(3,000,000)	(3,141,014)	572,149	3,713,163
Fund balance, June 30, 2023	3,000,000	3,141,014	3,460,543	319,529
Fund balance, June 30, 2024	$ -	$ -	$ 4,032,692	$ 4,032,692
Adjustments to Generally Accepted Accounting Principles -				
Intergovernmental state revenue			$ 1,702,913	
On-behalf payments:				
Instruction			(1,234,467)	
Support Services				
Students			(118,043)	
Instruction Staff			(130,154)	
District administration			(55,940)	
School administration			(83,184)	
Business and other support services			(27,907)	
Operation and maintenance of plant			(38,884)	
Student transportation			(14,334)	
Fund balance, June 30, 2024 (GAAP basis)			$ 4,032,692	

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

FAIRVIEW INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Other local revenues	$ -	$ -	$ 40,358	$ 40,358
Interest income	1,000	1,000	1,049	49
Intergovernmental - State	255,328	415,397	397,653	(17,744)
Intergovernmental - Indirect federal	479,269	1,003,790	2,190,832	1,187,042
Total revenues	735,597	1,420,187	2,629,892	1,209,705
Expenditures:				
Current:				
Instruction	594,311	1,220,944	1,727,918	(506,974)
Support services:				
Students	43,095	43,095	125,479	(82,384)
Instructional staff	26,033	26,033	64,791	(38,758)
District administration	-	-	473	(473)
School administration	-	-	4,770	(4,770)
Business and other support services	-	-	41,221	(41,221)
Operation and maintenance of plant	21,185	22,000	25,691	(3,691)
Student transportation	-	6,982	140,998	(134,016)
Community services	62,973	114,303	183,749	(69,446)
Total expenditures	747,597	1,433,357	2,315,090	(881,733)
Excess (deficiency) of revenues over (under) expenditures	(12,000)	(13,170)	314,802	327,972
Other financing sources (uses):				
Transfers in	12,000	13,170	9,951	(3,219)
Transfers out	-	-	(324,753)	(324,753)
Total other financing sources and uses	12,000	13,170	(314,802)	(327,972)
Net change in fund balances	-	-	-	-
Fund balance, June 30, 2023	-	-	-	-
Fund balance, June 30, 2024	$ -	$ -	$ -	$ -

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

FAIRVIEW INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

(1) REPORTING ENTITY

The Fairview Independent School District Board of Education ("the Board"), a five member group, is the level of government which has oversight responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the Fairview Independent School District ("the 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 as Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to develop policies which may influence operations, and primary accountability for fiscal matters.

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

The 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:

Fairview Independent School District Finance Corporation

On September 27, 1993, the Fairview Independent Board of Education resolved to authorize the establishment of the Fairview Independent School District Finance Corporation (a non-profit, non-stock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS 58.180) as an agency of the Board for financing the costs of school building facilities. The Board Members of the Fairview Independent School District also comprise the Corporation's Board of Directors.

Copies of component unit reports may be obtained from the District's Finance office at 2201 Main St. WW, Ashland, Kentucky 41102.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Fairview Independent School District substantially comply with accounting principles generally accepted in the United States and the rules prescribed by the Kentucky Department of Education for local school districts.

Basis of Presentation

The basic financial statements include both government-wide statements and fund financial statements. The government-wide statements focus on the District as a whole, while the fund financial statements focus on major funds. Each presentation provides valuable information that can be analyzed and compared between years and between governments to enhance the usefulness of the information.

Government-wide statements provide information about the primary government (the District). The statements include a statement of net position and a statement of activities. These statements report the financial activities of the overall government, except for fiduciary activities. They also distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties.

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

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities and segment of its business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses to programs or functions, except where allowable for certain grant programs. 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, including internally dedicated resources and all taxes, are reported as general revenues, with certain limited exceptions. 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 provide information about the District's funds, including fiduciary funds. Separate statements are presented for the governmental, proprietary, and fiduciary fund categories. The emphasis of fund financial statements is on major funds, each displayed in a separate column. All remaining funds are aggregated and reported as non-major funds. Fiduciary funds are aggregated and 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 net position. The proprietary 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.

I. <u>Governmental Fund Types</u>

(A) The General Fund is the primary operating fund of the District. It accounts for financial resources used for general types of operations. This is a budgeted fund and any unrestricted fund balance is considered as resources available for use. This is a major fund of the District.

(B) The Special Revenue Fund accounts for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes.

1. The Special Revenue Fund includes federal financial programs where unused balances are returned to the grantor, at the close of specified project periods, as well as the state grant 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. The School Activity Fund is a special revenue fund used to account for funds collected at individual schools for activities of student groups and other types of activities requiring clearing accounts. These funds are accounted for in accordance with the *Uniform Program of Accounting for School Activity Funds.*

(C) The District Activity Fund is a Special Revenue Fund that accounts for funds raised to support co-curricular and extra-curricular activities.

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

1. The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund receives those funds designated by the State as Capital Outlay Funds and is restricted for use in financing projects identified in the District's facility plan.

2. The Facility Support Program of Kentucky Fund (FSPK Building Fund) accounts for funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable. Funds may be used for projects identified in the District's facility plan.

3. The School Construction Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction in accordance with the District’s facilities plan. This is listed as a major fund due to the nature of the activity.

(E) The Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest and related costs; and, for the payment of interest on general obligation notes payable, as required by Kentucky Law. This is a major fund of the District.

II. Proprietary Fund Type (Enterprise Fund)

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

Basis of Accounting

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

Revenues - Exchange and Non-exchange Transactions - Revenues resulting from exchange transactions, in which each party receives essentially equal value, are 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.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenues from property taxes are 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 non-exchange transactions must also be available before they can be recognized.

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.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as needed.

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

The measurement focus of governmental fund accounting is on the 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 costs, such as depreciation, are not recognized in governmental funds.

Cash and Cash Equivalents

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

Inventories

Supplies and materials are charged to expenditures when purchased with the exception of the Proprietary Fund, which records inventory at the lower of cost or market, on the first-in, first-out basis.

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary fund. 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 five thousand dollars ($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.

All reported capital assets, other than land, 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
Vehicles	5-10 years
Food service equipment	5-12 years
Other general equipment	7-10 years

Property Taxes

Property taxes collected are recorded as revenues in the fund for which they were levied. The District's ad valorem tax is levied prior to November 1, of each year on the assessed value listed as of the prior January 1 for all real and business property located in the District. The assessed value of property upon which the levy for 2024 fiscal year was based was $187,993,744.

The tax rates assessed for the year ended June 30, 2024 to finance general fund operations were $.885 on real estate and $.885 on tangible property per $100 valuation and $.603 per $100 valuation for motor vehicles.

Taxes are due on November 1 and become delinquent by February 1 of the following year. Current tax collections for the year ended June 30, 2024 were 96% of the amount levied.

The District levies a utilities gross receipts license tax in the amount of 3% of the gross receipts derived from the furnishings, within the District's boundaries, of telegraphic communications services, cablevision services, electric power, water and gas.

In-Kind

The District receives commodities from U.S.D.A. The amounts of commodities are recorded in the accompanying financial statements at their estimated fair market values.

Interfund Balances

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.

Budgetary Process

The District is required by state law to adopt annual budgets. Once the budget is approved, it can be amended. Amendments are presented to the Board at their regular meetings. Per Board policy, only amendments that aggregate greater than $50,000 require Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end as dictated by law.

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

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 the proprietary fund are reported in the proprietary fund financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, the noncurrent portion of capital leases, accumulated sick leave, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, all 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 Balance Reserves

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance-amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;

- Restricted fund balance-amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance-amounts constrained to specific purposes by the Board, using its decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the Board takes the action to remove or change the constraint;
- Assigned fund balance-amounts the District intends to use for a specific purpose (such as encumbrances); intent can be expressed by the District or by an official or body to which the District delegates the authority;
- Unassigned fund balance-amounts that are available for any purpose; unassigned amounts are reported only in the General Fund for Governmental Fund types.

When restricted, committed, assigned and unassigned resources are available for use, it is the District's policy to use restricted, committed and assigned resources first, then unassigned resources as they are needed.

Net Position

Net position represents the difference between assets, plus deferred outflows, and liabilities, plus deferred inflows. Net investment in capital assets 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 District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the District, those revenues are primarily charges for meals provided by the various schools. All other revenues are nonoperating. Operating expenses can be tied specifically to the production of the goods and services, such as materials and labor and direct overhead. Other expenses are nonoperating.

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 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 basic financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Debt Issuance Costs

Debt issuance costs are expensed in the period they are incurred.

Deferred Inflows and Outflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then.

Pension

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

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the OPEB plan's fiduciary net position and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by 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 investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Recent Accounting Pronouncements

In May 2022, the GASB issued Statement No. 99, *Omnibus 2022* ("GASB 99"), to provide guidance addressing various accounting and financial reporting issues identified during the implementation and application of certain GASB pronouncements or during the due process on other pronouncements. GASB 99 addresses, among other matters:

- Accounting and financial reporting for exchange or exchange-like financial guarantees;
- Clarification of certain provisions of Statement No.:
    - 34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments,
    - 87, Leases,
    - 94, Public-Private and Public-Public Partnership and Availability Payment Arrangements,
    - 96, Subscription-Based Information Technology Arrangements (SBITA);
- Replacing the original deadline for use of the London Interbank Offered Rate (LIBOR) as a benchmark interest rate for hedges of interest rate risk of taxable debt with a deadline for when LIBOR ceases to be determined by the ICE Benchmark Administration using the methodology in place as of December 31, 2021;
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP);
- Disclosures related to non-monetary transactions; and
- Pledges of future revenues when resources are not received by the pledging government.

Requirements that relate to the extension of the use of LIBOR, accounting for SNAP distributions, disclosures for non-monetary transactions, pledges of future revenues by pledging governments, clarifications of certain provisions in Statement No. 34, and terminology updates were effective upon issuance. Requirements related to leases, public-public and public-private partnerships (PPPs), and SBITAs were effective for the District beginning with its year ending June 30, 2023. Requirements related to other requirements related to derivative instruments will be effective for the District beginning with its year ending June 30, 2024. Adoption of the provisions required thru the year ending June 30, 2023, did not have a material effect on the District's financial statements. Management is currently evaluating the impact of the remaining provisions of this Statement on its financial statements.

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections (an amendment of GASB Statement No. 62)* ("GASB 100"), which has as its primary objective to provide more straightforward guidance that is easier to understand and is more reliable, relevant, consistent, and comparable across governments for making decisions and assessing accountability. Improving the clarity of accounting and financial reporting requirements for accounting changes and error corrections will mean greater consistency in the application of these requirements in general.

GASB 100 prescribes accounting and financial reporting for each category of accounting change and error corrections, requiring that:

- Changes in accounting principle and error corrections be reported retroactively by restating prior periods;
- Changes in accounting estimate be reported prospectively by recognizing the change in the current period; and
- Changes to and within the financial reporting entity be reported by adjusting beginning balances of the current period.
- Requires that governments disclose the effects of each accounting change and error correction on beginning balances in a tabular format.

The requirements of GASB 100 will be effective for accounting changes and error corrections made by the District beginning with its year ending June 30, 2024. Management is currently evaluating the impact of this Statement on its financial statements.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences* ("GASB 101"), which supersedes the guidance in Statement No. 16, *Accounting for Compensated Absences*, issued in 1992. GASB 101 aligns recognition and measurement guidance for all types of compensated absences under a unified model. It also requires that a liability for specific types of compensated absences not be recognized until the leave is used. Additionally, it establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. For example, a liability for leave that has not been used would be recognized if the leave:

- Is attributable to services already rendered;
- Accumulates; and
- Is more likely than not to be used for time off or otherwise paid or settled. Some exceptions to this general rule include parental leave, military leave and jury duty leave for which a liability would not be recognized until the leave commences.

Additionally, GASB 101 (1) provides an alternative to the existing requirement to disclose the gross annual increases and decreases in long-term liability for compensated absences, allowing governments to disclose only the net annual change in the liability as long as it is identified as such; and (2) removes the disclosure of the government funds used to liquidate the liability for compensated absences. The requirements of GASB 101 will be effective for the District beginning with its year ending June 30, 2025. Management is currently evaluating the impact of this Statement on its financial statements.

In January 2024, the GASB issued Statement No. 102, *Certain Risk Disclosures* ("GASB 102"), which aims to enhance the transparency of financial reporting by requiring disclosures about risks that state and local governments face due to certain concentrations or constraints. A concentration is defined as a lack of diversity in significant inflows or outflows of resources, while a constraint is a limitation imposed by an external party or by the government's highest level of decision-making authority. Governments must disclose information about these risks if they are vulnerable to a substantial impact from them. The disclosures should include the nature of the concentration or constraint, any associated events that could cause a substantial impact, and actions taken to mitigate the risk. The requirements of GASB 102 are effective for fiscal years beginning after June 15, 2024. Management is currently evaluating the impact of this Statement on its financial statements.

In May 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements* ("GASB 103") with the objective to enhance the effectiveness of the financial reporting model for decision-making and assessing government accountability. The improvements target the following established accounting and financial reporting requirements:

- Management's discussion and analysis;
- Unusual or infrequent items (previously known as extraordinary and special items);
- Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position;
- Major component unit information; and
- Budgetary comparison information.

The effective date for GASB 103 is for fiscal years beginning after June 15, 2025. Management is currently evaluating the impact of this Statement on its financial statements.

(3) CASH AND CASH EQUIVALENTS

The funds of the District must be deposited and invested under the terms of a contract. The depository bank places approved pledged securities for safekeeping and trust with the District's agent bank in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

At June 30, 2024, the carrying amount of the District's cash and cash equivalents was $4,277,369 and the bank balances totaled $4,416,936. Of the total bank balances, $250,000 was covered by Federal depository insurance, and the remaining balance was covered by collateral held by the pledging bank in the District's name. Cash equivalents are funds temporarily invested in securities with a maturity of 90 days or less.

Due to the nature of the account and certain limitations imposed on the use of funds, each bank account within the following funds is considered to be restricted: SEEK Capital Outlay Fund, Facility Support Program (FSPK) Fund, Special Revenue (Grant) Funds, Construction Fund, Debt Service Funds, School Food Service Funds, and School Activity Funds.

(4) CAPITAL ASSETS

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

Governmental Activities	Balance June 30, 2023	Additions	Deductions	Balance June 30, 2024
Land	$ 607,067	$ 9,131	$ -	$ 616,198
Construction in progress	-	473,706	-	473,706
Land improvements	734,269	-	-	734,269
Buildings and improvements	20,091,235	-	-	20,091,235
Technology equipment	400,037	17,850	-	417,887
General equipment	256,140	5,299	-	261,439
Vehicles	695,631	143,770	-	839,401
Totals	22,784,379	649,756	-	23,434,135
Less: accumulated depreciation				
Land improvements	547,329	24,582	-	571,911
Buildings and improvements	7,483,346	642,905	-	8,126,251
Technology equipment	372,433	13,316	-	385,749
General equipment	233,673	8,020	-	241,693
Vehicles	552,909	42,084	-	594,993
Total accumulated depreciation	9,189,690	730,907	-	9,920,597
Governmental Activities Capital Assets - Net	$ 13,594,689	$ (81,151)	$ -	$ 13,513,538

Business-Type Activities				
Food service equipment	$ 227,572	$ -	$ -	$ 227,572
Less: accumulated depreciation				
Food service equipment	191,899	5,596	-	197,495
Business-Type Activities				
Capital Assets - Net	$ 35,673	$ (5,596)	$ -	$ 30,077

Depreciation expense was allocated to governmental functions as follows:

Instruction	$ 71,952
Student support services	465
District administration	390
Plant operation and maintenance	621,991
Student transportation	36,109
	$ 730,907

(5) LONG-TERM OBLIGATIONS

The amount shown in the accompanying financial statements as debt and lease obligations represents the District's future obligations to make lease payments relating to bonds issued by the Fairview Independent School District Finance Corporation and the Kentucky School Facilities Construction Commission aggregating $15,625,000.

The original amount of each issue, the issue date, and interest rates are summarized below:

Issue Date	Proceeds	Rates
Issue of 2006	$ 270,000	4.3%
Issue of 2012	2,645,000	0.85% - 2.6%
Issue of 2014	1,665,000	1.0% - 2.15%
Issue of 2015	9,080,000	1.0% - 3.25%
Issue of 2021	1,965,000	2.0%

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

Bondholders are protected against default by a mechanism whereby the Commonwealth of Kentucky would withhold state SEEK payments and remit required debt service payments directly to the debt service paying agent.

A summary of activity in bond obligations and other debts is as follows:

	Balance June 30, 2023	Additions	Retirements	Balance June 30, 2024
2006 Issue	$ 75,000	$ -	$ 15,000	$ 60,000
2012 Issue	1,860,000	-	115,000	1,745,000
2014 Issue	665,000	-	220,000	445,000
2015 Issue	6,290,000	-	405,000	5,885,000
2021 Issue	1,865,000	-	55,000	1,810,000
Discounts and premiums	12,843	-	724	12,119
Accrued sick leave	43,051	40,441	-	83,492
Total	$10,810,894	$ 40,441	$ 810,724	$10,040,611

In connection with the bond issues of 2006, 2012, 2014 and 2015, the District entered into a participation agreement with the School Facility Construction Commission (the "Commission"). The Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting school construction needs. The table below sets forth the amount to be paid by the District and the Commission for each year until maturity on all bond issues.

The bonds may be called prior to maturity at redemption premiums as specified in each issue. Assuming no bonds are called prior to scheduled maturity, the minimum obligations of the District on outstanding bonds, including amounts to be paid by the Commission, at June 30, 2024 for debt service (principal and interest) are as follows:

	Fairview Independent School District		Kentucky School Facilities Construction Commission		
Year	Principal	Interest	Principal	Interest	Total
2025	$ 696,690	$ 244,284	$ 138,310	$ 22,726	$ 1,102,010
2026	718,746	225,890	131,254	19,455	1,095,345
2027	683,025	208,009	96,975	16,618	1,004,627
2028	702,453	189,113	87,547	14,347	993,460
2029	725,316	169,712	89,684	12,211	996,923
2030-2034	3,874,278	530,477	385,722	26,292	4,816,769
2035-2039	1,281,601	92,365	18,399	598	1,392,963
2040-2041	315,000	9,500	-	-	324,500
	$ 8,997,109	$ 1,669,350	$ 947,891	$ 112,247	$11,726,597

The bond issue of 2014 was considered an advance refunding of debt, resulting in a difference between the reacquisition price and the net carrying amount of the old debt. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being charged to operations through the year 2024 using the straight-line method.

(6) ACCUMULATED UNPAID SICK LEAVE BENEFITS

Upon retirement from the school system, an employee will receive from the District an amount equal to 30% of the value of accumulated sick leave. Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the District's past experience of making termination payments, and known retirements during the next fiscal year.

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, the current portion of unpaid accrued sick leave is the amount expected to be paid using expendable available resources.

(7) INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2024, consisted of the following:

Type	From	To	Purpose	Amount
Operating	General	Special Revenue	Matching	$ 9,951
Operating	Food Service	General	Indirect Cost	46,819
Debt Service	General	FSPK Building Fund	Bond Payments	86,568
Debt Service	Capital Outlay	Debt Service	Bond Payments	58,152
Debt Service	FSPK Building Fund	Debt Service	Bond Payments	878,807
Operating	Special Revenue	General	Indirect Cost	324,753

(8) RETIREMENT PLANS

Kentucky Teachers Retirement System

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

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

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

Non-university members receive monthly payments equal to 2% (service prior to July 1, 1983) and 2.5% (service after July 1, 1983) of their final average salaries for each year of credited service. Non-university members who became members on or after July 1, 2002, will receive monthly benefits equal to 2% of their final average salary for each year of service if, upon retirement, their total service is less than 10 years. New members after July 1, 2002, who retire with 10 or more years of total service will receive monthly benefits equal to 2.5% of their final average salary for each year of service, including the first 10 years. In addition, non-university members who retire July 1, 2004, and later with more than 30 years of service will have a multiplier for all years over 30 of 3%.

The final average salary is the member's five highest annual salaries except members at least age 55 with 27 or more years of service may use their three highest annual salaries. For all members, the annual allowance is reduced by 5% per year from the earlier of age 60 or the date the member would have completed 27 years of service. The minimum annual service allowance for all members is $440 multiplied by credited service.

For Members On or After July 1, 2008, and Before Jan. 1, 2022: Members become vested when they complete five years of credited service. To qualify for monthly retirement benefits, payable for life, members must either:

1.) Attain age 60 and complete five years of Kentucky service, or
2.) Complete 27 years of Kentucky service, or
3.) Attain age 55 and complete 10 years of Kentucky service.

The annual retirement allowance for non-university members is equal to: (a) 1.7% of final average salary for each year of credited service if their service is 10 years or less; (b) 2% of final average salary for each year of credited service if their service is greater than 10 years but no more than 20 years; (c) 2.3% of final average salary for each year of credited service if their service is greater than 20 years but no more than 26 years; (d) 2.5% of final average salary for each year of credited service if their service is greater than 26 years but no more than 30 years; (e) 3% of final average salary for years of credited service greater than 30 years.

The final average salary is the member's five highest annual salaries except members at least age 55 with 27 or more years of service may use their three highest annual salaries. For all members, the annual allowance is reduced by 6% per year from the earlier of age 60 or the date the member would have completed 27 years of service.

For Members On or After Jan. 1, 2022: To qualify for monthly retirement benefits, payable for life, members must either:

1.) Attain age 57 and complete 10 years of Kentucky service, or
2.) Attain age 65 and complete five years of Kentucky service.

Foundational Benefit - The annual foundational benefit for members is equal to service times a multiplier times final average salary. The final average salary is the member's five highest annual salaries. The annual foundational benefit is reduced by 6% per year from the earlier of age 60 or the date the member would have completed 30 years of service.

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

Contributions: Contribution rates are established by Kentucky Revised Statutes (KRS). For members who began participating before Jan. 1, 2022, non- university members are required to contribute 12.855% of their salaries to the system; university members are required to contribute 10.4% of their salaries. KRS 161.565 allows each university to reduce the contribution of its members by 2.215%; therefore, university members contribute 8.185% of their salary to TRS. For members employed by local school districts, the state (as a non-employer contributing entity) contributes 13.105% of salary for those who joined before July 1, 2008, and 14.105% for those who joined on or after July 1, 2008, and before Jan. 1, 2022. Other participating employers are required to contribute the percentage contributed by members plus an additional 3.25% of members' gross salaries.

For members who began participating on or after Jan. 1, 2022, non-university members contribute 14.75% and university members contribute 9.775% of their salaries to the system. Employers of non-university members, including the state (as a non- employer contributing entity), contribute 10.75% of salary. University employers contribute 9.775% of member's salary to the system.

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

At June 30, 2024, 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 its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the Net Pension liability	$ -
Commonwealth's proportionate share of the Net Pension liability associated with the District	14,203,488
	$ 14,203,488

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2022. An expected total pension liability as of June 30, 2023 was determined using standard roll-forward techniques. The District's proportion of the net pension liability was based on 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, 2023, the District's proportion was 0.0834%.

For the year ended June 30, 2024, the District recognized pension expense of $1,886,578 and revenue of $1,886,578 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, 2022. The financial reporting actuarial valuation as of June 30, 2023, used the following actuarial methods and assumptions:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry Age Normal
Single Equivalent Interest Rate	7.10%
Municipal Bond Index Rate	3.66%
Inflation	2.5%
Salary Increase	3.0-7.5%, including inflation
Investment Rate of Return	7.1%, 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 with MP-2020 with various set-forwards, set-backs and adjustments for each of the groups; service retirees, contingent annuitants, disabled retirees and active members.

The actuarial assumptions used were based on the results of an actuarial experience study for the 5-year period ending June 30, 2020, adopted by the board on September 20, 2021. The Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap U.S. Equity	35.4%	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	5.0%	3.8%
Other Additional Categories*	5.0%	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 7.1%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made in full at the current contribution rates and the employer contributions will be made at actuarially determined contribution (ADC) rates for all future fiscal years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (6.10%)	Current discount rate (7.10%)	1% Increase (8.10%)
Commonwealth's proportionate share of the Net Pension liability associated with the District	$ 18,047,000	$ 14,203,488	$ 10,885,000

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 publicly available at http://www.ktrs.ky.gov/.

County Employees Retirement System

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

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

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

Contributions: Funding for CERS is provided by members, who contribute 5.00% (6.00% for employees hired after September 1, 2008) of their salary through payroll deductions, and by employers of members. For the year ending June 30, 2024, employers were required to contribute 23.34% (23.34% pension, 0.00% insurance) of the member's salary. During the year ending June 30, 2024, the District contributed $222,381 to the CERS pension plan. The contribution requirements of CERS are established and may be amended by the CERS Board of Trustees.

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

At June 30, 2024, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2022. An expected total pension liability as of June 30, 2023 was determined using standard roll-forward techniques. The District's proportion of the net pension liability was based on contributions to CERS during the fiscal year ended June 30, 2023. At June 30, 2023, the District's proportion was 0.03114%.

For the year ended June 30, 2024, the District recognized pension expense of approximately $1,797,000. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 103,435	$ 5,429
Changes of assumptions	-	183,121
Net difference between projected and actual earnings on investments	-	27,254
Changes in proportion and differences between District contributions and proportionate share of contributions	94,820	70,165
District contributions subsequent to the measurement date	222,381	-
	$ 420,636	$ 285,969

The $222,381 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, 2025.

Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed five year period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions are amortized over the average service life of all members. These will be recognized in pension expense as follows:

Year	
2025	$ (79,000)
2026	(33,977)
2027	44,604
2028	(19,341)
	$ (87,714)

Actuarial Methods and Assumptions: The total pension liability for CERS was determined by applying procedures to the actuarial valuation as of June 30, 2022. The financial reporting actuarial valuation as of June 30, 2023, used the following actuarial methods and assumptions:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry Age Normal
Payroll growth	2.00%
Inflation	2.50%
Salary Increase	3.30% to 10.30%, varies by service
Investment Rate of Return	6.50%, net of pension plan investment expense, including inflation

The CERS Board of Trustees adopted new actuarial assumptions on May 9, 2023 and include a change in the investment return assumption from 6.25% to 6.50%. The KRS Board of Trustees adopted new actuarial assumptions on June 5, 2023. These assumptions are documented in the report titled "2022 Actuarial Experience Study for the Period Ending June 30, 2022." The Total Pension Liability as of June 30, 2023, is determined using these updated assumptions.

House Bill 506 passed during the 2023 legislative session and reinstated the Partial Lump Sum Option form of payment for members who retire on and after January 1, 2024, with the lump-sum options expanded to include 48 or 60 times the member's monthly retirement allowance. Since this optional form of payment results in a reduced, actuarial equivalent, monthly retirement allowance for members who elect a partial lump-sum option, this provision does not have a fiscal impact to the total pension liability.

House Bill 506 also adjusted the minimum required separation period before a retiree may become reemployed and continue to receive their retirement allowance to one month under all circumstances. This is a minimal change for members in the hazardous plans, as the minimum separation period was already one month for members who became reemployed on a full-time basis in a hazardous position. The requirement was previously three months only for members who became reemployed on a part-time basis or in any nonhazardous position. The actuary believes this provision of House Bill 506 will have an insignificant impact on the retirement pattern of hazardous members and therefore have reflected no fiscal impact to the total pension liability of the hazardous plan.

Similarly, this is a relatively small change for future retirees in the nonhazardous plans. But as the minimum separation period was previously three months in almost every circumstance, the actuary assumed that there would be a one percent (1%) increase in the rate of retirement for each of the first two years a nonhazardous member becomes retirement eligible under the age of 65 in order to reflect a shift in the retirement pattern. The total pension liability as of June 30, 2023, for the nonhazardous plans is determined using these updated benefits provisions.

The mortality table used for active members was a Pub-2010 General Mortality table, for the Nonhazardous System, and the Pub-2010 Public Safety Mortality table for the Hazardous System, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. The mortality table used for healthy retired members was a system-specific mortality table based on mortality experience from 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023. The mortality table used for the disabled members was PUB-2010 Disabled Mortality table, with rates multiplied by 150% for both male and female rates, projected with the ultimate rates from the MP-2020 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 below tables.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity		
Public Equity	50.00%	5.90%
Private Equity	10.00%	11.73%
Fixed Income		
Core Fixed Income	10.00%	2.45%
Specialty Credit	10.00%	3.65%
Cash	0.00%	1.39%
Inflation Protected		
Real Estate	7.00%	4.99%
Real Return	13.00%	5.15%
Total	100.00%	5.75%

Discount Rate: The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment return of 6.50%. The long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate: The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.50%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50%) or 1-percentage-point higher (7.50%) than the current rate:

	1% Decrease (5.50%)	Current discount rate (6.50%)	1% Increase (7.50%)
District's proportionate share of the net pension liability	$ 2,522,642	$ 1,998,037	$ 1,562,070

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued CERS financial report which is publicly available at https://kyret.ky.gov.

Payables to the pension plan: At June 30, 2024, there were no payables to CERS.

(9) OTHER POSTEMPLOYMENT BENEFIT ("OPEB") PLANS

Kentucky Teachers Retirement System 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 Statutes (KRS). TRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth's financial statements. TRS issues a publicly available financial report that can be obtained at https://trs.ky.gov/financial-reports-information.

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

Medical Insurance Plan

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

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

Contributions: In order to fund the post-retirement healthcare benefit, seven and one-half percent (7.50%) of the gross annual payroll of members is contributed. Three and three quarters 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. During the year ending June 30, 2024, the District contributed $90,625 to the medical insurance plan.

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

At June 30, 2024, the District reported a liability of $1,063,000 for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2023. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2022. An expected total OPEB liability as of June 30, 2023 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, 2023, the District's proportion was 0.08043%.

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	$ 1,063,000
Commonwealth's proportionate share of the Net OPEB liability associated with the District	896,000
	$ 1,959,000

For the year ended June 30, 2024, the District recognized OPEB expense of approximately ($151,000) and revenue of $(126,541) for support provided by the State. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 360,000
Changes of assumptions	242,000	-
Net difference between projected and actual earnings on investments	20,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	433,000	535,000
District contributions subsequent to the measurement date	90,625	-
	$ 785,625	$ 895,000

Of the total amount reported as deferred outflows of resources related to OPEB, $90,625 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, 2025. 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	
2025	$ (97,000)
2026	(73,000)
2027	20,000
2028	19,000
2029	(23,000)
Thereafter	(46,000)
	$ (200,000)

Actuarial methods and assumptions – The total OPEB liability was determined by applying procedures to the actuarial valuation as of June 30, 2022. The financial reporting actuarial valuation as of June 30, 2023, used the following actuarial methods and assumptions:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Investment rate of return	7.10%, net of OPEB plan investment expense, including inflation.
Projected salary increases	3.00 - 7.50%, including inflation
Inflation rate	2.50%
Real Wage Growth	0.25%
Wage Inflation	2.75%
Healthcare cost trend rates	
All ages	6.75% for FY 2023 decreasing to an ultimate rate of 4.50% by FY 2032
Medicare Part B Premiums	1.55% for FY 2023 with an ultimate rate of 4.50% by 2034

Municipal Bond Index Rate	3.66%
Discount Rate	7.10%
Single Equivalent Interest Rate	7.10%, net of OPEB plan investment expense, including inflation.

Mortality rates were based on the Pub-2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each of the groups; service, retirees, contingent annuitants, disabled retirees, and active members.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation, and rates of plan election used in the June 30, 2021 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, 2022 valuation of the Health Trust were based on a review of recent plan experience done concurrently with the June 30, 2022 valuation. The health care cost trend assumption was updated for the June 30, 2022 valuation and was shown as an assumption change in the TOL roll forward, while the change in initial per capita claims costs were included with experience in the TOL roll forward.

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

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

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%	

Discount rate - The discount rate used to measure the TOL as of the Measurement Date was 7.10%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection's basis was an actuarial valuation performed as of June 30, 2022. In addition to the actuarial methods and assumptions of the June 30, 2022 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the Valuation Date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 2.75%.

- The pre-65 retiree health care costs for members retired on or after July 1, 2010 were assumed to be paid by either the State or the retirees themselves.
- As administrative expenses, other than the administrative fee of $8.00 PMPM paid to KEHP by TRS, were assumed to be paid in all years by the employer as they come due, they were not considered.
- Cash flows occur mid-year.
- Future contributions to the Health Trust were based upon the contribution rates defined in statute and the projected payroll of active employees. Per KRS 161.540(1)(c).3 and 161.550(5), when the Health Trust achieves a sufficient prefunded status, as determined by the retirement system's actuary, the following Health Trust statutory contributions are to be decreased, suspended, or eliminated:
    - Employee contributions
    - School District/University Contributions
    - State Contributions for KEHP premium subsidies payable to retirees who retire after June 30, 2010

To reflect these adjustments, open group projections were used and assumed an equal, pro rata reduction to the current statutory amounts in the years if/when the Health Trust is projected to achieve a Funded Ratio of 100% or more. Here, the current statutory amounts are adjusted to achieve total contributions equal to the Actuarially Determined Contribution (ADC), as determined by the prior year's valuation and in accordance with the Health Trust's funding policy. As the specific methodology to be used for the adjustments has yet to be determined, there may be differences between the projected results and future experience. This may also include any changes to retiree contributions for KEHP coverage pursuant to KRS 161.675(4)(b).

- In developing the adjustments to the statutory contributions in future years, the following was assumed:

    - Liabilities and cash flows are net of expected retiree contributions and any implicit subsidies attributable to coverage while participating in KEHP.
    - For the purposes of developing estimates for new entrants, active headcounts were assumed to remain flat for all future years.

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

	1% Decrease (6.10%)	Current discount rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net OPEB liability	$ 1,367,000	$ 1,063,000	$ 812,000

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% Decrease	Current trend rate	1% Increase
District's proportionate share of the net OPEB liability	$ 765,000	$ 1,063,000	$ 1,434,000

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

Life Insurance Plan

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

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

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

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

At June 30, 2024, 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	22,000
	$ 22,000

The net OPEB liability was measured as of June 30, 2023, and the total pension liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022. An expected total OPEB liability as of June 30, 2023 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, 2023, the District's proportion was 0.078555%.

For the year ended June 30, 2024, the District recognized OPEB expense of $-0- and revenue of $2,205 for support provided by the State.

Actuarial methods and assumptions – The total OPEB liability was determined by applying procedures to the actuarial valuation as of June 30, 2022. The financial reporting actuarial valuation as of June 30, 2023, used the following actuarial methods and assumptions:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Investment rate of return	7.10%, net of OPEB plan investment expense, including inflation.
Projected salary increases	3.00 - 7.50%, including inflation
Inflation rate	2.50%
Real Wage Growth	0.25%
Wage Inflation	2.75%
Municipal Bond Index Rate	3.66%
Discount Rate	7.10%
Single Equivalent Interest Rate	7.10%, net of OPEB plan investment expense, including inflation.

Mortality rates were based on the Pub-2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs and adjustments for each of the groups: service, retirees, contingent annuitants, disabled retirees and active members. The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation and rates of plan election used in the June 30, 2021, valuation were based on the results of the most recent actuarial experience study for the system, which covered the five-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 published weekly by the Board of Governors of the Federal Reserve System.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. 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%	

Discount rate - The discount rate used to measure the total OPEB liability as of the measurement date was 7.10%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB Statement No. 75. The projection's basis was an actuarial valuation performed as of June 30, 2022. In addition to the actuarial methods and assumptions of the June 30, 2022, actuarial valuation, the following actuarial methods and assumptions were used in the projection of the life insurance cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 2.75%.
- The employer will contribute the actuarially determined contribution (ADC) in accordance with the Life Insurance Trust's funding policy determined by a valuation performed on a date two years prior to the beginning of the fiscal year in which the ADC applies.
- As administrative expenses were assumed to be paid in all years by the employer as they come due, they were not considered.
- Active employees do not contribute to the plan.
- Cash flows occur midyear.

Based on these assumptions, the Life Insurance Trust's fiduciary net position was not projected to be depleted.

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

	1% Decrease (6.10%)	Current discount rate (7.10%)	1% Increase (8.10%)
Commonwealth's proportionate share of the net OPEB liability associated with the District	$ 38,000	$ 22,000	$ 14,000

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

County Employees Retirement System Insurance Fund

Plan description: The County Employees Retirement System ("CERS") Insurance Fund was established to provide post-employment healthcare benefits to eligible members and dependents. The CERS Insurance Fund is a cost-sharing, multiple employer defined benefit plan administered by the Kentucky Retirement Systems' (KRS) board of trustees.

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

Benefits provided: CERS health insurance benefits are subject to various participation dates to determine eligibility and health insurance contribution rates. For employees who initiated participation in the CERS system prior to July 1, 2003, KRS pays a percentage of the monthly contribution rate for insurance coverage based on the retired member's years of service and type of service. Non-hazardous members receive a contribution subsidy for only the member's health insurance premium.

Percentage of contribution ranges from 0% for less than 4 years of service to 100% for 20 years or more of service. For members who initiated participation in the CERS system after July 1, 2003 until August 31, 2008, members must have 120 months of service in a state-administered retirement system to qualify for participation in the KRS health plans. Members who began participating with KRS on or after September 1, 2008, must have 180 months of service upon retirement to participate in the KRS health plans. Non-hazardous retirees receive $10 toward the monthly premium for each full year of service.

Contributions: CERS allocates a portion of the employer contributions to the health insurance benefit plans. For the year ending June 30, 2024, CERS allocated 0.00% of the 23.34% actuarially required contribution rate paid by employers for funding the healthcare benefit. In addition, 1.00% of the contributions by employees hired after September 1, 2008 are allocated to the health insurance plan. During the year ending June 30, 2024, the District contributed $-0- to the CERS Insurance Fund. The contribution requirements of CERS are established and may be amended by the CERS Board of Trustees.

Implicit Subsidy: The fully-insured premiums KRS pays for the Kentucky Employees' Health Plan are blended rates based on the combined experience of active and retired members. Because the average cost of providing health care benefits to retirees under age 65 is higher than the average cost of providing health care benefits to active employees, there is an implicit employer subsidy for the non-Medicare eligible retirees. This implicit subsidy is included in the calculation of the total OPEB liability.

OPEB Liabilities (Assets), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to CERS Insurance Fund

At June 30, 2024, the District reported a asset for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of June 30, 2023. The total OPEB liability (asset) used to calculate the net OPEB liability (asset) was based on an actuarial valuation as of June 30, 2022. An expected total pension liability as of June 30, 2023 was determined using standard roll-forward techniques. The District's proportion of the net OPEB liability (asset) was based on contributions to CERS during the fiscal year ended June 30, 2023. At June 30, 2023, the District's proportion was 0.03114%.

For the year ended June 30, 2024, the District recognized OPEB expense of $75,960, including an implicit subsidy of $14,042. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 29,971	$ 610,432
Changes of assumptions	84,604	58,960
Net difference between projected and actual earnings on investments	-	9,978
Changes in proportion and differences between District contributions and proportionate share of contributions	62,829	53,270
District contributions subsequent to the measurement date	-	-
	$ 177,404	$ 732,640

Of the total amount reported as deferred outflows of resources related to OPEB, $-0- 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 (asset) in the year ended June 30, 2025.

Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed five year period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB are amortized over the average service life of all members. These will be recognized in OPEB expense as follows:

Year	
2025	$ (138,811)
2026	(168,551)
2027	(137,241)
2028	(110,633)
2029	-
Thereafter	-
	$ (555,236)

Actuarial Methods and Assumptions - The total OPEB liability (asset) in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Experience Study	July 1, 2013 - June 30, 2018
Actuarial Cost Method	Entry Age Normal
Payroll Growth Rate	2.00%
Inflation	2.50%
Salary Increase	3.30% to 10.30%, varies by service

Investment Rate of Return	6.50%
Healthcare Trend Rates	
Pre-65	Initial trend starting at 6.80% at January 1, 2025 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Post-65	Initial trend starting at 8.50% at January 1, 2025 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Mortality	
Pre-retirement	PUB-2010 General Mortality table, for the Non-Hazardous Systems, and the PUB-2010 Public Safety Mortality table for the Hazardous Systems, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010.
Post-retirement (non-disabled)	System-specific mortality table based on mortality experience from 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023.
Post-retirement (disabled)	PUB-2010 Disabled Mortality table, with rates multiplied by 150% for both male and female rates, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year 2010.

Assumption Changes - The CERS Board of Trustees adopted new actuarial assumptions on May 9, 2023. The KRS Board of Trustees adopted new actuarial assumptions on June 5, 2023. These assumptions are documented in the report titled "2022 Actuarial Experiences Study for the Period Ending June 30, 2022". Additionally, the single discount rates used to calculate the total OPEB liability within each plan changed since the prior year. Additional information regarding the single discount rates is provided below. The Total OPEB Liability as of June 30, 2023, is determined using these updated assumptions.

House Bill 506 passed during the 2023 legislative session reinstated the Partial Lump Sum Option form of payment for members who retire on and after January 1, 2024 and adjusted the minimum required separation period before a retiree may become reemployed and continue to receive their retirement allowance to one month for all circumstances.

This is a minimal change for members in the hazardous plans, as the minimum separation period was already one month for members who became reemployed on a full-time basis in a hazardous position. The requirement was previously three months only for members who became reemployed on a part-time basis in any nonhazardous position. The actuary believes this provision of House Bill 506 will have an insignificant impact on the retirement pattern of hazardous members and therefore have reflected no fiscal impact to the total OPEB liability of the hazardous plan.

Similarly, this is a relatively small change for future retirees in the nonhazardous plan. But as the minimum separation period was previously three months in almost every circumstance, the actuary assumed that there would be a one percent (1%) increase in the rate of retirement for each of the first two years a nonhazardous member becomes retirement eligible under the age of 65, in order to reflect a shift in the retirement pattern. The total OPEB liability as of June 30, 2023, for the nonhazardous plan is determined using these updated benefit provisions.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity		
Public Equity	50.00%	5.90%
Private Equity	10.00%	11.73%

Fixed Income		
Core Fixed Income	10.00%	2.45%
Specialty Credit	10.00%	3.65%
Cash	0.00%	1.39%
Inflation Protected		
Real Estate	7.00%	4.99%
Real Return	13.00%	5.15%
Total	100.00%	5.75%

Discount rate - The discount rate used to measure the total OPEB liability (asset) was 5.93%. 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 3.86%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2023. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, each plan's fiduciary net position and future contributions were projected to be sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the plan. However, the cost associated with the implicit employer subsidy was not included in the calculation of the plan's actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the plans trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

The following table presents the District's proportionate share of the collective net OPEB liability (asset) of the System, calculated using the discount rate of 5.93%, as well as what the District's proportionate share of the collective net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (4.93%) or 1-percentage-point higher (6.93%) than the current rate:

	1% Decrease (4.93%)	Current discount rate (5.93%)	1% Increase (6.93%)
District's proportionate share of the net OPEB liability (asset)	$ 80,678	$ (42,991)	$ (146,549)

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

	1% Decrease	Current trend rate	1% Increase
District's proportionate share of the net OPEB liability	$ (137,794)	$ (42,991)	$ 73,465

OPEB plan fiduciary net position: Detailed information about the OPEB plan's fiduciary net position is available in the separately issued CERS financial report which is publicly available at https://kyret.ky.gov.

Payables to the OPEB plan: At June 30, 2024, there were no payables to CERS.

(10) COMMITMENTS AND 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 the grantors' review indicates that the funds have not been used for the intended purpose, the grantors may request a refund of monies advanced or refuse to reimburse the District for its disbursements. 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.

(11) RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To obtain insurance for workers' compensation, errors and omissions, and general liability coverage, the District carries their insurance with Kentucky Employers’ Mutual Insurance (KEMI), which is located in Lexington, Kentucky. KEMI is a mutual insurance company regulated by the Kentucky Department of Insurance. The District pays annual premiums for their coverage. The premium for workers’ compensation is based on a formula. The District is assigned a classification code for their industry and each classification code has a corresponding rate. Multiplying the rate times the estimated payroll for operations then dividing by 100 will give the base premium. In some cases, modifiers may also be added, based on eligibility, which may increase or decrease the premium. In other cases, additional coverages may be requested that increase the premium.

The District purchases unemployment insurance through the KEMI; however, risk has not been transferred to such fund. In addition, the District continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(12) 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 for a substantial loss (contingency).

(13) ON-BEHALF PAYMENTS

For the year ended June 30, 2024, total payments of $1,977,026 were made by the Commonwealth of Kentucky on behalf of the District for life insurance, health insurance, and KTRS matching and administrative fees, and SFCC debt service. These payments were recognized as on-behalf payments and are recorded in the appropriate revenue and expense accounts on the Statement of Activities and the Government Funds Statement of Revenue, Expenditures, and Changes in Fund Balance.

On-behalf payments at June 30, 2024 consisted of the following:

Teacher Retirement	$ 854,353
Teacher Retirement - Health & Life	71,910
Health Insurance	901,879
Life Insurance	1,181
Administrative Fee	9,418
HRA/Dental/Vision	34,300
Federal Reimbursement	(113,993)
Technology	56,941
SFCC Debt Service	161,037
Total on-behalf	$ 1,977,026

(14) FUND DEFICIT

As of June 30, 2024, the Food Service Fund had a negative net position of $332,235. This deficit resulted from the fund’s proportionate share of the net pension and OPEB liabilities recorded in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

REQUIRED SUPPLEMENTARY INFORMATION

FAIRVIEW INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2024

	Reporting Fiscal Year (Measurement Date)									
	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
COUNTY EMPLOYEES RETIREMENT SYSTEM:										
District's proportion of the net pension liability	0.03114%	0.02913%	0.03239%	0.02884%	0.02703%	0.02888%	0.03769%	0.04368%	0.04632%	0.04747%
District's proportionate share of the net pension liability	$ 1,998,037	$ 2,105,595	$ 2,065,308	$ 2,212,004	$ 1,901,102	$ 1,759,124	$ 2,206,053	$ 2,150,854	$ 1,991,506	$ 1,540,000
District's covered-employee payroll	$ 870,145	$ 773,023	$ 778,104	$ 738,741	$ 681,838	$ 715,883	$ 917,642	$ 1,040,620	$ 1,080,692	$ 1,089,066
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	229.621%	272.384%	265.428%	299.429%	278.820%	245.728%	240.405%	206.690%	184.281%	141.406%
Plan fiduciary net position as a percentage of the total pension liability	57.480%	52.420%	57.330%	47.810%	50.450%	53.540%	53.300%	55.500%	59.970%	66.800%
KENTUCKY TEACHER'S RETIREMENT SYSTEM:										
District's proportion of the net pension liability	0.08340%	0.08610%	0.07840%	0.07970%	0.08450%	0.09640%	0.10070%	0.10820%	0.12600%	0.10790%
District's proportionate share of the net pension liability	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
State's proportionate share of the net pension liability associated with the District	14,203,488	14,593,636	10,202,341	11,294,069	11,535,056	12,624,068	27,180,798	33,259,307	29,312,436	22,175,552
Total	$ 14,203,488	$ 14,593,636	$ 10,202,341	$ 11,294,069	$ 11,535,056	$ 12,624,068	$ 27,180,798	$ 33,259,307	$ 29,312,436	$ 22,175,552
District's covered-employee payroll	$ 3,750,995	$ 3,171,604	$ 3,158,546	$ 2,837,735	$ 2,830,235	$ 3,196,315	$ 2,953,130	$ 3,505,413	$ 3,787,572	$ 3,381,905
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Plan fiduciary net position as a percentage of the total pension liability	57.680%	56.410%	65.590%	58.270%	58.800%	59.300%	39.830%	35.220%	42.490%	45.590%

FAIRVIEW INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF PENSION CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
COUNTY EMPLOYEES RETIREMENT SYSTEM:										
Contractually required contribution	$ 222,381	$ 203,614	$ 163,649	$ 150,174	$ 142,577	$ 110,591	$ 103,666	$ 128,011	$ 129,245	$ 137,795
Contributions in relation to the contractually required contribution	222,381	203,614	163,649	150,174	142,577	110,591	103,666	128,011	129,245	137,795
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 952,789	$ 870,145	$ 773,023	$ 778,104	$ 738,741	$ 681,838	$ 715,883	$ 917,642	$ 1,040,620	$ 1,080,692
District's contributions as a percentage of its covered payroll	23.34%	23.40%	21.17%	19.30%	19.30%	16.22%	14.48%	13.95%	12.42%	12.75%
KENTUCKY TEACHER'S RETIREMENT SYSTEM:										
Contractually required contribution	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 3,835,068	$ 3,750,995	$ 3,171,604	$ 3,158,546	$ 2,837,735	$ 2,830,235	$ 3,196,315	$ 2,953,130	$ 3,505,413	$ 3,787,572
District's contributions as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

FAIRVIEW INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE
SHARE OF THE NET OPEB LIABILITY (ASSET)
FOR THE YEAR ENDED JUNE 30, 2024

	Reporting Fiscal Year (Measurement Date)						
	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)
COUNTY EMPLOYEES RETIREMENT SYSTEM - INSURANCE FUND:							
District's proportion of the net OPEB liability/asset	0.03114%	0.029122%	0.032386%	0.028832%	0.027024%	0.028883%	0.037689%
District's proportionate share of the net OPEB liability (asset)	$ (42,991)	$ 574,727	$ 620,014	$ 696,205	$ 454,532	$ 512,812	$ 757,678
District's covered-employee payroll	$ 870,145	$ 773,023	$ 778,104	$ 738,741	$ 681,838	$ 715,883	$ 917,642
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	-4.941%	74.348%	79.683%	94.242%	66.663%	71.633%	82.568%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	104.23%	60.95%	62.91%	51.67%	60.44%	57.62%	52.40%
KENTUCKY TEACHER'S RETIREMENT SYSTEM - MEDICAL INSURANCE PLAN:							
District's proportion of the net OPEB liability	0.08043%	0.08178%	0.07490%	0.07573%	0.08016%	0.09149%	0.09581%
District's proportionate share of the net OPEB liability	$ 1,063,000	$ 1,528,000	$ 887,000	$ 1,061,000	$ 1,298,000	$ 1,705,000	$ 1,880,000
State's proportionate share of the net OPEB liability associated with the District	896,000	502,000	720,000	850,000	1,048,000	1,469,000	1,536,000
Total	$ 1,959,000	$ 2,030,000	$ 1,607,000	$ 1,911,000	$ 2,346,000	$ 3,174,000	$ 3,416,000
District's covered-employee payroll	$ 2,756,661	$ 2,364,691	$ 2,445,604	$ 2,475,481	$ 2,574,109	$ 2,917,723	$ 3,011,500
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	38.561%	64.617%	36.269%	42.860%	50.425%	58.436%	62.427%
Plan fiduciary net position as a percentage of the total OPEB liability	52.97%	47.75%	51.74%	39.05%	32.58%	25.50%	21.18%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

FAIRVIEW INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE
SHARE OF THE NET OPEB LIABILITY (ASSET) (CONCLUDED)
FOR THE YEAR ENDED JUNE 30, 2024

	Reporting Fiscal Year (Measurement Date)						
	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)
KENTUCKY TEACHER'S RETIREMENT SYSTEM - LIFE INSURANCE PLAN:							
District's proportion of the net OPEB liability	0.07856%	0.08030%	0.07321%	0.07407%	0.07840%	0.08937%	0.09358%
District's proportionate share of the net OPEB liability	$ -	$ -	$ -	$ -	$ -	$ -	$ -
State's proportionate share of the net OPEB liability associated with the District	22,000	25,000	10,000	26,000	24,000	25,000	21,000
Total	$ 22,000	$ 25,000	$ 10,000	$ 26,000	$ 24,000	$ 25,000	$ 21,000
District's covered-employee payroll	$ 2,756,661	$ 2,364,691	$ 2,445,604	$ 2,475,481	$ 2,574,109	$ 2,917,723	$ 3,011,500
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Plan fiduciary net position as a percentage of the total OPEB liability	76.91%	73.97%	89.15%	71.570%	73.400%	75.000%	79.990%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

FAIRVIEW INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF OPEB CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017
COUNTY EMPLOYEES RETIREMENT SYSTEM - INSURANCE FUND:								
Contractually required contribution	$ -	$ 29,012	$ 43,918	$ 36,709	$ 35,164	$ 35,868	$ 33,647	$ 43,404
Contributions in relation to the contractually required contribution	-	29,012	43,918	36,709	35,164	35,868	33,647	43,404
Contribution deficiency (excess)	-	-	-	-	-	-	-	-
District's covered-employee payroll	$ 952,789	$ 870,145	$ 773,023	$ 778,104	$ 738,741	$ 681,838	$ 715,883	$ 917,642
District's contributions as a percentage of its covered-employee payroll	0.00%	3.33%	5.68%	4.72%	4.76%	5.26%	4.70%	4.73%
KENTUCKY TEACHER'S RETIREMENT SYSTEM: - MEDICAL INSURANCE PLAN:								
Contractually required contribution	$ 90,625	$ 82,701	$ 70,941	$ 73,368	$ 74,264	$ 77,223	$ 87,532	$ 90,345
Contributions in relation to the contractually required contribution	90,625	82,701	70,941	73,368	74,264	77,223	87,532	90,345
Contribution deficiency (excess)	-	-	-	-	-	-	-	-
District's covered-employee payroll	$ 3,020,817	$ 2,756,661	$ 2,364,691	$ 2,445,604	$ 2,475,481	$ 2,574,109	$ 2,917,723	$ 3,011,500
District's contributions as a percentage of its covered-employee payroll	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

FAIRVIEW INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF OPEB CONTRIBUTIONS (CONCLUDED)
FOR THE YEAR ENDED JUNE 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017
KENTUCKY TEACHER'S RETIREMENT SYSTEM - LIFE INSURANCE PLAN:								
Contractually required contribution	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	-	-	-	-	-	-	-	-
District's covered-employee payroll	$ 3,020,817	$ 2,756,661	$ 2,364,691	$ 2,445,604	$ 2,475,481	$ 2,574,109	$ 2,917,723	$ 3,011,500
District's contributions as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be displayed as they become available.

(1) CHANGES OF ASSUMPTIONS

KTRS

In 2014, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 5.16% to 5.23%.

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

In the 2016 valuation, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience. In the 2016 valuation, the Assumed Salary Scale, Price Inflation, and Wage Inflation were adjusted to reflect a decrease. In addition, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 4.88% to 4.20%.

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

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

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 Pub2010 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 7.50 percent to 7.10 percent and the price inflation assumption was lowered from 3.00 percent to 2.50 percent. In addition, the calculation of the SEIR results in an assumption change from 7.50% to 7.10%.

CERS

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

- The assumed investment rate of return was decreased from 7.75% to 7.50%.
- The assumed rate of inflation was reduced from 3.50% to 3.25%.
- The assumed rate of wage inflation was reduced from 1.00% to 0.75%.
- Payroll growth assumption was reduced from 4.50% to 4.00%.
- The mortality table used for active members is 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 more accurately reflect experience.

The following changes were made by the Board of Trustees and reflected in the valuation performed as of June 30, 2017:

- Decreased the price inflation assumption to 2.30%.
- Decreased the assumed rate of return to 6.25%.
- Decreased the payroll growth assumption to 2.00%.

The following changes were made by the Board of Trustees and reflected in the valuation performed as of June 30, 2019:

- The assumed salary increase was changed from 4.00% (average) to 3.30%-10.30% (varies by service).
- The mortality table used for pre-retirement is PUB-2010 General Mortality table, for the Non-Hazardous Systems, and PUB-2010 Public Safety Mortality table for the Hazardous Systems, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.
- The mortality table used for post-retirement (non-disabled) is a system specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.
- The mortality table used for post-retirement (disabled) is PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2010.

For the valuation performed as of June 30, 2023, demographic and economic assumptions were updated based on the 2022 experience study and the single discount rates used to calculate the total OPEB liability was changed to 6.50%. A 1% increase in the rate of retirement for each of the first two years a nonhazardous member becomes retirement eligible under the age of 65 is assumed to reflect the shift in retirement pattern due to House Bill 506. Additionally, in conjunction with the review of the healthcare per capita claims cost, the assumed increase in the future healthcare costs, or trend assumption, is reviewed on an annual basis. The trend assumption for the non-Medicare Plans was increased during the select period as a result of this review.

(2) METHOD AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS

KTRS

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 that schedule:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	24.4 years
Asset Valuation Method	5-year smoothed market
Inflation	3.0%
Salary Increase	3.5% to 7.3%, including inflation
Investment Rate of Return	7.5%, net of pension plan investment expense, including inflation

CERS

The following actuarial methods and assumptions were used to determine contribution rates for the year ending June 30, 2023:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll
Remaining Amortization Period	30 years, closed
Payroll Growth	2.00%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30%
Salary Increase	3.30% to 10.30%, varies by service
Investment Rate of Return	6.25%, net of pension plan investment expense, including inflation
Mortality	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019
Phase-in provision	Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018

(3) CHANGES OF BENEFITS

KTRS

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

CERS

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 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.

FAIRVIEW INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – OPEB PLANS
FOR THE YEAR ENDED JUNE 30, 2024

(1) CHANGES OF ASSUMPTIONS

KTRS

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.

For 2022, the health care trend rates were updated to reflect future anticipated experience.

CERS Insurance Fund

The following changes were made by the Board of Trustees and reflected in the valuation performed as of June 30, 2017:

- Decreased the price inflation assumption to 2.30%.
- Decreased the assumed rate of return to 6.25%.
- Decreased the payroll growth assumption to 2.00%.

The following changes were made by the Board of Trustees and reflected in the valuation performed as of June 30, 2019:

- The assumed salary increase was changed from 4.00% (average) to 3.30%-10.30% (varies by service.)
- The mortality table used for pre-retirement is PUB-2010 General Mortality table, for the Non-Hazardous Systems, and PUB-2010 Public Safety Mortality table for the Hazardous Systems, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.
- The mortality table used for post-retirement (non-disabled) is a system specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.
- The mortality table used for post-retirement (disabled) is PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2010.

For the June 30, 2020 measurement date, the assumed increase in future health care costs, or trend assumption, is reviewed on an annual basis and was updated to better reflect more current expectations relating to anticipated future increases in the medical costs. The assumed impact of the Cadillac Tax (previously a 0.9% load on employer paid non-Medicare premiums for those who became participants prior to July 1, 2003) was removed to reflect its repeal since the prior valuation.

For the June 30, 2022 measurement date, the single discount rates used to calculate the total OPEB liability was changed to 5.70%.

For the valuation performed as of June 30, 2023, demographic and economic assumptions were updated based on the 2022 experience study and the single discount rates used to calculate the total OPEB liability was changed to 5.93%. A 1% increase in the rate of retirement for each of the first two years a nonhazardous member becomes retirement eligible under the age of 65 is assumed to reflect the shift in retirement pattern due to House Bill 506. Additionally, in conjunction with the review of the healthcare per capita claims cost, the assumed increase in the future healthcare costs, or trend assumption, is reviewed on an annual basis. The trend assumption for the non-Medicare Plans was increased during the select period as a result of this review.

(2) METHOD AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS

KTRS

Medical Insurance Plan – The Health Trust is not funded based on an actuarially determined contribution, but instead is funded based on statutorily determined amounts.

Life Insurance Plan **-** 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 Percent of Payroll
Amortization period	24 years, Closed
Asset valuation method	Five-year smoothed value
Inflation	3.00%
Real wage growth	0.50%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% - 7.2%, including wage inflation
Discount rate	7.50%

CERS Insurance Fund

The following actuarial methods and assumptions, for actuarially determined contributions effective for fiscal year ending June 30, 2023:

Experience Study	July 1, 2008 – June 30, 2013
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay
Remaining Amortization Period	30 Years, Closed
Payroll Growth Rate	2.00%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation	2.30%
Salary Increase	3.30% to 10.30%, varies by service
Investment Rate of Return	6.25%
Healthcare Trend Rates	
Pre-65	Initial trend starting at 6.30% at January 1, 2023, gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2022 premiums were

	known at the time of the valuation and were incorporated into the liability measurement.
Post-65	Initial trend starting at 6.30% at January 1, 2023 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2021 premiums were known at the time of the valuation and were incorporated into the liability measurement. Additionally, Humana provided “Not to Exceed” 2022 Medicare premiums, which were incorporated and resulted in an assumed 2.90% increase in Medicare premiums at January 1, 2022.
Mortality	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.

(3) CHANGES OF BENEFITS

KTRS

Medical Insurance Plan – A new benefit tier was added for members joining the System on and after January 1, 2022.

Life Insurance Plan - A new benefit tier was added for members joining the System on and after January 1, 2022.

CERS

During the 2018 legislative session, House Bill 185 was enacted, which updated the benefit provisions for active members who die in the line of duty. The system shall now pay 100% of the insurance premium for spouses and children of all active members who die in the line of duty. The total OPEB liability as of June 30, 2019, is determined using these updated benefit provisions.

Senate Bill 169 passed during the 2021 legislative session and increased the disability benefits for certain qualifying members who become “totally and permanently disabled” in the line of duty or as a result of a duty-related disability. The total OPEB liability as of June 30, 2021 is determined using these updated benefit provisions.

SUPPLEMENTARY INFORMATION

FAIRVIEW INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2024

	Student Activity Fund	Capital Outlay Fund	FSPK Building Fund	District Activity Fund	Total Non-Major Governmental Funds
ASSETS:					
Cash and cash equivalents	$ 139,870	$ -	$ -	$ 5,373	$ 145,243
Accounts receivable	-	-	-	-	-
Total assets	$ 139,870	$ -	$ -	$ 5,373	$ 145,243
LIABILITIES AND FUND BALANCE:					
Liabilities:					
Accounts payable	$ -	$ -	$ -	$ -	$ -
Total liabilities	-	-	-	-	-
Fund Balances:					
Restricted for student activities	139,870	-	-	5,373	145,243
Total fund balance	139,870	-	-	5,373	145,243
Total liabilities and fund balances	$ 139,870	$ -	$ -	$ 5,373	$ 145,243

FAIRVIEW INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	Student Activity Fund	Capital Outlay Fund	FSPK Building Fund	District Activity Fund	Total Non-Major Governmental Funds
REVENUES:					
From local sources -					
Property taxes	$ -	$ -	$ 187,994	$ -	$ 187,994
Other	260,896	-	-	27,390	288,286
Intergovernmental - State	-	58,152	604,245	-	662,397
Total revenues	260,896	58,152	792,239	27,390	1,138,677
EXPENDITURES:					
Support services:					
Students	245,022	-	-	33,605	278,627
Total expenditures	245,022	-	-	33,605	278,627
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	15,874	58,152	792,239	(6,215)	860,050
OTHER FINANCING SOURCES (USES):					
Operating transfers in	-	-	86,568	-	86,568
Operating transfers out	-	(58,152)	(878,807)	-	(936,959)
Total other financing sources (uses)	-	(58,152)	(792,239)	-	(850,391)
NET CHANGE IN FUND BALANCE	15,874	-	-	(6,215)	9,659
FUND BALANCE JUNE 30, 2023	123,996	-	-	11,588	135,584
FUND BALANCE JUNE 30, 2024	$ 139,870	$ -	$ -	$ 5,373	$ 145,243

FAIRVIEW INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
SCHOOL ACTIVITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	Cash Balance June 30, 2023	Receipts	Disbursements	Cash Balance June 30, 2024	Accounts Receivable	Accounts Payable	Restricted Fund Balance June 30, 2024
Fairview Independent High School	$ 87,729	$ 241,135	$ 216,838	$ 112,026	$ -	$ -	$ 112,026
Fairview Independent Elementary School	36,267	19,761	28,184	27,844	-	-	27,844
	$ 123,996	260,896	245,022	139,870	-	-	139,870

FAIRVIEW INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
SCHOOL ACTIVITY FUNDS
FAIRVIEW INDEPENDENT HIGH SCHOOL
FOR THE YEAR ENDED JUNE 30, 2024

	Cash Balance June 30, 2023	Receipts	Disburse-ments	Cash Balance June 30, 2024	Accounts Receivable (Accounts Payable)	Restricted Fund Balance June 30, 2024
Academic	$ 250	$ 3,766	$ 1,656	$ 2,360	$ -	$ 2,360
Academic MS	-	-	-	-	-	-
Annual	336	1,674	1,089	921	-	921
Archery	4,151	11,217	6,780	8,588	-	8,588
Band	2,822	1,027	1,596	2,253	-	2,253
Baseball	8,737	16,492	13,438	11,791	-	11,791
Baseball MS	2,989	2,027	4,092	924	-	924
Beta Club	341	15,671	15,501	511	-	511
Bowling	104	-	-	104	-	104
Boys Basketball	2,544	20,437	13,101	9,880	-	9,880
Boys Basketball MS	12,873	4,588	3,776	13,685	-	13,685
Boys Golf	366	845	801	410	-	410
Cheerleaders	5,732	4,214	7,229	2,717	-	2,717
Chorus	925	-	-	925	-	925
Chromebook Fees	-	-	-	-	-	-
Coke Acct	4	-	-	4	-	4
Cross Country	573	-	248	325	-	325
Drama	-	-	-	-	-	-
Faculty/Staff	1,225	951	666	1,510	-	1,510
FBLA	334	40	98	276	-	276
FCA	101	-	-	101	-	101
Pep Club	460	220	-	680	-	680
Field Trip	191	1,819	2,010	-	-	-
Football	2,626	26,220	20,047	8,799	-	8,799
Football MS	3,002	3,600	3,120	3,482	-	3,482
Forensics	579	-	-	579	-	579
Girls Basketball	7,073	5,623	4,951	7,745	-	7,745
Girls Basketball MS	1,117	4,090	2,243	2,964	-	2,964
Girls Golf	1,260	150	132	1,278	-	1,278
Girls STEM	222	-	-	222	-	222
Honor Society	551	590	733	408	-	408
Honor Society MS	-	-	-	-	-	-
Class of 2023	171	-	171	-	-	-
Key Club	116	406	420	102	-	102
Library	72	-	-	72	-	72
Athletic Concessions	-	24,696	24,696	-	-	-
Senior Yearbook Project	4,575	-	4,502	73	-	73
Scholarships	120	380	500	-	-	-
School Pictures	1,953	331	69	2,215	-	2,215
Softball	2,241	6,664	4,539	4,366	-	4,366
Softball MS	50	383	364	69	-	69
Spanish Honor Society	71	-	-	71	-	71
STLP	126	-	-	126	-	126
Class of 2024	1,469	17,140	18,487	122	-	122
Start Up Money	-	1,600	1,600	-	-	-
Class of 2026	91	-	-	91	-	91
Class of 2025	234	5,409	3,833	1,810	-	1,810
Student Deposit	6,660	470	2,041	5,089	-	5,089
Non-Student Gen Fund	132	9,241	9,373	-	-	-
Veterans	340	-	340	-	-	-
Parking Fees	-	-	-	-	-	-
Tennis	9	1,643	1,252	400	-	400
Track	239	-	-	239	-	239
Volleyball	936	7,075	6,926	1,085	-	1,085
Volleyball MS	1,823	8,550	6,204	4,169	-	4,169
Interest	4,813	4,422	913	8,322	-	8,322
Arbiter Pay	-	26,764	26,764	-	-	-
Chess/Gaming Club	-	700	537	163	-	163
Total	$ 87,729	$ 241,135	$ 216,838	$ 112,026	$ -	$ 112,026

FAIRVIEW INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

Federal Grantor/Pass-Through Grantor/Program Title	Federal AL Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Expenditures	
U.S. Department of Education					
Passed through Kentucky Department of Education:					
Title I Grants to Local Educational Agencies	84.010	3100002-22	$ -	$ 26,804	
Title I Grants to Local Educational Agencies	84.010	3100002-23	-	375,589	
Title I School Improvement Funds	84.010	3100202-21	-	29,889	
Title I School Improvement Funds	84.010	3100202-22	-	9,385	
Title I School Improvement Funds	84.010	3100202-23	-	13,429	
				455,096	
Special Education Cluster (IDEA):					
Special Education Grants to States - IDEA, Part B	84.027	3810002-23	-	154,812	
Special Education Preschool Grants	84.173	3800002-21	-	25	
Special Education Preschool Grants	84.173	3800002-22	-	170	
Special Education Preschool Grants	84.173	3800002-23	-	11,607	
				166,614	
Stiving Readers Comprehensive Literacy Grant	84.371C	3220002-21	-	25,302	
Stiving Readers Comprehensive Literacy Grant	84.371C	3220002-22	-	79,520	
Stiving Readers Comprehensive Literacy Grant	84.371C	3220002-23	-	38,933	
				143,755	
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	4200002-21	-	815,156	
COVID-19 -ARP ESSER Funds After School Programs	84.425U	4300006-21	-	142,137	
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425U	4300002-21	-	367,946	
COVID-19 - ESSER Digital Learning Coaches	84.425U	4300005-21	-	689	
COVID-19 - ARP ESSER Funds Deeper Learning	84.425U	563J	-	18,286	
COVID-19 - ARP ESSER Funds Summer School	84.425U	4300007-21	-	31,347	
COVID-19 - ARP ESSER Homeless Children and Youth	84.425W	4980002-21	-	4,080	
				1,379,641	*
Total U.S. Department of Education				2,145,106	
U.S. Department of Agriculture					
Passed through Kentucky Department of Education:					
Cash Assistance:					
Child and Adult Care Food Program	10.558	7800016-23	-	322	
Child and Adult Care Food Program	10.558	7800016-24	-	2,551	
Child and Adult Care Food Program	10.558	7790021-23	-	4,645	
Child and Adult Care Food Program	10.558	7790021-24	-	36,754	
State Administrative Expenses for Child Nutrition	10.560	7700001-22	-	2,823	
National School Lunch Program	10.555	7750002-23	-	61,239	
National School Lunch Program	10.555	7750002-24	-	230,250	
National School Lunch Program	10.555	9980000-23	-	24,235	
Summer Food Service Program for Children	10.559	7690024-23	-	1,535	
Summer Food Service Program for Children	10.559	7690024-24	-	147	
Summer Food Service Program for Children	10.559	7740023-23	-	6,576	
Summer Food Service Program for Children	10.559	7740023-24	-	1,433	
Fresh Fruit and Vegetable Program	10.582	7720012-23	-	2,053	
Fresh Fruit and Vegetable Program	10.582	7720012-24	-	16,226	
School Breakfast Program	10.553	7760005-23	-	26,159	
School Breakfast Program	10.553	7760005-24	-	96,953	
				513,901	
Passed through Kentucky Department of Education:					
Non-Cash Assistance (Food Distribution)					
National School Lunch Program	10.555	7750002-21	-	38,591	
Total Child Nutrition Cluster				552,492	
Total U.S. Department of Agriculture				552,492	

FAIRVIEW INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONCLUDED)
FOR THE YEAR ENDED JUNE 30, 2024

Federal Grantor/Pass-Through Grantor/Program Title	Federal AL Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Expenditures
U.S. Department of Health and Human Services				
Passed through Kentucky Department of Education:				
Pediatric Mental Health Care Access Expansion	93.110	479K	-	45,726
Total U.S. Department of Health and Human Services				45,726
Total Expenditures of Federal Awards				$ 2,743,324

* Denotes major program.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Fairview Independent School District under programs of the federal government for the year ended June 30, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of operations of the Fairview Independent School District, it is not intended to, and does not, present the financial position, changes in net position or cash flows of the District.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following 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. Negative amounts shown on the schedule represents adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

NOTE C - FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2024, commodities on hand are included in the total inventory of $22,556.

NOTE D - INDIRECT COST RATE

The Fairview Independent School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

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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
Fairview Independent School District
Ashland, 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 *Auditor Responsibilities* and *State Compliance Requirements* sections contained in the Kentucky Public School Districts' Audit Contract and Requirements, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Fairview Independent School District (the "District") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 08, 2024.

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.

Cincinnati, OH

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.*

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.

Kelley Galloway Smith Goolsby, PSC

Ashland, Kentucky
November 08, 2024

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Fairview Independent School District's (the "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, 2024. 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, 2024.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of 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.

Cincinnati, OH

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.

Kelley Galloway Smith Goolsby, PSC

Ashland, Kentucky
November 08, 2024

FAIRVIEW INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024

(A) SUMMARY OF AUDIT RESULTS

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified			
Internal Control over financial reporting:				
Material weakness(es) identified?	______	yes	x	no
Significant deficiency(ies) identified?	______	yes	x	none reported
Noncompliance material to the financial statements noted?	______	yes	x	no
Federal Awards				
Internal control over major federal programs:				
Material weakness(es) identified?	______	yes	x	no
Significant deficiency(ies) identified?	______	yes	x	none reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	______	yes	x	no
Identification of major federal programs:				
COVID-19 - Elementary and Secondary School Emergency Relief Fund (84.425W, 84.425D, 84.425U)				
Dollar threshold to distinguish between Type A and Type B Programs:	$ 750,000			
The District qualified as a low risk auditee	x	yes	______	no

(B) FINANCIAL STATEMENT FINDINGS

None noted in the current year.

(C) FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted in the current year.

FAIRVIEW INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024

There were no findings in the prior year.

Kelley Galloway Smith Goolsby, PSC
Certified Public Accountants and Advisors
1200 Corporate Court • P. O. Box 990 • Ashland, Kentucky 41105
• Phone (606) 329-1811 (606) 329-1171 • Fax (606) 329-8756 (606) 325-0590
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Kentucky State Committee for School District Audits
Members of the Board of Education
Fairview Independent School District
Ashland, Kentucky

In planning and performing our audit of the financial statements of Fairview Independent School District (the "District") as of and for the year ended June 30, 2024, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures 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.

However, during our audit, we became aware of matters that are an opportunity for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding these matters. This letter does not affect our report dated , on the financial statements of the District.

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

Kelley Galloway Smith Goolsby, PSC

Ashland, Kentucky
November 08, 2024

Cincinnati, OH

FAIRVIEW INDEPENDENT SCHOOL DISTRICT

MANAGEMENT LETTER POINTS

FOR THE YEAR ENDED JUNE 30, 2024

2024-01 Publication of Annual Financial Report and District Budget

Condition: The District could not provide documentation where the 2023-2024 annual financial report (AFR) and budget were published in the local newspaper.

Criteria: KRS 424.250 requires that the budget be published in the local newspaper and KRS 160.463 requires the AFR to be published in the local newspaper

Cause: Oversight

Effect: Noncompliance with KRS 424.250 and KRS 160.463

Recommendation: We recommend that the District publish the budget and AFR as required by the Kentucky Revised Statutes.

Management Response: Management will publish the annual budget and AFR for the upcoming fiscal year in a local newspaper.