



Fulton County School District

FINANCIAL STATEMENTS

June 30, 2024



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REPORT





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Independent Auditor's Report

Kentucky State Committee for School District Audits
Members of the Board of Education
Fulton County School District
Hickman, 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 Fulton County 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 for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Independent Auditor's Contract*. Our responsibilities under those standards are further described in the Auditors' 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 these 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 statements 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison, and select pension/OPEB information on pages 5 through 12 and 78 through 93 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2025 on our consideration of Fulton County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. 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.

Carr, Riggs & Ingram, L.L.C.

Carr, Riggs & Ingram, L.L.C.
Bowling Green, Kentucky
February 14, 2025



FINANCIAL STATEMENTS





FULTON COUNTY SCHOOL DISTRICT

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FULTON COUNTY SCHOOL DISTRICT – HICKMAN, KY MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A) YEAR ENDED JUNE 30, 2024

The discussion and analysis of the Fulton County School District (District) provides a narrative overview and analysis of the District’s financial statements and activities for the fiscal year ended June 30, 2024. Readers are encouraged to consider the information presented here in conjunction with additional information found within the body of the audit.

FINANCIAL HIGHLIGHTS

- The beginning cash balance for the District was \$6,517,586, and the ending cash balance was \$3,554,386. This total incorporates all funds. The General Fund cash balance at the beginning of the year was \$3,055,230. The General Fund cash balance at year-end was \$1,996,709, this is a decrease of \$1,058,521, which is due to Construction Fund expenditures exceeding revenues relating to ongoing construction projects throughout the District and timing of grant reimbursements.
- The General Fund had \$6,098,542 in revenue, which primarily consisted of the state program (SEEK), property, franchise, utilities, and motor vehicle taxes, in which the local tax revenue decreased \$32,595 while SEEK decreased \$8,639. The General Fund expenditures were \$5,972,462, which was higher by \$159,929 over the previous year. This was due predominantly to the Cooling Tower Rental, Drainage Repair, and Purchase of a Bus.
- The total net position of governmental activities for the year was \$9,636,966 compared to \$6,288,257 last year. The change resulted directly from the \$1,830,000 in grant for construction of Preschool classrooms and a new Bus Garage.
- Governmental Capital Assets increased from \$10,930,338 to \$14,481,327. Other than depreciation expense the purchase of 2 new school buses as part of the West KY Safe Grant. Business-type capital assets increased from \$126,787 to \$260,141 due to purchase of various food service equipment items. All capital assets are listed net of depreciation expense.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements and notes to those statements. These financial statements are organized so the reader can understand the Fulton County School District as a whole or as one operating entity (government-wide financial statements). The statements then proceed to provide an increasingly detailed look at the District’s operations by providing information about the District’s most significant funds (fund financial statements).

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 are comprised of 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.

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of the District's finances. These statements include the Statement of Net Position and the Statement of Activities. The District is divided into two distinct types of activities:

- **Governmental activities** – All of the District's programs and services are reported here, including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities. Total Revenues for governmental activities are \$12,767,692. The sources of the revenue are; 82% State aid and state and federal grants, 15% Local Tax Revenue, and 3% indirect cost reimbursements, interest, and donations. Total Expenditures are \$13,526,127, comprised of 37% Instruction, 28% Building Construction, 16% Student Support and Administration, 8% Plant Operations and Management, 6% Student Transportation, and 5% Non-instructional and interest. Expenditures exceed revenues by \$758,435.
- **Proprietary (Business-Type) Activity** – This service is provided on a charge for goods or services basis to recover all the expenses on the goods or services provided. The Food Service enterprise fund is reported as a business activity. Total Revenues are \$874,853, with 91% being funded by the federal nutrition program, and 9% from A La Carte food items purchased and investment earnings. Total Expenditures are \$746,433, with revenues exceeding expenditures by \$128,420.
- **General Fund Activity** – Total Revenues are \$6,098,544, with 68% being from state sources or federal sources, 30% being from Local Tax, and 2% from Interest, and Donations. Total Expenditures are \$5,972,462, comprised of 40% Instruction, 35% Student Support and Administration, 25% Plant Operations and Management and Student Transportation, with revenues exceeding expenditures by \$126,082. The ending fund balance is \$2,453,850, with \$24,000 restricted for Sick Leave, \$215,842 Assigned for Encumbered purchase obligations, \$4,429 Nonspendable for Prepaid Expenses, and \$2,209,579 Unassigned at the end of the year.
- **Special Revenue Fund Activity** – The fund balance at June 30, 2024 was \$0, and there was a net change in fund balance for the year ended June 30, 2024 of \$0 as all revenues were offset by expenditures.
- **Construction Fund Activity** – The fund balance at June 30, 2024 was \$0, and the net change in fund balance for the year ended June 30, 2024 was (\$55,240) was related to insurance proceeds received in relation to roof damage on District building and related expenditures to replace the roofs.

- Student Activity Fund Activity – The fund balance at June 30, 2024 was \$138,886, and the net change in fund balance for the year ended June 30, 2024 was \$26,175.
- District Activity Fund Activity – The fund balance at June 30, 2024 was \$195,744, and the net change in fund balance for the year ended June 30, 2024 was \$12,610.
- Capital Outlay Fund Activity – The fund balance at June 30, 2024 was \$25,059, and the net change in fund balance for the year ended June 30, 2024 was \$0 as all revenues were offset by fund transfers out.
- Building Fund Activity- The fund balance at June 30, 2024 was \$5,434, and the net change in fund balance for the year ended June 30, 2024 was \$0 as all revenues were offset by fund transfers out.
- Debt Service Fund Activity – The fund balance at June 30, 2024 was \$2,211, and the net change in fund balance for the year ended June 30, 2024 was (\$1,115).
- J. Coffey Memorial Scholarship Fund Activity – The fund balance at June 30, 2024 was \$113,328 and the net change in fund balance for the year ended June 30, 2024 was (\$362).

General Fund Budgetary Highlights: The District's budget is prepared according to Kentucky law and is based on accounting for certain transactions on a cash basis for receipts, expenditures and encumbrances. The most significant budgeted fund is the General Fund. The Kentucky Department of Education requires a zero-based budget with any remaining fund balance to be shown as a contingency expenditure in the budgeting process. The budget is adjusted during the year as necessary.

Budgeted Revenues were \$4,451,988 and Actual Revenues were \$6,098,544 with the variance being \$32,058. Budgeted Expenditures were \$6,123,509 and Actual Expenses were \$5,972,462 with the variance being \$1,797,603. \$1,888,073 was budgeted for as Contingency and for Miscellaneous Debt Service in case there was an emergent need. Budgeted line items fell in line with actual results within an immaterial amount.

Future Budgetary Implications: The District's contingency amount for FY 24-25 is \$853,236 which exceeds the Kentucky minimum requirement of 2% of expenditures. Pay increases for classified employees are 1 ½% each year and the certified employee's pay scale increases according with years of experience and rank. We are anticipating tax revenue to increase in the upcoming year due to the board taking a 4% increase in property taxes. State SEEK funding is expected to remain constant. Enrollment numbers have been constant.

The Statement of Net Position presents information on all the District's assets, deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the district is improving or deteriorating. The Statement of Activities presents information showing how the District's net position changed

during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flow. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flow in future fiscal periods.

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. There is a state mandated uniform system and chart of accounts for all Kentucky public school districts utilizing the MUNIS administrative software. The District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. Fund financial statements report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. The only proprietary funds are our food service operations and the fiduciary funds include our school activity funds and private purpose trust funds. All other activities of the district are included in the governmental funds.

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 SCHOOL DISTRICT AS A WHOLE – GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Statement of Net Position provides the perspective of the District as a whole. 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 of resources exceeded liabilities and deferred inflows of resources by \$9,817,952 as of June 30, 2024.

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.

Capital Assets: The largest portion of the District's assets reflects its investment in capital assets (e.g., land and improvements, building and improvements, vehicles and furniture and equipment) 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 capital assets total \$8,587,002. \$8,219,983 or 96% is Building and improvements. Comparatively last year total assets were \$8,907,326 with Building and improvements being \$8,657,502 or 97% of the total. Construction in progress of \$5,641,313 as of June 30, 2024 is related to replacing roofs, preschool classrooms, and a bus garage.

Long-term Debt: The District's total of outstanding bonds is \$5,670,694, of which \$462,409 is current bonds and \$5,208,285 is noncurrent. \$1,542,184 is the amount the Kentucky School Construction Commission will pay. 97% of the debt is for Building Improvements and Renovations and 3% is KISTA bonds for buses. Long-term debt decreased due to regular bond payments being made.

Table 1 provides a comparison of the District's net position for 2024 and 2023:

Table 1

<u>Net Position as of June 30,</u>	<u>2024</u>	<u>2023</u>	<u>Change</u>
Assets			
Current assets	\$ 4,485,859	\$ 6,949,371	\$ (2,463,512)
Capital assets	14,741,468	10,897,387	3,844,081
Property under capital lease	0	159,738	(159,738)
Total Assets	19,227,327	18,006,796	1,220,531
Deferred Outflows of Resources			
Deferred amount on refunding	19,011	25,925	(6,914)
Pension related	570,561	285,294	285,267
OPEB related	767,402	794,862	(27,460)
Total Deferred Outflows of Resources	1,356,974	1,106,081	250,893
Liabilities			
Current liabilities	1,053,578	2,696,642	(1,643,064)
Noncurrent liabilities	8,011,030	9,398,646	(1,387,616)
Total Liabilities	9,064,608	12,095,288	(3,030,680)
Deferred Inflows of Resources			
Pension related	358,874	15,597	343,277
OPEB related	1,342,867	660,869	681,998
Total Deferred Inflows of Resources	1,701,741	676,466	1,025,275
Net Position			
Net investment in capital assets	9,089,785	4,962,644	4,127,141
Restricted	1,322,001	1,226,860	95,141
Unrestricted	(593,834)	151,319	(745,153)
Total Net Position	\$ 9,817,952	\$ 6,340,823	\$ 3,477,129

Table 2 shows changes in net position for the fiscal years 2024 and 2023:

Table 2

Statement of Activities for the
year ended June 30,

	<u>2024</u>	<u>2023</u>	<u>Change</u>
Revenues			
Program Revenues:			
Charges for services	\$ 258,188	\$ 52,453	\$ 205,735
Operating grants and contributions	6,544,727	3,833,047	2,711,680
General Revenues:			
Local taxes	1,944,086	1,981,426	(37,340)
State revenues	5,053,744	4,727,648	326,096
Investment earnings	50,421	56,013	(5,592)
Other revenues	731,967	3,092,763	(2,360,796)
Total Revenues	<u>14,583,133</u>	<u>13,743,350</u>	<u>839,783</u>
Expenses			
Instruction	5,878,642	5,683,590	195,052
Support services:			
Student	381,126	275,074	106,052
Instructional staff	292,518	267,203	25,315
District administration	661,224	599,713	61,511
School administration	541,516	500,640	40,876
Business	447,129	422,978	24,151
Plant operations and management	1,364,273	1,066,712	297,561
Student transportation	546,319	453,898	92,421
Non-instructional	112,671	116,982	(4,311)
Interest on long-term debt	174,214	184,565	(10,351)
Amortization - unallocated	-	27,775	(27,775)
Bond issuance costs	-	-	-
Food service	706,372	907,388	(201,016)
Total Expenses	<u>11,106,004</u>	<u>10,506,518</u>	<u>599,486</u>
Change in Net Position	<u>\$ 3,477,129</u>	<u>\$ 3,236,832</u>	<u>\$ 240,297</u>

GOVERNMENTAL FUND FINANCIAL STATEMENTS

Table 3 provides a comparison of the District's General Fund Statement of Revenue, Expenditures, and Changes in Fund Balance for 2024 and 2023:

Table 3: General Fund: Statement of Revenues, Expenditures and Changes in Fund Balance for the year ended June 30,

	<u>2024</u>	<u>2023</u>	<u>Change</u>
Revenues			
Taxes	\$1,798,364	\$1,830,958	\$ (32,594)
Earnings on investment	46,837	49,511	(2,674)
Indirect cost reimbursement	0	0	0
Other local revenue	103,336	18,838	84,498
Intergovernmental – State	4,113,156	4,308,268	(195,112)
Intergovernmental – Federal	36,851	47,024	(10,173)
Total Revenues	6,098,544	6,254,599	(156,055)
Expenditures			
Current			
Instruction	2,373,792	2,816,355	(442,563)
Support services			
Student	210,363	172,241	38,122
Instructional staff	281,833	264,825	17,008
District administration	617,239	594,655	22,584
School administration	519,483	483,202	36,281
Business	435,690	382,201	53,489
Plant operation and mgt.	977,965	663,744	314,221
Student transportation	556,097	435,315	120,782
Total Expenditures	5,972,462	5,812,538	159,924
Excess (Deficit) of Revenues Over Expenditures	126,082	442,061	(315,979)
Other Financing Sources (Uses)			
Transfers in	562,282	171,059	391,223
Transfers out	(1,389,168)	(57,875)	(1,331,293)
Indirect cost reimbursements	0	51,635	(51,635)
Total Other Financing Sources (Uses)	(826,886)	164,819	(991,705)
Net Change in Fund Balance	(700,804)	606,880	(1,307,684)
Fund Balance, July 1	3,154,654	2,547,774	606,880
Fund Balance, end of year	\$ 2,453,850	\$3,154,654	\$ (700,804)

Questions regarding this report should be directed to Patrice Chambers, Superintendent or Jennifer Davis, Finance Officer, at (270) 236-3923 or by mail at 2780 Moscow Avenue, Hickman, KY 42050.

Fulton County Board of Education

Perry Turner---Kim Hagler---Barry Patrick---Brian Emmons---Rob Garrigan
Mission: COMPASSION + HIGH STANDARDS = GROWTH FOR ALL
An Equal Opportunity Employer M/F/D/V

Fulton County School District
Statement of Net Position

<i>June 30, 2024</i>	Governmental Activities	Business-type Activities	Total
Assets			
Cash	\$ 3,351,065	\$ 203,321	\$ 3,554,386
Accounts receivable:			
Taxes	177,306	-	177,306
Accounts	-	599	599
Intergovernmental	704,847	-	704,847
Inventory	-	8,054	8,054
Prepaid expenses	4,429	495	4,924
Non-depreciable capital assets	5,652,313	-	5,652,313
Depreciable capital assets	18,937,786	403,780	19,341,566
Less: accumulated depreciation	(10,108,772)	(143,639)	(10,252,411)
Net OPEB asset	30,539	5,204	35,743
Total assets	18,749,513	477,814	19,227,327
Deferred Outflows of Resources			
Deferred loss on debt refundings	19,011	-	19,011
OPEB related	737,868	29,534	767,402
Pension related	487,515	83,046	570,561
Total deferred outflows of resources	1,244,394	112,580	1,356,974
Liabilities			
Accounts payable	232,415	19,048	251,463
Unearned revenue	253,381	-	253,381
Accrued interest	42,508	-	42,508
Long-term obligations:			
Due within one year:			
Outstanding bonds	462,409	-	462,409
Compensated absences	43,817	-	43,817
Due beyond one year:			
Outstanding bonds	5,208,285	-	5,208,285
Compensated absences	160,963	3,612	164,575
Net OPEB liability	977,000	-	977,000
Net pension liability	1,419,385	241,785	1,661,170
Total liabilities	8,800,163	264,445	9,064,608

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

Fulton County School District
Statement of Net Position

<i>June 30, 2024</i>	Governmental Activities	Business-type Activities	Total
Deferred Inflows of Resources			
OPEB related	1,250,139	92,728	1,342,867
Pension related	306,639	52,235	358,874
Total deferred inflows of resources	1,556,778	144,963	1,701,741
Net Position (Deficit)			
Net investment in capital assets	8,829,644	260,141	9,089,785
Restricted for:			
Capital projects	963,371	-	963,371
Compensated absences	24,000	-	24,000
District activities	195,744	-	195,744
Student activities	138,886	-	138,886
Unrestricted (deficit)	(514,679)	(79,155)	(593,834)
Total net position (deficit)	\$ 9,636,966	\$ 180,986	\$ 9,817,952

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

Fulton County School District
Statement of Activities

<i>Year Ended June 30, 2024</i>	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total
Governmental Activities							
Instruction	\$ 5,878,642	\$ 211,332	\$ 4,765,046	\$ 5,726	\$ (896,538)	\$ -	\$ (896,538)
Support services:							
Student	381,126	-	149,511	-	(231,615)	-	(231,615)
Instructional staff	292,518	-	-	-	(292,518)	-	(292,518)
District administration	661,224	-	-	-	(661,224)	-	(661,224)
School administration	541,516	-	3,351	-	(538,165)	-	(538,165)
Business	447,129	-	-	-	(447,129)	-	(447,129)
Plant operations and maintenance	1,364,273	-	36,452	-	(1,327,821)	-	(1,327,821)
Student transportation	546,319	-	234,816	-	(311,503)	-	(311,503)
Other	112,671	-	101,002	-	(11,669)	-	(11,669)
Building acquisition and construction	-	-	-	185,141	185,141	-	185,141
Interest on long-term debt	174,214	-	-	242,530	68,316	-	68,316
Total governmental activities	10,399,632	211,332	5,290,178	433,397	(4,464,725)	-	(4,464,725)
Business-type activities							
Food services	706,372	46,856	821,152	-	-	161,636	161,636
Total business-type activities	706,372	46,856	821,152	-	-	161,636	161,636
Total school district	\$ 11,106,004	\$ 258,188	\$ 6,111,330	\$ 433,397	(4,464,725)	161,636	(4,303,089)

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

Fulton County School District
Statement of Activities

<i>Year Ended June 30, 2024</i>	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business- type Activities	Total
General Revenues			
Taxes:			
Property	1,288,512	-	1,288,512
Motor vehicle	172,860	-	172,860
Utilities	330,680	-	330,680
Other	152,034	-	152,034
State aid	5,053,744	-	5,053,744
Investment earnings	46,837	3,584	50,421
Other	728,706	3,261	731,967
Transfers	40,061	(40,061)	-
Total general revenues and transfers	7,813,434	(33,216)	7,780,218
Change in net position	3,348,709	128,420	3,477,129
Net position - beginning of year	6,288,257	52,566	6,340,823
Net position - end of year	\$ 9,636,966	\$ 180,986	\$ 9,817,952

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

Fulton County School District
Balance Sheet
Governmental Funds

<i>June 30, 2024</i>	General Fund	Special Revenue Fund	Construction Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash	\$ 1,996,709	\$ -	\$ 985,907	\$ 368,449	\$ 3,351,065
Accounts receivable:					
Taxes	177,306	-	-	-	177,306
Intergovernmental	15,650	689,197	-	-	704,847
Due from other funds	427,557	-	-	-	427,557
Prepaid expenses	4,429	-	-	-	4,429
Total assets	\$ 2,621,651	\$ 689,197	\$ 985,907	\$ 368,449	\$ 4,665,204

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

Fulton County School District
Balance Sheet
Governmental Funds

<i>June 30, 2024</i>	General Fund	Special Revenue Fund	Construction Fund	Other Governmental Funds	Total Governmental Funds
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 167,801	\$ 8,259	\$ 55,240	\$ 1,115	\$ 232,415
Due to other funds	-	427,557	-	-	427,557
Unearned revenue	-	253,381	-	-	253,381
Total liabilities	167,801	689,197	55,240	1,115	913,353
Fund Balances					
Restricted	24,000	-	930,667	367,334	1,322,001
Assigned	215,842	-	-	-	215,842
Nonspendable	4,429	-	-	-	4,429
Unassigned	2,209,579	-	-	-	2,209,579
Total fund balances	2,453,850	-	930,667	367,334	3,751,851
Total liabilities and fund balances	\$ 2,621,651	\$ 689,197	\$ 985,907	\$ 368,449	\$ 4,665,204

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

Fulton County School District
 Reconciliation of the Governmental Funds
 Balance Sheet to the Statement of Net Position

<i>June 30,</i>	2024
Total fund balances - governmental funds	\$ 3,751,851
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 as assets in governmental funds. The cost of the assets is \$24,590,099 and the accumulated depreciation is (\$10,108,772).	14,481,327
Governmental funds record losses on debt refundings as other financing uses when the issues are refunded. Unamortized losses on refundings are included on the government-wide financial statements as a deferred outflow.	19,011
Deferred outflows and inflows or resources related to pensions are applicable to future periods, therefore, are not reported in the funds statements.	180,876
Deferred outflows and inflows or resources related to OPEB are applicable to future periods, therefore, are not reported in the funds statements.	(512,271)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:	
Bonds payable	(5,670,694)
Accrued interest on the bonds	(42,508)
Net OPEB liability	(946,461)
Net pension liability	(1,419,385)
Compensated absences	(204,780)
Total net position - governmental activities	\$ 9,636,966

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

Fulton County School District
Statement of Revenues, Expenditures and Changes in Funds Balances
Governmental Funds

<i>Year Ended June 30, 2024</i>	General Fund	Special Revenue Fund	Construction Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
From local sources:					
Taxes:					
Property	\$ 1,142,790	\$ -	\$ -	\$ 145,722	\$ 1,288,512
Motor vehicle	172,860	-	-	-	172,860
Utilities	330,680	-	-	-	330,680
Other	152,034	-	-	-	152,034
Tuition and fees	-	-	-	211,332	211,332
Earnings on investments	46,837	-	-	-	46,837
Other local revenue	103,336	6,224	559,422	29,097	698,079
Intergovernmental - state	4,113,156	2,851,929	-	427,671	7,392,756
Intergovernmental - federal	36,851	2,437,751	-	-	2,474,602
Total revenues	6,098,544	5,295,904	559,422	813,822	12,767,692
Expenditures					
Current:					
Instruction	2,373,792	2,429,624	-	201,644	5,005,060
Support services:					
Student	210,363	149,511	-	-	359,874
Instructional staff	281,833	-	-	-	281,833
District administration	617,239	-	-	-	617,239
School administration	519,483	3,351	-	-	522,834
Business	435,690	-	-	-	435,690
Plant operations and maintenance	977,965	36,452	-	-	1,014,417

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

Fulton County School District
Statement of Revenues, Expenditures and Changes in Funds Balances
Governmental Funds

<i>Year Ended June 30, 2024</i>	General Fund	Special Revenue Fund	Construction Fund	Other Governmental Funds	Total Governmental Funds
Student transportation	556,097	234,816	-	-	790,913
Other	-	101,002	-	-	101,002
Debt service:					
Principal	-	-	-	449,711	449,711
Interest	-	-	-	169,514	169,514
Building acquisition & construction	-	-	3,778,040	-	3,778,040
Total expenditures	5,972,462	2,954,756	3,778,040	820,869	13,526,127
Excess (deficiency) of revenues over expenditures	126,082	2,341,148	(3,218,618)	(7,047)	(758,435)
Other Financing Sources (Uses)					
Operating transfers in	562,282	11,073	3,163,378	375,580	4,112,313
Operating transfers out	(1,389,168)	(2,352,221)	-	(330,863)	(4,072,252)
Total other financing sources (uses)	(826,886)	(2,341,148)	3,163,378	44,717	40,061
Net change in fund balances	(700,804)	-	(55,240)	37,670	(718,374)
Fund balances - beginning of year	3,154,654	-	985,907	329,664	4,470,225
Fund balances - end of year	\$ 2,453,850	\$ -	\$ 930,667	\$ 367,334	\$ 3,751,851

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

Fulton County School District
 Reconciliation of the Governmental Funds
 Statement of Revenues, Expenditures and Changes in
 Fund Balances to the Statement of Activities

<i>Year Ended June 30,</i>	2024
Total net change in fund balances - governmental funds	\$ (718,374)
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay (\$4,065,440) exceeds depreciation (\$514,451) in the period.	3,550,989
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	449,711
Governmental funds report district OPEB contributions as expenditures. However, in the statements of activities, the cost of OPEB benefits earned net of employee contributions is reported as OPEB expense.	
District OPEB contributions	67,557
Cost of benefits earned net of employee contributions	58,038
Governmental funds report district pension contributions as expenditures. However, in the statements of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.	
District pension contributions	176,424
Cost of benefits earned net of employee contributions	(230,627)
Expenditures reported in the fund financial statements are recognized when the current financial resource is used. However, expenses in the statement of activities are recognized when they are incurred.	(5,009)
Change in net position - governmental activities	\$ 3,348,709

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

Fulton County School District
Statement of Net Position
Proprietary Fund

<i>June 30, 2024</i>	Enterprise Fund Food Service
Assets	
Current Assets	
Cash	\$ 203,321
Accounts receivable:	
Accounts	599
Inventory	8,054
Prepays	495
Total current assets	212,469
Noncurrent Assets	
Net OPEB asset	5,204
Fixed assets - net	260,141
Total assets	477,814
Deferred Outflows of Resources	
OPEB related	29,534
Pension related	83,046
Total deferred outflows of resources	112,580
Liabilities	
Current Liabilities	
Accounts payable	19,048
Total current liabilities	19,048
Long-Term Liabilities	
Compensated absences due beyond one year	3,612
Net pension liability	241,785
Total long-term liabilities	245,397
Deferred Inflows of Resources	
OPEB related	92,728
Pension related	52,235
Total deferred inflows of resources	144,963
Net Position (Deficit)	
Net investment in capital assets	260,141
Unrestricted (deficit)	(79,155)
Total net position (deficit)	\$ 180,986

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

Fulton County School District
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund

<i>Year Ended June 30, 2024</i>	Enterprise Fund Food Service
<hr/>	
Operating Revenues	
Lunchroom sales	\$ 46,856
<hr/>	
Total operating revenues	46,856
<hr/>	
Operating Expenses	
Salaries and wages	226,603
Materials and supplies	465,899
Depreciation expense	13,870
<hr/>	
Total operating expenses	706,372
<hr/>	
Operating loss	(659,516)
<hr/>	
Non-Operating Revenues	
State operating grants	113,928
Federal operating grants	683,177
Donated commodities	24,047
Interest income	3,584
Other	3,261
<hr/>	
Total non-operating revenues	827,997
<hr/>	
Income before transfers	168,481
<hr/>	
Transfers	(40,061)
<hr/>	
Change in net position	128,420
<hr/>	
Net position - beginning of year	52,566
<hr/>	
Net position - end of year	\$ 180,986
<hr/> <hr/>	

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

Fulton County School District
Statement of Cash Flows
Proprietary Fund

<i>Year Ended June 30, 2024</i>	Enterprise Fund Food Service
<hr/>	
Cash flows from operating activities	
Cash received from user charges	\$ 46,856
Cash payments to employees for services	(237,183)
Cash payments to suppliers for goods and services	(450,848)
<hr/>	
Net cash used in operating activities	(641,175)
<hr/>	
Cash flows from non-capital financing activities	
Transfer to the general fund	(40,061)
Nonoperating grants received	691,768
Other	3,261
<hr/>	
Net cash provided by non-capital financing activities	654,968
<hr/>	
Cash flows from capital and related financing activities	
Acquisition of capital assets	(147,224)
<hr/>	
Net cash used in capital and related financing activities	(147,224)
<hr/>	
Cash flows from investing activities	
Interest on investments	3,584
<hr/>	
Net cash provided by investing activities	3,584
<hr/>	
Decrease in cash	(129,847)
<hr/>	
Cash - Beginning of Year	333,168
<hr/>	
Cash - End of Year	\$ 203,321
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The accompanying notes are an integral part of these financial statements.

Fulton County School District
Statement of Cash Flows
Proprietary Fund

<i>Year Ended June 30, 2024</i>	Enterprise Fund Food Service
Reconciliation of Operating Loss to Net Cash Used In Operating Activities	
Operating loss	\$ (659,516)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	13,870
Commodities received	24,047
On-behalf payments	109,550
Pension contributions in excess of pension expense	(86,396)
OPEB contributions in excess of OPEB expense	(33,734)
Changes in assets and liabilities:	
Accounts payable	(8,501)
Prepaid expenses	(495)
Net cash used in operating activities	\$ (641,175)

Noncash Activities

- The food service fund received \$24,047 of donated commodities from the federal government.
- The District received on-behalf payments of \$109,550 relating to fringe benefits from the state government.
- The District reclassified \$30,053 related to pension expense to deferred outflows of resources.
- The District reclassified \$0 related to OPEB expense to deferred outflows of resources.

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

Fulton County School District
Statement of Fiduciary Net Position
Fiduciary Funds

<i>June 30, 2024</i>	Private Purpose Trust Fund	Custodial Fund
Assets		
Cash	\$ 113,328	\$ 1,856
Depreciable capital assets	-	226,585
Less: accumulated depreciation	-	(173,152)
Total assets	\$ 113,328	\$ 55,289
Liabilities		
Due to area technology center	\$ -	\$ 55,289
Total liabilities	-	55,289
Net Position		
Held in trust for district support	113,328	-
Total net position	\$ 113,328	\$ -

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

Fulton County School District
Statement of Changes in Fiduciary Net Position
Fiduciary Funds

<i>Year Ended June 30, 2024</i>	Private Purpose Trust Fund
Additions	
Interest revenue	\$ 1,538
Contributions	100
<hr/>	
Total additions	1,638
<hr/>	
Deductions	
Scholarships	2,000
<hr/>	
Total deductions	2,000
<hr/>	
Change in net position	(362)
<hr/>	
Net position - beginning of year	113,690
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Net position - end of year	\$ 113,328
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The accompanying notes are an integral part of these financial statements.

Fulton County School District Notes to the Financial Statements

NOTE 1: DESCRIPTION OF THE ENTITY

Reporting Entity

The Fulton County 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 school education within the jurisdiction of the Fulton County 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 District, for financial purposes, includes all of the funds relevant to the operation of the Fulton County 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., except for those funds administered as custodial funds.

For financial reporting purposes, the accompanying financial statements include all of the operations over which the District is financially accountable. The District is financially accountable for organizations that make up its legal entity, as well as legally separate organizations that meet certain criteria. The criteria for inclusion in the reporting entity involve those cases where the District or its officials appoint a voting majority of an organization's governing body, and is either able to impose its will on the organization and there is potential for the organization to provide specific financial benefits to or to impose specific financial burdens on the District or nature and significance of the relationship between the District and the organization is such that exclusion would cause the District's financial statements to be incomplete. The accounting policies of the District conform to generally accepted accounting principles (GAAP) as applied to governmental units.

Blended Component Unit

Based on the foregoing criteria, the financial statements of the following organizations are included in the accompanying financial statements as blended component units:

Fulton County School District Finance Corporation — The Fulton County Board of Education resolved to authorize the establishment of the Fulton County School District Finance Corporation (a nonprofit, nonstock, 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 Fulton County School District also comprise the Corporation's Board of Directors.

Fulton County School District
Notes to the Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Government-Wide Financial Statements — The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the District, except for fiduciary funds. Eliminations have been made to minimize the double counting of internal activities. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange transactions. 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 government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District, 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 — Fund financial statements report detailed information about the District's funds, including fiduciary funds. Separate statements for each fund category — governmental, proprietary and fiduciary — are presented. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

Fulton County School District
Notes to the Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (continued)

The District has the following funds:

Governmental Fund Types

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 unassigned fund balance is considered as resources available for use. The general fund is a major fund.

The *Special Revenue Fund* accounts for proceeds of specific revenue sources that are restricted, committed or assigned to expenditures for specified purposes other than debt service or capital projects. It 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. The Sick Leave Trust is to solely benefit the District. The corpus and any earnings of the Trust are restricted for payment of compensated absences of the District as stated in the trust agreement. The sick leave trust is included within the special revenue fund. The special revenue fund is a major fund.

The *Special Revenue District Activity Fund* is used to account for proceeds collected by the District's individual schools which are not raised by students or parents and are swept to the District's finance office and contains transfers from the District's general fund. Funds can be spent on operating expenses as directed by the District's schools.

The *Special Revenue Student Activity Fund* is used to account for student activity funds of the District's individual schools. The student funds are maintained in accordance with the Uniform Program of Accounting for School Activity Funds, which is performed by the District.

Capital Projects Funds are used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations or other governments.

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 and certain operating costs.

Fulton County School District
Notes to the Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (continued)

Governmental Fund Types (continued)

The *Facility Support Program of Kentucky (FSPK) 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 are restricted for use in financing projects identified in the District's facility plan.

The *Construction Fund* accounts for proceeds from sales of bonds and other revenues to be used for authorized construction. The construction fund is a major fund.

The *Debt Service Fund* is used to account for and report financial resources that are restricted, committed or assigned to expenditures for principal and interest and other debt related costs.

Proprietary Fund Types

Enterprise Fund

The *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.

Fiduciary Fund Types (includes custodial funds and private purpose trust funds)

Fiduciary funds account for assets held by the District in a trustee's capacity or in a custodial capacity for others that cannot be used to support the District's own programs. Trust funds account for assets held by the District under the terms of a formal trust agreement. Custodial funds are purely custodial and do not involve measurement of results of operations.

Custodial Funds

Custodial funds are used to report fiduciary activities that are not required to be reported in pension trust funds, investment trust funds, or private purpose trust funds.

Fulton County School District
Notes to the Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (continued)

Fiduciary Fund Types (continued)

Private Purpose Trust Fund

The Private Purpose Trust Fund is used to report trust arrangements under which principal and income benefit individuals and the District's operations.

Measurement Focus and Basis of Accounting

Government-Wide, Proprietary and Fiduciary Fund Financial Statements – The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. Proprietary and fiduciary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net position. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place.

Governmental Fund Financial Statements – Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This approach differs from the manner in which the government-wide financial statements are prepared. The 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. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in the fund balance. On this basis of accounting, revenues are recognized when they become measurable and available as assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

The records of the District and the budgetary process are based on the modified accrual basis of accounting. This practice is the accounting method prescribed by the Committee for School District Audits. The District is required by state law to adopt annual budgets for the general fund, special revenue fund and capital projects funds.

Fulton County School District
Notes to the Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgetary Information

Budget information is presented for the General Fund and other funds with a Board approved budget. This budgetary data is prepared on the modified accrual basis of accounting. Budgetary revenues represent original estimates modified for any adjustments approved by the Board during the fiscal year. Budgetary expenditures represent original appropriations adjusted for transfers and additional appropriations approved during the fiscal year. Once the budget is approved, it can be amended by approval of the Board.

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 financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term are related to compensated absences, pension liability, and OPEB liability.

Inventory

Supplies and materials are charged to expenditures when purchased (purchases method) with the exception of the proprietary funds, which record inventory at the lower of cost, determined by first-in first-out ("FIFO") method, or net realizable value.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Capital Assets

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

Fulton County School District
Notes to the Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (continued)

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$5,000 with the exception of computers, digital cameras and real property for which there is no threshold. The District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

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

<u>Description</u>	<u>Estimated Lives</u>
Land improvements	20 years
Buildings and improvements	25-50 years
Technology equipment	5 years
Vehicles	5-10 years
Food service equipment	12 years
General equipment	10-20 years

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

Deferred Inflow and Outflows of Resources – Debt Related

The District reports decreases in net position that relate to future periods as deferred outflows of resources in a separate section of its government-wide statement of net position. The deferred outflows of resources reported in the financial statements include the deferred amount arising from the refunding of bonds. The amount by which the reacquisition price of the refunding debt exceeds the carrying amount of the refunded debt is being amortized over the remaining life of the refunding bonds as part of interest expense. No deferred outflows of resources affect the governmental funds financial statements in the current year. The deferred inflows of resources reported in the financial statements include the deferred gain on debt defeasance. The deferred gain is being amortized over the remaining life of the bond as part of other revenues.

Fulton County School District
Notes to the Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflows and Outflows of Resources – Pension Related

The District's statement of net position and proprietary funds statements of net position report a separate section for deferred inflows and outflows of resources related to pension which includes only certain categories of deferred outflows of resources and deferred inflows of resources. These include differences between expected and actual experience, changes of assumptions, and differences between projected and actual earnings on plan investments. Deferred outflows include resources for the District's contributions made subsequent to the measurement date. 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. Deferred inflows of resources also include changes in the proportion and differences between employee contributions and the proportion share of contributions in the cost sharing plan. In its governmental funds, the only deferred inflow of resources is for revenues that are not considered available. The District will not recognize the related revenues until they are available (collected not later than 60 days after the end of the District's fiscal year) under the modified accrual basis of accounting. No deferred inflows of resources affect the governmental funds financial statements in the current year.

Deferred Inflows and Outflows of Resources – OPEB Related

The District's statement of net position and proprietary funds statements of net position report a separate section for deferred inflows and outflows of resources related to OPEB which includes only certain categories of deferred outflows of resources and deferred inflows of resources. These include differences between expected and actual experience, changes of assumptions, and differences between projected and actual earnings on plan investments. Deferred outflows include resources for the District's contributions made subsequent to the measurement date. 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. Deferred inflows of resources also include changes in the proportion and differences between employee contributions and the proportion share of contributions in the cost sharing plan. In its governmental funds, the only deferred inflow of resources is for revenues that are not considered available. The District will not recognize the related revenues until they are available (collected not later than 60 days after the end of the District's fiscal year) under the modified accrual basis of accounting. No deferred inflows of resources affect the governmental funds financial statements in the current year.

Fulton County School District
Notes to the Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County Employees Retirement System (CERS)/Teachers Retirement System of the State of Kentucky (KTRS) and additions to/deductions from CERS/KTRS fiduciary net position have been determined on the same basis as they are reported by CERS/KTRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The District proportionate share of pension amounts were further allocated to each participating employer based on the contributions paid by each employer. Pension investments are reported at fair value. Note 8 provides further detail on the net pension liability.

Net Other Post-Employment Benefits (OPEB) Liability

For purposes of measuring the net OPEB liability, deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the County Employees Retirement System (CERS)/Teachers Retirement System of the State of Kentucky (KTRS) and additions to/deductions from CERS/KTRS fiduciary net position have been determined on the same basis as they are reported by CERS/KTRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The District's proportionate share of OPEB amounts were further allocated to each participating employer based on the contributions paid by each employer. OPEB 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. Note 9 provides further detail on the net OPEB liability.

Post-Employment Health Care Benefits

Retired District employees receive some health care benefits depending on their length of service. In accordance with Kentucky Revised Statutes, these benefits are provided and advanced-funded on an actuarially determined basis through the CERS and the KTRS plans.

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenue.

Compensated Absences

The District uses the vesting method to compute compensated absences for sick leave. Sick leave benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will

Fulton County School District
Notes to the Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences (continued)

compensate the employees for the benefits at termination. The District records a liability for accumulated unused sick leave when earned for all employees with more than five years of service.

The entire compensated absences liability is reported on the government-wide financial statements.

For governmental fund financial statements, compensated absences are reported as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the funds from which the employees will be paid.

Accrued Liabilities

All payables and accrued liabilities are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds and is recorded as an adjustment to interest expense. Bonds payable are reported net of the applicable bond premium or discount. In accordance with GASB Codification Section 130: *Interest Costs – Imputation*, bond issuance costs are expensed in the period incurred except for prepaid insurance costs.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Leases

Lease contracts that provide the District with control of a non-financial asset, such as land, buildings or equipment, for a period of time in excess of twelve month are reported as a leased asset with a related lease liability. The lease liability is recorded at the present value of future lease payments, including fixed payments, variable payments based on an index or fixed rate and reasonably certain residual guarantees. The intangible leased asset is recorded for the same amount as the related lease liability plus any prepayments and initial direct costs to place the asset in service. Leased assets are amortized over the shorter of the useful life of the asset or lease term.

Fulton County School District
Notes to the Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

The lease liability is reduced for lease payments made, less the interest portion of the lease payment.

Net Position

The District classifies its net position into the following three categories:

Net investment in capital assets - This represents the District's total investment in capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position.

Restricted - The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.

Unrestricted - The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the District's policy is to first apply the expense towards restricted resources, and then towards unrestricted resources.

Property Taxes

Property taxes collected are recorded as revenues in the fund for which they were levied. The assessment date of the property taxes is January 1 of each year. The levy is normally set during the September board meeting. Assuming property tax bills are timely mailed, the collection date is the period from September 15 through December 31. Collections from the period September 15 through November 1 receive a two percent discount. The due date is the period from November 2 through December 31 in which no discount is allowed. Property taxes received subsequent to December 31 are considered to be delinquent and subject to a lien being filed by the City Attorney.

Fulton County School District
Notes to the Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues — Exchange and Nonexchange Transactions

Revenues resulting from exchange transactions are where each party receives equal value. On the modified accrual basis of accounting, 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 60 days of the fiscal year-end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Assets from property taxes are normally recognized when an enforceable legal claim arises. However, for the District, an enforceable legal claim arises after the period for which taxes are levied. Property taxes receivable are recognized in the same period that the revenues are recognized. The property taxes are normally levied in September.

On the modified accrual basis of accounting, assets and 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. Revenues from nonexchange transactions must also be available before they can be recognized.

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 as non-operating revenues/expenses in proprietary funds.

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.

Fulton County School District
Notes to the Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions of Capital

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

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditure of monies are recorded as reservations of budget, is employed as an extension of the statutory required budgetary process. At year-end, outstanding encumbrances represent material purchase commitments for goods and services which were ordered, budgeted, and appropriated, but had not been received or completed at date. Although encumbrances lapse at year-end, it is the intention to substantially honor these encumbrances under authority provided in the subsequent year's budget. Note 7 provides further detail on the District's encumbrances.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

Subsequent Events

The District has evaluated subsequent events through the date the financial statements were available to be issued, February 14, 2025, and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in the financial statements.

Recent Issued and Adopted Accounting Pronouncements

GASB Statement No. 100, *Accounting Changes and Error Corrections*, This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to financial statements of descriptive information

Fulton County School District
Notes to the Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Issued and Adopted Accounting Pronouncements (continued)

about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The implementation of this standard was not significant to the District.

Recent Issued Accounting Pronouncements

GASB Statement No. 101, *Compensated Absences*, The objective of this Statement is to better meet the information needs of the financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The District is evaluating the requirements of this Statement.

NOTE 3: CASH AND INVESTMENTS

Deposits

At June 30, 2024, the carrying amounts of the District's deposits were \$3,669,750 and the bank balances were \$3,768,233, which were covered by federal depository insurance or by collateral held by the bank's agent in the District's name.

The carrying amounts are reflected in the financial statements as follows:

<i>June 30,</i>	2024
Governmental funds	\$ 3,351,065
Proprietary funds	203,321
Fiduciary funds	115,184
	\$ 3,669,570

Fulton County School District
Notes to the Financial Statements

NOTE 3: CASH AND INVESTMENTS

Deposits (continued)

Custodial Credit Risk-Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk. However, the District is required by state statute that bank deposits must be collateralized. The District's bank balance of \$3,768,233 was not exposed to custodial credit risk as of June 30, 2024.

NOTE 4: INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2024 consist of the following:

<i>June 30, 2024</i>		
Receivable Fund	Payable Fund	Amount
General Fund	Special Revenue Fund	\$ 427,557

The amounts represent interfund loans between the general fund and special revenue fund that are necessary to fulfill the current cash requirements of the special revenue fund.

Fulton County School District
Notes to the Financial Statements

NOTE 5: CAPITAL ASSETS

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

<i>June 30, 2024</i>	Capital Cost			Ending Balance
	Beginning Balance	Additions	Retirements/ Reclassifications	
Governmental Activities:				
Capital assets that are not depreciated:				
Land	\$ 11,000	\$ -	\$ -	\$ 11,000
Construction in progress	1,863,273	3,778,040	-	5,641,313
Total non-depreciable historical cost	1,874,273	3,778,040	-	5,652,313
Capital assets that are depreciated:				
Land improvements	236,411	-	-	236,411
Buildings and improvements	16,641,789	-	-	16,641,789
Technology equipment	247,733	-	-	247,733
Vehicles	1,378,915	287,400	-	1,666,315
General	145,538	-	-	145,538
Total depreciable historical cost	18,650,386	287,400	-	18,937,786
Less accumulated depreciation for:				
Land improvements	168,516	4,156	-	172,672
Buildings and improvements	7,984,287	437,519	-	8,421,806
Technology equipment	214,752	9,798	-	224,550
Vehicles	1,093,631	53,420	-	1,147,051
General	133,135	9,558	-	142,693
Total accumulated depreciation	9,594,321	514,451	-	10,108,772
Total depreciable historical cost, net	9,056,065	(227,051)	-	8,829,014
Governmental activities, capital assets, net	\$ 10,930,338	\$ 3,550,989	\$ -	\$ 14,481,327

Fulton County School District
Notes to the Financial Statements

NOTE 5: CAPITAL ASSETS (CONTINUED)

<i>June 30, 2024</i>	Capital Cost			
	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Business-Type Activities:				
Capital assets that are depreciated:				
Technology equipment	\$ 5,458	\$ -	\$ -	\$ 5,458
General	251,098	147,224	-	398,322
Total depreciable historical cost	256,556	147,224	-	403,780
Less accumulated depreciation for:				
Technology equipment	5,458	-	-	5,458
General	124,311	13,870	-	138,181
Total accumulated depreciation	129,769	13,870	-	143,639
Business-type activities, capital assets, net	\$ 126,787	\$ 133,354	\$ -	\$ 260,141

Depreciation expense was charged to governmental functions as follows:

<i>Year Ended June 30,</i>	2024
Instruction	\$ 116,306
Support services:	
District administration	14,046
Facilities operations	347,791
Student transportation	36,308
Total depreciation expense	\$ 514,451

Fulton County School District
Notes to the Financial Statements

NOTE 6: LONG-TERM OBLIGATIONS

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

Issue Date	Proceeds	Rates
2015	\$ 3,350,000	2.00% - 3.00%
2015 SFCC	1,236,000	2.00% - 3.25%
2016 - Ref	1,580,000	2.00% - 2.25%
2017 KISTA	86,997	2.55%
2019	1,955,000	2.00% - 3.25%
2019 KISTA	137,618	3.00%
2021 KISTA	58,911	1.25%-1.50%

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

The District has entered into "participation agreements" with the School Facility Construction Commission (SFCC). 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 of all bond issues. The liability for the total bond amount remains with the District and, as such, the total principal outstanding has been recorded in the financial statements.

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

Fulton County School District
Notes to the Financial Statements

NOTE 6: LONG-TERM OBLIGATIONS (CONTINUED)

Year	Fulton County School District		School Facility Construction Commission		Total Debt Service
	Principal	Interest	Principal	Interest	
2024—2025	\$ 260,962	\$ 118,400	\$ 201,447	\$ 40,483	\$ 621,292
2025—2026	266,353	112,740	206,315	36,086	621,495
2026—2027	279,021	106,697	211,382	31,493	628,593
2027—2028	279,836	100,009	209,582	26,374	615,801
2028—2029	287,062	93,068	74,802	21,221	476,153
2029—2030	288,592	85,202	80,449	18,902	473,145
2030—2031	303,664	76,552	81,600	16,416	478,232
2031—2032	312,806	67,456	84,194	13,880	478,336
2032—2033	328,159	58,322	86,841	11,262	484,584
2033—2034	342,461	48,477	89,539	8,532	489,009
2034—2035	356,668	38,203	92,332	5,669	492,873
2035—2036	206,272	27,503	79,728	2,913	316,416
2036—2037	210,785	21,057	14,215	1,411	247,469
2037—2038	220,355	14,470	14,645	967	250,438
2038—2039	224,887	7,309	15,113	491	247,800
	<u>\$ 4,167,883</u>	<u>\$ 975,467</u>	<u>\$ 1,542,184</u>	<u>\$ 236,102</u>	<u>\$ 6,921,636</u>

Fulton County School District
Notes to the Financial Statements

NOTE 6: LONG-TERM OBLIGATIONS (CONTINUED)

Changes in long-term obligations are as follows:

<i>June 30, 2024</i>	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024	Amounts Due within One Year
Governmental Activities:					
Bonds and Notes Payable:					
Bonds	\$ 6,159,778	\$ -	\$ (449,711)	\$ 5,710,067	\$ 462,409
Less: deferred issuance discounts and premiums - net	(39,372)	-	(1)	(39,373)	-
Total bonds and notes payable	6,120,406	-	(449,712)	5,670,694	462,409
Other Liabilities:					
Compensated absences	204,471	309	-	204,780	43,817
Total other liabilities	204,471	309	-	204,780	43,817
Total long-term liabilities	\$ 6,324,877	\$ 309	\$ (449,712)	\$ 5,875,474	\$ 506,226
Business-type/proprietary activities					
Other Liabilities:					
Compensated absences	\$ 3,612	\$ -	\$ -	\$ 3,612	\$ -
Total other liabilities	\$ 3,612	\$ -	\$ -	\$ 3,612	\$ -

NOTE 7: FUND BALANCES

The Board follows GASB Statement Number 54. Under this statement, fund balance is separated into five categories, as follows:

Nonspendable fund balances are amounts that cannot be spent because they are either not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact. The District had \$4,429 in nonspendable fund balance at June 30, 2024.

Fulton County School District
Notes to the Financial Statements

NOTE 7: FUND BALANCES (CONTINUED)

Restricted fund balances arise when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. At June 30, 2024, the District had \$24,000 restricted in the general fund for compensated absences, \$930,667 as restricted for capital projects in the construction fund, and \$367,334 restricted in the nonmajor funds (\$138,886 for student activity fund, \$2,211 for debt service, \$5,434 for facilities in the FSPK fund, \$25,059 for capital projects in the SEEK fund, and \$195,744 for district activity fund).

Committed fund balances are those amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, which for the District is the Board of Education. The Board of Education must approve by majority vote the establishment (and modification or rescinding) of a fund balance commitment. The District had no commitments at June 30, 2024.

Assigned fund balances are amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The Board of Education allows program supervisors to complete purchase orders which result in the encumbrance of funds. The amount assigned related to encumbrances at June 30, 2024 was \$215,842. Assigned fund balances also includes (a) all remaining amounts (except for negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed and (b) amounts in the general fund that are intended to be used for a specific purpose.

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

It is the Board's practice to liquidate funds when conditions have been met releasing these funds from legal, contractual, Board or managerial obligations using restricted funds first, followed by committed funds, assigned funds and then unassigned funds. Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. Encumbrances remaining open at the end of the fiscal year are automatically rebudgeted in the following fiscal year. Encumbrances are considered a managerial assignment of fund balance at June 30, 2024 in the governmental funds balance sheet.

Fulton County School District
Notes to the Financial Statements

NOTE 8: PENSION PLANS

Pensions

Fulton County School District participates in the Teachers' Retirement System of the State of Kentucky (KTRS), a blended component unit of the Commonwealth of Kentucky and the County Employees' Retirement System (CERS), a component unit of the Commonwealth of Kentucky. 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 fiduciary net position of the KTRS and the CERS and additions to/deductions from KTRS's and CERS's fiduciary net position have been determined on the same basis as they are reported by KTRS and CERS. 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.

General Information About the KTRS Pension Plan

Plan Description

The KTRS was created by the 1938 General Assembly and is governed by Chapter 161 Sections 220 through 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 is a cost-sharing multiple-employer defined benefit plan with a special funding situation established to provide retirement, health and life insurance benefits for specified employees of local school districts and other public educational agencies in the Commonwealth.

KRS 161.250 provides that the general administration and management of KTRS, and the responsibility for its proper operation, is vested in a board of trustees. The board of trustees consists of the chief state school officer, the State Treasurer, two trustees appointed by the governor, and seven elected trustees. Four of the elected trustees are active teachers, two are not members of the teaching profession, and one is an annuitant of the retirement system.

Any regular or special teacher or professional occupying a position requiring certification or graduation from a four year college or university is eligible to participate in the system. KTRS issues a publicly available financial report that can be found on the KTRS website.

Fulton County School District
Notes to the Financial Statements

NOTE 8: PENSION PLANS (CONTINUED)

Benefits Provided

KTRS provides retirement, medical, disability, annual cost of living adjustments, and death benefits to plan members. Plan members are divided into the following four categories based on entry date:

For Members Hired Before July 1, 2008:

Members become vested when they complete 5 years of credited service. To qualify for monthly retirement benefits, payable for life, members must either:

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

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. Members hired 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 hired after July 1, 2002 who retires 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, 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 5 highest annual salaries except members at least age 55 with 27 or more years of service may use their 3 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 Hired On or After July 1, 2008 and Before January 1, 2022 (TRS 3):

Members become vested when they complete 5 years of credited service. To qualify for monthly retirement benefits, payable for life, members must either:

- 1.) Attain age 60 and complete 5 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 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) 2.0% 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) 3.0% of final average salary for years of credited service greater than 30 years.

Fulton County School District
Notes to the Financial Statements

NOTE 8: PENSION PLANS (CONTINUED)

Benefits Provided (continued)

The final average salary is the member's 5 highest annual salaries except members at least age 55 with 27 or more years of service may use their 3 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 Hired On or After January 1, 2022 (TRS 4):

To qualify for monthly retirement benefits, payable for life, members must either:

- 1.) Attain age 57 and complete ten 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.

The multiplier for members is shown in the following table:

Age	Years of Service			
	5-9.99	10-19.99	20-29.99	30 or more
57-60		1.70%	1.95%	2.20%
61		1.74%	1.99%	2.24%
62		1.78%	2.03%	2.28%
63		1.82%	2.07%	2.32%
64		1.86%	2.11%	2.36%
65 and over	1.90%	1.90%	2.15%	2.40%

Supplemental Benefit: The annual supplemental benefit is equal to the account balance that includes member and employer contributions and interest credited annually on June 30. Options include annuitizing the balance or receiving the balance or a portion thereof as a lump sum either at the time of retirement or at a later date.

For members who began participating prior to January 1, 2022, KTRS also provides disability benefits for vested members at the rate of 60% of the final average salary. TRS 4 members will receive a disability benefit to be determined by the board through administrative regulation.

Fulton County School District
Notes to the Financial Statements

NOTE 8: PENSION PLANS (CONTINUED)

Benefits Provided (*continued*)

A life insurance benefit, payable upon the death of a member, is \$2,000 for active contributing members and \$5,000 for retired or disabled members who began participating before January 1, 2022. For TRS 4 members, the life insurance benefit payable upon the death of a member is \$5,000 for active contributing members and \$10,000 for retired or disabled workers.

Cost of living increases are 1.5% 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. For members who began participating before January 1, 2022, KTRS members are required to contribute 12.855% of their salaries to the system. 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 joined on or after July 1, 2008, and before January 1, 2022. Other participating employers are required to contribute the percentage contributed by members plus an additional 3.25% of members' gross salaries.

For TRS 4 members, members contribute 14.75% of their salaries to the system. Employers of members, including the state (as a non-employer contributing entity), contribute 10.75% of salary.

The member and employer contributions consist of retirement annuity contributions and OPEB contributions to the health and life insurance trusts. The member postemployment health insurance contribution is 3.75% of salary. The employer postemployment health contribution is 0.75% of member salaries. Also, employers (other than the state) contribute 3% of members' salaries and the state contributes the net cost of health insurance premiums for new retirees after June 30, 2010, in the non-Medicare eligible group. If a member leaves covered employment before accumulating five years of credited service, accumulated member contributions to the retirement trust are refunded with interest upon the member's request.

Fulton County School District
Notes to the Financial Statements

NOTE 8: PENSION PLANS (CONTINUED)

Pension Liabilities and Pension Expense

At June 30, 2024, the amount recognized by the District as its proportionate share of the net pension liability, the related Commonwealth of Kentucky (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	\$	-
State's proportionate share of the net pension liability associated with the District		12,942,592
Total	\$	<u>12,942,592</u>

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023 using standard update procedures.

For the year ended June 30, 2024, the District recognized pension expense of \$1,719,100 and revenue of \$1,719,100 for support provided by the State in the government wide financial statements and pension expense of \$778,512 and revenue of \$778,512 for support provided by the State in the fund statements.

Actuarial Assumptions

A summary of the actuarial assumptions as of the latest actuarial valuation follows.

Valuation Date	June 30, 2022
Actuarial Cost Method	Entry Age
Investment rate of return	7.10% net of pension plan investment expense, including inflation
Projected salary increases	3.00 - 7.50%, including inflation
Inflation rate	2.50%
Post-retirement adjustment	1.50%
Municipal bond index rate	3.66%
Single equivalent interest rate	7.10%

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

Fulton County School District
Notes to the Financial Statements

NOTE 8: PENSION PLANS (CONTINUED)

Actuarial Assumptions (continued)

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%	5.00%
Small cap U.S. Equity	2.6%	5.50%
Developed International Equity	15.7%	5.50%
Emerging Markets Equity	5.3%	6.10%
Fixed Income	15.0%	1.90%
High Yield Bonds	5.0%	3.80%
Other Additional Categories	5.0%	3.60%
Real Estate	7.0%	3.20%
Private Equity	7.0%	8.00%
Cash	2.0%	1.60%
Total	100.0%	

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made in full at the current contribution rates and the employer contributions will be made at the Actuarially Determined Contribution 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.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued KTRS financial report.

Fulton County School District
Notes to the Financial Statements

NOTE 8: PENSION PLANS (CONTINUED)

General Information About the CERS Pension Plan

Plan Description

CERS was established by KRS 78.520. The District contributes to the Non-Hazardous CERS plan, a cost-sharing multiple-employer defined benefit pension plan that covers all regular full-time members employed in positions of each participating county, city, and school board, and any additional eligible local agencies electing to participate in CERS. CERS was established to provide retirement, disability, and death benefits to system members.

The responsibility of the general administration and operation of the CERS plan is vested in the CERS board of trustees. The CERS board of trustees consists of nine members. Six trustees are appointed by the governor and three are elected by CERS members (active, inactive, and/or retired). CERS issues a publicly available financial report that can be obtained at www.kyret.ky.gov.

Benefits Provided

CERS provides retirement, disability, and death benefits to plan members. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances. Prior to July 1, 2009, Cost of Living Adjustments (COLAs) were provided to retirees annually equal to the percentage increase in the annual average of the consumer price index for all urban consumers for the most recent calendar year, not to exceed 5% in any plan year. After July 1, 2009, the COLAs were limited to 1.50%. In 2013, the General Assembly created a new law to govern how COLAs will be granted. The language included stated COLAs will only be granted in the future if the System's Boards determine that asset of the Systems are greater than 100% of the actuarial liabilities and legislation authorizes the use of surplus funds for the COLA; or the General Assembly fully prefunds the COLA or directs the payment of funds in the year the COLA is provided. No COLA has been granted since July 1, 2011.

Tier 1 - Non-Hazardous Tier 1 plan members who began participating prior to September 1, 2008, are required to contribute 5% of their annual creditable compensation. These members are classified in the Tier 1 structure of benefits. Interest is paid each June 30 on members' accounts at a rate of 2.5%. If a member terminates employment and applies to take a refund, the member is entitled to a full refund of contributions and interest.

Tier 2 - Non-Hazardous Tier 2 plan members, who began participating on, or after, September 1, 2008, and before January 1, 2014, are required to contribute 6% of their annual creditable compensation, while 1% of these contributions are deposited in an account created for the payment of health insurance benefits under 26 USC Section 401(h) in the Insurance Fund (see Kentucky Administrative Regulation 105 KAR 1:420). These members are classified in the Tier 2 structure of benefits. Interest is paid each June 30 on members' accounts at a rate of 2.5%. If a member terminates employment and applies to take a refund, the member is

Fulton County School District
Notes to the Financial Statements

NOTE 8: PENSION PLANS (CONTINUED)

Benefits Provided (*continued*)

entitled to a full refund of contributions and interest; however, the 1% Health Insurance contribution (HIC) to the 401(h) account is non-refundable and is forfeited.

Tier 3 - Non-Hazardous Tier 3 plan members who began participating on, or after, January 1, 2014, are required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members contribute 5% of their monthly creditable compensation, which is deposited into their account, and an additional 1% which is deposited to an account created for payment of health insurance benefits under 26 USC Section 401(h) in the Insurance Fund (see 105 KAR1:420), which is not refundable. Tier 3 member accounts are also credited with an employer pay credit in the amount of 4% of the member's monthly creditable compensation. The employer pay credit amount is deducted from the total employer contribution rate paid on the member's monthly creditable compensation. If a vested (60 months of service) member terminates employment and applies to take a refund, the member is entitled to the members contributions (less HIC) plus employer pay credit plus interest (for both employee contributions and employer pay). If a non-vested (less than 60 months) member terminates employment and applies to take a refund, the member is entitled to receive employee contributions (less HIC) plus interest (on employee contributions only).

Contributions

Employers participating in the CERS are required to contribute at an actuarially determined rate per KRS 78.635. The CERS board of trustees establishes the employer contribution rate based on KRS 78.454(33). The KERS Non-Hazardous employer contribution rate shall include, (1) the normal cost contribution and (2) the prorated amount of the actuarially accrued liability assigned to each individual nonhazardous employer in accordance with KRS 61.565(1)(d). The normal contribution and past service contribution rates shall be determined by the KRS Board on the basis of the last annual valuation preceding July 1 of a new biennium. The KRS Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the KRS Board. For the fiscal year ended June 30, 2024, participating employers contributed a percentage of each employee's creditable compensation. The actuarially determined rate set by the Boards for the fiscal year ended June 30, 2024 was 23.34%.

Fulton County School District
Notes to the Financial Statements

NOTE 8: PENSION PLANS (CONTINUED)

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

At June 30, 2024, the District reported a liability of \$1,661,170 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023 using standard update procedures. The District's proportion of the net pension liability was based on the District's share of 2023 contributions to the pension plan relative to the 2023 contributions of all participating employers, actuarially determined. At June 30, 2023, the District's proportion was 0.025889%.

For the year ended June 30, 2024, the District recognized pension expense of \$176,227. 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
Difference between expected and actual experience	\$ 85,996	\$ 4,514
Net difference between projected and actual investment earnings on pension plan investments	179,453	202,113
Change of assumptions	-	152,247
Changes in proportion and differences between employer contributions and proportionate share of contribution	98,635	-
District contributions subsequent to the measurement date	206,477	-
Total	\$ 570,561	\$ 358,874

\$206,477 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. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fulton County School District
Notes to the Financial Statements

NOTE 8: PENSION PLANS (CONTINUED)

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

<u>Year ended June 30,</u>	
2025	\$ 12,685
2026	(28,476)
2027	37,084
2028	(16,083)
Thereafter	-

Actuarial Assumptions

The total pension liability, net pension liability, and sensitivity information as of June 30, 2023 were based on an actuarial valuation date of June 30, 2022. The total pension liability was rolled-forward from the valuation date (June 30, 2022) to the plan's fiscal year ending June 30, 2023, using generally accepted actuarial principles.

There have been no changes in actuarial assumptions since June 30, 2022. The actuarial assumptions are:

Inflation	2.50%
Payroll Growth Rate	2.00%
Salary Increases	3.30% to 10.30%, varies by service
Investment Rate of Return	6.50%

The mortality table used for active members was a Pub-2010 General Mortality table, for the Non-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.

Long-Term Expected Rate of Return

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 table below.

Fulton County School District
Notes to the Financial Statements

NOTE 8: PENSION PLANS (CONTINUED)

Long-Term Expected Rate of Return (continued)

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%
Expected Real Return	100.0%	5.75%
Long Term Inflation Assumption		2.50%
Expected Nominal Return for Portfolio		8.25%

Discount Rate

The projection of cash flows used to determine the discount rate of 6.50% for CERS Non-hazardous assumes that the funds receive the required employer contributions each future year, as determined by the current funding policy established in Statute as last amended by House Bill 362 (passed in 2018) over the remaining 28 years (closed) amortization period of the unfunded actuarial accrued liability. The discount rate determination does not use a municipal bond rate. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the Annual Comprehensive Financial Report (ACFR).

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:

Fulton County School District
Notes to the Financial Statements

NOTE 8: PENSION PLANS (CONTINUED)

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate *(continued)*

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
District's proportionate share of the net pension liability	\$ 2,097,327	\$ 1,661,170	\$ 1,298,707

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued CERS financial report.

Deferred Compensation Plans

The District offers its employees to defer compensation in accordance with Internal Revenue Code Sections 457, 401(k) and 403(b). The Plans, available to all employees, permit them to defer a portion of their salary until future years. This deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. Entities with little or no administrative involvement who do not perform the investing function for these plans to omit plan assets and related liabilities from their financial statements. The District, therefore, does not show these assets and liabilities in the financial statements.

NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

General Information about the KTRS OPEB Plan

Plan Description

District employees, in positions requiring a four-year degree 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, health and life insurance benefits for specified employees of local school districts and other public educational agencies in the state. TRS was created by the 1938 General Assembly and is governed by KRS Chapter 161 Sections 220 through 990. 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 on the TRS website.

Fulton County School District
Notes to the Financial Statements

NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description (*continued*)

KRS 161.250 provides that the general administration and management of TRS, and the responsibility for its proper operation, is vested in a board of trustees. The Board of Trustees consists of the chief state school officer, the state treasurer, two trustees appointed by the governor and seven elected trustees. Four of the elected trustees are active teachers, two are not members of the teaching profession, and one is an annuitant of the system.

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 Health Insurance Trust and Life Insurance Plans. The following information is about the TRS plans:

Health Insurance Trust

Plan Description

In addition to the OPEB benefits described above, KRS 161.675 requires TRS to provide post-employment healthcare benefits to eligible members and dependents. The TRS Health Insurance Trust is a cost-sharing multiple-employer defined benefit plan with a special funding situation, funded by employer and member contributions. 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 and a required amount of service credit. The TRS medical plan offers members who are not eligible for Medicare and under age 65 coverage through the Kentucky Employees Health Plan (KEHP) administered by the Kentucky Department of Employee Insurance. Once retired members and eligible spouses attain age 65 and or are eligible for Medicare, coverage is obtained through the Medicare Eligible Health Plan (MEHP) administered by TRS.

Contributions

The member and employer contributions consist of retirement annuity contributions and OPEB contributions to the health insurance and life insurance trusts. The member postemployment medical contribution is 3.75% of salary. The employer postemployment health insurance contribution is 0.75% of member salaries. Also, employers (other than the state) contribute 3% of members' salaries and the state contributes the net cost of health insurance premiums for new retirees after June 30, 2010, in the non-Medicare eligible group. If a member leaves covered employment before accumulating five years of credited service, accumulated member contributions to the retirement trust are refunded with interest upon the member's request.

Fulton County School District
Notes to the Financial Statements

NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

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

At June 30, 2024, the District reported a liability of \$977,000 for its proportionate share of 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, and 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 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 0.040097%.

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	\$	977,000
State's proportionate share of the net OPEB liability associated with the District		823,000
Total	\$	1,800,000

For the year ended June 30, 2024, the District recognized total OPEB expense of (\$26,000), which included (\$12,000) related to changes in proportion and differences between employer contributions and proportionate share of contributions. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 331,000
Changes of assumptions	222,000	-
Net difference between projected and actual earnings on OPEB plan investments	18,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	257,000	375,000
District contributions subsequent to measurement date	67,557	-
Total	\$ 564,557	\$ 706,000

Fulton County School District
Notes to the Financial Statements

NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

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

Of the total amount reported as deferred outflows of resources related to OPEB, \$67,557 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:

<u>Year ended June 30,</u>	
2025	\$ (62,000)
2026	(47,000)
2027	(2,000)
2028	(21,000)
2029	(41,000)
Thereafter	(36,000)

Actuarial Assumptions

A summary of the actuarial assumptions as of the latest actuarial valuation follows.

Valuation Date	June 30, 2022
Investment Rate of Return	7.10%, net of OPEB plan investment expense, including inflation
Projected Salary Increases	3.00% - 7.50%, including wage 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 price inflation
Healthcare Cost Trends:	
Medical trend	6.75% for FYE 2023 decreasing to an ultimate rate of 4.50% by FYE 2032
Medicare Part B Premiums	1.55% for FYE 2023 with an ultimate rate of 4.50% by 2034

Fulton County School District
Notes to the Financial Statements

NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Actuarial Assumptions (*continued*)

Mortality rates were based on the Pub2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs and adjustments for each of the groups; service, retirees, contingent annuitants, disabled retirees 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, 2022 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 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 rate assumption was updated for the June 30, 2022 valuation and was shown as an assumption change in the Total OPEB Liability (TOL) roll-forward while the change in initial per capita claims costs were included with the experience in the TOL roll-forward. 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 plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Fulton County School District
Notes to the Financial Statements

NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Actuarial Assumptions (continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Large cap Equity	35.4%	5.00%
U.S. Small cap Equity	2.6%	5.50%
Developed International Equity	15.0%	5.50%
Emerging Markets Equity	5.0%	6.10%
Fixed Income	9.0%	1.90%
High Yield Bonds	8.0%	3.80%
Other Additional Categories	9.0%	3.70%
Real Estate	6.5%	3.20%
Private Equity	8.5%	8.00%
Cash	1.0%	1.60%
Total	100.0%	

Discount Rate

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

Sensitivity of the District's Proportionate Share of the collective net OPEB Liability to Changes in the Discount Rate

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 a discount rate that is 1-percentage-point lower (6.10%) or 1-percentage-point higher (8.10%) than the current discount rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the collective net OPEB liability	\$ 1,256,000	\$ 977,000	\$ 746,000

Fulton County School District
Notes to the Financial Statements

NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Sensitivity of the District’s Proportionate Share of the collective net OPEB Liability to Changes in the Healthcare Cost Trends 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 collective net OPEB liability	\$ 703,000	\$ 977,000	\$ 1,317,000

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 Trust

Plan Description

TRS administers the Life Insurance Trust as provided by KRS 161.655 to provide life insurance benefits to retired and active 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 \$5,000 for members who are retired for service or disability and \$2,000 for active contributing members who began participating before January 1, 2022. For TRS 4 members, the life insurance benefit payable upon the death of a member is \$5,000 for active contributing members and \$10,000 for retired or disabled members.

Fulton County School District
Notes to the Financial Statements

NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

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

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 net OPEB liability, the related Commonwealth of Kentucky (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	\$	-
State's proportionate share of the net OPEB liability associated with the District		20,000
Total	\$	<u>20,000</u>

Actuarial Assumptions

A summary of the actuarial assumptions as of the latest actuarial valuation is shown below.

Valuation Date	June 30, 2022
Investment Rate of Return	7.10%, net of OPEB plan investment expense, including inflation
Projected Salary Increases	3.00% - 7.50%, including wage 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 price inflation

Mortality rates were based on the Pub2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards set-backs and adjustments for each of the groups: service, retirees, contingent annuitants, disabled retirees 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, 2022 valuation were based on the results for 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.

Fulton County School District
Notes to the Financial Statements

NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Actuarial Assumptions (continued)

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
U.S. Equity	40.00%	5.20%
International Equity	15.00%	5.50%
Emerging Markets Equity	5.00%	6.10%
Fixed Income	21.00%	1.90%
Real Estate	7.00%	3.20%
Private Equity	5.00%	8.00%
Additional Categories	5.00%	4.00%
Cash	2.00%	1.60%
Total	100.00%	

Discount Rate

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

OPEB Plan Fiduciary Net Position

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

Fulton County School District
Notes to the Financial Statements

NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

General Information about the County Employees Retirement System's (CERS) OPEB Plan

Plan Description

The District's employees are provided OPEB under the provisions of Kentucky Revised Statutes, the Kentucky Retirement Systems (KRS) board administers the KRS Insurance Fund. The KRS Insurance Fund is a cost sharing, multiple employer defined benefit OPEB plan which provides group health insurance benefits for plan members that are all regular full-time members employed in non-hazardous duty positions of the District. OPEB may be extended to beneficiaries of the plan members under certain circumstances. The CERS Insurance Fund is included in a publicly available financial report that can be obtained at www.kyret.ky.gov.

Benefits Provided

The Insurance Fund was established to provide hospital and medical insurance for eligible members receiving benefits from CERS. The eligible non-Medicare retirees are covered by the Department of Employee Insurance (DEI) plans. Premium payments are submitted to DEI and Humana. The Kentucky Public Pension Authority (KPPA) board contracts with Humana to provide health care benefits to the eligible Medicare retirees through a Medicare Advantage Plan. The Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance.

Contributions

Employers participating in the KRS Insurance Fund contribute a percentage of each employee's creditable compensation. The actuarially determined rates set by the KRS board is a percentage of each employee's creditable compensation. For the year ended June 30, 2024, the required contribution was 0.00% of each employee's covered payroll. Contributions from the District to the KRS Insurance Fund for the year ended June 30, 2024, were \$0. The KRS board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the KRS board. Employees qualifying as Tier 2 or Tier 3 of the CERS plan members contribute 1% of creditable compensation to an account created for the payment of health insurance benefits.

Implicit Subsidy

The fully-insured premiums paid 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. GASB No. 75 requires that the liability associated with this implicit subsidy is included in the calculation of the total OPEB liability.

Fulton County School District
Notes to the Financial Statements

NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

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

At June 30, 2024, the District reported an asset of \$(35,743) for its proportionate share of the net OPEB liability. The net OPEB liability (asset) was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023 using standard update procedures. The District's proportion of the net OPEB liability was based on the District's share of 2023 contributions to the OPEB plan relative to the 2023 contributions of all participating employers, actuarially determined. At June 30, 2023, the District's proportion was 0.025888%.

For the year ended June 30, 2024, the District recognized OPEB expense of \$(64,038).

At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 24,918	\$ 507,511
Net difference between projected and actual investment earnings on OPEB plan investments	66,891	75,186
Change of assumptions	70,339	49,019
Changes in proportion and differences between employer contributions and proportionate share of contribution	40,697	5,151
District contributions subsequent to the measurement date	-	-
Total	<u>\$ 202,845</u>	<u>\$ 636,867</u>

For the year ended June 30, 2024, \$0 was reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fulton County School District
Notes to the Financial Statements

NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

<i>Year ended June 30,</i>	
2025	\$ (107,023)
2026	(133,418)
2027	(101,562)
2028	(92,019)
Thereafter	-

Actuarial Assumptions

The total OPEB liability, net OPEB liability, and sensitivity information as of June 30, 2023 were based on an actuarial valuation date of June 30, 2022. The total OPEB liability was rolled-forward from the valuation date (June 30, 2022) to the plan’s fiscal year ending June 30, 2023, using generally accepted actuarial principles. The following actuarial assumptions were used in performing the actuarial valuation as of June 30, 2023:

Inflation	2.50%
Payroll Growth Rate	2.00%
Salary Increase	3.30% to 10.30%, varies by service for CERS non-hazardous
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.
Healthcare Trend Rates (Post-65)	Initial trend starting at 8.50% in 2025, then 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.
Mortality (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.
Mortality (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 of 2010.

Fulton County School District
Notes to the Financial Statements

NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Long-Term Expected Rate of Return

The long-term (10-year) expected rates of return was determined by using a building-block method in which best-estimated 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 tables below.

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%
Expected Real Return	100.0%	5.75%
Long Term Inflation Assumption		2.50%
Expected Nominal Return for Portfolio		8.25%

Discount Rate

Single discount rates of 5.93% for the non-hazardous system were used to measure the total OPEB liability as of June 30, 2023. 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, the 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 retirement system. However, the cost associated with the implicit employer subsidy is not currently being included in the calculation of the Plan’s actuarial determined contributions, and it is our understanding that any cost associated with the implicit subsidy will not be paid out of the Plan’s trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the ACFR.

Fulton County School District
Notes to the Financial Statements

NOTE 9: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Discount Rate (Continued)

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

Sensitivity of the District's Proportionate Share of the collective net OPEB Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net OPEB liability as of June 30, 2024, calculated using the discount rate of 5.93%, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 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 collective net OPEB liability (asset)	\$ 67,075	\$ (35,743)	\$ (121,840)

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 are 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current Healthcare Rate	1% Increase
District's proportionate share of the collective net OPEB liability (asset)	\$ (114,562)	\$ (35,743)	\$ 61,079

OPEB Plan Fiduciary Net Position

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

Fulton County School District
Notes to the Financial Statements

NOTE 10: 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 grantor's 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.

NOTE 11: RISK MANAGEMENT

The District is exposed to various forms of loss of assets associated with the risks related to torts; theft of, damage to and destruction of assets; fire, personal liability, vehicular accidents; errors and omissions; injuries to employees; fiduciary responsibility; and natural disasters. Each of these risk areas are covered through the purchase of commercial insurance. The District has purchased certain policies which are retrospectively rated which include workers' compensation insurance.

The District purchases unemployment insurance through the Kentucky School Boards Insurance Trust Unemployment Compensation Fund; 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.

NOTE 12: LITIGATIONS

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

Fulton County School District
Notes to the Financial Statements

NOTE 13: EXCESS EXPENDITURES OVER APPROPRIATIONS

The following funds had excess current year expenditures over current year appropriated revenues:

<i>Year Ended June 30, 2024</i>	
Fund	Amount
General	\$ 700,804
Debt service	1,115
Construction	55,240
Private purpose trust fund	362

NOTE 14: FUND TRANSFERS

Fund transfers for the year ended June 30, 2024 consist of the following:

Type	From Fund	To Fund	Purpose	Amount
Operating	General	Special revenue	Matching	\$ 11,073
Operating	Special revenue	General	Expenditures	173,649
Operating	Special revenue	General	Indirect Costs	348,572
Operating	FSPK	Debt service	Debt service	276,445
Operating	SEEK	Debt service	Debt service	54,418
Operating	General	Debt service	Debt service	44,717
Operating	Special revenue	Construction	Construction	1,830,000
Operating	Food Service	General	Indirect Costs	40,061
Operating	General	Construction	Construction	1,333,378

Fulton County School District
Notes to the Financial Statements

NOTE 15: ON-BEHALF PAYMENTS

The District receives on-behalf payments from the State of Kentucky for items including pension, technology, health care costs, operating costs and debt service. The amount received for the fiscal year ended June 30, 2024 was \$1,906,577. These payments were recorded as follows:

<i>Year Ended June 30, 2024</i>	
Fund	Amount
General fund	\$ 1,554,497
Debt service fund	242,530
Food service fund	109,550
Total	\$ 1,906,577

<i>Year Ended June 30, 2024</i>	
Technology	\$ 64,722
Health Insurance less Federal Reimbursements	706,947
Life Insurance	1,200
Administrative Fees	9,588
HRA/Dental/Vision Insurance	37,013
SFCC Debt Service	242,530
KTRS	844,577
Total	\$ 1,906,577

Fulton County School District
Budgetary Comparison Schedule for the General Fund

<i>Year Ended June 30, 2024</i>	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Local and intermediate sources	\$ 1,829,000	\$ 1,799,000	\$ 1,948,537	\$ 149,537
State programs	2,510,000	2,632,988	4,113,156	1,480,168
Federal programs	20,000	20,000	36,851	16,851
Total revenues	4,359,000	4,451,988	6,098,544	1,646,556
Expenditures				
Current:				
Instruction	1,592,799	1,487,437	2,373,792	(886,355)
Support services:				
Student	168,861	154,024	210,363	(56,339)
Instructional staff	227,329	195,233	281,833	(86,600)
District administration	521,734	545,449	617,239	(71,790)
School administration	357,493	360,704	519,483	(158,779)
Business	226,134	264,454	435,690	(171,236)
Plant operations and maintenance	757,184	842,533	977,965	(135,432)
Student transportation	396,704	385,604	556,097	(170,493)
Other	1,609,019	1,888,071	-	1,888,071
Total expenditures	5,857,257	6,123,509	5,972,462	151,047
Excess (deficiency) of revenues over expenditures	(1,498,257)	(1,671,521)	126,082	1,797,603

Fulton County School District
Budgetary Comparison Schedule for the General Fund

<i>Year Ended June 30, 2024</i>	<u>Budgeted Amounts</u>		Actual	Variance
	Original	Final		with Final Budget
Other Financing Sources (Uses)				
Operating transfers - net	(1,743)	171,521	(826,886)	(998,407)
Total other financing sources (uses)	(1,743)	171,521	(826,886)	(998,407)
Net change in fund balance	(1,500,000)	(1,500,000)	(700,804)	799,196
Fund balance - beginning of year	1,500,000	1,500,000	3,154,654	1,654,654
Fund balance - end of year	\$ -	\$ -	\$ 2,453,850	\$ 2,453,850

Fulton County School District
Budgetary Comparison Schedule for the Special Revenue Fund

<i>Year Ended June 30, 2024</i>	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Local and intermediate sources	\$ -	\$ -	\$ 6,224	\$ 6,224
State programs	452,543	424,971	2,851,929	2,426,958
Federal programs	726,377	1,227,781	2,437,751	1,209,970
Total revenues	1,178,920	1,652,752	5,295,904	3,643,152
Expenditures				
Current:				
Instruction	968,208	1,355,637	2,429,624	(1,073,987)
Support services:				
Student	43,095	43,095	149,511	(106,416)
School administration	-	2,782	3,351	(569)
Plant operations and maintenance	75,007	63,197	36,452	26,745
Student transportation	-	-	234,816	(234,816)
Other	92,610	94,777	101,002	(6,225)
Total expenditures	1,178,920	1,559,488	2,954,756	(1,395,268)
Excess (deficiency) of revenues over expenditures	-	93,264	2,341,148	2,247,884

Fulton County School District
Budgetary Comparison Schedule for the Special Revenue Fund

<i>Year Ended June 30, 2024</i>	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Other Financing Sources (Uses)				
Operating transfers - net	-	(173,264)	(2,341,148)	(2,167,884)
Total other financing sources (uses)	-	(173,264)	(2,341,148)	(2,167,884)
Net change in fund balance	-	(80,000)	-	80,000
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ (80,000)	\$ -	\$ 80,000

Fulton County School District
 Schedule of the District's Proportionate Share of the
 Net Pension Liability and Schedule of District's Contributions
 Kentucky Teachers' Retirement System

Schedule of the District's Proportionate Share of the Net Pension Liability - KTRS											
<i>As of June 30,</i>	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	
District's proportion of the net pension liability	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the District	\$ 12,942,592	\$ 12,619,243	\$ 11,120,966	\$ 12,536,887	\$ 11,331,215	\$ 10,292,917	\$ 22,609,381	\$ 23,408,041	\$ 18,135,244	\$ 17,049,945	
District's covered payroll	\$ 2,665,767	\$ 2,608,600	\$ 2,673,672	\$ 2,766,844	\$ 2,527,153	\$ 2,378,428	\$ 2,490,211	\$ 2,333,156	\$ 2,265,618	\$ 2,470,576	
District's proportionate share of the net pension liability 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%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	57.68%	56.41%	65.59%	58.27%	58.80%	59.30%	39.83%	35.22%	42.49%	45.59%	

Schedule of District's Contribution - KTRS											
<i>For the Years Ended June 30,</i>	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 2,795,227	\$ 2,665,767	\$ 2,608,600	\$ 2,673,672	\$ 2,766,844	\$ 2,527,153	\$ 2,378,428	\$ 2,490,211	\$ 2,333,156	\$ 2,265,618	
Contributions as a percentage of covered payroll	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Fulton County School District
Schedule of the District's Proportionate Share of the
Net Pension Liability and Schedule of District's Contributions
Kentucky Teachers' Retirement System

Changes of Benefit Terms

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

Changes of Assumptions

2023: No changes in assumptions.

2022: No changes in assumptions.

2021: 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% to 7.10% and the price inflation assumption was lowered from 3.00% to 2.50%. In addition, the calculation of the SEIR results in an assumption change from 7.50% to 7.10%.

2020: No changes in assumptions.

2019: No changes in assumptions.

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

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

2016: 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%.

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

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

Fulton County School District
 Schedule of the District's Proportionate Share of the
 Net Pension Liability and Schedule of District's Contributions
 County Employees' Retirement System

Schedule of the District's Proportionate Share of the Net Pension Liability - CERS										
<i>As of June 30,</i>	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.025889%	0.024227%	0.023203%	0.022809%	0.022219%	0.023059%	0.025250%	0.374430%	0.056830%	0.040420%
District's proportionate share of the net pension liability	\$ 1,661,170	\$ 1,751,373	\$ 1,479,373	\$ 1,749,431	\$ 1,562,672	\$ 1,404,363	\$ 1,477,960	\$ 1,843,532	\$ 2,443,246	\$ 1,311,353
District's covered payroll	\$ 743,205	\$ 678,771	\$ 598,111	\$ 586,788	\$ 560,909	\$ 638,282	\$ 619,637	\$ 762,499	\$ 885,780	\$ 941,782
District's proportionate share of the net pension liability as a percentage of its covered payroll	223.51%	258.02%	247.34%	298.14%	278.60%	220.02%	238.52%	241.78%	275.83%	139.24%
Plan fiduciary net position as a percentage of the total pension liability	57.48%	52.42%	57.33%	47.81%	50.45%	53.54%	53.30%	55.50%	59.97%	66.80%

Schedule of District's Contribution - CERS										
<i>For the Years Ended June 30,</i>	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 206,477	\$ 173,910	\$ 143,767	\$ 114,362	\$ 113,250	\$ 90,509	\$ 83,887	\$ 86,438	\$ 101,331	\$ 127,222
Contributions in relation to the contractually required contribution	(206,477)	(173,910)	(143,767)	(114,362)	(113,250)	(90,509)	(83,887)	(86,438)	(101,331)	(127,222)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 884,649	\$ 743,205	\$ 678,771	\$ 598,111	\$ 586,788	\$ 560,909	\$ 638,282	\$ 619,637	\$ 762,499	\$ 885,780
Contributions as a percentage of covered payroll	23.34%	23.40%	21.18%	19.12%	19.30%	16.14%	13.14%	13.95%	13.29%	14.36%

Fulton County School District
Schedule of the District's Proportionate Share of the
Net Pension Liability and Schedule of District's Contributions
County Employees' Retirement System

Changes of Benefit Terms

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

- 2023: No changes in benefit terms.
- 2022: No changes in benefit terms.
- 2021: No changes in benefit terms.
- 2020: No changes in benefit terms.
- 2019: No changes in benefit terms.
- 2018: No changes in benefit terms.
- 2017: No changes in benefit terms.
- 2016: No changes in benefit terms.
- 2015: No changes in benefit terms.

Changes of Assumptions

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

2023: During the 2023 legislative session, House Bill 506 was enacted which reinstated the Partial Lump-Sum Optional Form of payment for members who retire on and after January 1, 2024, as well as adjusted the minimum required separation period before a retiree may become reemployed. The total pension liability as of June 30, 2023 was determined with these updates in mind, however it is estimated these updates will not have a significant impact on the total pension liability of the plans.

2022: No changes in assumptions.

2021: During the 2021 legislative session, Senate Bill 169 was enacted which increased 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 pension liability as of June 30, 2021 is determined using these updated benefit provisions.

2020: During the 2020 legislative session, Senate Bill 249 was enacted which changed the funding period for the amortization of the unfunded liability to 30 years as of June 30, 2019. Gains and losses incurring in future years will be amortized over separate 20-year amortization bases. This change does not impact the calculation of Total Pension Liability and only impacts the calculation of the

Fulton County School District
Schedule of the District's Proportionate Share of the
Net Pension Liability and Schedule of District's Contributions
County Employees' Retirement System

contribution rates that would be payable starting July 1, 2020. Additionally, House Bill 271 was enacted which removed provisions that reduce the monthly payment to a surviving spouse of a member whose death was due to a duty-related injury upon remarriage of the spouse. It also increased benefits for a very small number of beneficiaries. This did not have a material (or measurable) impact on the liability of the plans and therefore, no adjustment was made to the Total Pension Liability to reflect this legislation.

2019: There have been no changes in plan provisions since June 30, 2018. However, the Board of Trustees has adopted new actuarial assumptions since June 30, 2018. These assumptions are documented in the report titled "Kentucky Retirement Systems 2018 Actuarial Experience Study for the Period Ending June 30, 2018". The Total Pension liability as of June 30, 2019 is determined using these updated assumptions.

2018: 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, 2018 is determined using these updated benefit provisions.

2017: There was no legislation enacted during the 2017 legislative session that had a material change in benefit provisions for CERS. However, subsequent to the actual valuation date (June 30, 2016), but prior to the measurement date (June 30, 2017), the KRS Board of Trustees adopted updated actuarial assumptions which will be used in performing the actuarial valuation as of June 30, 2017. Specifically, the Total Pension Liability as of June 30, 2017 is determined using a 2.30% price inflation assumption for the non-hazardous system and the assumed rate of return is 6.25% for the non-hazardous system.

2016: There was no legislation enacted during the 2017 legislative session that had a material change in benefit provisions for CERS. However, subsequent to the actual valuation date (June 30, 2016), but prior to the measurement date (June 30, 2017), the KRS Board of Trustees adopted updated actuarial assumptions which will be used in performing the actuarial valuation as of June 30, 2017. Specifically, the Total Pension Liability as of June 30, 2017 is determined using a 2.30% price inflation assumption for the non-hazardous system and the assumed rate of return is 6.25% for the non-hazardous system.

2015: No changes in assumptions.

Fulton County School District
 Schedule of the District's Proportionate Share of the
 Collective Net OPEB Liability and Schedule of District's Contributions
 Kentucky Teachers' Retirement System – Medical Insurance Fund

Schedule of the District's Proportionate share of the Collective Net OPEB Liability - KTRS

<i>As of June 30,</i>	2024	2023	2022	2021	2020	2019	2018
District's proportion of the collective net OPEB liability	0.040097%	0.053662%	0.045287%	0.470490%	0.043960%	0.040302%	0.043937%
District's proportionate share of the collective net OPEB liability	\$ 977,000	\$ 1,332,000	\$ 972,000	\$ 1,187,399	\$ 1,287,000	\$ 1,398,000	\$ 1,567,000
District's covered payroll	\$ 2,665,767	\$ 2,608,600	\$ 2,673,672	\$ 2,766,844	\$ 2,527,153	\$ 2,378,428	\$ 2,490,211
District's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	36.65%	51.06%	36.35%	42.92%	50.93%	58.78%	62.93%
Plan fiduciary net position as a percentage of the total OEPB liability	52.97%	47.75%	51.74%	39.05%	32.58%	25.50%	21.18%

Schedule of the District's Contributions - KTRS

<i>For the years ended June 30,</i>	2024	2023	2022	2021	2020	2019	2018
Contractually required contribution	\$ 67,557	\$ 79,973	\$ 78,377	\$ 79,979	\$ 83,006	\$ 76,683	\$ 71,353
Contributions in relation to the contractually required contribution	67,557	79,973	78,377	79,979	83,006	76,683	71,353
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 2,795,227	\$ 2,665,767	\$ 2,608,600	\$ 2,673,672	\$ 2,766,844	\$ 2,527,153	\$ 2,378,428
Contributions as percentage of covered payroll	2.42%	3.00%	3.00%	2.99%	3.00%	3.03%	3.00%

Fulton County School District
Schedule of the District's Proportionate Share of the
Collective Net OPEB Liability and Schedule of District's Contributions
Kentucky Teachers' Retirement System – Medical Insurance Fund

Changes of Benefit Terms

2023: No changes of benefit terms.

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

2021: No changes of benefit terms.

2020: No changes of benefit terms.

2019: No changes of benefit terms.

2018: No changes of benefit terms.

2017: With the passage of House Bill 471, the eligibility for non-single subsidies (NSS) for the KEHP-participating members who retired prior to July 1, 2010 is restored, but the State will only finance, via its KEHP "shared responsibility" contributions, the costs of the NSS related to those KEHP-participating members who retired on or after July 1, 2010.

Changes of Assumptions

2022: The health care trend rates were updated to reflect future anticipated experience.

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 8.00% for the Health Trust and 7.50% for the Life Trust to 7.10%. The price inflation assumption was lowered from 3.00% to 2.50%. The rates of member participation and spousal participation were adjusted to reflect actual experience more closely.

Fulton County School District
Schedule of the District's Proportionate Share of the
Collective Net OPEB Liability and Schedule of District's Contributions
Kentucky Teachers' Retirement System – Life Insurance Fund

Schedule of the District's Proportionate share of the Collective Net OPEB Liability - KTRS

<i>As of June 30,</i>	2024	2023	2022	2021	2020	2019	2018
District's proportion of the collective net OPEB liability	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
District's proportionate share of the collective net OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 2,665,767	\$ 2,608,600	\$ 2,673,672	\$ 2,766,844	\$ 2,527,153	\$ 2,378,428	\$ 2,490,211
District's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OEPB liability	76.91%	73.97%	89.15%	71.57%	73.40%	75.00%	79.99%

Schedule of the District's Contributions - KTRS

<i>For the years ended June 30,</i>	2024	2023	2022	2021	2020	2019	2018
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 2,795,227	\$ 2,665,767	\$ 2,608,600	\$ 2,673,672	\$ 2,766,844	\$ 2,527,153	\$ 2,378,428
Contributions as percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Fulton County School District
Schedule of the District's Proportionate Share of the
Collective Net OPEB Liability and Schedule of District's Contributions
Kentucky Teachers' Retirement System – Life Insurance Fund

Changes of Benefit Terms

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

Changes of Assumptions

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 8.00% for the Health Trust and 7.50% for the Life Trust to 7.10%. The price inflation assumption was lowered from 3.00% to 2.50%. The rates of member participation and spousal participation were adjusted to reflect actual experience more closely.

Fulton County School District
Schedule of the District's Proportionate Share of the
Collective Net OPEB Liability and Schedule of District's Contributions
County Employees Retirement System

Schedule of District's Proportionate Share of the Collective Net OPEB Liability - CERS

<i>As of June 30,</i>	2024	2023	2022	2021	2020	2019	2018
District's proportion of the net OPEB liability	0.025889%	0.024223%	0.023197%	0.022802%	0.022213%	0.023058%	0.025250%
District's proportionate share of the net OPEB liability	\$ (35,743)	\$ 478,044	\$ 444,095	\$ 550,599	\$ 373,613	\$ 409,390	\$ 507,611
District's covered payroll	\$ 743,205	\$ 678,771	\$ 598,111	\$ 586,788	\$ 560,909	\$ 638,282	\$ 619,637
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	-4.81%	70.43%	74.25%	93.83%	66.61%	64.14%	81.92%
Plan fiduciary net position as a percentage of the total OPEB liability	104.23%	60.95%	62.91%	51.67%	60.44%	57.62%	52.40%

Schedule of District Contributions - CERS

<i>For the years ended June 30,</i>	2024	2023	2022	2021	2020	2019	2018
Contractually required contribution	\$ -	\$ 25,186	\$ 39,258	\$ 28,205	\$ 27,931	\$ 29,351	\$ 27,221
Contributions in relation to the contractually required contribution	-	25,186	39,258	318,831	27,931	29,351	27,221
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 884,649	\$ 743,205	\$ 678,771	\$ 598,111	\$ 586,788	\$ 560,909	\$ 638,282
Contributions as a percentage of covered payroll	0.00%	3.39%	5.78%	4.72%	4.76%	5.23%	4.26%

Fulton County School District
Schedule of the District's Proportionate Share of the
Collective Net OPEB Liability and Schedule of District's Contributions
County Employees Retirement System

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

Changes of Benefit Terms

No changes of benefit terms.

Changes of Assumptions

2023: The single discount rates used to calculate the total OPEB liability within the plan changed since the prior year. Additional information regarding the single discount rates is provided in Note 9 of the financial statements. During the 2023 legislative session, House Bill 506 was enacted which reinstated the Partial Lump-Sum Optional Form of payment for members who retire on and after January 1, 2024, as well as adjusted the minimum required separation period before a retiree may become reemployed. The total pension liability as of June 30, 2023 was determined with these updates in mind, however it is estimated these updates will not have a significant impact on the total pension liability of the plans.

2022: The single discount rates used to calculate the total OPEB liability within the plan changed since the prior year. During the 2022 legislative session, Senate Bill 209 was enacted which increased the insurance dollar contribution for members hired on or after July 1, 2023 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. Senate Bill 209 also allows members receiving the insurance dollar contribution to participate in a medical insurance reimbursement plan that would provide the reimbursement of premiums for health plans other than those administered by KPPA. The total OPEB liability as of June 30, 2022 is determined using these updated benefit provisions.

2021: During the 2021 legislative session, Senate Bill 169 was enacted which increased 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.

2020: During the 2020 legislative session, Senate Bill 249 was enacted which changed the funding period for the amortization of the unfunded liability to 30 years as of June 30, 2019. Gains and losses incurring in future years will be amortized over separate 20-year amortization bases. This change does not impact the calculation of Total OPEB Liability and only impacts the calculation of the contribution rates that would be payable starting July 1, 2020.

Fulton County School District
Schedule of the District's Proportionate Share of the
Collective Net OPEB Liability and Schedule of District's Contributions
County Employees Retirement System

2019: There have been no changes in plan provisions since June 30, 2018. However, the Board of Trustees has adopted new actuarial assumptions since June 30, 2018. These assumptions are documented in the report titled "Kentucky Retirement Systems 2018 Actuarial Experience Study for the Period Ending June 30, 2018". The Total Pension liability as of June 30, 2019 is determined using these updated assumptions.

2018: There have been no changes in actuarial assumptions since June 30, 2017 (other than the blended discount rate used to calculate the total OPEB liability). However, during the 2018 legislative session, House Bill 185 was enacted, which update 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, 2018 is determined using the updated benefit provision

2017: There was no legislation enacted during the 2017 legislative session that had a material change in benefit provisions for CERS. However, subsequent to the actual valuation date (June 30, 2016), but prior to the measurement date (June 30, 2017), the KRS Board of Trustees adopted updated actuarial assumptions which will be used in performing the actuarial valuation as of June 30, 2017. Specifically, the Total OPEB Liability as of June 30, 2017 is determined using a 2.30% price inflation assumption for the non-hazardous system and the assumed rate of return is 6.25%.

Fulton County School District
Combining Balance Sheet
Nonmajor Governmental Funds

<i>June 30, 2024</i>	SEEK Fund	FSPK Fund	District Activity Fund	Student Activity Fund	Debt Service Fund	Total Other Governmental Funds
Assets						
Cash	\$ 25,059	\$ 5,434	\$ 195,744	\$ 138,886	\$ 3,326	\$ 368,449
Total assets	\$ 25,059	\$ 5,434	\$ 195,744	\$ 138,886	\$ 3,326	\$ 368,449
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 1,115	\$ 1,115
Total liabilities	-	-	-	-	1,115	1,115
Fund Balances						
Restricted	25,059	5,434	195,744	138,886	2,211	367,334
Total fund balances	25,059	5,434	195,744	138,886	2,211	367,334
Total liabilities and fund balances	\$ 25,059	\$ 5,434	\$ 195,744	\$ 138,886	\$ 3,326	\$ 368,449

Fulton County School District
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance
 Nonmajor Governmental Funds

<i>Year Ended June 30, 2024</i>	SEEK Fund	FSPK Fund	District Activity Fund	Student Activity Fund	Debt Service Fund	Total Other Governmental Funds
Revenues						
From local sources:						
Taxes:						
Property	\$ -	\$ 145,722	\$ -	\$ -	\$ -	\$ 145,722
Tuition and fees	-	-	-	211,332	-	211,332
Other local revenue	-	-	29,097	-	-	29,097
Intergovernmental - state	54,418	130,723	-	-	242,530	427,671
Total revenues	54,418	276,445	29,097	211,332	242,530	813,822
Expenditures						
Current:						
Instruction	-	-	16,487	185,157	-	201,644
Debt service:						
Principal	-	-	-	-	449,711	449,711
Interest	-	-	-	-	169,514	169,514
Total expenditures	-	-	16,487	185,157	619,225	820,869
Excess (deficiency) of revenues over expenditures	54,418	276,445	12,610	26,175	(376,695)	(7,047)
Other Financing Sources (Uses)						
Operating transfers in	-	-	-	-	375,580	375,580
Operating transfers out	(54,418)	(276,445)	-	-	-	(330,863)
Total other financing sources (uses)	(54,418)	(276,445)	-	-	375,580	44,717

Fulton County School District
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance
 Nonmajor Governmental Funds

<i>Year Ended June 30, 2024</i>	Seek Fund	FSPK Fund	District Activity Fund	Student Activity Fund	Debt Service Fund	Total Other Governmental Funds
Net change in fund balances	-	-	12,610	26,175	(1,115)	37,670
Fund balances - beginning of year	25,059	5,434	183,134	112,711	3,326	329,664
Fund balances - end of year	\$ 25,059	\$ 5,434	\$ 195,744	\$ 138,886	\$ 2,211	\$ 367,334

Fulton County School District
Combining Statement of School Activity Funds

<i>Year ended June 30, 2024</i>	Cash July 1, 2023	Cash Receipts & Transfers In	Cash Disbursements & Transfers Out	Cash June 30, 2024	Accounts Receivable	Accounts Payable	Fund Balance June 30, 2024
Fulton County High School	\$ 91,603	\$ 178,532	\$ 158,027	\$ 112,108	\$ -	\$ -	\$ 112,108
Fulton County Elementary/Middle School	21,108	32,800	27,130	26,778	-	-	26,778
Total	\$ 112,711	\$ 211,332	\$ 185,157	\$ 138,886	\$ -	\$ -	\$ 138,886

Fulton County School District
Statement of School Activity Funds
Fulton County High School

<i>Year ended June 30, 2024</i>	Cash July 1, 2023	Cash Receipts & Transfers In	Cash Disbursements & Transfers Out	Cash June 30, 2024	Accounts Receivable	Accounts Payable	Fund Balance June 30, 2024
Annual	\$ 3,276	\$ 4,765	\$ 5,779	\$ 2,262	\$ -	\$ -	\$ 2,262
Athletic	14,037	28,773	28,657	14,153	-	-	14,153
Bass Fishing Club	1,039	1,010	720	1,329	-	-	1,329
Charles Speed Scholarship	3,329	972	250	4,051	-	-	4,051
Cross Country	395	5,130	3,034	2,491	-	-	2,491
Faculty Snacks	420	183	86	517	-	-	517
FEA	446	-	-	446	-	-	446
Four Rivers Scholarship	12,933	35,946	20,199	28,680	-	-	28,680
Future Farmers of America	8,222	22,872	23,307	7,787	-	-	7,787
General Fund	1,369	2,026	2,500	895	-	-	895
Golf	2,582	300	304	2,578	-	-	2,578
HS Baseball	72	1,280	1,207	145	-	-	145
HS Beta Club	1,025	8,037	6,347	2,715	-	-	2,715
HS Cheerleaders	1,786	4,788	6,204	370	-	-	370
HS Football	543	2,911	2,133	1,321	-	-	1,321
HS Volleyball	1,299	300	965	634	-	-	634
JAM	2,755	-	141	2,614	-	-	2,614
Joey Bumpus Scholarship	73	200	-	273	-	-	273
Jones Never Stop Learning Scholarship	-	250	250	-	-	-	-
Lady Pilot Basketball	10,291	7,905	11,066	7,130	-	-	7,130
Lady Pilot Softball	1,208	200	-	1,408	-	-	1,408

Fulton County School District
Statement of School Activity Funds
Fulton County High School

<i>Year ended June 30, 2024</i>	Cash July 1, 2023	Cash Receipts & Transfers In	Cash Disbursements & Transfers Out	Cash June 30, 2024	Accounts Receivable	Accounts Payable	Fund Balance June 30, 2024
Library Grant	191	-	-	191	-	-	191
Life Skills	2,078	1,025	1,139	1,964	-	-	1,964
Maurice Tucker Scholarship	1,581	-	250	1,331	-	-	1,331
McWhirt Scholarship	1,000	1,000	1,500	500	-	-	500
Mike Hayden Scholarship	50	-	-	50	-	-	50
Pilot Army	324	-	-	324	-	-	324
Pilot Basketball	3,340	5,086	5,420	3,006	-	-	3,006
Prom	2,075	8,820	8,338	2,557	-	-	2,557
Track Team	145	4,935	4,154	926	-	-	926
Vending	329	6,845	3,503	3,671	-	-	3,671
Wilson Minority Scholarship Class of 2023	500 713	1,000 200	1,500 -	- 913	-	-	- 913
Technology Fees Class of 2024	535 4,806	- 6,986	- 10,749	535 1,043	-	-	535 1,043
Pink Out Shirts	44	3,508	3,552	-	-	-	-
Jamie Alexander Scholarship Class of 2025	300 4,345	- 2,727	- 1,485	300 5,587	-	-	300 5,587
Drama Club Class of 2026	1,103 1,044	709 6,281	541 2,592	1,271 4,733	-	-	1,271 4,733
Kindness Club Class of 2028	- -	356 1,206	155 -	201 1,206	-	-	201 1,206
Total	\$ 91,603	\$ 178,532	\$ 158,027	\$ 112,108	\$ -	\$ -	\$ 112,108

Fulton County School District
Schedule of Expenditures of Federal Awards

Year Ended June 30, 2024

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass- Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Agriculture				
Child Nutrition Cluster				
Direct Program:				
Food Distribution Program - noncash	10.555		- \$	- \$ 24,047
Passed-Through State Department of Education:				
School Breakfast Program	10.553	7760005 24	-	203,210
Summer Food Service Program for Children	10.559	7740023 24	-	5,376
National School Lunch Program	10.555	7750002 24	-	396,506
COVID-19 National School Lunch Program	10.555	9980000 23	-	23,942
Fresh Fruits and Vegetables Program	10.582	7720012 23	-	<u>17,553</u>
Subtotal				670,634
COVID -19 -State Administrative Expenses for Child				
Nutrition	10.560	7700001 23	-	2,873
Child Nutrition Discretionary Grants Limited Availability	10.579	7840027 21	-	21,203
Passed-Through Murray Independent Board of Education:				
Child and Adult Care Food Program	10.558	04CH011242-01	-	12,514
Total U.S. Department of Agriculture				707,224
U.S. Department of Education				
Passed-Through State Department of Education:				
Title I - Part A				
Title I Grants to Local Educational Agencies - 2022	84.010	3100002 21	-	27,180
Title I Grants to Local Educational Agencies - 2023	84.010	3100002 22	-	(8,920)
Title I Grants to Local Educational Agencies - 2024	84.010	3100002 23	-	<u>377,947</u>
Subtotal				396,207
Special Education Cluster				
Special Education Grants to States - 2022	84.027	3810002 21	-	1,264
Special Education Grants to States - 2023	84.027	3810002 22	-	7,357
Special Education Grants to States - 2024	84.027	3810002 23	-	187,144
COVID-19 Special Education Preschool Grants - 2022	84.173	4910002 21	-	604
Special Education Preschool Grants - 2023	84.173	3800002 22	-	1,970
Special Education Preschool Grants - 2024	84.173	3800002 23	-	<u>22,262</u>
Subtotal				220,601

See accompanying notes to the Schedule of Expenditures of Federal Awards.

Fulton County School District
Schedule of Expenditures of Federal Awards

Year Ended June 30, 2024

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass- Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Rural Education - 2023	84.358	3300002 22	-	535
Rural Education - 2024	84.358	3300002 23	-	17,869
Subtotal				18,404
Career and Technical Education - Basic Grants to State - 2022	84.048	3710002 21	-	19
Career and Technical Education - Basic Grants to State - 2023	84.048	3710002 22	-	1,918
Career and Technical Education - Basic Grants to State - 2024	84.048	3710002 23	-	1,347
Subtotal				3,284
Supporting Effective Instruction State Grants - 2023	84.367	3230002 22	-	(622)
Supporting Effective Instruction State Grants - 2024	84.367	3230002 23	-	24,884
Subtotal				24,262
Student Support & Academic Enrichment Program - 2024	84.424	3420002 23	-	30,644
COVID-19 Education Stabilization Fund				
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	4300002 21	-	1,415,504
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief (Homeless Children and Youth)	84.425W	4200002 21	-	5,624
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	563J	-	5,536
Subtotal				1,426,664
Total U.S. Department of Education				2,120,066
U.S. Department of Health and Human Services				
Passed-Through State Department of Education:				
COVID-19 Child Care and Development Block Grant Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	93.575	562JP	-	143,736
Passed-Through Murray Independent Board of Education: Head Start	93.079	493F	-	300
	93.6	04CH011242-01	-	173,649
Total U.S. Department of Health and Human Services				317,685
Total expenditures of federal awards			\$ -	\$ 3,144,975

See accompanying notes to the Schedule of Expenditures of Federal Awards.

Fulton County School District
Notes to the Schedule of Expenditures of Federal Awards

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “schedule”) includes the federal grant activity of Fulton County School District (the “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* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

Nonmonetary assistance is reported in the schedule of fair value of the goods received.

NOTE 3: INDIRECT COST RATE

The District has elected to use indirect cost rates as defined by the grantor in the following programs:

- Child Nutrition Cluster
- Head Start
- COVID-19 Education Stabilization Fund

NOTE 4: SUBRECIPIENTS

There were no subrecipients during the fiscal year.

NOTE 5: LOANS AND LOAN GUARANTEES

The District did not have any loans or loan guarantee programs required to be reported on the schedule.

Fulton County School District Summary Schedule of Prior Audit Findings



FULTON COUNTY SCHOOL DISTRICT

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**Fulton County School District
Summary Schedule of Prior Audit Findings
Year ended June 30, 2023**

2023-001 Single Audit Data Collection Form Not Filed by Due Date

Condition: The data collection form for the Single Audit ended June 30, 2023, was not submitted to the Federal Audit Clearinghouse by March 31, 2024.

Recommendation: We recommend the District develop specific procedures to ensure that the audit report is received prior to the March 31 reporting deadline.

Current Status: The recommendation was adopted on June 30, 2024. No similar findings were noted in the 2024 audit.

Fulton County Board of Education

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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
Fulton County School District
Hickman, 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 as defined in the *Independent Auditor’s Contract*, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Fulton County 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 Fulton County School District’s basic financial statements, and have issued our report thereon dated February 14, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. In addition, the results of our tests disclosed no instances of material noncompliance of specific state statutes or regulations identified in the *Independent Auditor's Contract – State Compliance Requirements*.

We noted certain matters that we reported to management of the District in a separate letter dated February 14, 2025.

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.

Carr, Riggs & Ingram, L.L.C.

Carr, Riggs & Ingram, L.L.C.
Bowling Green, Kentucky
February 14, 2025



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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
Fulton County School District
Hickman, Kentucky

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Fulton County 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 the 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.

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 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.

Carr, Riggs & Ingram, L.L.C.

Carr, Riggs & Ingram, L.L.C.
Bowling Green, Kentucky
February 14, 2025

Fulton County School District
Schedule of Findings and Questioned Costs

Section I — Summary of Auditor’s Results

■ **Financial Statements**

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 No

Significant deficiency(ies) identified Yes None reported

Noncompliance material to financial statements noted? Yes No

■ **Federal Awards**

Internal control over major Federal programs:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified Yes 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 Uniform Guidance (2 CFR 200.516(a))? Yes No

Identification of major Federal programs:

Federal Assistance Listing Numbers	Name of Federal Program Cluster
10.553; 10.555; 10.559; 10.582 84.425U; 84.425W	Child Nutrition Cluster COVID-19 Education Stabilization Fund

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

Fulton County School District
Schedule of Findings and Questioned Costs

Section II — Financial Statement Findings

None reported.

Section III — Federal Award Findings and Questioned Costs

None reported.



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Kentucky State Committee for School District Audits
Members of the Board of Education
Fulton County School District
Hickman, Kentucky

In planning and performing our audit of the financial statements of Fulton County School District (the "District") 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 system of internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 deficiencies in internal control other than significant deficiencies and material weaknesses and matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. A separate report dated February 14, 2025 contains our report on the District's internal control. This letter does not affect our report dated February 14, 2025 on the financial statements of the District.

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

This communication is intended solely for the information and use of the District, Kentucky State Committee for School Districts Audits, and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties.

Carr, Riggs & Ingram, L.L.C.

Carr, Riggs & Ingram, L.L.C.
Bowling Green, Kentucky
February 14, 2025

Fulton County School District Comments and Recommendations

Current Year Comments

• Fulton County Elementary/Middle School

- During our sampling procedures over daily receipts, we noted six of six sampled deposits did not have dual initials on the deposit slip in accordance with Redbook. We recommend all deposit slips have dual initials in accordance with Redbook.
- During our sampling procedures over daily receipts, we noted four of six sampled deposits was made outside of the time period required by Redbook. We recommend all deposits be made in accordance with Redbook.
- During our testing procedures over the ticket sales process, we noted one ticket form that lacked all required signatures and the deposit was not made timely in accordance with the time period outlined in the Redbook. We recommend the ticket forms and deposits be made in accordance with Redbook guidance.

• Fulton County High School

- During our sampling procedures over daily receipts, we noted nineteen of nineteen sampled deposits did not have dual initials on the deposit slip in accordance with Redbook. We recommend all deposit slips have dual initials in accordance with Redbook.
- During our sampling procedures over daily receipts, we noted one of nineteen sampled deposits was made outside of the time period required by Redbook. We recommend all deposits be made in accordance with Redbook.
- During our sampling procedures over daily receipts, we noted all the receipt numbers were listed on the bank deposit ticket as opposed to the deposit slip. We recommend all deposits be made in accordance with Redbook.
- During our sampling procedures over daily receipts, we noted two instances of donations that did not include the Form F-SA-18 Donation Acknowledgement Form. We recommend donations to the school be accompanied by the Redbook form.
- In our procedures over bank reconciliations, we noted one check totaling \$210.00 that has been outstanding longer than 12 months. We recommend checks over 12 months outstanding be researched and resolved.
- During our sampling procedures over disbursements, we noted fourteen of twenty sampled disbursements where the purchase was not signed by the personnel making the request as required by Redbook. We recommend all disbursements follow the disbursement process in accordance with Redbook.

Fulton County School District
Comments and Recommendations

Prior Year Comments

All prior year findings were corrected.



FULTON COUNTY SCHOOL DISTRICT

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Fulton County School District Comments and Recommendations

Current Year Comments

Fulton County Elementary/Middle School

- During our sampling procedures over daily receipts, we noted six of six sampled deposits did not have dual initials on the deposit slip in accordance with Redbook. We recommend all deposit slips have dual initials in accordance with Redbook.

The district will provide more training for the school bookkeeper in the form of on-line training as well as bringing in an expert into the district for training.

- During our sampling procedures over daily receipts, we noted four of six sampled deposits was made outside of the time period required by Redbook. We recommend all deposits be made in accordance with Redbook.

The district will provide more training for the school bookkeeper in the form of on-line training as well as bringing in an expert into the district for training.

- During our testing procedures over the ticket sales process, we noted one ticket form that lacked all required signatures and the deposit was not made timely in accordance with the time period outlined in the Redbook. We recommend the ticket forms and deposits be made in accordance with Redbook guidance.

The district will provide more training for the school bookkeeper in the form of on-line training as well as bringing in an expert into the district for training.

Fulton County High School

- During our sampling procedures over daily receipts, we noted nineteen of nineteen sampled deposits did not have dual initials on the deposit slip in accordance with Redbook. We recommend all deposit slips have dual initials in accordance with Redbook.

The district will provide more training for the school bookkeeper in the form of on-line training as well as bringing in an expert into the district for training.

Fulton County School District District Responses

- During our sampling procedures over daily receipts, we noted one of nineteen sampled deposits was made outside of the time period required by Redbook. We recommend all deposits be made in accordance with Redbook.

The district will provide more training for the school bookkeeper in the form of on-line training as well as bringing in an expert into the district for training.

- During our sampling procedures over daily receipts, we noted all the receipt numbers were listed on the bank deposit ticket as opposed to the deposit slip. We recommend all deposits be made in accordance with Redbook.

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- During our sampling procedures over disbursements, we noted fourteen of twenty sampled disbursement where the purchase was not signed by the personnel making the request as required by Redbook. We recommend all disbursements follow the disbursement process in accordance with Redbook.

The district will provide more training for the school bookkeeper in the form of on-line training as well as bringing in an expert into the district for training.



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