

DATED JUNE 5, 2024

NEW ISSUE
Electronic Bidding via Parity®
NOT Bank Interest Deduction Eligible
BOOK-ENTRY-ONLY SYSTEM

RATING
Moody's: " "

In the opinion of Bond Counsel, based upon an analysis of laws, regulations, rulings and court decisions, and assuming continuing compliance with certain covenants made by the Issuer, and subject to the conditions and limitations set forth herein under the caption "TAX EXEMPTION," interest on the Bonds is excludable from gross income for Federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. Interest on the Bonds is exempt from Kentucky income tax and the Bonds are exempt from ad valorem taxation by the Commonwealth of Kentucky and any of its political subdivisions.

\$13,445,000*

FORT THOMAS INDEPENDENT SCHOOL DISTRICT FINANCE CORPORATION
SCHOOL BUILDING REVENUE BONDS,
SERIES 2024A

Dated with Delivery: JULY 9, 2024

Due: as shown below

Interest on the Bonds is payable each February 1 and August 1, beginning February 1, 2025. The Bonds will mature as to principal on August 1, 2025 and thereafter as shown below. The Bonds are being issued in Book-Entry-Only Form and will be available for purchase in principal amounts of \$5,000 and integral multiples thereof.

Maturing	Amount*	Interest Reoffering		CUSIP	Maturing	Amount*	Interest Reoffering		CUSIP
		Rate	Yield				Rate	Yield	
August 1, 2025	\$30,000	%	%		August 1, 2035	\$605,000	%	%	
August 1, 2026	\$30,000	%	%		August 1, 2036	\$630,000	%	%	
August 1, 2027	\$30,000	%	%		August 1, 2037	\$655,000	%	%	
August 1, 2028	\$30,000	%	%		August 1, 2038	\$680,000	%	%	
August 1, 2029	\$30,000	%	%		August 1, 2039	\$1,590,000	%	%	
August 1, 2030	\$30,000	%	%		August 1, 2040	\$1,655,000	%	%	
August 1, 2031	\$30,000	%	%		August 1, 2041	\$1,725,000	%	%	
August 1, 2032	\$30,000	%	%		August 1, 2042	\$1,795,000	%	%	
August 1, 2033	\$240,000	%	%		August 1, 2043	\$2,070,000	%	%	
August 1, 2034	\$360,000	%	%		August 1, 2044	\$1,200,000	%	%	

The Bonds are subject to redemption prior to their stated maturity as described herein.

Notwithstanding the foregoing, the Corporation reserves the right to call, upon thirty (30) days notice, the Bonds in whole or in part on any date for redemption upon the total destruction by fire, lightning, windstorm or other hazard of any of the building(s) constituting the Project(s) and apply casualty insurance proceeds to such purpose.

The Bonds constitute a limited indebtedness of the Fort Thomas Independent School District Finance Corporation and are payable from and secured by a pledge of the gross income and revenues derived by leasing the Project on an annually renewable basis to the Fort Thomas Independent School District Board of Education.

The Secretary of the Fort Thomas (Kentucky) Independent School District Finance Corporation will until June 13, 2024, at 11:00 A.M., E.D.T., receive sealed bids for the Bonds at the office of the Executive Director of the Kentucky School Facilities Construction Commission, 700 Louisville Road, Carriage House, Frankfort, Kentucky 40601.

***As set forth in the "Official Terms and Conditions of Bond Sale," the principal amount of Bonds sold to the successful bidder is subject to a Permitted Adjustment by increasing or decreasing the amount awarded by up to \$1,345,000.**

PURCHASER'S OPTION: The Purchaser of the Bonds, within 24 hours of the sale, may specify to the Municipal Advisor that any Bonds may be combined immediately succeeding sequential maturities into a Term Bond(s), bearing a single rate of interest, with the maturities set forth above (or as may be adjusted as provided herein) being subject to mandatory redemption in such maturities for such Term Bond(s).

The Bonds will be delivered utilizing the BOOK-ENTRY-ONLY-SYSTEM administered by The Depository Trust Company.

The Corporation deems this preliminary Official Statement to be final for purposes of the Securities and Exchange Commission Rule 15c2-12(b)(1), except for certain information on the cover page hereof which has been omitted in accordance with such Rule and which will be supplied with the final Official Statement.



This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sales of these Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the laws of any such jurisdiction.

**FORT THOMAS INDEPENDENT
BOARD OF EDUCATION**

Ann Meyer, Chairperson
Julie Kuhnhein, Member
Jeff Beach, Member
Clem Fennell IV, Member
Sarah Foster, Member

Brian Robinson, Superintendent/Secretary

**FORT THOMAS (KENTUCKY) INDEPENDENT SCHOOL DISTRICT
FINANCE CORPORATION**

Ann Meyer, President
Julie Kuhnhein, Member
Jeff Beach, Member
Clem Fennell IV, Member
Sarah Foster, Member

Brian Robinson, Secretary

BOND COUNSEL

Dinsmore & Shohl LLP
Covington, Kentucky

MUNICIPAL ADVISOR

RSA Advisors, LLC
Lexington, Kentucky

PAYING AGENT AND REGISTRAR

U.S. Bank Trust Company, National Association
Louisville, Kentucky

BOOK-ENTRY-ONLY-SYSTEM

REGARDING USE OF THIS OFFICIAL STATEMENT

This Official Statement does not constitute an offering of any security other than the original offering of the Fort Thomas Independent School District Finance Corporation School Building Revenue Bonds, Series 2024A, identified on the cover page hereof. No person has been authorized by the Corporation or the Board to give any information or to make any representation other than that contained in the Official Statement, and if given or made such other information or representation must not be relied upon as having been given or authorized. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of the Bonds by any person in any jurisdiction in which it is unlawful to make such offer, solicitation or sale.

The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Corporation or the Board since the date hereof.

Neither the Securities and Exchange Commission nor any other federal, state or other governmental entity or agency, except the Corporation will pass upon the accuracy or adequacy of this Official Statement or approve the Bonds for sale.

The Official Statement includes the front cover page immediately preceding this page and all Appendices hereto.

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**OFFICIAL STATEMENT
Relating to the Issuance of**

\$13,445,000*

**FORT THOMAS INDEPENDENT SCHOOL DISTRICT FINANCE CORPORATION
SCHOOL BUILDING REVENUE BONDS,
SERIES 2024A**

** Subject to Permitted Adjustment*

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and Appendices hereto, is to set forth certain information pertaining to the Fort Thomas Independent School District Finance Corporation (the "Corporation") School Building Revenue Bonds, Series 2024A (the "Bonds").

The Bonds are being issued to finance renovations to Tower Park Athletic Complex (the "Project" herein).

The Bonds are revenue bonds and constitute a limited indebtedness of the Corporation. The Bonds will be secured by a statutory mortgage lien and a pledge of the rental income derived by the Corporation from leasing the Project to the Fort Thomas Independent School District Board of Education (the "Board") on a year to year basis (see "Security" herein).

All financial and other information presented in this Official Statement has been provided by the Fort Thomas Independent School District Board of Education from its records, except for information expressly attributed to other sources. The presentation of financial and other information is not intended, unless specifically stated, to indicate future or continuing trends in the financial position or other affairs of the Board. No representation is made that past experience, as is shown by financial and other information, will necessarily continue or be repeated in the future.

This Official Statement should be considered in its entirety, and no one subject discussed should be considered more or less important than any other by reason of its location in the text. Reference should be made to laws, reports or other documents referred to in this Official Statement for more complete information regarding their contents.

Copies of the Bond Resolution authorizing the issuance of the Bonds and the Contract, Lease and Option, dated July 9, 2024, may be obtained at the office of Dinsmore & Shohl LLP, 50 East Rivercenter Boulevard, Suite 1150, Covington, KY 41011.

BOOK-ENTRY-ONLY-SYSTEM

The Bonds initially will be issued solely in Book-Entry form to be held in the Book-Entry-Only-System maintained by The Depository Trust Company ("DTC"), New York, New York. So long as such Book-Entry system is used, only DTC will receive or have the right to receive physical delivery of Bonds and, except as otherwise provided herein with respect to tenders by Beneficial Owners of Beneficial Ownership Interests, Beneficial owners will not be or be considered to be, and will not have any rights as, owners or holders of the Bonds under the Ordinance.

The following information about the Book-Entry only system applicable to the Bonds has been supplied by DTC. Neither the Corporation nor the Paying Agent and Registrar makes any representations, warranties or guarantees with respect to its accuracy or completeness.

DTC will act as securities depository for the Bonds. The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for in the aggregate principal amount of the Bonds and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the Book-Entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Paying Agent and Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Corporation as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Corporation or

the Paying Agent and Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Bonds held for the accounts of customers in bearer form or registered in "street name" and will be the responsibility of such Participant and not of DTC or its nominee, the Paying Agent and Registrar or the Corporation, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Corporation or the Paying Agent and Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice the Corporation or the Paying Agent and Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered. The Corporation may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's Book-Entry system has been obtained from sources that the Corporation believes to be reliable but the Corporation takes no responsibility for the accuracy thereof.

THE CORPORATION

The Corporation has been formed in accordance with the provisions of Sections 162.120 through 162.300 and Section 162.385 of the Kentucky Revised Statutes ("KRS"), and KRS Chapter 273 and KRS 58.180, as a non-profit, non-stock corporation for the purpose of financing necessary school building facilities for and on behalf of the Board. Under the provisions of existing Kentucky law, the Corporation is permitted to act as an agency and instrumentality of the Board for financing purposes and the legality of the financing plan to be implemented by the Board herein referred to has been upheld by the Kentucky Court of Appeals (Supreme Court) in the case of White v. City of Middlesboro, Ky. 414 S.W.2d 569.

Any bonds, notes or other indebtedness issued or contracted by the Corporation shall, prior to the issuance or incurrence thereon, be specifically approved by the Board. The members of the Board of Directors of the Corporation are the members of the Board. Their terms expire when they cease to hold the office and any successor members of the Board are automatically members of the Corporation upon assuming their public offices.

KENTUCKY SCHOOL FACILITIES CONSTRUCTION COMMISSION; NO PARTICIPATION IN THIS ISSUE

The Kentucky School Facilities Construction Commission (the "Commission") is an independent corporate agency and instrumentality of the Commonwealth of Kentucky established pursuant to the provisions of Sections 157.611 through 157.640 of the Kentucky Revised Statutes as repealed, amended, and reenacted by the 1990 Regular Session of said General Assembly (the "Act") for the purpose of assisting local school districts in meeting their capital construction needs. The Commission is the successor agency to the Kentucky School Building Authority.

The General Assembly of the Commonwealth adopted the State's Budget for the fiscal year ending June 30, 2026. Inter alia, the Budget provides \$116,928,400 in FY 23024-25 and \$126,269,500 in FY 2025-2026 to pay debt service on existing and future bond issues. There are \$75,900,000 of the Commission's previous Offers of Assistance made during the last biennium. It authorizes \$85,000,000 in additional Offers of Assistance for the current biennium to be funded in the Budget for the biennium ending June 30, 2026.

The 2000, 2003, 2005, 2006, 2008, 2010, 2012, 2014, 2016, 2018, 2020, 2022, and 2024 Regular Sessions of the Kentucky General Assembly appropriated funds to be used for new debt service of participating school districts. The appropriations for each biennium are shown in the following table:

<u>Biennium</u>	<u>Appropriation</u>
2000-02	8,100,000
2002-04	9,500,000
2004-06	14,000,000
2006-08	9,000,000
2008-10	10,968,000
2010-12	12,656,200
2012-14	8,469,200
2014-16	8,764,000
2016-18	23,019,400
2018-20	7,608,000
2020-22	2,946,900
2022-24	5,305,300
<u>2024-26</u>	<u>22,280,000</u>
Total	\$142,617,000

In addition to the appropriations for new financings as shown, appropriations subsequent to that for 2000 included additional funds to continue to meet the annual debt requirements for all bond issues involving Commission participation issued in prior years.

BIENNIAL BUDGET FOR PERIOD ENDING JUNE 30, 2026

The Kentucky General Assembly is required by the Kentucky Constitution to adopt measures providing for the state's revenues and appropriations for each fiscal year. The Governor is required by law to submit a biennial State Budget (the "State Budget") to the General Assembly during the legislative session held in each even numbered year. State Budgets have generally been adopted by the General Assembly during those legislative sessions, which end in mid-April, to be effective upon the Governor's signature for appropriations commencing for a two-year period beginning the following July 1.

In the absence of a legislatively enacted budget, the Supreme Court has ruled the Governor has no authority to spend money from the state treasury except where there is a statutory, constitutional or federal mandate and the Commonwealth may be prevented from expending funds for certain state governmental functions, including the ability to pay principal of, premium, if any, and interest, when due, on obligations that are subject to appropriation.

The General Assembly adopted a budget for the biennial period ending June 30, 2026 which was approved and signed recently by the Governor. Such budget becomes effective beginning July 1, 2024.

The Office of the State Budget Director makes available on its website monthly updates to the General Fund receipts and other Funds of the commonwealth. When published, the updates can be found at www.osbd.ky.gov.

OUTSTANDING BONDS

The following table shows the outstanding Bonds of the Board by the original principal amount of each issue, the current principal outstanding, the amount of the original principal scheduled to be paid with the corresponding interest thereon by the Board or the School Facilities Construction Commission, the approximate interest range; and, the final maturity date of the Bonds:

Bond Series	Original Principal	Current Principal Outstanding	Principal Assigned to Board	Principal Assigned to Commission	Approximate Interest Rate Range	Final Maturity
2012	\$2,945,000	\$2,495,000	\$2,754,764	\$190,236	2.550% - 3.200%	2032
2013	\$3,310,000	\$2,505,000	\$1,921,568	\$1,388,432	2.500% - 3.125%	2033
2014	\$2,245,000	\$1,505,000	\$2,245,000	\$0	3.000% - 4.000%	2034
2014-REF	\$9,540,000	\$4,340,000	\$3,230,554	\$6,309,446	3.000% - 3.375%	2029
2015-REF	\$9,080,000	\$2,490,000	\$7,837,384	\$1,242,616	3.000%	2026
2015B	\$4,575,000	\$3,075,000	\$3,637,042	\$937,958	3.000% - 3.375%	2035
2015C	\$23,810,000	\$15,930,000	\$811,800	\$22,998,200	3.000% - 3.375%	2035
2016-REF	\$5,530,000	\$2,270,000	\$1,428,649	\$4,101,351	2.000% - 2.375%	2030
2019	\$22,660,000	\$21,030,000	\$14,484,764	\$8,175,236	3.000% - 3.625%	2039
2020-REF	\$985,000	\$870,000	\$985,000	\$0	1.250% - 2.250%	2031
2023 Energy	\$5,490,000	\$5,425,000	\$5,490,000	\$0	4.000% - 4.125%	2043
2023B	\$595,000	\$585,000	\$503,194	\$91,806	4.000%	2043
TOTALS:	\$90,765,000	\$62,520,000	\$45,329,719	\$45,435,281		

AUTHORITY

The Board of Directors of the Corporation has adopted a Bond Resolution which authorized among other things:

- i) the issuance of approximately \$13,445,000 of Bonds subject to a permitted adjustment by increasing or decreasing the amount awarded by up to \$1,345,000;
- ii) the advertisement for the public sale of the Bonds;
- iii) the Official Terms and Conditions for the sale of the Bonds to the successful bidder; and,
- iv) the President and Secretary of the Corporation to execute certain documents relative to the sale and delivery of the Bonds.

THE BONDS

General

The Bonds will be dated July 9, 2024, will bear interest from that date as described herein, payable semi-annually on February 1 and August 1 of each year, commencing February 1, 2025, and will mature as to principal on August 1, 2025 and thereafter in the years and in the principal amounts as set forth on the cover page of this Official Statement.

Registration, Payment and Transfer

The Bonds are to be issued in fully-registered form (both principal and interest). U.S. Bank Trust Company, National Association, Louisville, Kentucky, the Bond Registrar and Paying Agent, shall remit interest on each semiannual due date (February 1 and August 1) to each Registered Owner of record as of the 15th day of the month preceding the due date January 15 and July 15) which shall be Cede & Co., as the nominee of The Depository Trust Company. Please see Book-Entry-Only-System.

Redemption

The Bonds scheduled to mature on and after August 1, 2033, are subject to redemption at the option of the Corporation prior to their stated maturities on any date falling on or after August 1, 2032, in any order of maturities (less than all of a single maturity to be selected by lot), in whole or in part, expressed in percentages of the principal amount with respect to each redeemed Bond as set forth below, plus accrued interest to the date of redemption:

Redemption Dates (inclusive)	Redemption Price
August 1, 2032 and thereafter	100%

Notwithstanding the foregoing, the Corporation reserves the right to call, upon thirty (30) days notice, the Bonds in whole or in part on any date for redemption upon the total destruction by fire, lightning, windstorm or other hazard of any of the building(s) constituting the Project(s) and apply casualty insurance proceeds to such purpose.

SECURITY

General

The Bonds are revenue bonds and constitute a limited indebtedness of the Corporation. The Bonds are payable as to both principal and interest solely from the income and revenues derived from the leasing of the Project acquired and constructed from the Bond proceeds from the Corporation to the Board.

Mortgage Lien

The Bonds are secured by a statutory mortgage lien and a pledge of revenues on and from the site of the Project.

The Lease

The Board has leased the school Project securing the Bonds for an initial period from July 9, 2024, through June 30, 2025 with the option in the Board to renew said Lease from year to year for one year at a time, at annual rentals, sufficient in each year to enable the Corporation to pay, solely from the rental due under the Lease, the principal and interest on all of the Bonds as same become due. The Lease provides further that so long as the Board exercises its annual renewal options, its rentals will be payable according to the terms and provisions of the Lease until August 1, 2043, the final maturity date of the Bonds.

Authorization of General Obligation Bonds

The Kentucky Legislature recently passed and the Governor signed HB 727 which, 90 days after the adjournment of the Legislature, will authorize Kentucky Boards of Education to issue general obligation bonds within certain limitations prescribed by Kentucky law. The Board does not currently have any specific plan to issue general obligation bonds. Issuance by the Board of general obligation debt in the future would not affect either the Board's obligation to make lease payments to the Corporation for payment of debt service on the Bonds or the security for the Bonds.

THE PROJECT

After payment of the Bond issuance costs, the Board plans to deposit the net Bond proceeds to finance renovations to Tower Park Athletic Complex (the "Project").

The Board has reported construction bids have been let for the Project and approval of the Kentucky Department of Education, Buildings and Grounds, to award the construction contract is expected prior to the sale and delivery of the Bonds.

Contractors for the Project are required to furnish to the Board a one hundred percent completion bond to assure their performance of the construction contract.

STATE INTERCEPT

Under the terms of the Lease and any renewal thereof, so long as the Bonds remain outstanding and in conformance with the intent and purpose of KRS 157.627(5) and KRS 160.160(5), in the event of a failure by the Board to pay the rentals due under the Lease, and unless sufficient funds have been transmitted to the Paying Agent, or will be so transmitted, for paying said rentals when due, the Board has granted under the terms of the Lease and Participation Agreement to the Corporation the right to notify and request the Kentucky Department of Education to withhold from the Board a sufficient portion of any undisbursed funds then held, set aside, or allocated to the Board and to request said Department or Commissioner of Education to transfer the required amount thereof to the Paying Agent for the payment of such rentals.

ADDITIONAL PARITY BONDS FOR COMPLETION OF PROJECT

The Corporation has reserved the right and privilege of issuing additional bonds from time to time payable from the income and revenues of said land and school building Project and secured by the same statutory mortgage lien and pledge of revenues, but only if and to the extent the issuance of such additional parity bonds may be necessary to pay the costs, for which funds are not otherwise available, of completing the construction of said school building Project in accordance with the plans and specifications of the architect in charge of said Project, which plans have been completed, approved by the Board, Kentucky Department of Education, and filed in the office of the Secretary of the Corporation.

ESTIMATED BOND DEBT SERVICE

The following table shows by fiscal year the current bond payments of the Board. The plan of financing provides for the Board to pay 100% of the debt service of the bonds.

Fiscal Year Ending June 30	Current Local Bond Payments	----- Series 2024 School Building Revenue Bonds ----- (100%LOCAL)			Total Restricted Fund Bond Payments
		Principal Portion	Interest Portion	Total Payment	
2024	\$2,965,459		\$308,822	\$308,822	\$3,274,280
2025	\$2,966,916	\$30,000	\$549,775	\$579,775	\$3,546,691
2026	\$2,962,441	\$30,000	\$548,575	\$578,575	\$3,541,016
2027	\$2,959,813	\$30,000	\$547,375	\$577,375	\$3,537,188
2028	\$2,956,236	\$30,000	\$546,175	\$576,175	\$3,532,411
2029	\$2,956,441	\$30,000	\$544,975	\$574,975	\$3,531,416
2030	\$2,965,674	\$30,000	\$543,775	\$573,775	\$3,539,449
2031	\$2,967,491	\$30,000	\$542,575	\$572,575	\$3,540,066
2032	\$2,960,236	\$30,000	\$541,375	\$571,375	\$3,531,611
2033	\$2,961,661	\$240,000	\$535,975	\$775,975	\$3,737,636
2034	\$2,549,613	\$360,000	\$523,975	\$883,975	\$3,433,588
2035	\$2,353,927	\$605,000	\$504,675	\$1,109,675	\$3,463,602
2036	\$1,944,138	\$630,000	\$479,975	\$1,109,975	\$3,054,113
2037	\$1,943,227	\$655,000	\$454,275	\$1,109,275	\$3,052,502
2038	\$1,940,146	\$680,000	\$427,575	\$1,107,575	\$3,047,721
2039	\$1,943,623	\$1,590,000	\$382,175	\$1,972,175	\$3,915,798
2040	\$358,473	\$1,655,000	\$317,275	\$1,972,275	\$2,330,748
2041	\$358,664	\$1,725,000	\$248,597	\$1,973,597	\$2,332,260
2042	\$357,382	\$1,795,000	\$175,997	\$1,970,997	\$2,328,379
2043	\$354,617	\$2,070,000	\$94,988	\$2,164,988	\$2,519,605
2044		\$1,200,000	\$25,500	\$1,225,500	\$1,225,500
TOTALS:	\$43,726,179	\$13,445,000	\$8,844,403	\$22,289,403	\$66,015,581

Notes: Numbers are rounded to the nearest \$1.00

ESTIMATED USE OF BOND PROCEEDS

The table below shows the estimated sources of funds and uses of proceeds of the Bonds, other than any portions thereof representing accrued interest:

Sources:	
Par Amount of Bonds	<u>\$13,455,000.00</u>
Total Sources	\$13,455,000.00
Uses:	
Deposit to Construction Fund	\$13,083,230 00
Underwriter's Discount (2%)	269,100.00
Cost of Issuance	<u>102,670.00</u>
Total Uses	\$13,455,000.00

DISTRICT STUDENT POPULATION

Selected school census, enrollment and average daily attendance for the Fort Thomas Independent School District is as follows:

Year	Average Daily Attendance	Year	Average Daily Attendance
2000-01	2,202.3	2012-13	2,561.4
2001-02	2,154.1	2013-14	2,660.4
2002-03	2,124.2	2014-15	2,722.0
2003-04	2,108.6	2015-16	2,757.2
2004-05	2,146.1	2016-17	2,782.8
2005-06	2,136.5	2017-18	2,806.8
2006-07	2,197.1	2018-19	2,811.7
2007-08	2,210.2	2019-20	2,837.2
2008-09	2,262.5	2020-21	2,815.4
2009-10	2,271.6	2021-22	2,898.0
2010-11	2,417.8	2022-23	2,898.0
2011-12	2,468.4	2023-24	3,004.0

Source: Kentucky State Department of Education.

STATE SUPPORT

Support Education Excellence in Kentucky (SEEK). In determining the cost of the program to Support Education Excellence in Kentucky (SEEK), the statewide guaranteed base funding level is computed by dividing the amount appropriated by the prior year's statewide average daily attendance. The SEEK fund is a guaranteed amount of money per pupil in each school district of Kentucky. The current SEEK allotment is \$3,911 per pupil. The \$100 capital outlay allotment per each average daily attendance is included within the guaranteed amounts. Each district's base funding from the SEEK program is adjusted for the number of at-risk students, the number and types of exceptional children in the district, and cost of transporting students from and to school in the district.

Capital Outlay Allotment. The per pupil capital outlay allotment for each district from the public school fund and from local sources shall be kept in a separate account and may be used by the district only for capital outlay projects approved by the State Department of Education. These funds shall be used for the following capital outlay purposes:

- a. For direct payment of construction costs.
- b. For debt service on voted and funding bonds.
- c. For payment or lease-rental agreements under which the board will eventually acquire ownership of the school plant.
- d. For retirement of any deficit resulting from over-expenditure for capital construction, if such deficit resulted from certain declared emergencies.
- e. As a reserve fund for the above named purposes, to be carried forward in ensuing budgets.

The allotment for each school board of education in the Commonwealth for fiscal year 1978-79 was \$1,800 per classroom unit. The 1979 Session of the Kentucky General Assembly approved increases in this allotment in 1979-80 to \$1,900 per classroom unit. This rate remained unchanged in 1980-81. The 1981 Session of the Kentucky General Assembly decreased the allotment per classroom to \$1,800 and this allotment rate did not change from the 1981-82 rate, until the 1990-91 school year. Beginning with 1990-91, the Capital Outlay allotment for each district is based on \$100 per average daily attendance.

The following table shows the computation of the capital outlay allotment for the Fort Thomas Independent School District for certain preceding school years.

Capital Outlay		Capital Outlay	
Year	Allotment	Year	Allotment
2000-01	\$220,230.0	2012-13	\$256,143.0
2001-02	\$215,410.0	2013-14	\$266,036.0
2002-03	\$212,420.0	2014-15	\$272,202.0
2003-04	\$210,860.0	2015-16	\$275,720.0
2004-05	\$214,610.0	2016-17	\$278,280.0
2005-06	\$213,650.0	2017-18	\$280,680.0
2006-07	\$219,710.0	2018-19	\$281,167.2
2007-08	\$221,020.0	2019-20	\$283,720.0
2008-09	\$226,248.0	2020-21	\$281,542.8
2009-10	\$227,159.0	2021-22	\$289,802.8
2010-11	\$241,783.0	2022-23	\$289,802.8
2011-12	\$246,835.0	2023-24	\$300,396.8

If the school district has no capital outlay needs, upon approval from the State, the funds can be used for school plant maintenance, repair, insurance on buildings, replacement of equipment, purchase of school buses and purchase of modern technological equipment for educational purposes. If any district has a special levy for capital outlay or debt service that is equal to the capital outlay allotment or a proportionate fraction thereof, and spends the proceeds of the levy for eligible purposes, the State may authorize the district to use all or a proportionate fraction of its capital outlay allotment for current expenses (school districts which use capital outlay allotments to meet current expenses are not eligible to participate in the School Facilities Construction Commission funds).

Facilities Support Program of Kentucky. School districts may be eligible to participate in the Facilities Support Program of Kentucky (FSPK), subject to the following requirements:

- 1) The district must have unmet needs as set forth and approved by the State Department of Education in a School Facilities Plan;
- 2) The district must commit to establish an equivalent tax rate of at least 5 cents, in addition to the 30 cents minimum current equivalent tax rate; and,
- 3) The new revenues generated by the 5 cent addition, must be placed in a restricted account for school building construction bonding.

LOCAL SUPPORT

Homestead Exemption. Section 170 of the Kentucky Constitution was amended at the General Election held November 2, 1971, to exempt from property taxes \$6,500 of value of single unit residential property of taxpayers 65 years of age or older. The 1972 General Assembly amended KRS Chapter 132 to permit counties and school districts to adjust their local tax revenues lost through the application of this Homestead Exemption. The "Single Unit" qualification has been enlarged to subsequent sessions of the General Assembly to provide that such exemption shall apply to such property maintained as the permanent resident of the owner and the dollar amount has been construed to mean \$6,500 in terms of the purchasing power of the dollar in 1972. Every two years thereafter, if the cost of living index of the U.S. Department of Labor has changed as much as 1%, the maximum exemption shall be adjusted accordingly. Under the cost of living formula, the maximum was increased to \$46,350 effective January 1, 2023.

Limitation on Taxation. The 1979 Special Session of the Kentucky General Assembly enacted House Bill 44 which provides that no school district may levy a general tax rate, voted general tax rate, or voted building tax rate which would generate revenues that exceeds the previous years revenues by four percent (4%).

The 1990 Regular Session of the Kentucky General Assembly in enacting the "School Reform" legislative package amended the provisions of KRS 160.470 which prohibited school districts from levying ad valorem property taxes which would generate revenues in excess of 4% of the previous year's revenues without said levy subject to recall to permit exceptions to the referendum under (1) KRS 160.470(12) [a new section of the statute] and (2) an amended KRS 157.440.

Local Thirty Cents Minimum. Effective for school years beginning after June 30, 1990, the board of education of each school district shall levy a minimum equivalent tax rate of thirty cents (\$0.30) for general school purposes. If a board fails to comply, its members shall be subject to removal from office for willful neglect of duty.

Additional 15% Not Subject to Recall. Effective with the school year beginning July 1, 1990, each school district may levy an equivalent tax rate which will produce up to 15% of those revenues guaranteed by the SEEK program. Effective with the 1990-91 school year, the State will equalize the revenue generated by this levy at one hundred fifty percent (150%) of the statewide average per pupil equalized assessment. For 1993-94 and thereafter, this level is set at \$225,000. The additional 15% rate levy is not subject to the public hearing or recall provisions.

Assessment Valuation. No later than July 1, 1994, all real property located in the state and subject to local taxation shall be assessed at one hundred percent (100%) of fair cash value.

Special Voted and Other Local Taxes. Any district may, in addition to other taxes for school purposes, levy not less than four cents nor more than twenty cents on each one hundred dollars (\$100) valuation of property subject to local taxation, to provide a special fund for the purchase of sites for school buildings and the erection, major alteration, enlargement, and complete equipping of school buildings. In addition, districts may levy taxes on tangible and intangible property and on utilities, except generally any amounts of revenues generated above that provided for by House Bill 44 is subject to voter recall.

Local Tax Rates, Property Assessments and Revenue Collections

Tax Year	Combined Equivalent Rate	Total Property Assessment	Property Revenue Collections
2000-01	74.1	\$856,005,810	\$6,343,003
2001-02	74.4	\$841,052,313	\$6,257,429
2002-03	79.2	\$964,299,106	\$7,637,249
2003-04	79.2	\$973,961,853	\$7,713,778
2004-05	89	\$984,927,677	\$8,765,856
2005-06	88.9	\$1,011,677,014	\$8,993,809
2006-07	90.4	\$1,086,118,824	\$9,818,514
2007-08	88.9	\$1,099,739,197	\$9,776,681
2008-09	93.7	\$1,124,936,826	\$10,540,658
2009-10	93.7	\$1,131,628,445	\$10,603,359
2010-11	97.7	\$1,209,125,034	\$11,813,152
2011-12	97.3	\$1,213,186,106	\$11,804,301
2012-13	100.4	\$1,220,333,065	\$12,252,144
2013-14	106.1	\$1,224,069,928	\$12,987,382
2014-15	107.2	\$1,249,465,237	\$13,394,267
2015-16	110.8	\$1,269,719,897	\$14,068,496
2016-17	112.2	\$1,287,538,867	\$14,446,186
2017-18	115.4	\$1,313,175,595	\$15,154,046
2018-19	109.4	\$1,430,757,051	\$15,652,482
2019-20	111	\$1,474,508,165	\$16,367,041
2020-21	111.7	\$1,488,869,951	\$16,630,677
2021-22	117.3	\$1,506,771,021	\$17,674,424
2022-23	103.2	\$1,819,176,000	\$18,773,896
2023-24	105.7	\$1,870,425,767	\$19,770,400

OVERLAPPING BOND INDEBTEDNESS

The following table shows any other overlapping bond indebtedness of the Fort Thomas Independent School District or other issuing agency within Campbell County as reported by the State Local Debt Officer for the period ending June 30, 2023.

Issuer	Original Principal Amount	Amount of Bonds Redeemed	Current Principal Outstanding
County of Campbell			
General Obligation	19,550,000	10,331,385	9,218,615
Elderly Care Facility Revenue	1,815,000	430,000	1,385,000
Refinancing Refunding Revenue	903,088	713,478	189,610
Manufacturing Facility Revenue	12,000,000	2,700,000	9,300,000
City of Ft. Thomas			
General Obligation	2,290,000	1,725,000	565,000
Residential Revenue	17,130,782	0	17,130,782
Special Districts			
Alexandria Fire Department	1,400,000	0	1,400,000
Campbell County Dispatching Board	3,373,000	1,425,500	1,947,500
Campbell County Fire District #1	590,000	424,120	165,880
Campbell County FPD #3	358,500	268,717	89,783
Campbell County Library District	1,595,000	876,000	719,000
Northern Kentucky Water District	219,290,000	62,751,057	156,538,943
Totals:	280,295,370	81,645,257	198,650,113

Source: 2023 Kentucky Local Debt Report.

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SEEK ALLOTMENT

The Board has reported the following information as to the SEEK allotment to the District, and as provided by the State Department of Education.

SEEK	Base Funding	Local Tax Effort	Total State & Local Funding
2000-01	4,912,434	6,343,003	11,255,437
2001-02	4,995,393	6,257,429	11,252,822
2002-03	4,598,807	7,637,249	12,236,056
2003-04	4,713,567	7,713,778	12,427,345
2004-05	5,117,936	8,765,856	13,883,792
2005-06	5,514,691	8,993,809	14,508,500
2006-07	5,648,271	9,818,514	15,466,785
2007-08	6,490,238	9,776,681	16,266,919
2008-09	6,874,929	10,540,658	17,415,587
2009-10	6,366,938	10,603,359	16,970,297
2010-11	6,706,543	11,813,152	18,519,695
2011-12	7,646,099	11,804,301	19,450,400
2012-13	7,937,666	12,252,144	20,189,810
2013-14	8,383,276	12,987,382	21,370,658
2014-15	8,846,013	13,394,267	22,240,280
2015-16	8,974,579	14,068,496	23,043,075
2016-17	8,994,596	14,446,186	23,440,782
2017-18	9,017,284	15,154,046	24,171,330
2018-19	8,859,274	15,652,482	24,511,756
2019-20	8,805,205	16,367,041	25,172,246
2020-21	8,341,620	16,630,677	24,972,297
2021-22	9,165,693	17,674,424	26,840,117
2022-23	9,275,040	18,773,896	28,048,936
2023-24	9,087,827	19,770,400	28,858,227

- (1) Support Education Excellence in Kentucky (SEEK) replaces the minimum foundation program and power equalization funding. Capital Outlay is now computed at \$100 per average daily attendance (ADA). Capital Outlay is included in the SEEK base funding.
- (2) The Board established a current equivalent tax rate (CETR) of \$1.0570 for FY 2023-24. The “equivalent tax rate” is defined as the rate which results when the income from all taxes levied by the district for school purposes is divided by the total assessed value of property plus the assessment for motor vehicles certified by the Commonwealth of Kentucky Revenue Cabinet.

State Budgeting Process

- i) Each district board of education is required to prepare a general school budget on forms prescribed and furnished by the Kentucky Board of Education, showing the amount of money needed for current expenses, debt service, capital outlay, and other necessary expenses of the school during the succeeding fiscal year and the estimated amount that will be received from all sources.
- ii) By September 15 of each year, after the district receives its tax assessment data from the Department of Revenue and the State Department of Education, 3 copies of the budget are forwarded to the State Department for approval or disapproval.
- iii) The State Department of Education has adopted a policy of disapproving a school budget if it is financially unsound or fails to provide for:

- a) payment of maturing principal and interest on any outstanding voted school improvement bonds of the district or payment of rental in connection with any outstanding school building revenue bonds issued for the benefit of the school district; or
- b) fails to comply with the law.

CONTINUING DISCLOSURE

In accordance with Securities and Exchange Commission Rule 15c2-12, as amended (the "Rule") the Board and the Corporation (the "Obligated Persons") will agree pursuant to a Continuing Disclosure Agreement to be dated as of the date of initial issuance and delivery (the "Disclosure Agreement"), to be delivered on the date of delivery of the Bonds, to cause the following information to be provided:

(i) to the Municipal Securities Rulemaking Board ("MSRB") or any successor thereto for purposes of the Rule, through the continuing disclosure service portal provided by the MSRB's Electronic Municipal Market Access ("EMMA") system as described in 1934 Act Release No. 59062, or any similar system that is acceptable to the Securities and Exchange Commission, certain annual financial information and operating data, including audited financial statements, generally consistent with the information contained under the headings "Bond Debt Service", "Local Support"-Local Tax Rates, -Property Assessments and Revenue Collections, -Overlapping Bond Indebtedness", "SEEK Allotment" and in Appendix B of this Official Statement (the "Annual Financial Information"); such information shall include, at a minimum, that financial information and operating data which is customarily prepared by the Obligated Persons and is publicly available. The annual financial information shall be provided on or before the 270th day following the fiscal year ending on the preceding June 30th;

(ii) to the MSRB, in a timely manner, not in excess of ten business days after the occurrence of the event, notice of the occurrence of the following events with respect to the Bonds:

- (a) Principal and interest payment delinquencies;
- (b) Non-payment related defaults, if material;
- (c) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) Substitution of credit or liquidity providers, or their failure to perform;
- (f) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax-exempt status of the security;
- (g) Modifications to rights of security holders, if material;
- (h) Bond calls, if material, and tender offers (except for mandatory scheduled redemptions not otherwise contingent upon the occurrence of an event);
- (i) Defeasances;
- (j) Release, substitution or sale of property securing repayment of the securities, if material;
- (k) Rating changes;
- (l) Bankruptcy, insolvency, receivership or similar event of the obligated person (Note: For the purposes of this event, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bank National Association Bankruptcy Code or in any other proceeding under state or federal law in which a

court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person);

(m) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(n) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(o) Incurrence of a financial obligation of the Corporation or Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the issuer or Obligated Person, any of which affect security holders, if material;

(p) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the issuer or Obligated Person, any of which reflect financial difficulties; and

(q) The cure, in the manner provided under the Bond Resolution, of any payment or nonpayment related default under the Bond Resolution.

(iii) to the MSRB, notice of a failure (of which the Obligated Persons has knowledge) of an Obligated Person to provide the required Annual Financial Information on or before the date specified in the Disclosure Agreement.

The Disclosure Agreement provides bondholders, including beneficial owners of the respective series of Bonds, with certain enforcement rights in the event of a failure by the Obligated Persons to comply with the terms thereof; however, a default under the Disclosure Agreement does not constitute an event of default under the Bond

Resolution. The Disclosure Agreement may also be amended or terminated under certain circumstances in accordance with the Rule as more fully described therein. Bondholders are advised that the Disclosure Agreement, the form of which is attached to the Official Statement as Appendix C, should be read in its entirety for more complete information regarding its contents.

For purposes of this transaction:

(a) there are no debt service reserve funds applicable to the Bonds;

(b) there are no credit enhancements applicable to the Bonds; and

(c) there are no liquidity providers applicable to the Bonds.

The Board and Corporation have been timely in making required filings under the terms of the Continuing Disclosure Agreement for the past five years.

The Board has adopted procedures to assure timely and complete filings in the future with regard to the Rule in order to provide required financial reports and operating data or notices of material events.

TAX EXEMPTION; NOT BANK QUALIFIED

Bond Counsel is of the opinion that:

(A) The Bonds and the interest payable thereon are exempt from income and ad valorem taxation by the Commonwealth of Kentucky and all of its political subdivisions.

(B) Interest payable on the Bonds is excludable from gross income under the Internal Revenue Code of 1986, as amended (the "Code"). Furthermore, Interest on the Bonds is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. The Corporation has covenanted to comply with the applicable provisions of the Code, and such compliance by the Corporation is necessary to maintain the federal income tax status described above. No opinion is expressed regarding other federal tax consequences arising with respect to the Bonds.

(C) The Corporation has NOT designated the Bonds as "qualified tax-exempt obligations" pursuant to Section 265 of the Code.

The Corporation has covenanted to comply with the applicable provisions of the Code, and such compliance by the Corporation is necessary to maintain the federal income tax status described above. No opinion is expressed regarding other federal tax consequences arising with respect to Bonds.

LITIGATION

There is no litigation presently pending against the Corporation or the District, nor to the knowledge of the officials of the Corporation or the District is there any litigation threatened, which questions or affects the validity of the Bonds or any proceedings or transactions relating to the issue, sale and delivery thereof.

APPROVAL OF LEGALITY

Legal matters incident to the authorization and issuance of the Bonds are subject to the approving legal opinion of Dinsmore & Shohl LLP, Covington, Kentucky, Bond Counsel. The form of the approving legal opinion of Bond Counsel will appear on each printed Bond.

NO LEGAL OPINION EXPRESSED AS TO CERTAIN MATTERS

Bond Counsel has reviewed the information contained in the Official Statement describing the Bonds and the provisions of the Bond Resolution and related proceedings authorizing the Bonds, but Bond Counsel has not reviewed any of the financial data, computations, tabulations, balance sheets, financial projections, and general information concerning the Corporation or District, and expresses no opinion thereon, assumes no responsibility for same and has not undertaken independently to verify any information contained herein.

BOND RATING

As noted on the cover page of this Official Statement, Moody's Investors Service has given the Bonds the indicated rating. Such rating reflects only the respective views of such organization. Explanations of the significance of the rating may be obtained from the rating agency. There can be no assurance that such rating will be maintained for any given period of time or will not be revised or withdrawn entirely by the rating agency, if in their judgement circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

MUNICIPAL ADVISOR

Prospective bidders are advised that RSA Advisors, LLC ("RSA") has been employed as Municipal Advisor in connection with the issuance of the Bonds. RSA's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery thereof. Bidders may submit a bid for the purchase of the Bonds at the time of the advertised public sale, either individually or as a member of a syndicate organized to submit a bid for the purchase of the Bonds.

APPROVAL OF OFFICIAL STATEMENT

The Corporation has approved and caused this "Official Statement" to be executed and delivered by its President. In making this "Official Statement" the Corporation relied upon information furnished to it by the Board of Education of the Fort Thomas Independent School District and does not assume any responsibility as to the accuracy or completeness of any of the information in this Official Statement except as to copies of documents denominated "Official Terms and Conditions" and "Bid Form." The financial information supplied by the Board of Education is represented by the Board of Education to be correct. The Corporation deems this preliminary Official Statement to be final for purposes of Securities Exchange Commission Rule 15c2-12(b)(1) as qualified by the cover hereof.

No dealer, broker, salesman, or other person has been authorized by the Corporation, the Fort Thomas Independent School District Board of Education or the Municipal Advisor to give any information or representations, other than those contained in this Official Statement, and if given or made, such information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. Except when otherwise indicated, the information set forth herein has been obtained from the Kentucky Department of Education and the Fort Thomas Independent School District and is believed to be reliable. However, such information is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Municipal Advisor or by Counsel. The delivery of this Official Statement at any time does not imply that information herein is correct as of any time subsequent to the date hereof.

This Official Statement does not, as of its date, contain any untrue statement of a material fact or omit to state a material fact which should be included herein for the purpose for which the Official Statement is to be used or which is necessary in order to make the statements contained herein, in the light of the circumstances under which they were made, not misleading in any material respect.

By /s/ _____
President

By /s/ _____
Secretary

APPENDIX A

Fort Thomas Independent School District Finance Corporation School Building Revenue Bonds Series 2024A

Demographic and Economic Data

CAMPBELL COUNTY, KENTUCKY

Campbell County is a county located in the northern part of the U.S. state of Kentucky. Its county seats are Alexandria and Newport. The county was formed on December 17, 1794, from sections of Scott, Harrison, and Mason Counties and was named for Colonel John Campbell (1735–1799), a Revolutionary War soldier and Kentucky legislator. Campbell County, with Boone and Kenton Counties, is part of the Northern Kentucky metro community, and the Cincinnati-Middletown, OH-KY-IN Metropolitan Statistical Area.

The Bluegrass region was the most quickly settled part of the state and now is home to about half the state's population. The Northern Kentucky Area, covering a total land area of 559 square miles, is composed of Boone, Campbell, and Campbell Counties; and is ideally situated along and adjacent to the south bank of the Ohio River, immediately south of Cincinnati, Ohio. Campbell County had an estimated 2023 population of 93,800.

The Northern Kentucky Area forms the northern apex of an industrial triangle anchored by Louisville on the southwest and Lexington on the southeast. Within the triangle are more than one-third of the state's population and nearly one-half of its manufacturing jobs. The interstate highway system places these three metropolitan areas within less than two hours driving from each other.

The Economic Framework

In 2023, Campbell County had a labor force of 51,304 people with an unemployment rate of 4.2%. The top 5 jobs by occupation were as follows: sales - 3,163 (11.98%); office and administrative support - 3,072 (11.63%); executive, managers, and administrators - 2,315 (8.77%); food preparation/serving - 2,118 (8.02%); and education, training/library - 1,828 (6.92%).

In 2023, the City of Fort Thomas had a labor force of 9,331 people, and the top 5 jobs by occupation were as follows: office and administrative support - 480 (13.81%); education, training/library - 352 (10.12%); executive, managers, and administrators - 350 (10.07%); sales - 295 (8.48%); and health diagnosing and treating practitioners - 288 (8.28%).

Transportation

Major highways serving Boone, Kenton, and Campbell Counties include Interstates 71, 75, 275, and 471; U.S. Highways 42/127, 25, and 27. The Greater Cincinnati-Northern Kentucky International Airport, located in Campbell County, Kentucky, provides commercial airline service. The airport is a major hub for Delta Airlines. The Southern Railway System and CSX Transportation provide main line rail service to the area. Several barge and towing companies provide barge transportation on the Ohio River. The Port of Cincinnati extends 30 miles along both banks of the Ohio River.

Power and Fuel

Electric power is provided to Boone, Kenton, and Campbell Counties by Duke Energy Kentucky, E. ON US/KU, East Kentucky Power Cooperative and Owen Electric Cooperative, Inc. Natural gas service is provided to major portions of the three-county area by Duke Energy Kentucky.

LABOR MARKET STATISTICS

The Labor Market Area includes Boone, Campbell, Gallatin, Grant, Kenton and Pendleton counties in Kentucky. The Labor Market Area is supplemented by the Ohio counties of Hamilton, Butler, Clermont and Warren; and Dearborn County in Indiana.

Population

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Campbell County	92,615	93,543	92,972	93,142	93,324
Fort Thomas	16,120	13,336	16,373	17,393	17,311

Source: Kentucky Cabinet for Economic Development.

Population Projections

	<u>2025</u>	<u>2030</u>	<u>2035</u>
Campbell County	93,427	93,473	93,028

Source: Kentucky Data Center, University of Louisville.

EDUCATION

Public School District Enrollments, 2022-23

	<u>Total Enrollment</u>	<u>Pupil to Teacher Ratio</u>
Campbell County Schools	4,976	15 – 1
Fort Thomas Independent Schools	3,077	16 - 1

Source: Kentucky Department of Education

Vocational Training

<u>Vocational School</u>	<u>Location</u>	<u>2022-23 Cumulative Enrollment</u>
Boone County ATC	Hebron	187
Ignite Institute (Boone County)	Erlanger	1,056
Campbell County ATC	Alexandria	348
Carroll County ATC	Carrollton	286
Harrison County ATC	Cynthiana	444
Mason County ATC	Maysville	194

Source: Kentucky Department of Education

Colleges and Universities

49.85% of the population in Campbell County have an associate's degree or higher. 93.43% have a high school degree or higher.

<u>Top 5 Universities</u>	<u>By Number of Graduates</u>
University of Cincinnati - Main Campus	10,633
Miami University - Oxford	5,558
Northern KY University	3,647
Xavier University	1,985
Cincinnati State Technical & Community College	1,023

Source: Kentucky Cabinet for Economic Development

EXISTING INDUSTRY

<u>Firm</u>	<u>Product</u>	<u>Employment</u>
<i>Alexandria</i>		
Reis Concrete Products Inc	Ready-mixed concrete & precast septic tank	30
Tyson - Hillshire Brands	Little smokies (cocktails); hot dogs; lunch meat	758
<i>Bellevue</i>		
Liberty Plastics Molding Corp Inc	Plastic injection molds, molding & prototypes; packaging machinery parts; plastic chemical transfer pump bodies, components, bowling alley parts, utility ind	6
Newforms Inc	Commercial printer	4
Otto Printing & Entertainment Graphics	Digital printing, brochures, business cards	6
Thompson Enamel Inc	Powdered glass colors (enamels)	16
<i>Cold Spring</i>		
CCL Label	Flexographic and variable image printing	75
Fischer Special Manufacturing	Automatic screw machine products	65
<i>Dayton</i>		
Active Radiator	Truck and industrial radiators	15
Advertiser Printers Inc	Commercial offset printing/binding	28
Cobb Inc	Electronic prepress work & typesetting	7
Fastemp Glass Co Inc	Glass products for lighting fixtures	30
Metal Solutions Design & Fabrication LLC	Manufacture DOT certified metal containers for nuclear waste & other hazardous products	18
<i>Highland Heights</i>		
Busken Bakery Inc	Produces hamburger/hot dog buns, cakes, donuts	4
<i>Newport</i>		
Dixie Chili Inc	Manufacture and distribute canned chili	16
International Identification Inc	Animal ID tags	75
Steinhauser Inc	Packaging, pressure sensitive labels	34
Wendling Printing Inc	Offset printing and binding	20
<i>Silver Grove</i>		
Continental Building Products	Gypsum wallboard, joint compound	275

Wilder

Andrews Laser Works Corp	Laser processing; metal stamping; welding	100
Ferrous85 Company	Steel toll processor of rolled steel	11
TMK IPSCO Tubulars Kentucky	Manufacture steel pipes for oil & gas industry	349
Trophy Awards Manufacturing Inc	Awards, crystal awards, acrylic awards, trophies	35

Source: Kentucky Directory of Manufacturers (January 2020).

APPENDIX B

**Fort Thomas Independent School District Finance Corporation
School Building Revenue Bonds
Series 2024A**

Audited Financial Statement for FY Ending June 30, 2023

Fort Thomas Independent School District

**Financial Statements
With Supplementary Information
Year Ended June 30, 2023
With Independent Auditors' Report**

FORT THOMAS INDEPENDENT SCHOOL DISTRICT

June 30, 2023

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FORT THOMAS INDEPENDENT SCHOOL DISTRICT

June 30, 2023

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FORT THOMAS INDEPENDENT SCHOOL DISTRICT

June 30, 2023

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Independent Auditors' Report

To the Members of the Board of Education
Fort Thomas Independent School District
Fort Thomas, 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 Fort Thomas Independent School District as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the Fort Thomas Independent School 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 Fort Thomas Independent School District, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fort Thomas Independent School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial 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.

**Independent Auditors' Report
(Continued)**

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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 Fort Thomas Independent School 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 Fort Thomas Independent School 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the information on pages 4-8, 52-55, and 61-70 as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fort Thomas Independent School District's basic financial statements. The information on pages 50-51 and 56-60 is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The information on pages 50-51 and 56-60 is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information on pages 50-51 and 56-60 is fairly stated in all material respects in relation to the basic financial statements as a whole.

**Independent Auditors' Report
(Continued)**

Other Reporting Required by *Government Auditing Standards*

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

Change in Accounting Principle

As discussed in Note 18 to the financial statements, the District adopted Governmental Accounting Standards Board ("GASB") Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective as of July 1, 2022. Our opinion is not modified with respect to this matter.



Crestview Hills, Kentucky
November 15, 2023

FORT THOMAS INDEPENDENT SCHOOL DISTRICT

Management's Discussion and Analysis (MD&A) - Unaudited Year Ended June 30, 2023

As management of Fort Thomas Independent Board of Education (Board), the governing body for the Fort Thomas Independent School District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the financial statements and notes. All amounts used in this MD&A are approximate amounts, except where more specific.

FINANCIAL HIGHLIGHTS

- The beginning cash balance, including investments, for the District was \$5,495,649.
- The District administered \$1,469,338 in Federal, State and local grants during the year.
- The General Fund had \$38,382,917 in revenue, which primarily consisted of the state program (SEEK), property taxes, local occupational license taxes, utilities taxes, and motor vehicle taxes. There was \$36,297,035 in General Fund expenditures. Budgeted contingency funds were \$1,850,000 in the General Fund in 2023.
- The ending fund balance in the General Fund for fiscal year 2023 is \$5,953,387. This is an increase of \$1,951,182 from 2022. From year to year the state legislature is requiring the District to absorb more and more mandated expenses, while at the same time they continue to cut grant funding.
- Bonds are issued as the District renovates facilities consistent with a long-range facilities plan that is established with community input and in keeping with Kentucky Department of Education compliance regulations.
- The District has made significant investments in technology for the classroom. Finance leases for laptop computers and school building digital conversion for students in grades K-12 were entered into in keeping with Kentucky Department of Education compliance regulations.
- Our primary financial concern continues to be state funding which has not kept up with the increases in operating expenses due to inflation, increased salaries - some of which are a direct result of mandates by the state, and an increasing portion of the retirement shortfall that we have been asked to fund. After many years of not making the necessary contributions to fully fund the Kentucky Teachers' Retirement System (KTRS), the legislature passed along a portion of the funding shortfall to employees and a larger portion to school districts. As a result, our district has paid hundreds of thousands of dollars into the retirement system and will pay millions of dollars in the future in an effort to help stabilize the fund. The continual erosion of state funding makes it increasingly difficult to maintain the high standard of education and programming that our students deserve without increasing taxes locally. In this climate of shrinking state support and problems with the SEEK funding model, the Fort Thomas Independent School District will maintain fiscally responsible policies in order to continue providing quality academic, extra-curricular and community service programs to all of its students.

FORT THOMAS INDEPENDENT SCHOOL DISTRICT

Management's Discussion and Analysis (MD&A) - Unaudited Year Ended June 30, 2023 (Continued)

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) district-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

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

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

The district-wide financial statements can be found on pages 9 and 10 of this report.

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

The basic governmental fund financial statements can be found on pages 11 through 17 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found on pages 18 through 49 of this report.

FORT THOMAS INDEPENDENT SCHOOL DISTRICT

**Management's Discussion and Analysis (MD&A) - Unaudited
Year Ended June 30, 2023
(Continued)**

DISTRICT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by \$26,658,382 as of June 30, 2023.

The largest portion of the District's net position reflects its investment in capital assets (i.e. land and improvements, buildings and improvements, vehicles, 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 financial position is the product of several financial transactions, including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Net Position for the periods ending June 30, 2023 and 2022

The following is a summary of net position for the fiscal years ended June 30, 2023 and 2022.

	<u>2023</u>	<u>2022</u>
Current assets	\$ 13,256,136	\$ 6,256,929
Noncurrent assets	103,440,852	103,816,064
Total assets	<u>116,696,988</u>	<u>110,072,993</u>
 Total deferred outflows	 <u>9,417,841</u>	 <u>5,793,678</u>
 Current liabilities	 7,791,252	 6,323,835
Noncurrent liabilities	84,930,147	80,159,101
Total liabilities	<u>92,721,399</u>	<u>86,482,936</u>
 Total deferred inflows	 <u>6,735,048</u>	 <u>7,116,109</u>
 Net position		
Investment in capital assets (net of debt)	34,666,026	36,242,603
Restricted	(12,252,665)	(16,297,301)
Unrestricted	4,245,021	2,322,324
Total net position	<u>\$ 26,658,382</u>	<u>\$ 22,267,626</u>

Comments on General Fund Budget Comparisons

- The District's total General Fund revenues for the fiscal year ended June 30, 2023 were \$38,382,917.

FORT THOMAS INDEPENDENT SCHOOL DISTRICT

**Management’s Discussion and Analysis (MD&A) - Unaudited
Year Ended June 30, 2023
(Continued)**

DISTRICT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Comments on General Fund Budget Comparisons (Continued)

- General Fund budget compared to actual revenue varied slightly from line item to line item with the ending actual balance being \$12,886,917 more than budget or approximately 50.5% of the General Fund budget. The majority of this variance is the result of the District recording “on behalf” payments made by the state.
- The total cost of all General Fund programs and services was \$36,297,035 including debt service and interfund transfers of \$134,700.
- General Fund actual expenditures exceeded budgeted expenditures by \$9,090,231. The majority of this variance is the result of the District recording “on behalf” payments made by the state.

The following table presents a summary of revenues and expenses for the fiscal years ended June 30, 2023 and 2022.

	<u>2023</u>	<u>2022</u>
Revenues:		
Program revenues:		
Charges for services	\$ 2,028,257	\$ 1,980,900
Operating grants and contributions	2,419,233	1,863,451
Capital grants and contributions	64,822	-
	<u>4,512,312</u>	<u>3,844,351</u>
Total grant revenues		
General revenues:		
Property taxes	18,830,559	17,943,915
Grants and entitlements	20,696,210	6,980,085
Earnings on investments	416,364	7,379
Miscellaneous	5,460,445	3,086,775
	<u>45,403,578</u>	<u>28,018,154</u>
Total general revenues		
Total revenues	<u>49,915,890</u>	<u>31,862,505</u>
Expenses:		
Instruction	27,211,495	10,817,554
Student support services	2,102,016	2,255,734
Staff support services	2,098,041	1,726,947
District administration	1,605,684	1,679,246
School administration	3,145,936	3,098,289
Business support	1,489,263	1,326,340
Plant operations	3,908,256	3,883,546
Student transportation	202,858	288,790
Community services	10,322	24,448
Facility acquisition and construction	116,257	87,226
Food service	1,614,120	1,486,119
Interest	2,020,886	2,429,049
	<u>45,525,134</u>	<u>29,103,288</u>
Total expenses		
Excess of revenues over expenses	<u>\$ 4,390,756</u>	<u>\$ 2,759,217</u>

FORT THOMAS INDEPENDENT SCHOOL DISTRICT

**Management's Discussion and Analysis (MD&A) - Unaudited
Year Ended June 30, 2023
(Continued)**

BUDGETARY IMPLICATIONS

In Kentucky, the public school fiscal year is July 1-June 30; other programs, i.e. some federal programs operate on a different fiscal calendar, but are reflected in the District overall budget. By law, the budget must have a minimum 2% contingency. The District adopted a budget with \$1,850,000 in contingency (6.8%).

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

Questions regarding this report should be directed to Mr. Brian Robinson, Superintendent, at (859) 815-2020 or to his representative Mr. Andy Remlinger, District Finance Officer/Treasurer (859) 815-2002 or by mail at Fort Thomas Independent School District, 28 N. Fort Thomas Avenue, Fort Thomas, Kentucky 41075.

FORT THOMAS INDEPENDENT SCHOOL DISTRICT

**Statement of Net Position – District Wide
As of June 30, 2023**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets			
Current			
Cash and cash equivalents	\$ 12,139,469	\$ 411,459	\$ 12,550,928
Prepaid expenses	93,299	-	93,299
Accounts receivable	582,208	-	582,208
Inventories for consumption	-	29,701	29,701
Total current	<u>12,814,976</u>	<u>441,160</u>	<u>13,256,136</u>
Noncurrent			
Financed computers	2,331,223	-	2,331,223
Right of use assets	1,815,570	-	1,815,570
Less: accumulated amortization	(2,031,291)	-	(2,031,291)
Nondepreciated capital assets:			
Land	565,820	-	565,820
Construction in progress	2,797,700	-	2,797,700
Depreciated capital assets:			
Land improvements	218,119	-	218,119
Buildings and improvements	123,569,188	-	123,569,188
Furniture and equipment	8,191,583	634,796	8,826,379
Less: accumulated depreciation	<u>(34,038,077)</u>	<u>(613,779)</u>	<u>(34,651,856)</u>
Total noncurrent	<u>103,419,835</u>	<u>21,017</u>	<u>103,440,852</u>
Total assets	<u>116,234,811</u>	<u>462,177</u>	<u>116,696,988</u>
Deferred outflows	<u>9,185,733</u>	<u>232,108</u>	<u>9,417,841</u>
Liabilities			
Current			
Current portion of bonds payable	4,388,248	-	4,388,248
Current portion of lease liability	174,760	-	174,760
Current portion of loan payable	589,832	-	589,832
Accounts payable	1,681,263	2,230	1,683,493
Accrued interest	689,233	-	689,233
Accrued sick leave	63,123	-	63,123
Unearned revenues	190,211	12,352	202,563
Total current	<u>7,776,670</u>	<u>14,582</u>	<u>7,791,252</u>
Noncurrent			
Accrued sick leave	568,102	-	568,102
Lease liability	1,060,721	-	1,060,721
Loan payable - financed computers	604,534	-	604,534
MIF net OPEB liability	11,297,890	289,120	11,587,010
CERS net pension liability	8,811,850	225,501	9,037,351
Bond obligations	<u>62,072,429</u>	<u>-</u>	<u>62,072,429</u>
Total noncurrent	<u>84,415,526</u>	<u>514,621</u>	<u>84,930,147</u>
Total liabilities	<u>92,192,196</u>	<u>529,203</u>	<u>92,721,399</u>
Deferred inflows	<u>6,566,994</u>	<u>168,054</u>	<u>6,735,048</u>
Net Position			
Invested in capital assets, net of related debt	34,645,009	21,017	34,666,026
Restricted	(12,207,672)	(44,993)	(12,252,665)
Unrestricted	4,224,017	21,004	4,245,021
Total net position	<u>\$ 26,661,354</u>	<u>\$ (2,972)</u>	<u>\$ 26,658,382</u>

The accompanying notes are an integral part of these financial statements

FORT THOMAS INDEPENDENT SCHOOL DISTRICT

**Statement of Activities – District Wide
Year Ended June 30, 2023**

Functions/Programs	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:							
Instructional	\$ 27,211,495	\$ 454,661	\$ 2,274,436	\$ -	\$ (24,482,398)	\$ -	\$ (24,482,398)
Student support services	2,102,016	-	-	-	(2,102,016)	-	(2,102,016)
Staff support services	2,098,041	-	42,573	-	(2,055,468)	-	(2,055,468)
District administration	1,605,684	-	-	-	(1,605,684)	-	(1,605,684)
School administration	3,145,936	-	-	-	(3,145,936)	-	(3,145,936)
Business support services	1,489,263	-	-	-	(1,489,263)	-	(1,489,263)
Plant operation and maintenance	3,908,256	-	-	-	(3,908,256)	-	(3,908,256)
Student transportation	202,858	-	99	-	(202,759)	-	(202,759)
Community service operations	10,322	-	10,322	-	-	-	-
Facility acquisition and construction	116,257	-	-	64,822	(51,435)	-	(51,435)
Interest on long-term debt	2,020,886	-	-	-	(2,020,886)	-	(2,020,886)
Total governmental activities	43,911,014	454,661	2,327,430	64,822	(41,064,101)	-	(41,064,101)
Business-type Activities							
Food service and other activities	1,614,120	1,573,596	91,803	-	-	51,279	51,279
Total business-type activities	1,614,120	1,573,596	91,803	-	-	51,279	51,279
Total school district	\$ 45,525,134	\$ 2,028,257	\$ 2,419,233	\$ 64,822	(41,064,101)	51,279	(41,012,822)
			General revenues:				
			Taxes		18,830,559	-	18,830,559
			State and federal sources		20,696,210	-	20,696,210
			Investment earnings		395,794	20,570	416,364
			Miscellaneous		5,460,445	-	5,460,445
			Total general and special revenues		45,383,008	20,570	45,403,578
			Change in net position		4,318,907	71,849	4,390,756
			Net position - beginning		22,342,447	(74,821)	22,267,626
			Net position - ending		\$ 26,661,354	\$ (2,972)	\$ 26,658,382

The accompanying notes are an integral part of these financial statements

FORT THOMAS INDEPENDENT SCHOOL DISTRICT

**Balance Sheet – Governmental Funds
As of June 30, 2023**

	General Fund	Special Revenue Fund	Construction Fund	Debt Service Fund	Non-major Governmental Funds	Total Governmental Funds
Assets						
Current						
Cash and cash equivalents	\$ 5,761,763	\$ 76,535	\$ 4,823,615	\$ -	\$ 1,477,556	\$ 12,139,469
Prepaid expenses	93,299	-	-	-	-	93,299
Accounts receivable	358,145	186,899	-	-	37,164	582,208
Total assets	<u>\$ 6,213,207</u>	<u>\$ 263,434</u>	<u>\$ 4,823,615</u>	<u>\$ -</u>	<u>\$ 1,514,720</u>	<u>\$ 12,814,976</u>
Liabilities and Fund Balance						
Current						
Accounts payable	\$ 259,820	\$ 73,223	\$ 1,293,614	\$ -	\$ 54,606	\$ 1,681,263
Unearned revenues	-	190,211	-	-	-	190,211
Total current	<u>259,820</u>	<u>263,434</u>	<u>1,293,614</u>	<u>-</u>	<u>54,606</u>	<u>1,871,474</u>
Fund Balance						
Nonspendable prepaids	93,299	-	-	-	-	93,299
Restricted						
Other	-	-	-	-	782,336	782,336
Capital Projects	-	-	3,530,001	-	677,778	4,207,779
Accrued sick leave	315,613	-	-	-	-	315,613
Unassigned	5,544,475	-	-	-	-	5,544,475
Total fund balance	<u>5,953,387</u>	<u>-</u>	<u>3,530,001</u>	<u>-</u>	<u>1,460,114</u>	<u>10,943,502</u>
Total liabilities and fund balance	<u>\$ 6,213,207</u>	<u>\$ 263,434</u>	<u>\$ 4,823,615</u>	<u>\$ -</u>	<u>\$ 1,514,720</u>	<u>\$ 12,814,976</u>

The accompanying notes are an integral part of these financial statements

FORT THOMAS INDEPENDENT SCHOOL DISTRICT
Reconciliation of the Balance Sheet
Governmental Funds to the Statement of Net Position
As of June 30, 2023

Total governmental fund balance		\$ 10,943,502
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		
Construction in progress	2,797,700	
Financed computers	2,331,223	
Cost of right of use assets	1,815,570	
Accumulated amortization	(2,031,291)	
Cost of capital assets	132,544,710	
Accumulated depreciation	<u>(34,038,077)</u>	103,419,835
Deferred loss on refunding	115,698	
Deferred outflows for MIF contributions made after the measurement date	615,884	
Deferred outflows related to OPEB	6,299,058	
Deferred outflows for CERS contributions made after the measurement date	898,040	
Deferred outflows related to pensions	<u>1,257,053</u>	9,185,733
Deferred inflows related to pensions	(1,423,960)	
Deferred inflows related to OPEB	<u>(5,143,034)</u>	(6,566,994)
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		(66,908,249)
Lease liability		(1,235,481)
Loan payable		(1,194,366)
Discount on bonds payable		447,572
Accrued interest on bonds		(689,233)
Net pension liability		(8,811,850)
Net OPEB liability		(11,297,890)
Accrued sick leave		<u>(631,225)</u>
Total net position - governmental		<u>\$ 26,661,354</u>

The accompanying notes are an integral part of these financial statements

FORT THOMAS INDEPENDENT SCHOOL DISTRICT

**Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds
Year Ended June 30, 2023**

	General Fund	Special Revenue Fund	Construction Fund	Debt Service Fund	Non-major Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	\$ 16,775,428	\$ -	\$ -	\$ -	\$ 2,055,131	\$ 18,830,559
Earnings on investments	337,050	-	-	-	58,744	395,794
State sources	20,580,697	685,162	64,822	3,342,275	1,469,845	26,142,801
Federal sources	-	1,469,338	-	-	-	1,469,338
Other sources	689,742	172,930	-	-	1,716,480	2,579,152
Total revenues	38,382,917	2,327,430	64,822	3,342,275	5,300,200	49,417,644
Expenditures:						
Instructional	22,259,302	2,376,136	-	-	1,619,735	26,255,173
Student support services	2,102,016	-	-	-	-	2,102,016
Staff support services	2,031,532	42,573	-	-	23,936	2,098,041
District administration	1,605,114	-	-	-	-	1,605,114
School administration	2,588,665	-	-	-	-	2,588,665
Business support services	1,489,263	-	-	-	-	1,489,263
Plant operation and maintenance	3,950,171	-	-	-	-	3,950,171
Student transportation	227,648	99	-	-	18,781	246,528
Community service operations	-	10,322	-	-	-	10,322
Facility acquisition and construction	2,752	-	3,324,684	-	-	3,327,436
Debt service:						
Principal	40,105	-	-	4,194,322	-	4,234,427
Interest	467	-	-	1,962,600	-	1,963,067
Bond costs	-	-	(68,510)	-	-	(68,510)
Total expenditures	36,297,035	2,429,130	3,256,174	6,156,922	1,662,452	49,801,713
Excess(deficit) of revenues over expenditures	2,085,882	(101,700)	(3,191,352)	(2,814,647)	3,637,748	(384,069)
Other financing sources(uses):						
Proceeds from sale of bonds	-	-	6,085,000	-	-	6,085,000
Bond discount	-	-	(85,012)	-	-	(85,012)
Operating transfers in	-	101,700	672,354	2,814,647	33,000	3,621,701
Operating transfers out	(134,700)	-	-	-	(3,487,001)	(3,621,701)
Total other financing sources (uses)	(134,700)	101,700	6,672,342	2,814,647	(3,454,001)	5,999,988
Net change in fund balance	1,951,182	-	3,480,990	-	183,747	5,615,919
Fund balance, July 1, 2022	4,002,205	-	49,011	-	1,276,367	5,327,583
Fund balance, June 30, 2023	\$ 5,953,387	\$ -	\$ 3,530,001	\$ -	\$ 1,460,114	\$ 10,943,502

The accompanying notes are an integral part of these financial statements

FORT THOMAS INDEPENDENT SCHOOL DISTRICT

**Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balance of Governmental Funds to the Statement of Activities
Year Ended June 30, 2023**

Amounts reported for governmental activities in the statement of net position are different because:

Net changes-governmental funds		\$ 5,615,919
<p>Governmental funds report capital outlays as expenditures because they use current financial resources. However in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceed depreciation expense for the year.</p>		
Amortization expense	(790,915)	
Depreciation expense	(3,050,800)	
Capital outlays	3,377,504	(464,211)
<p>Bond, lease and loan proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.</p>		
Bond principal paid	4,202,990	
Bond issuance	(6,085,000)	
Lease principal paid	194,342	
Loan principal paid	604,576	
Discount on bond issue	62,352	
Amortization of bond refinancing	(35,683)	
Finance lease principal paid	42,018	(1,014,405)
Deferred outflows related to pensions		588,181
Deferred outflows related to OPEB		2,979,046
Deferred inflows related to pensions		183,929
Deferred inflows related to OPEB		189,261
<p>Generally, expenditures recognized in this fund financial statement are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred.</p>		
		(3,758,813)
Changes in net position of governmental activities		\$ 4,318,907

The accompanying notes are an integral part of these financial statements

FORT THOMAS INDEPENDENT SCHOOL DISTRICT

**Statement of Net Position – Proprietary Funds
As of June 30, 2023**

	<u>Food Service</u>	<u>Summer Enrichment</u>	<u>Adult Education</u>	<u>Total</u>
Assets				
Current				
Cash and cash equivalents	\$ 389,624	\$ 20,799	\$ 1,036	\$ 411,459
Inventories for consumption	29,701	-	-	29,701
Total current	<u>419,325</u>	<u>20,799</u>	<u>1,036</u>	<u>441,160</u>
Noncurrent				
Furniture and fixtures	634,796	-	-	634,796
Less accumulated depreciation	<u>(613,779)</u>	<u>-</u>	<u>-</u>	<u>(613,779)</u>
Total noncurrent	<u>21,017</u>	<u>-</u>	<u>-</u>	<u>21,017</u>
Total assets	<u>440,342</u>	<u>20,799</u>	<u>1,036</u>	<u>462,177</u>
Deferred outflows	<u>232,108</u>	<u>-</u>	<u>-</u>	<u>232,108</u>
Liabilities and Net Position				
Current				
Accounts payable	1,399	831	-	2,230
Unearned revenue	<u>12,352</u>	<u>-</u>	<u>-</u>	<u>12,352</u>
Total current	<u>13,751</u>	<u>831</u>	<u>-</u>	<u>14,582</u>
Noncurrent				
MIF net OPEB liability	289,120	-	-	289,120
CERS net pension liability	<u>225,501</u>	<u>-</u>	<u>-</u>	<u>225,501</u>
Total noncurrent	<u>514,621</u>	<u>-</u>	<u>-</u>	<u>514,621</u>
Total liabilities	<u>528,372</u>	<u>831</u>	<u>-</u>	<u>529,203</u>
Deferred inflows	<u>168,054</u>	<u>-</u>	<u>-</u>	<u>168,054</u>
Net Position				
Invested in assets, net of debt	21,017	-	-	21,017
Restricted	(44,993)			(44,993)
Unrestricted	<u>-</u>	<u>19,968</u>	<u>1,036</u>	<u>21,004</u>
Total net position	<u>\$ (23,976)</u>	<u>\$ 19,968</u>	<u>\$ 1,036</u>	<u>\$ (2,972)</u>

The accompanying notes are an integral part of these financial statements

FORT THOMAS INDEPENDENT SCHOOL DISTRICT

**Statement of Revenues, Expenses and Changes in Net Position –
Proprietary Funds
Year Ended June 30, 2023**

	<u>Food Service</u>	<u>Summer Enrichment</u>	<u>Adult Education</u>	<u>Total</u>
Operating revenues:				
Lunchroom sales	\$ 1,564,289	\$ -	\$ -	\$ 1,564,289
Other operating revenues	-	9,307	-	9,307
Total operating revenues	<u>1,564,289</u>	<u>9,307</u>	<u>-</u>	<u>1,573,596</u>
Operating expenses:				
Salaries and benefits	759,048	9,392	-	768,440
Contract services	32,432	239	-	32,671
Materials and supplies	776,188	1,746	-	777,934
Depreciation	34,899	-	-	34,899
Other operating expenses	176	-	-	176
Total operating expenses	<u>1,602,743</u>	<u>11,377</u>	<u>-</u>	<u>1,614,120</u>
Operating loss	<u>(38,454)</u>	<u>(2,070)</u>	<u>-</u>	<u>(40,524)</u>
Nonoperating revenues:				
State grants	91,803	-	-	91,803
Interest income	20,570	-	-	20,570
Total non-operating revenue	<u>112,373</u>	<u>-</u>	<u>-</u>	<u>112,373</u>
Change in net position	73,919	(2,070)	-	71,849
Total net position, July 1, 2022	<u>(97,895)</u>	<u>22,038</u>	<u>1,036</u>	<u>(74,821)</u>
Total net position, June 30, 2023	<u>\$ (23,976)</u>	<u>\$ 19,968</u>	<u>\$ 1,036</u>	<u>\$ (2,972)</u>

The accompanying notes are an integral part of these financial statements

FORT THOMAS INDEPENDENT SCHOOL DISTRICT

**Statement of Cash Flows – Proprietary Funds
Year Ended June 30, 2023**

	<u>Food Service</u>	<u>Summer Enrichment</u>	<u>Adult Education</u>	<u>Total</u>
Cash flows from operating activities				
Cash received from lunchroom sales	\$ 1,564,289	\$ -	\$ -	\$ 1,564,289
Cash received from other activities	-	9,307	-	9,307
Cash payments to employees for services	(761,912)	(9,392)	-	(771,304)
Cash payments to suppliers for goods and services	(836,740)	(1,733)	-	(838,473)
Net cash used in operating activities	<u>(34,363)</u>	<u>(1,818)</u>	<u>-</u>	<u>(36,181)</u>
Cash flows from noncapital financing activities				
Non-operating revenues received	91,803	-	-	91,803
Net cash provided by noncapital financing activities	<u>91,803</u>	<u>-</u>	<u>-</u>	<u>91,803</u>
Cash flows from investing activities				
Interest on investments	20,570	-	-	20,570
Net cash provided by investing activities	<u>20,570</u>	<u>-</u>	<u>-</u>	<u>20,570</u>
Net increase (decrease) in cash and cash equivalents	78,010	(1,818)	-	76,192
Cash and cash equivalents - beginning	311,614	22,617	1,036	335,267
Cash and cash equivalents - ending	<u>\$ 389,624</u>	<u>\$ 20,799</u>	<u>\$ 1,036</u>	<u>\$ 411,459</u>
Reconciliation of operating loss to net cash used in operating activities				
Operating loss	\$ (38,454)	\$ (2,070)	\$ -	\$ (40,524)
Adjustments to reconcile operating loss to net cash used in operating activities				
Depreciation	34,899	-	-	34,899
Changes in assets and liabilities:				
Increase in deferred outflows	(92,619)	-	-	(92,619)
Increase in MIF net OPEB liability	82,275	-	-	82,275
Increase in CERS net pension liability	15,351	-	-	15,351
Decrease in deferred inflows	(7,871)	-	-	(7,871)
Decrease in accounts receivable	1,263	-	-	1,263
Increase in inventory	(19,286)	-	-	(19,286)
Increase (decrease) in accounts payable	(1,063)	252	-	(811)
Decrease in unearned revenue	(8,858)	-	-	(8,858)
Net cash used in operating activities	<u>\$ (34,363)</u>	<u>\$ (1,818)</u>	<u>\$ -</u>	<u>\$ (36,181)</u>
Schedule of non-cash transactions				
On behalf payments	<u>\$ 91,803</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 91,803</u>

The accompanying notes are an integral part of these financial statements

FORT THOMAS INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

The District, for financial purposes, includes all of the funds and account groups relevant to the operation of the Fort Thomas Independent Board of Education. 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 Parent-Teacher Associations, etc.

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

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

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

Basis of Presentation

District-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 primary government, except for fiduciary funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

The district-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 reconciliation with brief explanations to better identify the relationship between the district-wide statements and the statements for governmental funds.

FORT THOMAS INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

The district-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. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the changes in total net position. Proprietary funds and fiduciary funds are reported using the economic resources measurement focus.

The District has the following funds:

I. Governmental Fund Types

- (A) The General Fund is the primary operating fund of the District. It accounts for financial resources used for general types of operations. This is a budgeted fund and any unrestricted fund balances are considered as resources available for use. This is a major fund of the District.
- (B) The Special Revenue Fund accounts for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes. 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 included in this report on page 71. This is a major fund of the District.
- (C) Special Revenue Activity Fund is used to support co-curricular activities and are not raised and expended by student groups. District activity funds accounted for in the District bank account are not subject to the Redbook and may be expended with more flexibility than school activity funds but must meet the "educational purpose" standard for all District expenditures.

FORT THOMAS INDEPENDENT SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

I. Governmental Fund Types (continued)

(D) The Activity Funds account for activities of student groups and other types of activities requiring clearing accounts. These funds are accounted for in accordance with Uniform Program of Accounting for School Activity Funds.

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

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

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

3. The Construction Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction. The District is committed to construction contracts in the amount of \$3,530,001 for ongoing projects. This is a major fund of the District.

II. Debt Service Fund

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

III. Proprietary Fund (Enterprise Fund)

(A) The School Food Service Fund is used to account for school food service activities, including the National School Lunch Program, which is conducted in cooperation with the U.S. Department of Agriculture (USDA). The Food Service fund is a major fund of the District.

(B) The Adult Education Fund is used to account for programs for adult education.

(C) The Summer Enrichment Fund is used to account for programs for additional learning opportunities outside of the normal school calendar.

FORT THOMAS INDEPENDENT SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

IV. Fiduciary Fund Type (Agency and Trust Funds)

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

Basis of Accounting

The District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The GASB is responsible for establishing GAAP for state and local government through its pronouncements (Statements and Interpretations).

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

Revenues – Exchange and Non-exchange Transactions – Revenues resulting from exchange transactions, in which each party receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of the fiscal year end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenues from nonexchange transactions must also be available before they can be recognized.

Unearned Revenue – Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenue.

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

FORT THOMAS INDEPENDENT SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxes

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

Budgetary Process

Budgetary Basis of Accounting: The District's budgetary process accounts for certain transactions on a basis other than GAAP of the United States of America. The major differences between the budgetary basis and the GAAP basis are:

Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

Cash and Cash Equivalents

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

Inventories

Supplies and materials are charged to expenditures when purchased, except for inventories in the Proprietary Fund, which are capitalized at the lower of cost or market.

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 district-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 district-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of one thousand dollars, 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.

FORT THOMAS INDEPENDENT SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

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>Governmental Activities Estimated Lives</u>
Buildings and improvements	25-50 years
Land improvements	20 years
Technology equipment	5 years
Vehicles	5-10 years
Audio-visual equipment	15 years
Food service equipment	10-12 years
Furniture and fixtures	7 years
Other	10 years

Accumulated Unpaid Sick Leave Benefits

Upon retirement from the school system, an employee will receive from the District an amount equal to 30% of the value of accumulated sick leave. Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the District's experience of making termination payments. The entire compensated absence liability is reported on the district-wide financial statements.

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.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the district-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

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

FORT THOMAS INDEPENDENT SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Reserves

Beginning with fiscal year 2012 the District implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on the District's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

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

Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance – amounts constrained to specific purposes by the District itself, using its decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the District takes the action to remove or change the constraint.

Assigned fund balance – amounts the District intends to use for specific purpose (such as encumbrances); intent can be expressed by the District or by an official or body to which the District delegates the authority.

Unassigned fund balance – amounts that are available for purpose; positive amounts are reported only in the General fund.

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

Encumbrances are not liabilities and are not recorded as expenditures until receipt of material or service. Encumbrances remaining open at the end of the fiscal year are automatically re-budgeted in the following fiscal year. Encumbrances are considered a managerial assignment of fund balance in the governmental funds balance sheet.

Net Position

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

Operating Revenues and Expenses

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

FORT THOMAS INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Pensions

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 County Employees Retirement System Non-Hazardous ("CERS") and Teachers Retirement System of the State of Kentucky ("TRS") and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the pensions. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Postemployment Benefits Other than Pensions

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

NOTE 2 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 general purpose financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 3 CASH AND CASH EQUIVALENTS

The District maintains its cash in bank deposit accounts which, at times, exceed federally insured limits. The amounts exceeding the federally insured limits are covered by a collateral agreement and the collateral is held by the pledging banks' trust departments in the District's name. The District has not experienced any losses in such accounts and the District believes it is not exposed to any significant credit risk on cash and cash equivalents.

FORT THOMAS INDEPENDENT SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 4 CAPITAL ASSETS

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

<u>Governmental Activities</u>	Balance June 30, 2022	Additions	Deductions	Balance June 30, 2023
Land	\$ 565,820	\$ -	\$ -	\$ 565,820
Land improvements	218,119	-	-	218,119
Buildings and improvements	123,155,709	413,479	-	123,569,188
Technology equipment	3,027,865	-	-	3,027,865
Vehicles	398,114	43,670	-	441,784
General equipment	4,599,279	122,655	-	4,721,934
Construction work in progress	-	3,314,492	516,792	2,797,700
Totals at historical cost	<u>131,964,906</u>	<u>3,894,296</u>	<u>516,792</u>	<u>135,342,410</u>
Less: accumulated depreciation				
Land improvements	\$ 218,119	\$ -	\$ -	\$ 218,119
Buildings and improvements	25,153,813	2,686,035	-	27,839,848
Technology equipment	2,708,766	90,517	-	2,799,283
Vehicles	379,695	11,753	-	391,448
General equipment	2,526,884	262,495	-	2,789,379
Total accumulated depreciation	<u>30,987,277</u>	<u>3,050,800</u>	<u>-</u>	<u>34,038,077</u>
Governmental activities capital assets - net	<u>\$ 100,977,629</u>	<u>\$ 843,496</u>	<u>\$ 516,792</u>	<u>\$ 101,304,333</u>
<u>Business - Type Activities</u>				
General equipment	\$ 631,157	\$ -	\$ -	\$ 631,157
Technology equipment	3,639	-	-	3,639
Totals at historical cost	<u>634,796</u>	<u>-</u>	<u>-</u>	<u>634,796</u>
Less: accumulated depreciation				
General equipment	575,241	\$ 34,899	-	610,140
Technology equipment	3,639	-	-	3,639
Total accumulated depreciation	<u>578,880</u>	<u>34,899</u>	<u>-</u>	<u>613,779</u>
Business - type activities capital assets - net	<u>\$ 55,916</u>	<u>\$ (34,899)</u>	<u>\$ -</u>	<u>\$ 21,017</u>

Depreciation expense by function for the fiscal year ended June 30, 2023 was as follows:

	<u>Governmental</u>	<u>Business-Type</u>
Instruction	\$ 2,466,364	\$ -
District administration	570	-
School administration	557,271	-
Plant operation and maintenance	26,595	-
Food service	-	34,899
Total	<u>\$ 3,050,800</u>	<u>\$ 34,899</u>

FORT THOMAS INDEPENDENT SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 5 ACCUMULATED UNPAID SICK LEAVE BENEFITS

Upon providing proof of qualification as an annuitant from the Kentucky Teacher's Retirement System, certified and classified employees will receive from the District an amount equal to 30% of the value of accumulated sick leave. At June 30, 2023 this amount totaled approximately \$631,225 for those employees with twenty-seven or more years of experience.

NOTE 6 LEASE OBLIGATIONS AND BONDED DEBT

The amount shown in the accompanying financial statements as bond obligations represents the District's future obligations to make payments relating to the bonds issued including any unamortized portions of bond discounts or bond premiums.

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

<u>Issue Date</u>	<u>Proceeds</u>	<u>Rates</u>
July 1, 2012	\$ 2,945,000	1.500% - 3.200%
May 1, 2013	3,310,000	2.000% - 3.125%
March 1, 2014	88,411	2.000% - 4.000%
April 1, 2014	2,245,000	3.000% - 4.000%
August 1, 2014	9,540,000	2.000% - 3.380%
March 1, 2015	9,080,000	2.000% - 3.000%
March 1, 2015	4,575,000	2.000% - 3.380%
November 1, 2015	23,810,000	1.000% - 3.400%
October 1, 2016	5,530,000	2.000%
February 1, 2019	22,660,000	3.000% - 3.625%
October 1, 2020	985,000	1.000% - 2.150%
March 29, 2023	5,490,000	3.200% - 4.300%
May 17, 2023	595,000	3.300% - 4.150%

The District, through the General Fund (including utility taxes and the Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund) is obligated to make lease payments in amounts sufficient to satisfy debt service requirements on bonds issued by the Fort Thomas Independent School District Finance Corporation to construct school facilities.

The District entered into "participation agreements" with the School Facility Construction Commission (Commission). The Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting school construction needs. Note 17 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 has been recorded in the financial statements.

All issues may be called prior to maturity and redemption premiums are specified in each issue. Assuming no bonds are called prior to scheduled maturity, the minimum obligations of the District, including amounts to be paid by the Commission, at June 30, 2023 for debt service (principal and interest) are reported in Note 17.

FORT THOMAS INDEPENDENT SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 7 LEASES

The District has a lease agreement for computers that expires in July 2025. Annual payments of \$604,572 are required. There are no variable payments within the lease agreements. These computers are accounted for as a financed purchase as the title vests over the term of the lease with the District.

The District also has a lease agreements for office equipment that expire in July and October 2024. Monthly payments of \$2,025 and \$4,605, respectively, are required. There are no variable payments within the lease agreements.

The District also leases real estate. The use of two different athletic fields is leased to the district. Annual escalating payments are required on both leases. The payments range from \$9,916 to 13,426 for each lease. The lease agreements expire in January 2028 and September 2030. The district also has a lease agreement for office space. This lease requires monthly payments. From the lease's inception to September 2023 the monthly payments are \$7,600. From October 2023 to September 2028 the monthly payments are for \$8,500. Finally from October 2028 to October 2033 the monthly lease payments are for \$9,600.

An interest rate of 2.5% was utilized to calculate the lease and loan liability.

The following table shows the District's change in lease accounts for the year ended June 30, 2023:

Governmental Activities	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023
Financed computers	\$ 2,331,223	\$ -	\$ -	\$ 2,331,223
ROU Asset	\$ 1,691,672	\$ 123,898	\$ -	\$ 1,815,570
ROU Accum. Amort.	\$ 1,240,376	\$ 790,915	\$ -	\$ 2,031,291
Lease liability	\$ 1,271,993	\$ 125,460	\$ 161,972	\$ 1,235,481
Loan payable	\$ 1,769,812	\$ -	\$ 575,446	\$ 1,194,366

Future minimum payments related to loan payable are shown below:

	Principal	Interest	Total
FY2024	\$ 589,832	\$ 14,744	\$ 604,576
FY2025	604,534	-	604,534
	\$ 1,194,366	\$ 14,744	\$ 1,209,110

FORT THOMAS INDEPENDENT SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 7 LEASES (CONTINUED)

Future minimum payments related to lease liabilities are shown below:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
FY2024	\$ 174,760	\$ 28,183	\$ 202,943
FY2025	120,633	24,368	145,001
FY2026	105,363	21,719	127,082
FY2027	108,534	19,048	127,582
FY2028	111,794	16,298	128,092
Thereafter	<u>614,398</u>	<u>39,976</u>	<u>654,374</u>
	<u>\$ 1,235,481</u>	<u>\$ 149,592</u>	<u>\$ 1,385,074</u>

NOTE 8 RETIREMENT PLANS

The District's employees are provided with two pension plans, based on each position's college degree requirement. The County Employees Retirement System covers employees whose position does not require a college degree or teaching certification. The Kentucky Teachers Retirement System covers positions requiring teaching certification or otherwise requiring a college degree.

General information about the County Employees Retirement System Non-Hazardous

Plan description

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

FORT THOMAS INDEPENDENT SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 8 RETIREMENT PLANS (CONTINUED)

Benefits provided

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

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

Cost of living adjustments are provided at the discretion of the General Assembly. Retirement is based on a factor of the number of years' service and hire date multiplied by the average of the highest five years' earnings. Reduced benefits are based on factors of both of these components. Participating employees become eligible to receive the health insurance benefit after at least 180 months of service. Death benefits are provided for both death after retirement and death prior to retirement. Death benefits after retirement are \$5,000 in lump sum. One month's service is required for death benefits prior to retirement and the employee must have suffered a duty-related death. The decedent's spouse will receive the higher of the normal death benefit and \$10,000 plus 75% of the decedent's monthly average rate of pay. If the surviving spouse remarries, the monthly rate will be recalculated to 25% of the decedent's monthly average. Any dependent child will receive 50% of the decedent's monthly final rate of pay up to 75% for all dependent children. Five years' service is required for nonservice-related disability benefits.

Contributions

Required contributions by the employee are based on the following tier:

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

The contribution requirement for CERS for the year ended June 30, 2023, was \$1,111,707, which consisted of \$921,022 from the District and \$190,685 from the employees. Total contributions for the year ended June 30, 2022 and 2021 were \$1,119,553 and \$1,032,026, respectively. The contributions have been contributed in full for fiscal years 2023, 2022 and 2021.

FORT THOMAS INDEPENDENT SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 8 RETIREMENT PLANS (CONTINUED)

General information about the Teachers' Retirement System of the State of Kentucky

Plan description

Teaching certified employees of the District and other employees whose positions require at least a college degree are provided pensions through the Teachers' Retirement System of the State of Kentucky—a cost-sharing multiple-employer defined benefit pension plan with a special funding situation established to provide retirement annuity plan coverage for local school districts and other public educational agencies in the Commonwealth. TRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the KRS. TRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth's financial statements. TRS issues a publicly available financial report that can be obtained at <https://trs.ky.gov/employers/information/gasb-65-67/>.

Benefits provided

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

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

Employees that retire before age 60 with less than 27 years of service receive reduced retirement benefits. Non-university employees with an account established prior to July 1, 2002 receive monthly payments equal to two (2) percent (service prior to July 1, 1983) and two and one-half (2.5) percent (service after July 1, 1983) of their final average salaries for each year of credited service. New employees (including second retirement accounts) 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 less than ten years. New employees after July 1, 2002 who retire with ten 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 ten years. In addition, employees who retire July 1, 2004 and later with more than 30 years of service will have their multiplier increased for all years over 30 from 2.5% to 3.0% to be used in their benefit calculation. New employees hired after July 1, 2008 but before December 31, 2021 who retire with less than ten years will receive monthly benefits equal to 1.7% of their final average salary for each year of service. New employees hired between July 1, 2008 and December 31, 2021 with between 10 to 20 years of service will receive monthly benefits equal to 2% of their final average salary for each year of service. New employees hired between July 1, 2008 and December 31, 2021 with between 20 to 26 years of service will receive monthly benefits equal to 2.3% of their final average salary for each year of service. Lastly, new employees hired between July 1, 2008 and December 31, 2021 with between 26 to 30 years of service will receive monthly benefits equal to 2.5% of their final average salary for each year of service. Effective January 1, 2022 the System has been amended to change the benefit structure for employees hired on or after that date.

FORT THOMAS INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements (Continued)

NOTE 8 RETIREMENT PLANS (CONTINUED)

Final average salary is defined as the member's five (5) highest annual salaries for those with less than 27 years of service. Employees at least age 55 with 27 or more years of service may use their three (3) highest annual salaries to compute the final average salary. TRS also provides disability benefits for vested employees at the rate of sixty (60) percent of the final average salary. A life insurance benefit, payable upon the death of a member, is \$2,000 for active contributing employees and \$5,000 for retired or disabled employees.

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

Contributions—Contribution rates are established by Kentucky Revised Statutes. Non-university employees are required to contribute 12.855% of their salaries to the System. University employees are required to contribute 10.400% of their salaries. KRS 161.580 allows each university to reduce the contribution of its employees by 2.215%; therefore, university employees contribute 8.185% of their salary to TRS. The contribution requirement for TRS for the year ended June 30, 2023 was \$2,689,916, which consisted of \$558,276 from the District and \$2,131,640 from the employees. Total contributions for the year ended June 30, 2022 and 2021 were \$2,708,451 and \$2,640,381, respectively. The contributions have been contributed in full for fiscal years 2023, 2022 and 2021.

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

Medical Insurance Plan

Plan description

In addition to the pension benefits described above, KRS 161.675 requires TRS to provide post-employment healthcare benefits to eligible employees and dependents. The TRS Medical Insurance Fund is a cost-sharing multiple employer defined benefit plan. 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.

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

FORT THOMAS INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements
(Continued)

NOTE 8 RETIREMENT PLANS (CONTINUED)

Funding policy

In order to fund the post-retirement healthcare benefit, 7.50% of the gross annual payroll of members is contributed. Member contributions are 3.75% and 0.75% is paid from state appropriations. Employer contributions are 3.00%. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan.

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

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

District's proportionate share of the CERS net pension liability	\$ 9,037,351
Commonwealth's proportionate share of the KTRS net pension liability associated with the District	<u>85,548,120</u>
	<u>\$ 94,585,471</u>

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

The District's proportion of the net pension liability for CERS was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2022, the District's proportion was 0.125015% percent.

FORT THOMAS INDEPENDENT SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 8 RETIREMENT PLANS (CONTINUED)

For the year ended June 30, 2023, the District recognized an increase in pension expense of \$348,590 related to CERS. The District also recognized a reduction of expense of \$4,685,245 and a reduction of revenue of \$4,685,245 for TRS support provided by the Commonwealth. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 9,662	\$ 80,482
Net difference between projected and actual earnings on pension plan investments	1,229,713	998,028
Changes of Assumptions	-	-
Changes in proportion and differences between employer contributions and proportionate share of contribution	49,846	381,891
District contributions subsequent to the measurement date	921,022	-
Total	\$ 2,210,243	\$ 1,460,401

\$921,022 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2024	\$ (178,970)
2025	(172,995)
2026	(75,945)
2027	256,730
2028	-

FORT THOMAS INDEPENDENT SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 8 RETIREMENT PLANS (CONTINUED)

Actuarial assumptions

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

	CERS	KTRS
Inflation	2.30%	2.50%
Projected salary increases	3.3 - 10.3%	3.0 - 7.5%
Investment rate of return, net of investment expense and inflation	6.25%	7.10%

For CERS, mortality rates used for active members was PUB-2010 General Mortality table 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 a mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. The mortality table used for disabled members was PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

For TRS, mortality rates were based on Pub2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each 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 6-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.

For CERS, the long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years. The most recent analysis, performed for the period covering fiscal years 2014 through 2018, is outlined in a report dated April 18, 2019. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were 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 then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

FORT THOMAS INDEPENDENT SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 8 RETIREMENT PLANS (CONTINUED)

Actuarial assumptions (Continued)

For TRS, 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 TRS' and CERS' investment consultant, are summarized in the following table:

<u>Asset Class</u>	<u>TRS Target Allocation</u>	<u>TRS Long-Term Expected Real Rate of Return</u>	<u>CERS Target Allocation</u>	<u>CERS Long-Term Expected Real Rate of Return</u>
US equity	40.0%	4.23%	50.0%	4.45%
Developed international equity	16.5%	5.30%		
Emerging markets equity	5.5%	5.40%		
Core bonds			10.0%	0.28%
Private equity	7.0%	6.90%	10.0%	10.15%
High yield	2.0%	1.70%	10.0%	2.28%
Fixed income	15.0%	-0.10%		
Additional categories	5.0%	2.20%		
Real estate	7.0%	4.00%	7.0%	3.67%
Real return			13.0%	4.07%
Cash	2.0%	-0.30%	0.0%	-0.91%
Total	<u>100%</u>		<u>100%</u>	

Discount rate

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

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

FORT THOMAS INDEPENDENT SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 8 RETIREMENT PLANS (CONTINUED)

Sensitivity of CERS and TRS proportionate share of net pension liability to changes in the discount rate

The following table presents the net pension liability of the District, calculated using the discount rates selected by each pension system, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
CERS	5.25%	6.25%	7.25%
District's proportionate share of net pension liability	\$ 11,295,568	\$ 9,037,351	\$ 7,169,619
TRS	6.10%	7.10%	8.10%
District's proportionate share of net pension liability	-	-	-

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial reports of both CERS and TRS.

NOTE 9 OPEB PLANS

General information about the Teachers' Retirement System OPEB Plan

Plan description

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

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

FORT THOMAS INDEPENDENT SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 9 OPEB PLANS (CONTINUED)

Medical Insurance Plan

Plan description

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

Benefits provided

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

Contributions

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

General information about the County Employees Retirement System Non-Hazardous OPEB Plan

Plan description

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

Benefits provided

CERS provides health insurance, death and disability benefits to Plan employees and beneficiaries. Employees are vested in the plan after five years' service. For retirement purposes, employees are grouped into three tiers, based on hire date. See Note 8 for tier classifications.

FORT THOMAS INDEPENDENT SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 9 OPEB PLANS (CONTINUED)

Contributions

Required contributions by the employee are based on the tier disclosed in Note 8.

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

At June 30, 2023, the Fort Thomas Independent School District reported a liability of \$11,587,010 for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the District's proportion was 0.37 percent for TRS, which was an increase of 0.10 percent from its proportion measured as of June 30, 2021. At June 30, 2022, the District's proportion was 0.13 percent for CERS, which was the same as its proportion measured as of June 30, 2021.

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

District's proportionate share of the CERS net OPEB liability	\$ 2,476,010
District's proportionate share of the TRS net OPEB liability	9,111,000
State's proportionate share of the net OPEB liability associated with the District	<u>2,993,000</u>
	<u><u>\$ 14,580,010</u></u>

FORT THOMAS INDEPENDENT SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 9 OPEB PLANS (CONTINUED)

For the year ended June 30, 2023, the District recognized OPEB expense of \$3,027,348 and revenue of \$159,970 for support provided by the State. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 249,231	\$ 4,397,806
Net difference between projected and actual earnings on OPEB plan investments	945,058	360,563
Change of Assumptions	2,241,598	322,675
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,024,367	193,603
District contributions subsequent to the measurement date	<u>631,646</u>	<u>-</u>
Total	<u><u>\$ 7,091,900</u></u>	<u><u>\$ 5,274,647</u></u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$631,646 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

<u>Year ended June 30:</u>	
2024	\$ (36,677)
2025	(2,494)
2026	(92,997)
2027	610,774
2028	509,000
Thereafter	198,001

FORT THOMAS INDEPENDENT SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 9 OPEB PLANS (CONTINUED)

Actuarial assumptions

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

	TRS	CERS
Investment rate of return	7.10%, net of OPEB plan investment expense, including inflation.	6.25%
Projected salary increases	3.0 - 7.50%, including wage inflation	3.30% to 10.30%, varies by service
Inflation rate	2.50%	2.30%
Real Wage Growth	0.25%	
Wage Inflation	2.75%	
Healthcare cost trend rates		
Under 65	7.00% for FY 2022 decreasing to an ultimate rate of 4.50% by FY 2032	Initial trend starting at 6.40% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years
Ages 65 and Older	5.125% for FY 2022 decreasing to an ultimate rate of 4.50% by FY 2025	Initial trend starting at 6.30% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years
Medicare Part B Premiums	6.97% for FY 2022 with an ultimate rate of 4.50% by 2034	
Municipal Bond Index Rate	3.37%	3.69%
Discount Rate	7.10%	5.70%
Single Equivalent Interest Rate	7.10%, net of OPEB plan investment expense, including price inflation	

For TRS, 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, 2020 valuation were based on the results of the most actuarial experience studies, which covered the five-year period ending June 30, 2020, adopted by the Board on September 20, 2021.

For CERS, mortality rates used for active members was PUB-2010 General Mortality table 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 a mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.

The remaining actuarial assumptions (e.g. initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2021 valuation.

For TRS, 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.

FORT THOMAS INDEPENDENT SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 9 OPEB PLANS (CONTINUED)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Expected Geometric Real Rate of Return</u>
Global Equity	58.0%	5.1%
Fixed Income	9.0%	-0.1%
Real Estate	6.5%	4.0%
Private Equity	8.5%	6.9%
Other Additional Categories	17.0%	1.7%
Cash (LIBOR)	1.0%	-0.3%
Total	<u>100.0%</u>	

Discount rate

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

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

FORT THOMAS INDEPENDENT SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 9 OPEB PLANS (CONTINUED)

The following table presents the District's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate, 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 or 1-percentage-point higher than the current rate:

	<u>1% Decrease (6.10%)</u>	<u>Current Discount Rate (7.10%)</u>	<u>1% Increase (8.10%)</u>
TRS			
Districts' net OPEB liability	\$ 11,431,000	\$ 9,111,000	\$ 7,190,000
	<u>1% Decrease (4.70%)</u>	<u>Current Discount Rate (5.70%)</u>	<u>1% Increase (6.70%)</u>
CERS			
Districts' net OPEB liability	\$ 3,310,030	\$ 2,476,010	\$ 1,786,553

Sensitivity of the District's proportionate share of the collective net OPEB liability to changes in the healthcare cost trend rates

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

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
TRS			
Districts' net OPEB liability	\$ 6,830,000	\$ 9,111,000	\$ 11,947,000
	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
CERS			
Districts' net OPEB liability	\$ 1,840,858	\$ 2,476,010	\$ 3,238,707

OPEB plan fiduciary net position

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

Life Insurance Plan

Plan description

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

FORT THOMAS INDEPENDENT SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 9 OPEB PLANS (CONTINUED)

Benefits provided

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

Contributions

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

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

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

District's proportionate share of the net OPEB liability	\$	-
State's proportionate share of the net OPEB liability associated with the District		149,000
		149,000
	\$	149,000

For the year ended June 30, 2023, the District recognized OPEB expense of \$-0- and revenue of \$11,362 for support provided by the State.

Actuarial assumptions

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

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

FORT THOMAS INDEPENDENT SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 9 OPEB PLANS (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, 2020 valuation were based on the results of the most actuarial experience studies, 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, rate of plan participation, rates of plan election, etc.) used in the June 30, 2021 valuation.

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

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

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S. Equity	40.0%	4.4%
International Equity	23.0%	5.6%
Fixed Income	18.0%	-0.1%
Real Estate	6.0%	4.0%
Private Equity	5.0%	6.9%
Other Additional Categories	6.0%	2.1%
Cash (LIBOR)	2.0%	-0.3%
Total	100.0%	

Discount rate

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

FORT THOMAS INDEPENDENT SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 9 OPEB PLANS (CONTINUED)

Discount rate (continued)

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

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Districts' net 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.

NOTE 10 CONTINGENCIES

Grant Fund Approval

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 the programs.

NOTE 11 INSURANCE AND RELATED ACTIVITIES

The District is exposed to various forms of loss of assets associated with the risks of fire, personal liability, theft, vehicular accidents, errors and omissions, fiduciary responsibility, etc. Each of these risk areas are covered through the purchase of commercial insurance. The District has purchased certain policies which are retrospectively rated, which includes workers' compensation insurance.

FORT THOMAS INDEPENDENT SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 12 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To obtain insurance for errors and omissions, and general liability coverage, the District participates in the Kentucky School Boards Insurance Trust (KISBIT) Liability Insurance Fund. These public entity risk pools operate as common risk management and insurance programs for all school districts and other tax supported educational agencies of Kentucky who are members of the Kentucky School Boards Association. The District pays an annual premium to each fund for coverage. The Liability Insurance fund pays insurance premiums of the participating members established by the insurance carrier. The Trust can terminate coverage if it is unable to obtain acceptable excess general liability coverage and for any reason by giving ninety (90) days' notice. In the event the Trust terminated coverage, any amount remaining in the Fund (after payment of operational and administrative costs and claims for which coverage was provided) would be returned to the member on a pro rata basis.

The District is self-insured for unemployment insurance benefits. The District reimburses the state for any claims paid. The District purchases workers' compensation insurance through the Kentucky School Boards Insurance Trust. 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 13 DEFICIT OPERATING/FUND BALANCES

The District's Food Service Fund currently has a deficit fund balance of \$23,976. However, the following funds have operations that resulted in a current year deficit of revenues over expenditures, resulting in a corresponding reduction of fund balance:

Capital Outlay Fund	\$	130,614
Summer Enrichment Fund		2,070
Highlands Middle School		2,911
Robert Johnson Elelmentary		4,658

NOTE 14 COBRA

Under COBRA, employers are mandated to notify terminated employees of available continuing insurance coverage. Failure to comply with this requirement may put the District at risk for a substantial loss (contingency).

FORT THOMAS INDEPENDENT SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 15 TRANSFER OF FUNDS

The following transfers were made during the year.

From Fund	To Fund	Purpose	Amount
General Fund	Special Revenue Fund	Matching	\$ 60,859
General Fund	Student Activity Fund	Athletics Transportation	33,000
Building Fund	Debt Service Fund	Debt Service	2,814,647
Building Fund	Construction Fund	Construction	235,603
Capital Outlay Fund	Construction Fund	Construction	436,751

NOTE 16 ON-BEHALF PAYMENTS

For the year ended June 30, 2023 total payments of \$14,686,272 were made for life insurance, health insurance, TRS matching and administrative fees by the Commonwealth of Kentucky on behalf of the District. These payments were recognized as on-behalf payments and recorded in the appropriate revenue and expense accounts on the statement of activities.

General Fund	\$ 11,252,194
Debt Service	3,342,275
Food Service	<u>91,803</u>
Total On-Behalf	<u><u>\$ 14,686,272</u></u>

FORT THOMAS INDEPENDENT SCHOOL DISTRICT

**Notes to the Financial Statements
(Continued)**

NOTE 17 SCHEDULE OF LONG-TERM OBLIGATIONS

2012, 2013, 2014, 2014-Ref, 2014 Kista 2015, 2015B, 2015C, 2016, 2019, 2020-Ref, 2023A and 2023B
Issues

FISCAL YEAR	Fort Thomas Independent School District			KY School Facilities Construction Commission			Total Requirements
	Principal	Interest	Total	Principal	Interest	Total	
2023-2024	\$ 1,940,348	\$ 1,197,034	\$ 3,137,382	\$ 2,447,900	\$ 966,719	\$ 3,414,619	\$ 6,552,001
2024-2025	1,989,938	1,140,755	3,130,693	2,515,062	898,628	3,413,690	6,544,383
2025-2026	2,046,671	1,084,686	3,131,357	2,588,329	823,520	3,411,849	6,543,206
2026-2027	2,115,935	1,018,087	3,134,022	2,439,065	751,210	3,190,275	6,324,297
2027-2028	2,178,668	957,232	3,135,900	2,481,332	674,924	3,156,256	6,292,156
2028-2029	2,246,924	894,801	3,141,725	2,368,076	597,641	2,965,717	6,107,442
2029-2030	2,331,302	825,440	3,156,742	2,283,698	521,618	2,805,316	5,962,058
2030-2031	2,406,419	758,098	3,164,517	1,958,581	451,022	2,409,603	5,574,120
2031-2032	2,480,780	682,622	3,163,402	1,924,220	383,787	2,308,007	5,471,409
2032-2033	2,569,688	601,460	3,171,148	1,985,312	314,193	2,299,505	5,470,653
2033-2034	2,244,661	520,952	2,765,613	1,950,339	240,727	2,191,066	4,956,679
2034-2035	2,133,556	443,080	2,576,636	2,016,444	166,951	2,183,395	4,760,031
2035-2036	1,803,129	370,628	2,173,757	1,726,871	94,957	1,821,828	3,995,585
2036-2037	1,872,817	307,143	2,179,960	512,183	57,425	569,608	2,749,568
2037-2038	1,944,865	239,346	2,184,211	530,135	39,472	569,607	2,753,818
2038-2039	2,026,284	168,954	2,195,238	548,716	20,891	569,607	2,764,845
2039-2040	524,236	93,626	617,862	5,764	980	6,744	624,606
2040-2041	554,005	72,060	626,065	5,995	748	6,743	632,808
2041-2042	583,765	49,266	633,031	6,235	508	6,743	639,774
2042-2043	613,517	25,248	638,765	6,484	257	6,741	645,506
	<u>\$ 36,607,508</u>	<u>\$ 11,450,517</u>	<u>\$ 48,058,025</u>	<u>\$ 30,300,741</u>	<u>\$ 7,006,178</u>	<u>\$ 37,306,919</u>	<u>\$ 85,364,944</u>

A summary of the changes in the principal of the outstanding bond obligations and the finance leases for the District during the year ended June 30, 2023 is as follows:

Governmental Activities	Balance	Additions	Payments	Balance
	July 1, 2022			June 30, 2023
Bond Obligations	<u>\$ 65,026,239</u>	<u>\$ 6,085,000</u>	<u>\$ 4,202,990</u>	<u>\$ 66,908,249</u>
Discount on Bonds	<u>\$ (385,220)</u>	<u>\$ (85,012)</u>	<u>\$ (22,660)</u>	<u>\$ (447,572)</u>
Finance Leases	<u>\$ 42,018</u>	<u>\$ -</u>	<u>\$ 42,018</u>	<u>\$ -</u>
Sick Leave	<u>\$ 597,607</u>	<u>\$ 246,613</u>	<u>\$ 212,995</u>	<u>\$ 631,225</u>

NOTE 18 CHANGE IN ACCOUNTING PRINCIPLE

Effective July 1, 2022, the District elected to adopt Governmental Accounting Standards Board ("GASB") Statement no. 96, *Subscription-Based Information Technology Arrangements*, as it relates to accounting and financial reporting for subscription-based information technology arrangements (SBITAs). Under this Statement, contracts that provide the District with IT software and associated tangible capital assets are recognized as a right of use subscription asset and a corresponding subscription liability. The implementation of this Statement did not have a material impact on the financial statements.

NOTE 19 SUBSEQUENT EVENTS

Subsequent events were considered through November 15, 2023, which represents the release date of our report.

SUPPLEMENTARY
INFORMATION

FORT THOMAS INDEPENDENT SCHOOL DISTRICT
Combining Balance Sheet – Nonmajor Governmental Funds
As of June 30, 2023

	<u>Capital Outlay Fund</u>	<u>Special Revenue Activity Fund</u>	<u>Building Fund</u>	<u>Student Activity Fund</u>	<u>Total Non-major Government Funds</u>
Assets					
Current:					
Cash and cash equivalents	\$ 187,107	\$ 289,490	\$ 490,671	\$ 510,288	\$ 1,477,556
Accounts receivable	-	-	-	37,164	37,164
Total current	<u>\$ 187,107</u>	<u>\$ 289,490</u>	<u>\$ 490,671</u>	<u>\$ 547,452</u>	<u>\$ 1,514,720</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ -	\$ 1,933	\$ -	\$ 52,673	\$ 54,606
Total liabilities	<u>-</u>	<u>1,933</u>	<u>-</u>	<u>52,673</u>	<u>54,606</u>
Fund Balances:					
Restricted:					
Capital projects	187,107	-	490,671	-	677,778
Other	-	287,557	-	494,779	782,336
Total fund balances	<u>187,107</u>	<u>287,557</u>	<u>490,671</u>	<u>494,779</u>	<u>1,460,114</u>
Total liabilities and fund balances	<u>\$ 187,107</u>	<u>\$ 289,490</u>	<u>\$ 490,671</u>	<u>\$ 547,452</u>	<u>\$ 1,514,720</u>

FORT THOMAS INDEPENDENT SCHOOL DISTRICT

**Combining Statement of Revenues, Expenditures and Changes
In Fund Balances – Nonmajor Governmental Funds
Year Ended June 30, 2023**

	Capital Outlay Fund	Special Revenue Activity Fund	Building Fund	Student Activity Fund	Total Nonmajor Government Funds
Revenues:					
Taxes	\$ -	\$ -	\$ 2,055,131	\$ -	\$ 2,055,131
Earnings on investments	11,422	590	27,915	18,817	58,744
State sources	294,715	-	1,175,130	-	1,469,845
Other sources	-	356,067	-	1,360,413	1,716,480
	<u>306,137</u>	<u>356,657</u>	<u>3,258,176</u>	<u>1,379,230</u>	<u>5,300,200</u>
Expenditures:					
Instructional	-	296,782	-	1,322,953	1,619,735
Staff support services	-	-	-	23,936	23,936
Student transportation	-	-	-	18,781	18,781
	<u>-</u>	<u>296,782</u>	<u>-</u>	<u>1,365,670</u>	<u>1,662,452</u>
Excess of revenues over expenditures	<u>306,137</u>	<u>59,875</u>	<u>3,258,176</u>	<u>13,560</u>	<u>3,637,748</u>
Other Financing Uses					
Operating transfers in	-	-	-	33,000	33,000
Operating transfers out	(436,751)	-	(3,050,250)	-	(3,487,001)
	<u>(436,751)</u>	<u>-</u>	<u>(3,050,250)</u>	<u>33,000</u>	<u>(3,454,001)</u>
Net change in fund balance	(130,614)	59,875	207,926	46,560	183,747
Fund balance, July 1, 2022	<u>317,721</u>	<u>227,682</u>	<u>282,745</u>	<u>448,219</u>	<u>1,276,367</u>
Fund balance, June 30, 2023	<u>\$ 187,107</u>	<u>\$ 287,557</u>	<u>\$ 490,671</u>	<u>\$ 494,779</u>	<u>\$ 1,460,114</u>

FORT THOMAS INDEPENDENT SCHOOL DISTRICT

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual – General Fund
Year Ended June 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Taxes	\$ 16,560,000	\$ 16,560,000	\$ 16,775,428	\$ 215,428
Earnings on investments	5,000	5,000	337,050	332,050
State sources	8,283,000	8,283,000	20,580,697	12,297,697
Other sources	<u>648,000</u>	<u>648,000</u>	<u>689,742</u>	<u>41,742</u>
Total revenues	<u>25,496,000</u>	<u>25,496,000</u>	<u>38,382,917</u>	<u>12,886,917</u>
Expenditures				
Instructional	14,335,761	14,335,761	22,259,302	(7,923,541)
Student support services	1,497,918	1,497,918	2,102,016	(604,098)
Staff support services	1,856,391	1,856,391	2,031,532	(175,141)
District administration	1,445,017	1,445,017	1,605,114	(160,097)
School administration	1,870,182	1,870,182	2,588,665	(718,483)
Business support services	1,101,272	1,101,272	1,489,263	(387,991)
Plant operation and maintenance	3,204,182	3,204,182	3,950,171	(745,989)
Student transportation	137,307	137,307	227,648	(90,341)
Facility acquisition and construction	5,000	5,000	2,752	(2,248)
Other	<u>1,892,970</u>	<u>1,892,970</u>	<u>175,272</u>	<u>1,717,698</u>
Total expenditures	<u>27,346,000</u>	<u>27,346,000</u>	<u>36,431,735</u>	<u>(9,090,231)</u>
Net change in fund balance	(1,850,000)	(1,850,000)	1,951,182	3,796,686
Fund balance, July 1, 2022	<u>1,850,000</u>	<u>1,850,000</u>	<u>4,002,205</u>	<u>2,152,205</u>
Fund balance, June 30, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,953,387</u>	<u>\$ 5,953,387</u>

FORT THOMAS INDEPENDENT SCHOOL DISTRICT

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual – Special Revenue Fund
Year Ended June 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Favorable (Unfavorable)
Revenues				
State sources	\$ 326,348	\$ 600,013	\$ 685,162	\$ 85,149
Federal sources	554,054	976,521	1,469,338	492,817
Other sources	<u>(17,693)</u>	<u>(17,693)</u>	<u>274,630</u>	<u>292,323</u>
Total revenues	<u>862,709</u>	<u>1,558,841</u>	<u>2,429,130</u>	<u>870,289</u>
Expenditures				
Instructional	776,138	1,506,967	2,376,136	(869,169)
Staff support services	86,571	52,950	42,573	10,377
Student transportation	-	-	99	(99)
Community service operations	<u>-</u>	<u>-</u>	<u>10,322</u>	<u>(10,322)</u>
Total expenditures	<u>862,709</u>	<u>1,559,917</u>	<u>2,429,130</u>	<u>(869,213)</u>
Net change in fund balance	-	(1,076)	-	1,076
Fund balance, July 1, 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2023	<u>\$ -</u>	<u>\$ (1,076)</u>	<u>\$ -</u>	<u>\$ 1,076</u>

FORT THOMAS INDEPENDENT SCHOOL DISTRICT

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual – Debt Service Fund
Year Ended June 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Revenues				
State sources	\$ -	\$ -	\$ 3,342,275	\$ 3,342,275
Other sources	2,815,324	2,815,324	2,814,647	(677)
	<u>2,815,324</u>	<u>2,815,324</u>	<u>6,156,922</u>	<u>3,341,598</u>
Total revenues				
Expenditures				
Debt service:				
Principal	852,724	852,724	4,194,322	(3,341,598)
Interest	1,962,600	1,962,600	1,962,600	-
	<u>2,815,324</u>	<u>2,815,324</u>	<u>6,156,922</u>	<u>(3,341,598)</u>
Total expenditures				
Net change in fund balance	-	-	-	-
Fund balance, July 1, 2022	-	-	-	-
Fund balance, June 30, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

FORT THOMAS INDEPENDENT SCHOOL DISTRICT

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual – Construction Fund
Year Ended June 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Revenues				
State sources	\$ -	\$ -	\$ 64,822	\$ 64,822
Other sources	-	-	6,672,342	6,672,342
	<u>-</u>	<u>-</u>	<u>6,737,164</u>	<u>6,737,164</u>
Expenditures				
Facility acquisition and construction	-	-	3,324,684	(3,324,684)
Other	-	-	(68,510)	68,510
	<u>-</u>	<u>-</u>	<u>3,256,174</u>	<u>(3,256,174)</u>
Net change in fund balance	-	-	3,480,990	3,480,990
Fund balance, July 1, 2022	<u>-</u>	<u>344,358</u>	<u>49,011</u>	<u>(295,347)</u>
Fund balance, June 30, 2023	<u><u>\$ -</u></u>	<u><u>\$ 344,358</u></u>	<u><u>\$ 3,530,001</u></u>	<u><u>\$ 3,185,643</u></u>

FORT THOMAS INDEPENDENT SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balance
Bond and Interest Redemption Funds
For the Year Ended June 30, 2023**

	<u>Issue of 2012</u>	<u>Issue of 2013</u>	<u>Issue of 2014</u>	<u>Issue of 2014 - Ref</u>	<u>Issue of 2014 Kista</u>	<u>Issue of 2015B</u>	<u>Issue of 2015C</u>
Cash at July 1, 2022	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:							
Transfers and miscellaneous deposits	119,585	154,555	139,700	769,438	8,458	286,900	1,572,413
Disbursements:							
Bonds paid	45,000	74,999	80,000	605,000	7,991	180,000	1,035,000
Interest coupons	74,585	79,556	59,700	164,438	467	106,900	537,413
Total disbursements	119,585	154,555	139,700	769,438	8,458	286,900	1,572,413
Excess of receipts over disbursements	-	-	-	-	-	-	-
Cash at June 30, 2023	-	-	-	-	-	-	-
Fund balance at June 30, 2023	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	<u>Issue of 2015 - Ref</u>	<u>Issue of 2016 - Ref</u>	<u>Issue of 2019</u>	<u>Issue of 2020 - Ref</u>	<u>Issue of Total</u>		
Cash at July 1, 2022	\$ -	\$ -	\$ -	\$ -	\$ -		
Receipts:							
Transfers and miscellaneous deposits	1,406,350	617,813	1,043,075	47,770	6,166,057		
Disbursements:							
Bonds paid	1,255,000	555,000	335,000	30,000	4,202,990		
Interest coupons	151,350	62,813	708,075	17,770	1,963,067		
Total disbursements	1,406,350	617,813	1,043,075	47,770	6,166,057		
Excess of receipts over disbursements	-	-	-	-	-		
Cash at June 30, 2023	-	-	-	-	-		
Fund balance at June 30, 2023	\$ -	\$ -	\$ -	\$ -	\$ -		

FORT THOMAS INDEPENDENT SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balance
Highlands High School Activity Fund
For the Year Ended June 30, 2023**

	<u>Fund Balance July 1, 2022</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Fund Balance June 30, 2023</u>
Academic Grants	\$ 11,705	\$ 10,000	\$ 12,606	\$ 9,099
Academic Team	707	323	1,030	-
Archery	412	542	954	-
Archery	-	6,860	6,860	-
Art Club	804	300	326	778
Athletic Hall of Fame	2,828	-	-	2,828
Athletics - HHS	1,812	252,399	254,211	-
Athletics - HMS	1,792	-	-	1,792
B & G Golf Tournament	2,893	30,005	18,405	14,493
B & G Soccer Banner Sales	210	-	-	210
B & G Soccer Mulch Sales	-	9,332	5,896	3,436
BAM	6,208	60,036	57,352	8,892
Band	1,655	60,173	55,678	6,150
Baseball	8,336	33,536	34,704	7,168
Baseball	-	5,056	5,056	-
Baseball District Tournament	-	1,985	1,985	-
Baseball Regional Tournament	-	376	376	-
Basketball - Boys	-	9,980	9,980	-
Basketball - Boys	-	4,256	4,256	-
Basketball - Girls	-	14,251	14,251	-
Basketball - Girls	-	2,784	2,784	-
Basketball Golf Outing	3,480	27,443	30,923	-
Bluebird Brew Café	5,345	2,842	7,496	691
Bowling	-	7,253	4,475	2,778
Bowling - Boys	-	1,265	1,265	-
Bowling - Girls	-	1,255	1,255	-
Boys Basketball	3,334	47,477	45,647	5,164
Boys BB District Tourney	-	10,224	10,224	-
Boys BB Regional Tourney	-	3,112	3,112	-
Boys BB Rings	10	-	-	10
Boys Golf	12,982	10,360	8,438	14,904
Boys Soccer	3,744	4,239	3,405	4,578
Boys Soccer District Tourney	-	509	509	-
Boys Soccer Regional Tourney	-	4,631	4,631	-
Boys Tennis	1,877	1,967	3,161	683
Boys Track	-	3,153	12	3,141
Broadcasting	7,099	-	5,242	1,857
Cheer	-	2,750	2,750	-
Cheer	-	394	394	-
Cheer - HMS	2,216	7,724	2,877	7,063
Cheerleaders	-	20,630	19,786	844
Chorus	1,212	1,291	701	1,802
Contingency Fund	15,144	38,193	-	53,337
Creative Writing	192	-	-	192
Cross Country	3,333	4,378	3,597	4,114
Cross Country - Boys	-	3,080	3,080	-
Cross Country - Boys	-	650	650	-
Cross Country - Girls	-	3,060	3,060	-
Cross Country - Girls	-	540	540	-
Dance	-	7,019	7,019	-

FORT THOMAS INDEPENDENT SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balance
Highlands High School Activity Fund (Continued)
For the Year Ended June 30, 2023**

	<u>Fund Balance July 1, 2022</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Fund Balance June 30, 2023</u>
Dance - HMS	\$ -	\$ 3,261	\$ 3,261	\$ -
Dance - HMS Fundraising	4,881	12,167	14,916	2,132
Dance - JV	628	8,352	8,477	503
Dance -Varsity	-	92,345	86,093	6,252
District Activity Funds Sweep	7,806	-	-	7,806
Diversity Club	34	-	33	1
Drama	8,053	18,972	21,090	5,935
Drama NYC Trip	10,255	-	-	10,255
Envirothon	1,618	4,289	2,964	2,943
E-Sports	-	1,832	1,832	-
Faculty/Staff Resources Fund	161	43	-	204
Fashion and Interior Design	10,239	33,620	32,406	11,453
FBLA	-	6,572	6,189	383
FCCLA	8,908	22,423	14,481	16,850
FCS-Preschool	1,927	1,200	1,612	1,515
Football	58,506	87,585	124,329	21,762
Football	-	80,699	80,699	-
Football 1st Round	-	8,240	8,240	-
Football 2nd Round	-	8,806	8,806	-
General Account	108	30	-	138
German Club	461	-	-	461
Girls Basketball	10,166	19,388	26,210	3,344
Girls BB District Tournament	-	3,216	3,216	-
Girls BB Regional Tournament	-	3,112	3,112	-
Girls Golf	4,000	1,667	3,611	2,056
Girls Soccer	422	24,650	12,180	12,892
Girls Soccer District Tourney	-	3,444	3,444	-
Girls Soccer Regional Tourney	-	1,279	1,279	-
Girls Soccer Sectionals	-	1,967	1,967	-
Girls Tennis	2,181	300	1,584	897
Girls Track	379	3,297	12	3,664
Golf - Boys	-	1,320	1,320	-
Golf - Boys state	-	3,890	3,890	-
Golf - Girls	-	1,171	1,171	-
Golf - Girls state	-	1,748	1,748	-
Green Club	2,205	6,112	8,317	-
History Club	255	3,415	803	2,867
Holocaust Project	100	-	-	100
Hospitality/Culinary	467	1,980	1,131	1,316
Interest Earned	6,553	15,247	10,731	11,069
Intramural Basketball	-	-	-	-
Journalism	10,159	753	9,421	1,491
Junior Prom	2,590	32,690	27,240	8,040
Math Honor Society	969	622	990	601
Mock Trial	1,844	3,800	3,963	1,681
Model UN	40	-	-	40
National German Exam	36	-	-	36
National Honor Society	3,300	3,120	5,035	1,385
NEHS	501	800	296	1,005
NSHS	628	-	-	628

FORT THOMAS INDEPENDENT SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balance
Highlands High School Activity Fund (Continued)
For the Year Ended June 30, 2023**

	Fund Balance July 1, 2022	Receipts	Disbursements	Fund Balance June 30, 2023
Odyssey of the mind	\$ 701	\$ 8,615	\$ 9,316	\$ -
Pot Luck Luncheons	182	55		237
Principal	1,936	12,395	8,247	6,084
Resource Center	511	-	-	511
Robotics Team	2,471	4,775	6,064	1,182
Scholarships-Chalk	-	2,023	2,023	-
Scholarships-Dunn	5,000	5,000	9,000	1,000
Scholarships-Eide	10,336	1,000	1,500	9,836
Scholarships-HHS	15,663	2,450	11,000	7,113
Scholarships-Pollard	1,000	340	-	1,340
Scholarships-Schalck	12,091	-	4,000	8,091
Science Club	101	-	-	101
Science Field Trips	249	1,429	1,560	118
Senior Class	1,815	3,044	4,859	-
Sinfonia Orchestra	1,072	-	-	1,072
Soccer - Boys	-	1,919	1,919	-
Soccer - Girls	-	3,710	3,710	-
Soccer G/B Concessions	4,467	17,209	4,025	17,651
Softball	19,577	13,308	10,999	21,886
Softball	-	4,023	4,023	-
Softball - District Tourney	-	196	196	-
Softball - Regional Tourney	-	4,454	2,343	2,111
Softball - state	-	3,847	3,847	-
Spanish Club	902	-	570	332
Speech/Debate	1,529	900	712	1,717
STLP	50	-	-	50
Student Coke Commissions	2,467	1,025	293	3,199
Student Council	70	22,808	22,878	-
Swim/Dive	-	6,609	6,035	574
Swim/Dive - Boys	-	3,482	3,482	-
Swim/Dive - Girls	-	3,077	3,077	-
Swim-Dive-Region	-	31	31	-
Tennis - Boys	-	3,561	3,561	-
Tennis - Girls	-	1,430	1,430	-
Track - Boys	-	7,358	7,358	-
Track - Boys	-	715	715	-
Track - Girls	-	9,689	9,689	-
Track - Girls	-	715	715	-
Track - Red Dog Meet	-	3,451	2,354	1,097
Track Refurbishment	12,135	-	3,710	8,425
Tri-M Music Honor Society	757	359	500	616
TSA/Industrial Arts	549	6,622	4,435	2,736
Volleyball	3,482	24,417	16,191	11,708
Volleyball	-	2,573	2,573	-
Volleyball	-	1,474	1,474	-
Volleyball - Regional	-	826	-	826
Volleyball District Tournament	-	143	-	143
We the People	-	46,790	46,090	700
Wrestling	-	1,129	1,129	-
Wrestling	-	4,629	4,629	-
Total	\$ 358,823	\$ 1,490,662	\$ 1,441,320	\$ 408,165

FORT THOMAS INDEPENDENT SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balance
School Activity Funds
For the Year Ended June 30, 2023**

	<u>Highlands Middle</u>	<u>Robert Johnson Elementary</u>	<u>Ruth Moyer Elementary</u>	<u>Samuel Woodfill Elementary</u>	<u>Total</u>
Fund balances at July 1, 2022	\$ 37,505	\$ 17,861	\$ 22,735	\$ 11,295	\$ 89,396
Add: receipts	44,102	56,768	69,874	33,700	204,444
Less: disbursements	<u>(47,013)</u>	<u>(61,426)</u>	<u>(65,956)</u>	<u>(32,831)</u>	<u>(207,226)</u>
Fund balance at June 30, 2023	<u>\$ 34,594</u>	<u>\$ 13,203</u>	<u>\$ 26,653</u>	<u>\$ 12,164</u>	<u>\$ 86,614</u>

FORT THOMAS INDEPENDENT SCHOOL DISTRICT

Schedule of the District's Proportionate Share of the Net Pension Liability – TRS

	Last 10 Fiscal Years*									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability	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	85,548,120	65,861,047	67,970,628	66,017,366	62,348,440	126,478,915	136,397,879	104,532,988	*	*
Total	\$ 85,548,120	\$ 65,861,047	\$ 67,970,628	\$ 66,017,366	\$ 62,348,440	\$ 126,478,915	\$ 136,397,879	\$ 104,532,988	*	*
District's covered-employee payroll	\$ 16,692,303	\$ 16,373,117	\$ 15,574,343	\$ 15,491,357	\$ 15,049,167	\$ 14,596,474	\$ 14,109,264	*	*	*
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0%	0%	0%	0%	0%	0%	0%	0%	*	*
Plan fiduciary net position as a percentage of the total pension liability	56.41%	65.59%	58.27%	58.76%	59.27%	39.83%	35.22%	42.49%	*	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

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

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

Changes of assumption: 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 for the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 4.88% to 4.20%.

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

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

Changes of assumption: 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 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% to 2.50%. In addition, the calculation of the SEIR results in an assumption.

FORT THOMAS INDEPENDENT SCHOOL DISTRICT
Schedule of District Contributions – TRS

	Last 10 Fiscal Years*									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 558,276	\$ 562,444	\$ 535,617	\$ 514,343	\$ 526,317	\$ 503,092	\$ 488,200	\$ 457,608	*	*
Contributions in relation to the contractually required contribution	(558,276)	(562,444)	(535,617)	(514,343)	(526,317)	(503,092)	(488,200)	(457,608)	*	*
Contribution excess/(deficiency)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	*	*
District's covered-employee payroll	\$ 16,519,187	\$ 16,692,303	\$ 16,373,117	\$ 15,574,343	\$ 15,491,357	\$ 15,049,167	\$ 14,596,474	\$ 14,109,264	*	*
Contributions as a percentage of covered-employee payroll	3.38%	3.37%	3.27%	3.30%	3.40%	3.34%	3.34%	3.24%	*	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

FORT THOMAS INDEPENDENT SCHOOL DISTRICT

Schedule of the District's Proportionate Share of the Net Pension Liability – CERS

	Last 10 Fiscal Years*									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of net pension liability	0.125015%	0.133325%	0.131674%	0.136603%	0.130827%	0.130886%	0.130997%	0.127729%	0.132183%	*
District's proportionate share of the net pension liability	\$ 9,037,351	\$ 8,500,515	\$ 10,099,287	\$ 9,607,350	\$ 7,967,763	\$ 7,661,160	\$ 6,449,774	\$ 5,491,732	\$ 4,288,514	*
Total net pension liability	\$ 7,229,013,496	\$ 6,375,784,388	\$ 7,669,917,211	\$ 7,033,044,552	\$ 6,090,304,793	\$ 5,853,307,482	\$ 4,923,618,237	\$ 4,299,525,565	\$ 3,244,377,000	*
District's covered-employee payroll	\$ 3,441,508	\$ 3,486,712	\$ 3,473,757	\$ 3,546,364	\$ 3,338,010	\$ 3,239,050	\$ 3,157,875	\$ 2,994,701	\$ 3,049,942	*
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	262.6%	243.8%	290.7%	270.9%	238.7%	236.5%	204.2%	183.4%	140.6%	*
Plan fiduciary net position as a percentage of the total pension liability	52.42%	57.33%	47.81%	50.45%	53.54%	53.30%	55.50%	59.97%	66.80%	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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:

2014: As cash balance plan was introduced for member whose participation date is on or after January 1, 2014.

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

2015: The assumed investment rate of return was decreased from 7.75% to 7.50%.

2015: The assumed rate of inflation was reduced from 3.50% to 3.25%.

2015: The assumed rate of wage inflation was reduced from 1.00% to 0.75%.

2015: Payroll growth assumption was reduced from 4.50% to 4.00%.

2015: The mortality table used for active members is RP-2000 Combined Mortality table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females).

2015: For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted.

2015: The assumed rates of Retirement, Withdrawal and Disability were updated to more accurately reflect experience.

2017: The assumed investment rate of return was decreased from 7.50% to 6.25%.

2017: The assumed rate of inflation was reduced from 3.25% to 2.30%.

2017: The assumed rate of salary growth was reduced from 4.00% to 3.05%.

FORT THOMAS INDEPENDENT SCHOOL DISTRICT
Schedule of District Contributions – CERS

	Last 10 Fiscal Years*									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 921,022	\$ 929,124	\$ 839,193	\$ 834,715	\$ 771,744	\$ 640,479	\$ 604,930	\$ 538,733	\$ 529,157	\$ 576,133
Contributions in relation to the contractually required contribution	(921,022)	(929,124)	(839,193)	(834,715)	(771,744)	(640,479)	(604,930)	(538,733)	(529,157)	(576,133)
Contribution excess/(deficiency)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 3,432,444	\$ 3,441,508	\$ 3,486,712	\$ 3,473,757	\$ 3,546,364	\$ 3,338,010	\$ 3,239,050	\$ 3,157,875	\$ 2,994,701	\$ 3,049,942
Contributions as a percentage of covered-employee payroll	26.83%	27.00%	24.07%	24.03%	21.76%	19.19%	18.68%	17.06%	17.67%	18.89%

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years.

FORT THOMAS INDEPENDENT SCHOOL DISTRICT

Schedule of District's Proportionate Share of the Net OPEB Liability – LIF

	Last 10 Fiscal Years*									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the collective trust OPEB liability	0%	0%	0%	0%	0%	0%	*	*	*	*
District's proportionate share of the collective net OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	*	*	*	*
State's proportionate share of the collective net OPEB liability (asset) associated with the District	149,000	63,000	158,000	142,000	127,000	67,000	*	*	*	*
Total net OPEB liability	\$ 149,000	\$ 63,000	\$ 158,000	\$ 142,000	\$ 127,000	\$ 67,000	*	*	*	*
District's covered-employee payroll	\$ 16,692,303	\$ 16,373,117	\$ 15,574,343	\$ 15,491,357	\$ 15,049,167	\$ 14,596,474	*	*	*	*
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	*	*	*	*
Plan fiduciary net position as a percentage of the total OPEB liability	73.97%	89.15%	71.57%	73.40%	74.97%	79.99%	*	*	*	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Changes of benefit terms - None.

Methods and assumptions used in the actuarially determined contributions - The actuarially determined contribution rates, as a percentage of payroll, used to determine the actuarially determined contribution amounts in the Schedule of Employer Contributions are calculated as the of the indicated valuation date. The following actuarial methods and assumptions (from the indicated actuarial valuations) were used to determine contribution rates reported in that schedule for the year ending June 30, 2022:

Valuation date	June 30, 2019
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll
Amortization period	25 Years
Asset valuation method	Five-year smoothed value
Inflation	3.00%
Real wage growth	0.50%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% - 7.20%
Discount rate	7.50%

FORT THOMAS INDEPENDENT SCHOOL DISTRICT
Schedule of District Contributions – LIF

	Last 10 Fiscal Years*									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-	-	-	-
Contribution deficiency	-	-	-	-	-	-	-	-	-	-
District's covered-employee payroll	\$ 16,519,187	\$ 16,692,303	\$ 16,373,117	\$ 15,574,343	\$ 15,491,357	\$ 15,049,167	*	*	*	*
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	*	*	*	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available. No changes were made to the assumptions or benefit terms.

FORT THOMAS INDEPENDENT SCHOOL DISTRICT

Schedule of the District's Proportionate Share of the Net OPEB Liability – MIF

	Last 10 Fiscal Years*									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the collective trust OPEB liability	0.366990%	0.271001%	0.258465%	0.258960%	0.246627%	0.246536%	*	*	*	*
District's proportionate share of the collective net OPEB liability	\$ 9,111,000	\$ 5,815,000	\$ 6,523,000	\$ 7,579,000	\$ 8,564,000	\$ 8,862,000	*	*	*	*
State's proportionate share of the collective net OPEB liability associated with the District	\$ 2,993,000	\$ 4,722,000	\$ 5,225,000	\$ 6,121,000	\$ 7,381,000	\$ 7,239,000	*	*	*	*
Total net OPEB liability	\$ 12,104,000	\$ 10,537,000	\$ 11,748,000	\$ 13,700,000	\$ 15,945,000	\$ 16,101,000	*	*	*	*
District's covered-employee payroll	\$ 16,682,303	\$ 16,373,117	\$ 15,574,343	\$ 15,491,357	\$ 15,049,167	\$ 14,596,474	*	*	*	*
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	54.6%	35.5%	41.9%	48.9%	56.9%	60.7%	*	*	*	*
Plan fiduciary net position as a percentage of the total OPEB liability	47.75%	51.74%	39.05%	32.58%	25.54%	21.18%	*	*	*	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Changes of benefit terms - None

The Health Trust is not funded based on actuarially determined contribution, but instead is funded based on statutorily determined amounts as noted in the assumed asset allocation for MIF.

FORT THOMAS INDEPENDENT SCHOOL DISTRICT

Schedule of District Contributions – MIF

	Last 10 Fiscal Years*									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 486,950	\$ 481,029	\$ 456,467	\$ 450,920	\$ 439,677	\$ 425,816	*	*	*	*
Contributions in relation to the contractually required contribution	(486,950)	(481,029)	(456,467)	(450,920)	(439,677)	(425,816)	*	*	*	*
Contribution deficiency	-	-	-	-	-	-	*	*	*	*
District's covered-employee payroll	\$ 16,519,187	\$ 16,692,303	\$ 16,373,117	\$ 15,574,343	\$ 15,491,357	\$ 15,049,167	*	*	*	*
Contributions as a percentage of covered-employee payroll	2.95%	2.88%	2.79%	2.90%	2.84%	2.83%	*	*	*	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available. No changes were made to the assumptions or benefit terms.

Changes of benefit terms - None

The Health Trust is not funded based on actuarially determined contribution, but instead is funded based on statutorily determined amounts as noted in the assumed asset allocation for MIF.

FORT THOMAS INDEPENDENT SCHOOL DISTRICT

Schedule of the District's Proportionate Share of the Net OPEB Liability – MIF (CERS)

	Last 10 Fiscal Years*									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the collective trust OPEB liability	0.125462%	0.133294%	0.131636%	0.136568%	0.130822%	0.130866%	*	*	*	*
District's proportionate share of the collective net OPEB liability	\$ 2,476,010	\$ 2,551,847	\$ 3,178,609	\$ 2,297,012	\$ 2,322,719	\$ 2,631,256	*	*	*	*
State's proportionate share of the collective net OPEB liability associated with the District	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	*	*	*	*
Total net OPEB liability	\$ 2,476,010	\$ 2,551,847	\$ 3,178,609	\$ 2,297,012	\$ 2,322,719	\$ 2,631,256	*	*	*	*
District's covered-employee payroll	\$ 3,441,508	\$ 3,486,712	\$ 3,473,757	\$ 3,546,364	\$ 3,336,010	\$ 3,239,050	*	*	*	*
District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	71.9%	73.2%	91.5%	64.8%	69.6%	81.2%	*	*	*	*
Plan fiduciary net position as a percentage of the total OPEB liability	60.95%	62.91%	51.67%	60.44%	57.62%	52.40%	*	*	*	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Changes in assumptions: None

2018: Updated healthcare trend rates were implemented.

FORT THOMAS INDEPENDENT SCHOOL DISTRICT

Schedule of District Contributions – MIF (CERS)

	Last 10 Fiscal Years*									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 144,696	\$ 162,100	\$ 160,547	\$ 181,245	\$ 152,399	\$ 150,734	*	*	*	*
Contributions in relation to the contractually required contribution	(144,696)	(162,100)	(160,547)	(181,245)	(152,399)	(150,734)	*	*	*	*
Contribution deficiency	-	-	-	-	-	-	*	*	*	*
District's covered-employee payroll	\$ 3,432,444	\$ 3,441,508	\$ 3,486,712	\$ 3,473,757	\$ 3,546,364	\$ 3,338,010	*	*	*	*
Contributions as a percentage of covered-employee payroll	4.22%	4.71%	4.60%	5.22%	4.30%	4.52%	*	*	*	*

* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available. No changes were made to the assumptions or benefit terms.

FORT THOMAS INDEPENDENT SCHOOL DISTRICT

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Agreement Number	Federal Expenditures for FYE 6/30/2023
U.S. Department of Education			
Passed through Kentucky Department of Education			
Special Education Cluster			
Special Education_Grants to States	84.027	3810002 21	\$ 88,944
Special Education_Grants to States	84.027	3810002 22	547,836
Individuals with Disabilities Education B Basic - American Rescue Plan Act of 2021	84.027X	4910002 21	137,568
Special Education_Preschool Grants	84.173	3800002 20	659
Special Education_Preschool Grants	84.173	3800002 21	16,456
IDEA Preschool- American Rescue Plan Act of 2021	84.173X	4900002 21	11,476
Total Special Education Cluster			<u>802,939</u>
Title I Grants to Local Educational Agencies	84.010A	3100002 22	128,058
Total ALN #84.010A			<u>128,058</u>
Title I Vocational Education Grants to States - Carryforward	84.048	2710002 22	1,321
Title I Vocational Education Grants to States	84.048	4621232 22	15,981
Total ALN #84.048			<u>17,302</u>
Title II Improving Teacher Quality State Grants	84.367	3230002 22	42,573
Total ALN #84.367			<u>42,573</u>
Title IV Part A - Student Support and Academic Enrichment Grant	84.424A	3420002 21	4,945
Total ALN #84.424A			<u>4,945</u>
FY22 Kentucky Virtual Library Reimbursement	84.425U	4300003 21	3,323
FY23 Kentucky Virtual Library Reimbursement	84.425U	4300003 21	3,291
COVID-19 Digital Learning Coaches	84.425U	4000003 21	4,315
OCIS - America Rescue Plan Elementary and Secondary School Emergency Relief Fund - 20% Learning Loss	84.425U	4300002 21	255,866
OCIS - America Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	4300002 21	206,726
Total ALN #84.425U			<u>473,521</u>
Total U.S. Department of Education			<u>1,469,338</u>
Total Expenditures of Federal Awards			<u>\$ 1,469,338</u>

FORT THOMAS INDEPENDENT SCHOOL DISTRICT

**Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023**

NOTE 1 BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Fort Thomas Independent School District under programs of the federal government for the year ended June 30, 2023, and is reported on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Fort Thomas Independent School District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting in accordance with generally accepted accounting principles. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 INDIRECT COST RATE

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

NOTE 4 SUBRECIPIENTS

The District did not have any subrecipients during the year ended June 30, 2023.

**INDEPENDENT AUDITORS' 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**

To the Members of the Board of Education
Fort Thomas Independent School District
Fort Thomas, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Fort Thomas Independent School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Fort Thomas Independent School District's basic financial statements, and have issued our report thereon dated November 15, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

We noted other matters that we reported to management of the District on pages 80-81 of the audited financial statements.

**INDEPENDENT AUDITORS' 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
(CONTINUED)**

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.

Barnes, Dennig & Co., Ltd.

Crestview Hills, Kentucky
November 15, 2023

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

To the Members of the Board of Education
Fort Thomas Independent School District
Fort Thomas, Kentucky

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Fort Thomas Independent School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Fort Thomas Independent School District's major federal programs for the year ended June 30, 2023. Fort Thomas Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Fort Thomas Independent School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Management's Responsibility

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

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Fort Thomas Independent School 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 Fort Thomas Independent School 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 Fort Thomas Independent School District's federal programs.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE
(CONTINUED)**

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 Fort Thomas Independent School 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 Fort Thomas Independent School 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 Fort Thomas Independent School 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 Fort Thomas Independent School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Fort Thomas Independent School 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.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE
(CONTINUED)**

Report on Internal Control Over Compliance (Continued)

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.



Crestview Hills, Kentucky
November 15, 2023

FORT THOMAS INDEPENDENT SCHOOL DISTRICT

**Schedule of Findings of Questioned Costs
Year Ended June 30, 2023**

SECTION I -SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None noted
- Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None noted

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR Section 200.516(a)? _____ Yes X No

Identification of major programs

ALN No.	Name of Federal Program or Cluster
84.425U	Education Stabilization Fund Under the Coronavirus Aid, Relief, And Economic Security Act

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

Auditee qualified as low-risk auditee? X Yes _____ No

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters are reportable

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COST

No matters are reportable

FORT THOMAS INDEPENDENT SCHOOL DISTRICT

**Summary Schedule of Prior Year Findings of Questioned Costs
Year Ended June 30, 2023**

SECTION I -SUMMARY OF AUDITOR'S RESULTS

No matters are reportable.

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters are reportable

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COST

No matters are reportable

FORT THOMAS INDEPENDENT SCHOOL DISTRICT

Management Letter Comments Year Ended June 30, 2023

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

This letter summarizes our comments and suggestions regarding those matters. A separate report dated November 15, 2023 contains our report on significant deficiencies and material weaknesses in the District's internal control structure. This letter does not affect our report dated November 15, 2023 on the financial statements of the Fort Thomas Independent School District.

CURRENT YEAR RECOMMENDATIONS

CENTRAL OFFICE

No matters are reportable.

ACTIVITY FUNDS

Highlands High School

Statement of deficiency: It was noted that multiple receipt forms were signed by the teacher rather than the student.

Management Response: All High School staff, sponsors, and coaches have been notified that students must sign the multiple receipt form when collecting money from students. If a multiple receipt form does not have student signatures, the multiple receipt form, along with the payments, will be returned.

Highlands Middle School

No matters are reportable.

Robert Johnson Elementary School

No matters are reportable.

Ruth Moyer Elementary School

No matters are reportable.

Samuel Woodfill Elementary School

No matters are reportable.

FORT THOMAS INDEPENDENT SCHOOL DISTRICT

**Management Letter Comments (Continued)
Year Ended June 30, 2023**

STATUS OF PRIOR YEAR RECOMMENDATIONS

CENTRAL OFFICE

Statement of prior year deficiency: It was noted that there were errors on the sick leave liability due to lack of review.

Current year follow-up: No such instances noted.

ACTIVITY FUNDS

Highlands High School

Statement of prior year deficiency: It was noted that four outstanding checks were carried for longer than 12 months.

Current year follow-up: No such instances noted.

Highlands Middle School

Statement of prior year deficiency: It was noted that two multiple receipt forms were signed by the teacher rather than the student.

Current year follow-up: No such instances noted.

Robert Johnson Elementary School

Statement of prior year deficiency: It was noted that several monthly financial reports were not prepared timely.

Current year follow-up: No such instances noted.

Ruth Moyer Elementary School

Statement of prior year deficiency: It was noted that one receipt was not deposited timely.

Current year follow up: No such instances noted.

Samuel Woodfill Elementary School

No matters are reportable.

APPENDIX C

**Fort Thomas Independent School District Finance Corporation
School Building Revenue Bonds
Series 2024A**

Continuing Disclosure Certificate

CONTINUING DISCLOSURE CERTIFICATE

Relating to:

\$13,445,000

FORT THOMAS INDEPENDENT SCHOOL DISTRICT FINANCE CORPORATION

SCHOOL BUILDING REVENUE BONDS, Series 2024A

Dated as of: July 9, 2024

This **CONTINUING DISCLOSURE CERTIFICATE** (the "Certificate") is executed and delivered as of the 9th day of July, 2024 by the Board of Education of the Fort Thomas Independent School District (the "Board") and Fort Thomas Independent School District Finance Corporation (the "Issuer") in connection with the issuance of its \$13,445,000 Fort Thomas Independent School District Finance Corporation School Building Revenue Bonds, Series 2024A (the "Obligations"). The Obligations are being issued pursuant to a resolution adopted by the Board of Directors of the Issuer on May 20, 2024 (the "Authorizing Legislation"). The Issuer certifies, covenants and agrees as follows:

Section 1. Purpose of the Certificate.

This Certificate is being executed and delivered by the Issuer to provide for the disclosure of certain information concerning the Obligations on an on-going basis as set forth herein for the benefit of Holders (as hereinafter defined) in accordance with the provisions of Securities and Exchange Commission Rule 15c2-12, as amended from time to time (the "Rule");

Section 2. Definitions; Scope of this Certificate.

All terms capitalized but not otherwise defined herein shall have the meanings assigned to those terms in the Authorizing Legislation and the Obligations. Notwithstanding the foregoing, the term "Disclosure Agent" shall mean the Issuer, or any disclosure agent appointed or engaged by the Issuer; any successor disclosure agent shall automatically succeed to the rights and duties of the Disclosure Agent hereunder, without any amendment hereto. The following capitalized terms shall have the following meanings:

"Annual Financial Information" shall mean a copy of the annual audited financial information prepared for the Board which shall include, if prepared, a balance sheet, a statement of revenue and expenditure and a statement of changes in fund balances. All such financial information shall be prepared using generally accepted accounting principles as applied to governmental units, provided, however, that the Board may change the accounting principles used for preparation of such financial information so long as the Board includes as information provided to the public, a statement to the effect that different accounting principles are being used, stating the reason for such change and how to compare the financial information provided by the differing financial accounting principles. Any or all of the items listed above may be set forth in other documents, including Offering Documents of debt issues of the Board or related public entities, which have been transmitted to the MSRB, or may be included by specific reference to documents available to the public on the MSRB's Internet Website or filed with the SEC. The Board shall clearly identify each such other document so incorporated by reference.

"Beneficial Owner" shall mean any person which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Obligations (including personal holding Obligations through nominees, depositories or other intermediaries).

"Event" shall mean any of the following events with respect to the Obligations:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;

- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax-exempt status of the security;
- (vii) Modifications to rights of security holders, if material;
- (viii) Bond calls, if material, and tender offers (except for mandatory scheduled redemptions not otherwise contingent upon the occurrence of an event);
- (ix) Defeasances;
- (x) Release, substitution or sale of property securing repayment of the securities, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the obligated person (Note: For the purposes of this event, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person);
- (xiii) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;?
- (xv) Incurrence of a Financial Obligation of the Board, the Issuer, or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer or obligated person, any of which affect security holders, if material; and
- (xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Board, the Issuer, or obligated person, any of which reflect financial difficulties.

The SEC requires the listing of (i) through (xvi) although some of such events may not be applicable to the Obligations.

"*Financial Obligation*" shall mean (a) a debt obligation, (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) a guarantee of either (a) or (b). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"*Holder*" shall mean any holder of the Obligations and any Beneficial Owner thereof.

"*MSRB*" shall mean the Municipal Securities Rulemaking Board.

"*Offering Document*" shall mean the Official Statement, dated June 13, 2024.

"*Operating Data*" shall mean an update of the Operating Data contained in the Offering Document under the headings "BOND DEBT SERVICE," "DISTRICT STUDENT POPULATION," "LOCAL SUPPORT," and "SEEK ALLOTMENT".

"*Participating Underwriter*" shall mean any of the original underwriters of the Obligations required to comply with the Rule in connection with the offering of the Obligations.

"*SEC*" shall mean the Securities and Exchange Commission.

"*State*" shall mean the Commonwealth of Kentucky.

Section 3. Disclosure of Information.

(A) Information Provided to the Public. Except to the extent this Certificate is modified or otherwise altered in accordance with Section 4 hereof, the Issuer shall make, or shall cause the Disclosure Agent to make, public the information set forth in subsections (1), (2), and (3) below:

(1) Annual Financial Information and Operating Data. Annual Financial Information and Operating Data at least annually not later than 270 days after the end of the fiscal year ending June 30, commencing with the fiscal year ending June 30, 2025, and continuing with each fiscal year thereafter. If the Disclosure Agent is an entity or person other than the Board or the Issuer, then the Board shall provide the Annual Financial Information to the Disclosure Agent not later than fifteen Business Days prior to the disclosure date referenced above. The Annual Financial Information may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information; provided that the audited financial statements of the Board may be submitted separately from the balance of the Annual Financial Information.

(2) Events Notices. Notice of the occurrence of an Event, in a timely manner, not in excess of ten business days after the occurrence of the Event.

(3) Failure to Provide Annual Financial Information or Operating Data. Notice of the failure of Board or the Issuer to provide the Annual Financial Information or Operating Data by the date required herein.

(B) Information Provided to Public.

Annual Financial Information and, subject to the timing requirement set forth in subsection (A)(2) of this Section 3, notice of all Event occurrences shall be made public on the same day as notice thereof is given to the Holders of outstanding Obligations, if required pursuant to the Authorizing Legislation or the Obligations, and shall not be made public before the date of such notice.

(C) Means of Making Information Public.

(1) Information shall be deemed to be made public by the Board of the Issuer or the Disclosure Agent under this Certificate if it is transmitted as provided in subsection (C)(2) of this Section 3 by the following means:

(a) to the Holders of outstanding Obligations, by first class mail, postage prepaid;

(b) to the MSRB, in an electronic format as prescribed by the MSRB, accompanied by identifying information as prescribed by the MSRB; and/or

(c) to the SEC, by (i) electronic facsimile transmissions confirmed by first class mail, postage prepaid, or (ii) first class mail, postage prepaid; provided that the Board, the Issuer, or the Disclosure Agent is authorized to transmit information to the SEC by whatever means are mutually acceptable to the Disclosure Agent, the Board, or the Issuer, as applicable, and the SEC.

(2) Information shall be transmitted to the following:

(a) all information to be provided to the public in accordance with subsection (A) of this Section 3 shall be transmitted to the MSRB;

(b) all information described in clause (a) shall be made available to any Holder upon request, but need not be transmitted to the Holders who do not so request.

(c) to the extent the Board or the Issuer is obligated to file any Annual Financial Information or Operating Data with the MSRB pursuant to this Agreement, such Annual Financial Information or Operating Data may be set forth in the document or set of documents transmitted to the MSRB, or may be included by specific reference to documents available to the public on the MSRB's Internet Website or filed with the SEC.

With respect to requests for periodic or occurrence information from Holders, the Board, the Issuer, or the Disclosure Agent may require payment by requesting holders of a reasonable charge for duplication and transmission of the information and for the Board, the Issuer's, or the Disclosure Agent's administrative expenses incurred in providing the information.

Section 4. Amendment or Modification.

Notwithstanding any other provision of this Certificate, the Issuer may amend this Certificate and any provision of this Certificate may be waived, if such amendment or waiver is supported by an opinion of nationally recognized bond counsel expert in federal securities laws to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule as well as any change in circumstance.

Section 5. Miscellaneous.

(A) Termination. The Board and the Issuer's obligations under this Certificate shall terminate when all of the Obligations are or are deemed to be no longer outstanding by reason of redemption or legal defeasance or at maturity.

(B) Additional Information. Nothing in this Certificate shall be deemed to prevent the Board and the Issuer from disseminating any other information, using the means of dissemination set forth in this Certificate or any other means of communication, or including any other information in any Annual Financial Statement or notice of occurrence of an Event, in addition to that which is required by this Certificate. If the Board or

the Issuer chooses to include any information in any Annual Financial Statement or notice of occurrence of an Event in addition to that which is specifically required by this Certificate, the Board or the Issuer, as the case may be, shall have no obligation under this Certificate to update such information or include it in any future Annual Financial Statement or notice of occurrence of an Event.

(C) Defaults: Remedies. In the event of a failure of the Board, the Issuer, or the Disclosure Agent to comply with any provision of this Certificate any Holder may take such action as may be necessary and appropriate, including seeking an action in mandamus or specific performance to cause the Board, the Issuer, or the Disclosure Agent, as the case may be, to comply with its obligations under this Certificate. A default under this Certificate shall not constitute a default on the Obligations and the sole remedy available in any proceeding to enforce this Certificate shall be an action to compel specific performance.

(D) Beneficiaries. This Certificate shall inure solely to the benefit of the Board, the Issuer, the Disclosure Agent, the Participating Underwriter and Holders, or beneficial owners thereof, and shall create no rights in any other person or entity.

Section 6. Additional Disclosure Obligations.

The Issuer and the Board acknowledge and understand that other state and federal laws, including but not limited to the Securities Act of 1933, the Securities Exchange Act of 1934 and Rule 10b 5 promulgated thereunder, may apply to the Board and the Issuer, and that under some circumstances compliance with this Agreement, without additional disclosures or other action, may not fully discharge all duties and obligations of the Board and the Issuer under such laws.

Section 7. Notices.

Any notices or communications to the Board or the Issuer may be given as follows:

To the Issuer: Fort Thomas Independent School District Finance Corporation
28 N. Fort Thomas Avenue
Fort Thomas, Kentucky 41075
Attention: Secretary
Telephone: 859-781-3333
Fax: 859-442-4015

To the Board: Board of Education of Fort Thomas Independent School District
28 N. Fort Thomas Avenue
Fort Thomas, Kentucky 41075
Attention: Secretary
Telephone: 859-781-3333
Fax: 859-442-4015

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

IN WITNESS WHEREOF, the Issuer and the Board have each caused their duly authorized officers to execute this Certificate, as of the date first written above.

**FORT THOMAS INDEPENDENT SCHOOL
DISTRICT FINANCE CORPORATION, Issuer**

By: _____
President

Attest:

Secretary

**BOARD OF EDUCATION OF FORT THOMAS
INDEPENDENT SCHOOL DISTRICT**

By: _____
Chairperson

Attest:

Secretary

APPENDIX D

**Fort Thomas Independent School District Finance Corporation
School Building Revenue Bonds
Series 2024A**

Official Terms and Conditions of Bond Sale

OFFICIAL TERMS AND CONDITIONS OF BOND SALE

\$13,445,000*

**Fort Thomas Independent School District Finance Corporation
School Building Revenue Bonds, Series 2024A
Dated July 9, 2024**

SALE: Thursday, July 13, 2024 at 11:00 A.M., E.D.T.

As advertised in conformity with Chapter 424 of the Kentucky Revised Statutes, the Secretary of the Fort Thomas Independent School District Finance Corporation (the "Corporation") will until June 13, 2024, at the hour of 11:00 A.M., E.T., at the office of the Executive Director of the Kentucky School Facilities Construction, 700 Louisville Road, Frankfort, Kentucky 40601, receive sealed competitive bids for the revenue bonds (the "Bonds") herein described. To be considered, Bids must be submitted on an Official Bid Form and must be delivered to the Secretary at the address indicated on the date of sale no later than the hour indicated. Bids will be opened by the Secretary and may be accepted without further action by the Corporation's Board of Directors.

***Subject to Permitted Adjustment increasing or decreasing the Bonds.**

STATUTORY AUTHORITY, PURPOSE OF ISSUE AND SECURITY

The Bonds are authorized pursuant to KRS 162.120 through 162.300, 162.385 and KRS 58.180 and are issued in accordance with a Resolution of the Corporation's Board of Directors. The Bonds are revenue bonds and constitute a limited indebtedness of the Corporation payable from rental revenues derived by the Corporation from the Board under the Lease identified below.

The Bonds are being issued to finance the acquisition, construction, installation and equipping of renovations and improvements to the Tower Park Athletic Complex, for use by the District (the "Project") and are secured by a statutory mortgage lien upon and a pledge of the revenues from the rental of the school buildings to the Board of Education of Fort Thomas Independent School District (the "Board") under a Contract, Lease and Option (the "Lease") on a year to year basis; the first rental period ending June 30, 2025. The statutory mortgage lien securing the Bonds is limited in its application to the exact site of the Project constructed from the proceeds of the Bonds, real estate unoccupied by the Project is unencumbered. The Board has reserved the right to obtain the release of the statutory mortgage lien and revenue pledge on the site of the Project by effecting the redemption or defeasance of the proportionate part of the Bonds then outstanding as was expended on the site being released. Should the Board default in its obligations under the Lease or fail to renew the Lease, the Registered Owners of the Bonds have the right to have a receiver appointed to administer the Project under KRS 162.220; foreclosure and sale are not available as remedies.

The rental of the Project from the Corporation to the Board is to be effected under the Lease, whereunder the Project is leased to the Board for an initial period ending June 30, 2025, with an option in the Board to renew the Lease each year at rentals sufficient to provide for the principal and interest requirements on the Bonds as they become due, plus the costs of insurance, maintenance, depreciation, and bond issuance and administration expenses; the Board is legally obligated only for the initial rental period and for one year at a time thereafter each time the Lease is renewed.

ADDITIONAL PARITY BONDS FOR COMPLETION OF PROJECT

The Corporation has reserved the right and privilege of issuing additional bonds from time to time payable from the income and revenues of the Project and secured by the same statutory mortgage lien and pledge of revenues, but only if and to the extent the issuance of such additional parity bonds are in accordance with the plans and specifications which have been completed, approved by the Commissioner of the Department of Education and by the Board of Education, and filed in the office of the Secretary, and the issuance thereof shall be approved by the proper agents of the State Department of Education as required by law, and a Supplemental Contract, Lease and Option shall have been entered into, whereunder the annual rental payments during the life of such additional bonds.

BOND MATURITIES, PRIOR REDEMPTION PROVISIONS AND PAYING AGENT

The Bonds shall be in denominations in multiples of \$5,000 within the same maturity, bear interest from the date of initial issuance and delivery, payable on February 1, 2025, and semiannually thereafter and shall mature as to principal as follows:

<u>MATURITY</u>	<u>AMOUNT*</u>	<u>MATURITY</u>	<u>AMOUNT*</u>
August 1, 2025	\$ 30,000	August 1, 2035	\$ 605,000
August 1, 2026	30,000	August 1, 2036	630,000
August 1, 2027	30,000	August 1, 2037	655,000
August 1, 2028	30,000	August 1, 2038	680,000
August 1, 2029	30,000	August 1, 2039	1,590,000
August 1, 2030	30,000	August 1, 2040	1,655,000
August 1, 2031	30,000	August 1, 2041	1,725,000
August 1, 2032	30,000	August 1, 2042	1,795,000
August 1, 2033	240,000	August 1, 2043	2,070,000
August 1, 2034	360,000	August 1, 2044	1,200,000

**Subject to permitted adjustment as set forth herein.*

The Bonds maturing on or after August 1, 2033, are subject to redemption prior to their stated maturities on any date falling on or after August 1, 2032, in such order of maturities as the Corporation may determine (less than all of a single maturity to be selected by lot), in whole or in part, upon notice of such prior redemption being given by the Paying Agent by regular United States Mail to the registered Owners of the Bonds so selected not less than thirty days prior to the date of redemption, upon terms of the face amount, plus accrued interest to the date of redemption.

The Bonds are further subject to extraordinary optional redemption prior to their stated maturities on any date, in such order of maturities as the Corporation may determine (less than all of a single maturity to be selected by lot), in whole or in part, from the proceeds of casualty insurance received upon the total destruction by fire, lightning, windstorm or other hazard of any of the buildings constituting the Project, upon notice of such prior redemption being given by the Paying Agent by regular United States Mail to the registered Owners of the Bonds so selected not less than thirty days prior to the date of redemption, upon terms of the face amount, plus accrued interest to the date of redemption.

The Bonds are to be issued in fully registered form (both principal and interest). U.S. Bank Trust Company, National Association, Louisville, Kentucky, the Bond Registrar and Paying Agent, shall remit interest on each semiannual due date to each Registered Owner of records of the 15th day of each month preceding the due date by regular United States Mail postmarked as of the interest due date. Principal shall be paid upon submission of matured Bond Certificates to the Paying Agent. Subsequent to the initial delivery of the Bonds, upon the submission of proper authentication, the Bond Registrar shall transfer ownership of Bonds within three business days of receipt without expense to the Registered Owner.

FINAL OFFICIAL STATEMENT

The Corporation shall provide to the successful purchaser a Final Official Statement. Arrangements have been made with the printer of the Preliminary Official Statement, upon submission of completion text, to print a reasonable quantity of Final Official Statements in sufficient time to meet the delivery requirements of the successful bidder under SEC or Municipal Securities Rulemaking Board delivery requirements. The successful bidder shall be required to pay for the printing of the Final Official Statement.

BOND MATURITIES, PRIOR REDEMPTION PROVISIONS AND PAYING AGENT

The Bonds will mature, have interest payment dates, be subject to redemption, have a Paying Agent and Registrar, be subject to the issuance of additional bonds and have other conditions and restrictions as set forth in the Preliminary Official Statement describing the Bonds. Reference is made to the Preliminary Official Statement for such information and for information regarding the District and the Corporation.

BIDDING CONDITIONS AND RESTRICTIONS

(A) Bids for each of the Bonds must be made on Official Bid Form, contained in the Official Statement available from the undersigned or RSA Advisors, LLC 147 E. Third Street, Lexington, Kentucky 40508, enclosed in sealed envelopes marked "Bid for School Building Revenue Bonds." Bids may alternatively be submitted electronically via BiDCOMP™/PARITY™ system. Electronic bids for the Bonds must be submitted through the BiDCOMP™/PARITY™ system and no other provider of electronic bidding services will be accepted. Subscription to the BiDCOMP™/PARITY™ system is required in order to submit an electronic bid. The Corporation will neither confirm any subscription nor be responsible for the failure of any prospective bidders to subscribe. For the purposes of the bidding process, the time as maintained by the BiDCOMP™/PARITY™ system shall constitute the official time with respect to all bids whether in electronic or written form. To the extent any instructions or directions set forth in the BiDCOMP™/PARITY™ system conflict with the terms of the Official Terms and Conditions of Sale of Bonds, this Official Terms and Conditions of Sale of Bonds shall prevail. Electronic bids made through the facilities of the BiDCOMP™/PARITY™ system shall be deemed an offer to purchase in response to the Notice of Bond Sale and shall be binding upon the bidders as if made by signed, sealed written bids delivered to the Corporation. The Corporation shall not be responsible for any malfunction or mistake made by or as a result of the use of the electronic bidding facilities provided and maintained by the BiDCOMP™/PARITY™ system. The use of the BiDCOMP™/PARITY™ system facilities are at the sole risk of the prospective bidders. For further information regarding the BiDCOMP™/PARITY™ system, potential bidders may contact BiDCOMP™/PARITY™, 1359 Broadway - 2nd Floor, New York, NY 10018, Telephone: (800) 850-7422. Notwithstanding the foregoing non-electronic bids may be submitted via facsimile or by hand delivery utilizing the Official Bid Form.

(B) Bidders are required to bid for the entire issue of Bonds at a minimum price of not less than \$13,176,100 (98% of par) PAYABLE IN IMMEDIATELY AVAILABLE FUNDS.

(C) Interest rates for the bonds must be in multiples of one eighth of one percent (0.125%) and/or one one-hundredth of one percent (0.010%) with no rate to exceed seven percent (7.000%), and all Bonds of the same maturity shall bear the same single interest rate from the date thereof to maturity.

(D) The determination of the best purchase bid for the Bonds shall be made on the basis of the lowest true interest cost ("TIC") of all bids submitted for exactly the principal amount of Bonds offered for sale under the terms and conditions herein specified. The Corporation will accept or reject such best bid, provided, however, a Permitted Adjustment is reserved hereunder and the Corporation reserves the right to decrease the total amount of Bonds by any amount determined by the Corporation to be in its best interest. In the event of any such Permitted Adjustment, no rebidding or recalculation of a submitted bid will be required or permitted. The Corporation also has the right to adjust individual principal maturity amounts, even if the total amount of the Bonds does not change, in order to promote desired annual debt service levels. If the principal amount of any maturity of the Bonds is revised after the award, the interest rate and reoffering price for each maturity and the Underwriter's Discount on the Bonds as submitted by the successful bidder shall be held constant.

(E) In the event of any such adjustment and/or revision with respect to the Bonds, no rebidding will be permitted, and the portion of such premium or discount (as may have been bid on the Bonds) shall be adjusted in the same proportion as the amount of such revision in par amount of the Bonds bears to the original par amount of such Bonds offered for sale.

The successful bidder for the Bonds will be notified by no later than 5:00 P.M. (E.T.), on the sale date of the exact revisions and/or adjustment required, if any.

(F) If three or more bids for the Bonds are received as a result of this competitive sale, the successful purchaser will be required to certify on or before the issue date the reasonably expected initial offering price to the public for each Maturity of the Bonds which prices are the prices for each Maturity of the Bonds used by the successful purchaser in formulating its bid to purchase the Bonds.

If less than three bids for the Bonds are received as a result of this competitive sale, the successful purchaser, by submitting a bid pursuant to a published Notice of Sale, has agreed in writing that they will be required to certify on or before the issue date (and provide reasonable supporting documentation for such Certification, such as a copy of the Pricing Wire or equivalent communication) for each Maturity of the Bonds (i) the first price at which at least 10% of each Maturity of the Bonds was sold to the Public, (ii) the initial offering price to the public as of the Sale Date of any Maturity of the Bonds, and (iii) that they neither offered nor sold any of the Bonds of any Maturity to any person at a price that is higher than the initial offering price for such Maturity during the Holding Period for such Maturity.

Bids will not be subject to cancellation or withdrawal by the bidder in the event that three bids are not received and the winning bidder shall advise the Corporation on the Sale Date if any maturity of the Bonds satisfies the 10% test set forth in (i) above as of the date and time of the award of the Bonds.

For purposes of the above the following terms are defined as follows:

(i) *Holding Period* means, with respect to a Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which the successful purchaser has sold at least 10% of such Maturity to the Public at prices that are no higher than the Initial Offering Price for such Maturity.

(ii) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(iii) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50% common ownership, directly or indirectly.

(iv) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is June 13, 2024.

(v) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

(vi) *Underwriter's Discount* means the difference between the purchase price of the Bonds submitted by the bidder and the price at which the Bonds will be issued to the public, calculated from information provided by the bidder, divided by the par amount of the Bonds bid.

(G) The Corporation shall provide to the successful purchaser a Final Official Statement in accordance with SEC Rule 15c2-12, as amended. Arrangements have been made with the printer of the Preliminary Official Statement, upon submission of completion text, to print a reasonable quantity of Final Official Statements in sufficient time to meet the delivery requirements of the successful bidder under SEC or Municipal Securities Rulemaking Board Delivery Requirements. The successful bidder shall be required to pay for the printing of the Final Official Statement.

(H) CUSIP identification numbers will be printed on the Bonds at the expense of the purchaser. The purchaser shall pay the CUSIP Service Bureau Charge. Improper imprintation or the failure to imprint CUSIP numbers shall not constitute cause for a failure or refusal by the purchaser to accept delivery of and pay for the Bonds in accordance with the terms of any accepted proposal for the purchase of the Bonds.

(I) The Corporation shall provide to the successful purchaser a Final Official Statement in accordance with SEC Rule 15c2-12, as amended. A Final Official Statement will be provided in electronic form to the successful bidder, in sufficient time to meet the delivery requirements of the successful bidder under SEC or Municipal Securities Rulemaking Board Delivery Requirements. The successful bidder shall be required to pay for the printing of the Final Official Statement.

(J) Bids need not be accompanied by a certified or bank cashier's good faith check, but the successful bidder will be required to wire transfer to the order of the Corporation an amount equal to 2% of the amount of the principal amount of the Bonds awarded by the close of business on the day following the award. The good faith amount will be forfeited as liquidated damages in the event of a failure of the successful bidder to take delivery of such Bonds, as the case may be, when ready. The good faith amount (without interest) will be applied to the purchase price upon delivery of the Bonds. The successful bidder shall not be required to take up and pay for the Bonds, as the case may be, unless delivery is made within 45 days from the date the bid is accepted.

(K) The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. They will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Bond certificate will be issued for each maturity of the Bonds of each series, each in the aggregate principal amount of such maturity, and will be deposited with DTC. Purchases of the Bonds under the DTC system must be made by or through securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations (the "Direct Participants"), which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond (a "Beneficial Owner") is in turn to be recorded on the records of Direct Participants or securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant (the "Indirect Participants"). Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

(L) The Corporation reserves the right to reject any and all bids or to waive any informality in any bid. The Bonds are offered for sale subject to the principal and interest not being subject to Federal or Kentucky income taxation or Kentucky ad valorem taxation on the date of their delivery to the successful bidder, in accordance with the Final Approving Legal Opinion of Dinsmore & Shohl LLP, Covington, Kentucky, which Opinion will be qualified in accordance with the section hereof on TAX TREATMENT.

(M) The successful bidder may elect to notify the Municipal Advisor within twenty-four (24) hours of the award of the Bonds that certain serial maturities as awarded may be combined with immediately succeeding serial maturities as one or more term bonds (the "Term Bonds"); provided, however, (a) bids must be submitted to permit only a single interest rate for each term bond specified, and (b) Term Bonds will be subject to mandatory redemption by lot on August 1 of the years and in the principal amounts set forth in the final adjusted maturity schedule setting the actual size of the issue.

(N) The Corporation and the Board agree to cooperate with the successful bidder in the event said purchaser desires to purchase municipal bond insurance regarding the Bonds; provided, however, that any and all expenses incurred in obtaining said insurance shall be solely the obligation of the successful bidder should the successful bidder so elect to purchase such insurance.

(O) Additional information, including the Preliminary Official Statement, the Official Terms and Conditions of Bond Sale and the Official Bid Form, may be obtained from the Municipal Advisor, RSA Advisors, LLC, 147 East Third Street, Lexington, Kentucky 40508, telephone: (800) 255-0795. Further information regarding PARITY® may be obtained from PARITY®, 1359 Broadway - 2nd Floor, New York, NY 10018, Telephone: (800) 850-7422. RSA Advisors, LLC's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery thereof.

CONTINUING DISCLOSURE

In accordance with Securities and Exchange Commission Rule 15c2-12, as amended (the "Rule") the Board and the Corporation (the "Obligated Persons") will agree pursuant to a Continuing Disclosure Certificate to be dated as of the date of initial issuance and delivery (the "Disclosure Certificate"), to be delivered on the date of delivery of the Bonds, to cause the following information to be provided:

(i) to the Municipal Securities Rulemaking Board ("MSRB") or any successor thereto for purposes of the Rule, through the continuing disclosure service portal provided by the MSRB's Electronic Municipal Market Access ("EMMA") system as described in 1934 Act Release No. 59062, or any similar system that is acceptable to the Securities and Exchange Commission, certain annual financial information and operating data, including audited financial statements, generally consistent with the information contained under the headings "Bond Debt Service", "Local Support"-Local Tax Rates, -Property Assessments and Revenue Collections, -District's Largest Taxpayers, -Overlapping Bond Indebtedness", "SEEK Allotment" and in Appendix B of this Official Statement (the "Annual Financial Information"); such information shall include, at a minimum, that financial information and operating data which is customarily prepared by the Obligated Persons and is publicly available. The annual financial information shall be provided on or before the 270th day following the fiscal year ending on the preceding June 30;

(ii) to the MSRB, in a timely manner, not in excess of ten business days after the occurrence of the event, notice of the occurrence of the following events with respect to the Bonds:

- (a) Principal and interest payment delinquencies;
- (b) Non-payment related defaults, if material;
- (c) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) Substitution of credit or liquidity providers, or their failure to perform;
- (f) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax-exempt status of the security;
- (g) Modifications to rights of security holders, if material;
- (h) Bond calls, if material, and tender offers (except for mandatory scheduled redemptions not otherwise contingent upon the occurrence of an event);

- (i) Defeasances;
- (j) Release, substitution or sale of property securing repayment of the securities, if material;

(k) Rating changes;

(l) Bankruptcy, insolvency, receivership or similar event of the obligated person (Note: For the purposes of this event, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person);

(m) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(n) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(o) Incurrence of a financial obligation of the Corporation or Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the issuer or Obligated Person, any of which affect security holders, if material;

(p) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the issuer or Obligated Person, any of which reflect financial difficulties; and

(q) The cure, in the manner provided under the Bond Resolution, of any payment or nonpayment related default under the Bond Resolution.

(iii) to the MSRB, notice of a failure (of which the Obligated Persons or Disclosure Agent has knowledge) of an Obligated Person to provide the required Annual Financial Information on or before the date specified in the Disclosure Certificate.

The Disclosure Certificate provides bondholders, including beneficial owners of the respective series of Bonds, with certain enforcement rights in the event of a failure by the Obligated Persons to comply with the terms thereof; however, a default under the Disclosure Certificate does not constitute an event of default under the Bond Resolution. The Disclosure Certificate may also be amended or terminated under certain circumstances in accordance with the Rule as more fully described therein. Bondholders are advised that the Disclosure Certificate, the form of which is attached to the Official Statement as Appendix C, should be read in its entirety for more complete information regarding its contents.

APPENDIX E

**Fort Thomas Independent School District Finance Corporation
School Building Revenue Bonds
Series 2024A**

Official Bid Form

OFFICIAL BID FORM

Subject to the terms and conditions set forth in the Official Terms and Conditions of Bond Sale for \$13,445,000* of School Building Revenue Bonds, Series 2024A, dated the date of initial issuance and delivery (the "Bonds") offered for sale by the Fort Thomas Independent School District Finance Corporation (the "Corporation"), an agency and instrumentality acting on behalf of the Board of Education of the Fort Thomas Independent School District and in accordance with the Notice of Bond Sale, as advertised in conformity with Chapter 424 of the Kentucky Revised Statutes, to all of which the undersigned agrees, the undersigned hereby submits the following offer to purchase the Bonds.

We hereby bid for the \$13,445,000* principal amount of the Bonds, the total sum of \$_____ (not less than \$13,176,100) plus accrued interest from the date of initial issuance and delivery, at the following annual rate(s), payable semiannually (rates on ascending scale, number of interest rates unlimited):

<u>MATURITY</u>	<u>AMOUNT*</u>	<u>INTEREST</u> <u>RATE</u>	<u>MATURITY</u>	<u>AMOUNT*</u>	<u>INTEREST</u> <u>RATE</u>
August 1, 2025	\$ 30,000	_____ %	August 1, 2035	\$ 605,000	_____ %
August 1, 2026	30,000	_____ %	August 1, 2036	630,000	_____ %
August 1, 2027	30,000	_____ %	August 1, 2037	655,000	_____ %
August 1, 2028	30,000	_____ %	August 1, 2038	680,000	_____ %
August 1, 2029	30,000	_____ %	August 1, 2039	1,590,000	_____ %
August 1, 2030	30,000	_____ %	August 1, 2040	1,655,000	_____ %
August 1, 2031	30,000	_____ %	August 1, 2041	1,725,000	_____ %
August 1, 2032	30,000	_____ %	August 1, 2042	1,795,000	_____ %
August 1, 2033	240,000	_____ %	August 1, 2043	2 070,000	_____ %
August 1, 2034	360,000	_____ %	August 1, 2044	1,200,000	_____ %

*Subject to Permitted Adjustment.

We understand this bid may be accepted for as much as \$14,790,000 of the Bonds or as little as deemed by the Issuer to be in the Issuer's best interest, at the same price per \$1,000 Bond, with the variation in such amount occurring in any maturity of all maturities, which will be determined by the Corporation at the time of acceptance of the best bid.

It is understood that the Corporation will furnish the final, approving Legal Opinion of Dinsmore & Shohl LLP, Bond Counsel, of Covington, Kentucky.

No certified or bank cashier's check will be required to accompany the bid, but the successful bidder shall be required to wire transfer an amount equal to 2% of the principal amount of Bonds awarded by the close of business on the day following the award. The good faith amount will be applied (without interest) to the purchase price when the Bonds are tendered for delivery.

Electronic bids for the Bonds must be submitted through BiDCOMP™/PARITY™ and no other provider of electronic bidding services will be accepted. Subscription to the BiDCOMP™/PARITY™ Competitive Bidding System is required in order to submit an electronic bid. The Corporation will neither confirm any subscription nor be responsible for the failure of any prospective bidders to subscribe. For the purposes of the bidding process, the time as maintained by BiDCOMP™/PARITY™ shall constitute the official time with respect to all bids whether in electronic or written form. To the extent any instructions or directions set forth in BiDCOMP™/PARITY™ conflict with the terms of the Official Terms and Conditions of Sale of Bonds, the Official Terms and Conditions of Sale of Bonds shall prevail. Electronic bids made through the facilities of BiDCOMP™/PARITY™ shall be deemed an offer to purchase in response to the Notice of Bond Sale and shall be binding upon the bidders as if made by signed, sealed written bids delivered to the Corporation. The Corporation shall not be responsible for any malfunction or mistake made by or as a result of the use of the electronic bidding facilities provided and maintained by BiDCOMP™/PARITY™. The use of BiDCOMP™/PARITY™ facilities are at the sole risk of the prospective bidders. For further information regarding BiDCOMP™/PARITY™, potential bidders may contact BiDCOMP™/PARITY™, 1359 Broadway - 2nd Floor, New York, NY 10018, Telephone: (800) 850-7422. Notwithstanding the foregoing non-electronic bids may be submitted via facsimile or by hand delivery utilizing the Official Bid Form.

We further understand that by submitting a bid we agree as follows:

If three or more bids for the Bonds are received as a result of this competitive sale, the successful purchaser will be required to certify on or before the issue date the reasonably expected initial offering price to the public for each Maturity of the Bonds which prices are the prices for each Maturity of the Bonds used by the successful purchaser in formulating its bid to purchase the Bonds.

If less than three bids for the Bonds are received as a result of this competitive sale, the successful purchaser, by submitting a bid pursuant to a published Notice of Sale, has agreed in writing that they will be required to certify on or before the issue date (and provide reasonable supporting documentation for such Certification, such as a copy of the Pricing Wire or equivalent communication) for each Maturity of the Bonds (i) the first price at which at least 10% of each Maturity of the Bonds was sold to the Public, or (ii) that they neither offered nor sold any of the Bonds of any Maturity to any person at a price that is higher than the initial offering price for such Maturity during the Holding Period for such Maturity.

Bids will not be subject to cancellation or withdrawal by the bidder in the event that three bids are not received and the Issuer determines to apply the hold-the-offering-price rule. For purposes of the above the following terms are defined as follows:

(a) *Holding Period* means, with respect to a Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which the successful purchaser has sold at least 10% of such Maturity to the Public at prices that are no higher than the Initial Offering Price for such Maturity.

(b) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(c) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50% common ownership, directly or indirectly.

(d) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is June 13, 2024.

(e) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

If we are the successful bidder, we agree to accept and make payment for the Bonds in Federal Funds within forty-five days from the date of sale in accordance with the terms of the sale.

Respectfully submitted,

Bidder

Address

Signature

Total interest cost from August 2, 2023
to final maturity \$ _____

Plus discount \$ _____

Net interest cost (Total interest cost
plus discount) \$ _____

Average interest rate or cost _____ %

The above computation of net interest cost and of average interest rate or cost is submitted for information only and is not a part of this Bid.

Accepted by the Secretary of the Fort Thomas Independent School District Finance Corporation for \$ _____ principal amount of Bonds at the price of \$ _____ as follows:

<u>MATURITY</u>	<u>AMOUNT</u>	<u>INTEREST</u>	<u>MATURITY</u>	<u>AMOUNT</u>	<u>INTEREST</u>
		<u>RATE</u>			<u>RATE</u>
August 1, 2025	\$ _____	_____ %	August 1, 2035	\$ _____	_____ %
August 1, 2026	_____	_____ %	August 1, 2036	_____	_____ %
August 1, 2027	_____	_____ %	August 1, 2037	_____	_____ %
August 1, 2028	_____	_____ %	August 1, 2038	_____	_____ %
August 1, 2029	_____	_____ %	August 1, 2039	_____	_____ %
August 1, 2030	_____	_____ %	August 1, 2040	_____	_____ %
August 1, 2031	_____	_____ %	August 1, 2041	_____	_____ %
August 1, 2032	_____	_____ %	August 1, 2042	_____	_____ %
August 1, 2033	_____	_____ %	August 1, 2043	_____	_____ %
August 1, 2034	_____	_____ %	August 1, 2044	_____	_____ %

Dated: June 13, 2024

Secretary
Fort Thomas Independent School
District Finance Corporation