



Auditor of Public Accounts
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Auditor Edelen Releases Special Examination of Fairview Independent Schools, Finding Out-of-Control Spending on Activities, Athletics with General Fund Dollars
Report Also Highlights Title IX Concerns, Other Questionable Expenditures; Will be Referred to Law Enforcement, EPSB

FRANKFORT, Ky. (June 29, 2015) – Auditor Adam Edelen today released a special examination of the Fairview Independent School District, finding that \$360,000 of general fund money was transferred to school activity funds over three years with little to no school board knowledge.

The 63-page report, which will be referred to law enforcement and the Education Professional Standards Board, describes a tiny district in far northeastern Kentucky that allowed its athletics and other activities to deficit spend with no oversight, and then plugged any holes with money that could've been used for instructional purposes at the end of the year. The excessive spending on the football program also likely resulted in the District violating Title IX requirements by spending more on boy's sports than on girls' sports.

"I appreciate school pride and share the insatiable enthusiasm Kentuckians have for their high school sports, but these were not responsible, grown-up decisions that were being made," Auditor Edelen said.

The District has less than 900 students, of which 70 percent qualify for free or reduced-cost lunch. Teacher salaries and benefits as a percentage of total spending are the lowest among Kentucky's 173 public school districts.

"Do these kids deserve to take a fun senior trip and have well-supported sports programs that can compete with those in bigger districts? Absolutely," Auditor Edelen said. "But that doesn't trump our responsibility to provide them with a solid education and pay teachers a decent wage."

The excessive spending on activities identified by auditors happened as the District faced a \$373,700 deficit and enacted a Utility Gross Receipts Tax to generate an additional \$1.2 million in revenue.

“The same year the District raised taxes, it transferred \$162,000 from the general fund into school activity funds,” Auditor Edelen said. “Excessive spending on activities isn’t the primary reason the District raised taxes, but it certainly wasn’t prudent or responsible either.”

Auditors found that the unchecked spending on activities extended to the renovation of the high school weight room with \$32,000 in donations from an elementary school activity account. The money was intended to address nonacademic barriers.

The report detailed how excessive spending on the football program likely resulted in the District violating Title IX requirements. Title IX is a comprehensive federal law that prohibits discrimination on the basis of sex in any federally funded education program or activity. The District demonstrated a disregard for this law by under-reporting football expenditures by at least \$148,260 and reporting inaccurate amounts for other sports. Because the former high school Principal/Athletic Director did not request actual athletic expenditures from the Finance Officer to complete the required Title IX Annual Report, he likely knew that inaccurate expenditure information was reported for school year 2012-13 and potentially for previous years not reviewed.

“I’m troubled by the lack of seriousness with which administrators treated Title IX compliance,” Auditor Edelen said.

Auditors identified findings that indicate a lack of appropriate board oversight. The superintendent circumvented board oversight, used the District credit card to pay for personal expenses and authorized a 32 percent pay raise for one employee. A sporting-goods contract was entered into without board approval and the board did not consistently perform superintendent evaluations required by state law.

Throughout the audit, several District staff reported that the superintendent, who is retiring this month, used intimidation tactics so that staff wouldn’t question his decisions or discuss his actions.

“I hope the school board heeds the recommendations in this report and strengthens controls to better protect taxpayers,” Auditor Edelen said.

The review is the 21st examination into activity at a public school district conducted by Auditor Edelen’s office since 2012.

The full report can be viewed on the [Auditor’s website](#).

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