

LIVINGSTON COUNTY SCHOOL DISTRICT
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Kentucky State Committee
for School District Audits
Members of the Board of Education
Livingston County School District
Smithland, 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 Livingston County School District (District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the District, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Independent Auditor's Contract*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Livingston County 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 District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information and pension and postemployment benefits schedules, as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements

in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Livingston County School District's internal control over financial reporting and compliance.

Duguid, Gentry & Associates, PSC

Duguid, Gentry & Associates, PSC

Certified Public Accountants
Hopkinsville, Kentucky

November 11, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

**LIVINGSTON COUNTY PUBLIC SCHOOL DISTRICT – SMITHLAND, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2022**

As management of the Livingston County 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, 2022. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

FINANCIAL HIGHLIGHTS

- The beginning General Fund balance for the District was \$3,317,746, and the ending balance was \$2,980,477.
- The District had a combined fund balance for all governmental funds on July 1, 2020 of \$4,191,278. The balance decreased to \$4,021,497 by June 30, 2021 and decreased to \$3,839,834 (excluding student activity funds, which were reclassified during the previous fiscal year) by June 30, 2022. The combined revenues for all governmental funds (excluding student activity funds) increased from FY 21 to FY 22 by \$1,833,285, with the largest difference being an increase of over \$1.5 million in federal grant revenue. The combined expenditures for all governmental funds (excluding student activity funds) increased from FY 21 to FY 22 by \$1,840,466, primarily due to spending the extra federal grant revenue as required. The net position (deficit) of the proprietary fund decreased from \$(689,499) at July 1, 2020 to \$(915,814) by June 30, 2021 then increased to \$(560,420) by June 30, 2022. The deficit net position in the proprietary fund was caused by the allocation of net pension and OPEB liabilities and related deferred inflows and deferred outflows to the food service fund in accordance with GASB 68 and 75. If those amounts were not required to be recorded in the food service fund, there would have been positive net position of \$359,264, which would have been an increase of \$144,313 from the prior year.
- Excluding on behalf amounts, the General Fund had \$8,872,361 in revenue, which primarily consisted of the state program (SEEK), property, utilities and motor vehicle taxes. Revenues in the general fund, when disregarding on behalf amounts, increased from the prior year by about \$354,000, primarily from an increase in SEEK funding of \$253,000 and an increase in total tax revenue of \$84,000. Excluding interfund transfers and on behalf amounts, there was \$9,125,940 in General Fund expenditures. Expenditures in the general fund increased from the prior year by about \$317,000, with the largest increases in instruction and student transportation
- There were no significant changes in any of the other individual funds affecting the availability of fund resources for future use.

**LIVINGSTON COUNTY PUBLIC SCHOOL DISTRICT – SMITHLAND, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2022**

OVERVIEW OF FINANCIAL STATEMENTS

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

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

The statement of net position presents information on all of the District’s assets, deferred outflows, liabilities, deferred inflows and net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the district is improving or deteriorating.

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

The government-wide financial statements outline functions of the District that are 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. Taxes and intergovernmental revenues also support fixed assets and related debt.

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, proprietary funds and fiduciary funds. Fiduciary funds are trust funds established by benefactors to aid in student education, welfare and teacher support. The proprietary fund includes our food service operation. All other activities of the District are included in the governmental funds.

Notes to the financial statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**LIVINGSTON COUNTY PUBLIC SCHOOL DISTRICT – SMITHLAND, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2022**

Other information – In addition to the basic financial statements and accompanying notes, this report also provides certain required supplementary information, as well as combining and individual fund statements and schedules as listed in the table of contents.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government’s financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$4,346,531 as of June 30, 2022. The largest portion of the District’s net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment and construction in progress), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

Following is a summary of the District’s government-wide net position as of June 30, 2022 and 2021.

**LIVINGSTON COUNTY PUBLIC SCHOOL DISTRICT – SMITHLAND, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2022**

Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>District Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
ASSETS						
Current and other assets	\$ 5,500,433	\$ 5,455,341	\$ 312,202	\$ 160,183	\$ 5,812,635	\$ 5,615,524
Capital assets	<u>14,528,797</u>	<u>14,703,556</u>	<u>56,478</u>	<u>67,257</u>	<u>14,585,275</u>	<u>14,770,813</u>
Total assets	<u>20,029,230</u>	<u>20,158,897</u>	<u>368,680</u>	<u>227,440</u>	<u>20,397,910</u>	<u>20,386,337</u>
Deferred outflows of resources						
	<u>2,420,890</u>	<u>2,622,526</u>	<u>233,122</u>	<u>368,995</u>	<u>2,654,012</u>	<u>2,991,521</u>
LIABILITIES						
Current liabilities	953,497	1,068,800	2,400	3,190	955,897	1,071,990
Long-term debt	<u>13,105,756</u>	<u>15,841,851</u>	<u>869,470</u>	<u>1,388,701</u>	<u>13,975,226</u>	<u>17,230,552</u>
Total liabilities	<u>14,059,253</u>	<u>16,910,651</u>	<u>871,870</u>	<u>1,391,891</u>	<u>14,931,123</u>	<u>18,302,542</u>
Deferred inflows of resources						
	<u>3,483,916</u>	<u>1,705,933</u>	<u>290,352</u>	<u>120,358</u>	<u>3,774,268</u>	<u>1,826,291</u>
NET POSITION						
Net investment in capital assets	9,004,135	8,360,006	56,478	67,257	9,060,613	8,427,263
Restricted	2,260,700	1,959,719	-	(983,071)	2,260,700	976,648
Unrestricted	<u>(6,357,884)</u>	<u>(6,154,886)</u>	<u>(616,898)</u>	<u>-</u>	<u>(6,974,782)</u>	<u>(6,154,886)</u>
Total net position	<u>\$ 4,906,951</u>	<u>\$ 4,164,839</u>	<u>\$ (560,420)</u>	<u>\$ (915,814)</u>	<u>\$ 4,346,531</u>	<u>\$ 3,249,025</u>

The net pension liability (NPL) and the other postemployment benefits (OPEB) are the largest liabilities reported by the District as of June 30, 2022. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District’s actual financial condition by adding deferred inflows of resources related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows of resources related to pension and OPEB.

GASB 68 (pension) and GASB 75 (OPEB) require the net pension liability and the net OPEB liability to equal the District’s proportionate share of each plan’s collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees’ past service.
2. Minus plan assets available to pay these benefits.

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the “employment exchange” – that is, the employee is trading his or her labor in exchange for wages, benefits and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for-benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the District is not responsible for certain key factors affecting the balance of these liabilities.

**LIVINGSTON COUNTY PUBLIC SCHOOL DISTRICT – SMITHLAND, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2022**

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. Changes in benefits, contribution rates and return on investments affect the balance of these liabilities but are outside the control of the local government.

In the event that contributions, investment returns and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the District’s statements, prepared on an accrual basis of accounting, include an annual pension expense and an annual OPEB expense for their proportionate share of each plan’s change in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows of resources.

COMMENTS ON BUDGET COMPARISONS

- There were no significant variations between the original and final budget amounts.
- The District’s total general fund revenues for the fiscal year ended June 30, 2022 were \$12,180,429.
- General fund budgeted revenues compared to actual revenue varied from line item to line item with the actual revenues (including on behalf revenues, which were included in the budget) being \$25,045 less than budget. The largest differences from budgeted amounts included total tax revenues (\$84,000 over budget), other local revenues (\$156,000 under budget), indirect federal funds (\$226,000 over budget) and state funding (\$181,000 under budget).
- The total cost of all general fund programs and services was \$12,434,010, excluding interfund transfers.
- General fund budgeted expenditures (excluding contingency) compared to actual expenditures also varied from line item to line item with the actual expenditures (including on behalf expenditures, which were included in the budget) being \$2,421,489 less than budget. The largest differences from budgeted amounts included facilities acquisition and construction (\$1.346 million less than budget), student transportation (\$396,000 less than budget), district administration support services (\$232,000 less than budget), plant operations and maintenance (\$155,000 less than budget), student support services (\$110,000 less than budget) and instruction (\$106,000 less than budget).
- The Kentucky Department of Education makes certain payments on behalf of the District, including certain pension plan payments, health and life insurance premium payments and administrative fees. These payments have been recorded on the Statement of Activities by functional expense and as operating grants from the State and totaled \$3,308,068. The revenue and related expense for these on behalf payments are not required to be budgeted; however, the District included a budgeted amount of \$3,489,550 in state revenue and expenditures.

**LIVINGSTON COUNTY PUBLIC SCHOOL DISTRICT – SMITHLAND, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2022**

The following table presents a summary of revenue and expense for the fiscal year ended June 30, 2022, compared to the fiscal year ended June 30, 2021.

Changes in Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>District Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
REVENUES						
Program revenues						
Charges for services	\$ 305,894	\$ 382,593	\$ 33,744	\$ 10,706	\$ 339,638	\$ 393,299
Operating grants and contributions	7,608,697	5,942,847	1,130,454	960,954	8,739,151	6,903,801
Capital grants and contributions	703,634	749,794	-	-	703,634	749,794
General revenues						
Property taxes	6,392,899	6,303,784	-	-	6,392,899	6,303,784
Investment earnings	58,998	57,089	1,183	1,168	60,181	58,257
State aid	2,693,057	2,439,938	-	-	2,693,057	2,439,938
Other	191	15,922	-	-	191	15,922
Total revenues	<u>17,763,370</u>	<u>15,891,967</u>	<u>1,165,381</u>	<u>972,828</u>	<u>18,928,751</u>	<u>16,864,795</u>
EXPENSES						
Instruction	9,358,760	8,490,419	-	-	9,358,760	8,490,419
Support services						
Student	621,258	559,216	-	-	621,258	559,216
Instructional staff	613,647	706,883	-	-	613,647	706,883
District administration	820,582	771,939	-	-	820,582	771,939
School administration	988,751	1,061,649	-	-	988,751	1,061,649
Business	446,404	458,313	-	-	446,404	458,313
Plant operations and maintenance	2,157,612	2,046,939	-	-	2,157,612	2,046,939
Student transportation	1,654,600	1,581,126	-	-	1,654,600	1,581,126
Other instructional	1,009	2,380	-	-	1,009	2,380
Other non-instructional	12,865	5,860	-	-	12,865	5,860
Food service	-	28,258	809,987	1,199,143	809,987	1,227,401
Community service activities	116,694	123,099	-	-	116,694	123,099
Loss on disposal of fixed assets	9,932	16,924	-	-	9,932	16,924
Interest on long-term debt	222,372	241,202	-	-	222,372	241,202
Other debt service	(3,229)	(3,229)	-	-	(3,229)	(3,229)
Total expenses	<u>17,021,257</u>	<u>16,090,978</u>	<u>809,987</u>	<u>1,199,143</u>	<u>17,831,244</u>	<u>17,290,121</u>
Change in net position	<u>\$ 742,113</u>	<u>\$ (199,011)</u>	<u>\$ 355,394</u>	<u>\$ (226,315)</u>	<u>\$ 1,097,507</u>	<u>\$ (425,326)</u>

**LIVINGSTON COUNTY PUBLIC SCHOOL DISTRICT – SMITHLAND, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2022**

FINANCIAL ANALYSIS OF THE DISTRICT’S GOVERNMENTAL FUNDS

General Fund – The sources of the General Fund’s revenues are state aid in the form of SEEK allocations and locally assessed taxes. Total state revenue accounted for 49.60% of General Fund revenues, followed by local taxes at 48.10% and all other revenues at 2.30%. The majority of the District’s activities are accounted for in the General Fund.

The largest category of General Fund expenditures was for instruction (51.20%), followed by student transportation (11.30%), plant operations and maintenance (10.80%), school administration services (8%), district administration services (6.10%), instructional staff support services (5.30%), student support services (3.80%) and business support services (3.50%).

Special Revenue Fund – The Special Revenue Fund consists of grant revenues, mostly state funds and federal funds administered through the state and expenditures of those grants for specific programs in accordance with the grants’ guidelines. These grants include Title I, Preschool, Special Education funding, American Rescue Plan, ESSER, GEER and others. These funds have restricted use, according to the guidelines for each. Expenses include salaries and benefits, supplies and transportation. Livingston County Public Schools received federal grants in the amount of \$3,312,162 and state grants in the amount of \$560,276.

Capital Project Fund – The SEEK Capital Outlay Fund and the FSPK Building Fund are restricted funds for capital projects or debt service. The District has used those funds for debt service payments and for transfers to construction projects as approved by the Kentucky Department of Education. The state contributes to those funds. The SEEK Capital Outlay Fund’s revenues are derived from state SEEK allowances based upon student enrollment. The FSPK Building Fund’s revenues are produced by a five-cent special property tax assessment. The use of both funds’ resources is generally restricted to facilities acquisition or improvement and payment of the related debt on facilities. The Construction Fund is used to account for facility construction and improvement projects funded by other funds or borrowing.

Debt Service Fund – The Debt Service Fund is used to account for all activities related to long-term bond obligations.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – At June 30, 2022, the District had \$14,585,275 invested in capital assets net of depreciation: historical cost totaled \$29,010,357 with accumulated depreciation totaling \$14,425,082. These assets include school, athletic and support facilities, as well as technology, food service and other equipment. Funds in the amount of \$692,373 were expended on acquisition and improvements during the year. Depreciation charged to expense during the year totaled \$867,672, the majority of which was charged to governmental functions. More detailed information relating to capital assets may be found in Note 3 to the financial statements.

**LIVINGSTON COUNTY PUBLIC SCHOOL DISTRICT – SMITHLAND, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2022**

Following is a summary of capital assets, net of depreciation, as of June 30, 2022 and 2021:

	Governmental Activities		Business-type Activities		District Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 263,559	\$ 263,559	\$ -	\$ -	\$ 263,559	\$ 263,559
Land improvements	91,112	114,162	-	-	91,112	114,162
Construction in progress	61,813	-	-	-	61,813	-
Buildings and improvements	12,460,607	13,030,913	-	-	12,460,607	13,030,913
Technology equipment	265,496	283,721	129	647	265,625	284,368
General equipment	323,701	216,755	56,349	66,610	380,050	283,365
Vehicles	1,062,509	794,446	-	-	1,062,509	794,446
Total	\$ 14,528,797	\$ 14,703,556	\$ 56,478	\$ 67,257	\$ 14,585,275	\$ 14,770,813

Long-term Debt – The District’s long-term general obligation bonds outstanding at June 30, 2022 were \$5,650,000. Of that amount, the Kentucky SFCC has agreed to make a portion of the principal and interest payment under agreements previously described. Though the District is liable for the full amount of the bonds and the full amount is recorded on the financial statements, the SFCC has agreed to pay \$3,744,758 of the bonds leaving the District to pay \$1,905,242.

BUDGETARY IMPLICATIONS

In Kentucky, the public school fiscal year is July 1-June 30; other programs, i.e. some federal 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 total budget of \$16,625,205 in the General Fund and Food Service Fund combined and a contingency of \$674,550, which is 4.10%. The beginning fund balance for the fiscal year was \$3,317,746.

CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District’s finances, comply with finance-related laws and regulations and demonstrate the District’s commitment to public accountability. Questions regarding this report should be directed to the Finance Officer, Michelle Keeling, PO Box 219, 127 East Adair Street, Smithland, KY 42081.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**LIVINGSTON COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2022**

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 3,341,598	\$ 137,720	\$ 3,479,318
Accounts receivable			
Taxes	153,320	-	153,320
Accounts receivable	61,463	-	61,463
Intergovernmental - state	33,382	-	33,382
Intergovernmental - indirect federal	583,117	152,693	735,810
Inventory	-	21,789	21,789
Prepaid expenses	57,031	-	57,031
Total current assets	4,229,911	312,202	4,542,113
Restricted assets			
Cash in bond sinking fund	1,270,522	-	1,270,522
Total restricted assets	1,270,522	-	1,270,522
Capital assets			
Non-depreciable	263,559	-	263,559
Depreciable (net)	14,265,238	56,478	14,321,716
Total noncurrent assets	14,528,797	56,478	14,585,275
Total assets	20,029,230	368,680	20,397,910
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss from refunding bonds	108,685	-	108,685
OPEB related	1,528,638	121,758	1,650,396
Pension related	783,567	111,364	894,931
Total deferred outflows of resources	2,420,890	233,122	2,654,012

Continued

LIVINGSTON COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION, continued
JUNE 30, 2022

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
LIABILITIES			
Accounts payable	108,529	2,400	110,929
Advances from grantors	150,727	-	150,727
Interest payable	16,013	-	16,013
Noncurrent obligations			
Portion due or payable within one year			
Bonds payable	678,228	-	678,228
Portion due or payable after one year			
Bonds payable	4,955,119	-	4,955,119
Compensated absences	211,404	7,016	218,420
Net OPEB liability	3,272,082	199,130	3,471,212
Net pension liability	4,667,151	663,324	5,330,475
	<u>14,059,253</u>	<u>871,870</u>	<u>14,931,123</u>
DEFERRED INFLOWS OF RESOURCES			
OPEB related	2,289,430	120,584	2,410,014
Pension related	1,194,486	169,768	1,364,254
	<u>3,483,916</u>	<u>290,352</u>	<u>3,774,268</u>
NET POSITION			
Net Investment in capital assets	9,004,135	56,478	9,060,613
Restricted	2,260,700	-	2,260,700
Unrestricted	(6,357,884)	(616,898)	(6,974,782)
	<u>\$ 4,906,951</u>	<u>\$ (560,420)</u>	<u>\$ 4,346,531</u>

See accompanying notes to financial statements

**LIVINGSTON COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total
Governmental Activities							
Instruction	\$ 9,358,760	\$ 305,894	\$ 4,995,871	\$ 703,634	\$ (3,353,361)	\$ -	\$ (3,353,361)
Support Services							
Student	621,258	-	350,918	-	(270,340)	-	(270,340)
Instructional staff	613,647	-	137,025	-	(476,622)	-	(476,622)
District administration	820,582	-	229,781	-	(590,801)	-	(590,801)
School administration	988,751	-	248,286	-	(740,465)	-	(740,465)
Business	446,404	-	169,214	-	(277,190)	-	(277,190)
Plant operations and maintenance	2,157,612	-	404,197	-	(1,753,415)	-	(1,753,415)
Student transportation	1,654,600	-	851,146	-	(803,454)	-	(803,454)
Other instructional	1,009	-	-	-	(1,009)	-	(1,009)
Other non-instruction	12,865	-	-	-	(12,865)	-	(12,865)
Community service activities	116,694	-	117,303	-	609	-	609
Loss on disposal of fixed assets	9,932	-	-	-	(9,932)	-	(9,932)
Interest on long-term debt	222,372	-	104,956	-	(117,416)	-	(117,416)
Other debt service	(3,229)	-	-	-	3,229	-	3,229
Total governmental activities	<u>17,021,257</u>	<u>305,894</u>	<u>7,608,697</u>	<u>703,634</u>	<u>(8,403,032)</u>	<u>-</u>	<u>(8,403,032)</u>
Business-type Activities							
Food service	809,987	33,744	1,130,454	-	-	354,211	354,211
Total business-type activities	<u>809,987</u>	<u>33,744</u>	<u>1,130,454</u>	<u>-</u>	<u>-</u>	<u>354,211</u>	<u>354,211</u>
Total primary government	<u>\$ 17,831,244</u>	<u>\$ 339,638</u>	<u>\$ 8,739,151</u>	<u>\$ 703,634</u>	<u>(8,403,032)</u>	<u>354,211</u>	<u>(8,048,821)</u>

Continued

**LIVINGSTON COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES, continued
FOR THE YEAR ENDED JUNE 30, 2022**

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business- type Activities	Total
General Revenues			
Taxes			
Property	3,859,523	-	3,859,523
Motor vehicle	912,712	-	912,712
Utilities	670,930	-	670,930
In lieu of	949,734	-	949,734
Earnings on investments	58,998	1,183	60,181
State and formula grants	2,693,057	-	2,693,057
Miscellaneous	190	-	190
Change in net position	742,112	355,394	1,097,506
Net position, beginning of year	<u>4,164,839</u>	<u>(915,814)</u>	<u>3,249,025</u>
Net position, end of year	<u><u>\$ 4,906,951</u></u>	<u><u>\$ (560,420)</u></u>	<u><u>\$ 4,346,531</u></u>

See accompanying notes to financial statements

GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

**LIVINGSTON COUNTY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022**

	General	Special Revenue	FSPK	Nonmajor Governmental	Total Governmental
ASSETS AND RESOURCES					
Cash and cash equivalents	\$ 2,343,010	\$ -	\$ 736,398	\$ 262,190	\$ 3,341,598
Accounts receivable					
Taxes	153,320	-	-	-	153,320
Accounts receivable	30,785	30,358	-	320	61,463
Interfund receivable	494,341	-	52,478	38,023	584,842
Intergovernmental - state	-	33,382	-	-	33,382
Intergovernmental - indirect federal	-	583,117	-	-	583,117
Prepaid expenses	57,031	-	-	-	57,031
Total assets and resources	<u>\$ 3,078,487</u>	<u>\$ 646,857</u>	<u>\$ 788,876</u>	<u>\$ 300,533</u>	<u>\$ 4,814,753</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	59,987	1,789	-	46,753	108,529
Interfund payable	38,023	494,341	-	52,478	584,842
Advances from grantors	-	150,727	-	-	150,727
Total liabilities	<u>98,010</u>	<u>646,857</u>	<u>-</u>	<u>99,231</u>	<u>844,098</u>
Fund balances					
Nonspendable					
Prepaid expenses	57,031	-	-	-	57,031
Restricted					
KSFCC escrow	-	-	633,422	68,021	701,443
Construction projects	-	-	-	2,323	2,323
Debt service	-	-	-	136	136
Other	-	-	155,454	130,822	286,276
Unassigned	2,923,446	-	-	-	2,923,446
Total fund balances	<u>2,980,477</u>	<u>-</u>	<u>788,876</u>	<u>201,302</u>	<u>3,970,655</u>
Total liabilities and fund balances	<u>\$ 3,078,487</u>	<u>\$ 646,857</u>	<u>\$ 788,876</u>	<u>\$ 300,533</u>	<u>\$ 4,814,753</u>

See accompanying notes to financial statements

**LIVINGSTON COUNTY SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS TO THE STATEMENT
OF NET POSITION
JUNE 30, 2022**

Total fund balance per fund financial statements	\$ 3,970,655
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is \$28,524,937 and the accumulated depreciation is \$13,996,140.	14,528,797
Certain long-term assets are not reported in this fund financial statement because they are not available to pay current-period expenditures, but they are reported in the statement of net position.	
Cash in bond sinking fund	1,270,522
Deferred outflows that are not financial resources and, therefore, are not reported as assets in the governmental funds balance sheet.	
Deferred loss from refunding bonds	108,685
Deferred OPEB related outflows	1,528,638
Deferred pension related outflows	783,567
Deferred inflows that are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.	
Deferred OPEB related inflows	(2,289,430)
Deferred pension related inflows	(1,194,486)
Certain liabilities are not reported in this fund financial statement because they are not due and payable, but they are presented in the statement of net position.	
Interest payable	(16,013)
Long-term liabilities 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:	
Bond and lease obligations	(5,633,347)
Net OPEB liability	(3,272,082)
Net Pension liability	(4,667,151)
Accrued sick leave payable	<u>(211,404)</u>
Net position of governmental activities	<u><u>\$ 4,906,951</u></u>

See accompanying notes to financial statements

**LIVINGSTON COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>General</u>	<u>Special Revenue</u>	<u>FSPK</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental</u>
REVENUES					
From local sources					
Taxes					
Property	\$ 3,342,968	\$ -	\$ 516,555	-	\$ 3,859,523
Motor vehicle	912,712	-	-	-	912,712
Utilities	670,930	-	-	-	670,930
In lieu of	931,352	-	-	-	931,352
Tuition	4,590	2,015	-	-	6,605
Earnings on investments	29,389	253	974	1,327	31,943
Student activities	-	-	-	229,995	229,995
Other local revenues	191	102,340	-	21,145	123,676
Intergovernmental - state	6,037,354	560,276	-	699,793	7,297,423
Intergovernmental - indirect federal	250,943	3,312,162	-	-	3,563,105
Intergovernmental - direct federal	-	-	104,956	-	104,956
	<u>12,180,429</u>	<u>3,977,046</u>	<u>622,485</u>	<u>952,260</u>	<u>17,732,220</u>
EXPENDITURES					
Current					
Instruction	6,367,054	2,777,079	-	233,551	9,377,684
Support services					
Student	469,777	148,094	-	86	617,957
Instructional staff	657,456	11,661	-	13,301	682,418
District administration	758,623	105,585	-	-	864,208
School administration	993,087	-	-	-	993,087
Business	443,938	-	-	-	443,938
Plant operations and maintenance	1,340,349	271,614	-	520	1,612,483
Student transportation	1,402,853	567,892	-	28	1,970,773
Other instructional	-	-	-	1,009	1,009
Other non-instruction	-	-	-	12,865	12,865
Community service activities	-	117,303	-	-	117,303
Facilities acquisition and construction	873	-	-	61,813	62,686
Debt service	-	-	-	1,166,824	1,166,824
	<u>12,434,010</u>	<u>3,999,228</u>	<u>-</u>	<u>1,489,997</u>	<u>17,923,235</u>

Continued

**LIVINGSTON COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS, continued
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>General</u>	<u>Special Revenue</u>	<u>FSPK</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental</u>
Excess (deficit) of revenues over (under) expenditures	<u>(253,581)</u>	<u>(22,182)</u>	<u>622,485</u>	<u>(537,737)</u>	<u>(191,015)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of fixed assets	307	-	-	-	307
Transfers in	-	78,455	-	634,473	712,928
Transfers (out)	<u>(83,995)</u>	<u>(56,273)</u>	<u>(467,031)</u>	<u>(105,629)</u>	<u>(712,928)</u>
Total other financing sources (uses)	<u>(83,688)</u>	<u>22,182</u>	<u>(467,031)</u>	<u>528,844</u>	<u>307</u>
Net change in fund balances	(337,269)	-	155,454	(8,893)	(190,708)
Fund balances, beginning of year	<u>3,317,746</u>	<u>-</u>	<u>633,422</u>	<u>210,195</u>	<u>4,161,363</u>
Fund balances, end of year	<u><u>\$ 2,980,477</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 788,876</u></u>	<u><u>\$ 201,302</u></u>	<u><u>\$ 3,970,655</u></u>

See accompanying notes to financial statements

**LIVINGSTON COUNTY BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

Net change in total governmental fund balances per fund financial statements \$ (190,708)

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

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 depreciation expense is exceeded by capital outlays for the year.

Depreciation expense	(856,893)
Capital outlays	692,373

Gross proceeds from the sale of capital assets are reported as revenue in the governmental funds because they provide current financial resources. However, in the statement of activities, the undepreciated cost of those assets is deducted from the proceeds to report gain or loss on the sale.

Insurance proceeds from damage to fixed assets	(307)
Loss on the disposal of fixed assets	(9,932)

Bond 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.

Bond principal paid	870,000
Bond sinking fund payment	127,111

Governmental funds report the effect of gains, losses, and discounts when debt is first issued; whereas, these amounts are amortized in the statement of activities.

Amortization of bond discounts	(2,390)
Amortization of bond premium	5,619
Amortization of deferred loss on early retirement of debt	(54,340)

Generally, revenue is recognized in this fund financial statement when it becomes both measurable and available to finance expenditures of the current period.

Interest earned on bond sinking fund	27,308
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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.

These net differences are as follows:

Interest payable	1,682
Pension expense	120,843
Accrued sick leave	11,746
	11,746

Change in net position of governmental activities	\$ 742,112
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See accompanying notes to financial statements

PROPRIETARY FUNDS FINANCIAL STATEMENTS

**LIVINGSTON COUNTY BOARD OF EDUCATION
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2022**

	<u>Food Service</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 137,720
Accounts receivable	152,693
Inventory	<u>21,789</u>
Total current assets	<u>312,202</u>
Noncurrent assets	
Capital assets	485,420
Less: accumulated depreciation	<u>(428,942)</u>
Total noncurrent assets	<u>56,478</u>
Total assets	<u>368,680</u>
DEFERRED OUTFLOWS OF RESOURCES	
OPEB related	121,758
Pension related	<u>111,364</u>
Total deferred outflows of resources	<u>233,122</u>

Continued

**LIVINGSTON COUNTY BOARD OF EDUCATION
STATEMENT OF NET POSITION
PROPRIETARY FUND, continued
JUNE 30, 2022**

	<u>Food Service</u>
LIABILITIES	
Current liabilities	
Accounts payable	<u>2,400</u>
Total current liabilities	<u>2,400</u>
Noncurrent liabilities	
Noncurrent portion of accrued sick leave	7,016
Net OPEB liability	199,130
Net pension liability	<u>663,324</u>
Total noncurrent liabilities	<u>869,470</u>
Total liabilities	<u>871,870</u>
DEFERRED INFLOWS OF RESOURCES	
OPEB related	120,584
Pension related	<u>169,768</u>
Total deferred inflows of resources	<u>290,352</u>
NET POSITION	
Invested in capital assets, net of related debt	56,478
Unrestricted	<u>(616,898)</u>
Total net position	<u><u>\$ (560,420)</u></u>

See accompanying notes to financial statements

**LIVINGSTON COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	Food Service
OPERATING REVENUES	
Lunchroom sales	\$ 33,703
Other operating revenues	41
Total operating revenues	33,744
OPERATING EXPENSES	
Salaries and benefits	293,117
Contract services	19,542
Materials and supplies	484,814
Depreciation	10,779
Other operating expenses	1,735
Total operating expenses	809,987
Operating income (loss)	(776,243)
NON-OPERATING REVENUES (EXPENSES)	
Federal grants	997,991
Donated commodities	74,660
On behalf payments	50,866
State grants	6,937
Interest income	1,183
Total non-operating revenues (expenses)	1,131,637
Change in net position	355,394
Net position, beginning of year	(915,814)
Net position, end of year	\$ (560,420)

See accompanying notes to financial statements

**LIVINGSTON COUNTY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	Food Service
Cash flows from operating activities	
Cash received from	
Lunchroom sales	\$ 33,703
Other operating revenues	41
Cash paid to/for	
Employees	(455,615)
Contract services	(21,664)
Materials and supplies	(410,051)
Other operating expenses	(1,735)
Net cash provided by (used in) operating activities	(855,321)
Cash flows from noncapital financing activities	
Operating grants received	858,981
Net cash provided by (used in) noncapital financing activities	858,981
Cash flows from investing activities	
Interest income received	1,183
Net cash provided by (used in) investing activities	1,183
Net increase (decrease) in cash and cash equivalents	4,843
Cash and cash equivalents, beginning of year	132,877
Cash and cash equivalents, end of year	\$ 137,720

Continued

**LIVINGSTON COUNTY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND, continued
FOR THE YEAR ENDED JUNE 30, 2022**

	Food Service
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities	
Operating income (loss)	\$ (776,243)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities	
Depreciation	10,779
On-behalf payments	50,866
Commodities used	74,660
Changes in assets and liabilities	
Inventory	(1,229)
Deferred outflows of resources	135,873
Accounts payable	(790)
Accrued sick leave	(2,283)
Net pension liability	(385,850)
Net OPEB liability	(131,098)
Deferred inflows of resources	169,994
Net cash provided by (used in) operating activities	\$ (855,321)
Non-cash investing, capital and financing activities	
Food commodities received	\$ 74,660
On-behalf payments	50,866
Total non-cash investing, capital and financing activities	\$ 125,526

See accompanying notes to financial statements

FIDUCIARY FUNDS FINANCIAL STATEMENTS

**LIVINGSTON COUNTY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2022**

	<u>Private Purpose Trust</u>
ASSETS	
Cash and cash equivalents	<u>\$ 142,643</u>
Total assets	<u>142,643</u>
LIABILITIES	
Accounts payable	<u>1,650</u>
Total liabilities	<u>1,650</u>
Net position held in trust	<u><u>\$ 140,993</u></u>

See accompanying notes to financial statements

**LIVINGSTON COUNTY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Private Purpose Trust</u>
Additions	
Interest income	<u>\$ 1,012</u>
Total additions	<u>1,012</u>
Deductions	
Benefits paid	<u>1,650</u>
Total deductions	<u>1,650</u>
Change in net position	(638)
Net position, beginning of year	<u>141,631</u>
Net position, end of year	<u><u>\$ 140,993</u></u>

See accompanying notes to financial statements

NOTES TO THE FINANCIAL STATEMENTS

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Livingston County 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 education within the jurisdiction of the Livingston County 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 a component unit of any other governmental “reporting entity”. 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’s financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

Reporting Entity

In accordance with Governmental Accounting and Financial Reporting Standards, the basic financial statements include all funds, agencies, boards, commissions and authorities for which the District is financially accountable. The District has also considered all other potential organizations for which the nature and significance of their relationships with the District are such that exclusion would cause the District’s financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a majority of an organization’s governing body, and 1) the ability of the District to impose its will on that organization or 2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the District. In addition, the GASB Statement No. 39, as amended by GASB Statement No. 61 sets forth additional criteria to determine whether certain organizations for which the District is not financially accountable should be reported as component units based on the nature and significance of their relationship with the District. These criteria include 1) the economic resources being received or held by the separate organization being entirely or almost entirely for the direct benefit of the District, its component units, or its constituents, 2) the District being entitled to, or having the ability to otherwise access, a majority of the economic resources received or held by the organization and 3) the economic resources received or held by an individual organization that the District is entitled to, or has the ability to otherwise access, are significant to the District. Based on these criteria, there are no other organizations which should be included in these basic financial statements.

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

Livingston County School District Finance Corporation – In 1989, the Livingston County Board of Education resolved to authorize the establishment of the Livingston County School District Finance Corporation (a non-profit, non-stock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS Section 58.180) (Corporation) as an agency for the District for financing the costs of school building facilities. The board members of the Livingston County Board of Education also comprise the Corporation’s Board of Directors.

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Basis of Presentation

The District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of the interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services. Interfund services provided and used are not eliminated in the process of consolidation for these statements.

The statement of net position presents the District's nonfiduciary assets and liabilities, with the difference reported as net position. Net position is reported in the following categories:

Net investment in capital assets – Consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net position – Results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – Consists of net position that does not meet the definition of the preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The focus of fund financial statements is on major funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund balance/net position, revenues and expenditures or expenses, as appropriate. The District has the following funds:

The General Fund is the main operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund accounts for the instructional and most of the support service programs of the District's operations. Revenue of the fund consists primarily of local property taxes and state governmental aid. This is a major fund of the District.

The Special Revenue Funds account for proceeds of specific revenue sources (other than agency funds or major capital projects) that are legally restricted to disbursements for specified purposes.

The Special Revenue (Grant) Fund includes federal financial programs where unused balances are returned to the grantor at the close of specified project periods, as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report. This is a major fund of the District.

The Special Revenue District Activity Fund includes funds restricted to expenditures for purposes specified by Kentucky Department of Education requirements. Project accounting is employed to maintain integrity for the various sources of funds.

The Special Revenue Student Activity Fund accounts for money held by the District on behalf of the students who have raised these funds and are responsible for their disposition for co-curricular to extracurricular activities of the District.

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

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

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. This is a major fund of the District.

The Construction Fund accounts for proceeds from sales of bonds and other revenue to be used for authorized construction.

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

The *Debt Service Fund* is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. Revenue of the fund primarily consists of local property taxes.

Proprietary Fund Types

Proprietary fund types are used to account for the District's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is upon income determination, financial position and cash flows.

Enterprise Funds are used to account for those operations that are financed and operated in a manner similar to private business or where the District has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

The District has the following enterprise fund:

The *School Food Service Fund* accounts for the food service operations of the District.

Fiduciary Fund Type (Private Purpose Trust Funds)

The Private Purpose Trust Funds are used to report trust arrangements under which principal and income benefit individuals, such as scholarships.

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied. The District also reports a fiduciary fund which focuses on net position and changes in net position. The fiduciary fund reports on the accrual basis of accounting.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Revenues – Exchange and Nonexchange Transactions

Property taxes, other taxes, grants, entitlements and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. All other revenue items are considered to be measurable and available only when cash is received.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available.

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 it is budgeted. 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, revenue from nonexchange transactions must also be available before it can be recognized.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the District's proprietary funds are charges for food sales or tuition and fees. Operating expenses for proprietary funds include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net positions available to finance the program. It is the District's policy to first apply cost reimbursement grant resources to such programs and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure to the restricted fund balance and then to less restrictive classifications - committed, assigned and then unassigned fund balances.

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

The Significant Accounting Policies Followed by the District Include the Following:

Cash and Cash Equivalents

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

Property Taxes

Property taxes are levied each October on the assessed value listed as of the prior January 1, for all real and personal property within the School District. The billings are considered due upon receipt by the taxpayer; however, the actual date is based on a period ending thirty days after the tax bill mailing. Property taxes collected are recorded as revenues in the fund for which they were levied.

The property tax rates assessed for the year ended June 30, 2022, to finance operations were \$.444 per \$100 valuation for real property, \$.454 per \$100 valuation for business personal property and \$.452 per \$100 valuation for motor vehicles.

The District levies a utility gross receipts license tax in the amount of 3% of the gross receipts derived from the furnishings, within the county, of telephonic and telegraphic communications services, cablevision services, electric power, water and natural, artificial and mixed gas.

Budgetary Process

Budgetary Basis of Accounting: The District's budgetary process accounts for revenues and expenses on the same basis as the actual financial statements, which is Generally Accepted Accounting Principles (GAAP).

Once the budget is approved, it can be amended. Each budget is prepared and controlled by the budget coordinator at the revenue and expenditure function/object level. All budget appropriations lapse at year-end.

Inventories

Inventories are valued at cost, which approximates market. The Food Service Fund uses the specific identification method, and the General Fund uses the first-in, first-out method. The District's inventories include various items consisting of school supplies, paper, books, maintenance items, transportation items, commodities, etc. USDA commodities received from the Federal government are recorded at the value established by the Federal government using the average cost method.

Prepaid Expenditures

Payments made that will benefit periods beyond the end of the fiscal year are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase, and an expenditure/expense is reported in the year in which services are consumed.

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. At its July, 2012 meeting, the Board approved a change to its Equipment and Assets policy in order to follow guidelines developed by the Kentucky Department of Education in its latest update on January 25, 2012. The guidelines established a capitalization threshold of \$5,000 for real or personal property. Larger thresholds apply to buildings and building improvements and leasehold improvements. Improvements to land and to buildings in excess of established thresholds are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All capital assets, except land, are depreciated. Depreciation is computed using the straight-line method over the following useful lives for both governmental and business-type capital 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
Rolling stock	15 years
Other	10 years

LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Unearned Revenue

Proprietary funds defer revenue recognition in connection with resources that have been received, but not earned. Unearned revenue in governmental funds arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are also recorded as unearned revenue. Unearned revenue consists primarily of school registration fees and meal revenues collected for the programs and services in the next school year.

Debt Costs

Unamortized discounts of \$27,889 and unamortized premiums of \$11,236 are included in the government-wide statements. Discounts and premiums are amortized over the lives of the related debt issues using the straight-line method.

Accumulated Unpaid Sick Leave Benefits

For those employees who qualify, the District has adopted the policy of providing at retirement a percentage of their accumulated unused sick leave. Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the District's past experience of making termination payments and the age and current pay rates of eligible employees.

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

Long-term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the statement of net position.

Pensions and Postemployment Benefits Other than Pensions (OPEB)

For purposes of measuring the net pension liability, net OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, pension expense and OPEB expense, information about the fiduciary net position of the County Employees Retirement System (CERS) and Teachers' Retirement System of the State of Kentucky (KTRS) and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investment 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.

LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate financial statement element, deferred outflows of resources, which represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category: the deferred outflows of resources relate to the loss on refunding bonds described in Note 4 and the net OPEB liability described in Note 5 and Note 6.

In addition to liabilities, the statement of net position will sometimes report a separate financial statement element, deferred inflows of resources, which represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category: the deferred inflows of resources relate to the net pension liability and the net OPEB liability described in Note 5 and Note 6.

Cash Flows

For the purpose of cash flows, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

Non-spendable – Amounts which cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the Board of Education through resolution approved prior to year-end. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same action it employed to commit those amounts.

Assigned – Amounts the Board of Education intend to use for specific purposes. The authority to assign fund balances has been designated by the District's Board of Education to the Finance Officer.

Unassigned – All amounts not included in other spendable classifications as well as any deficit fund balance of any other governmental fund is reported as unassigned.

LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

The District's flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. Additionally, if different levels of unrestricted funds are available for spending, the District considers committed funds to be expended first followed by assigned funds and then unassigned.

Net Position

In proprietary funds, fiduciary funds and government-wide financial statements, net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets.

Net position is reported as restricted when there are limitations imposed on their use through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after 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.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the District's management to make estimates and assumptions that affect reported amounts of certain financial statement balances. Actual results could differ from those estimates.

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Subsequent Events

In preparing these financial statements, management has evaluated other events and transactions for potential recognition or disclosure through November 11, 2022, the date the financial statements were available to be issued.

NOTE 2 – CASH AND CASH EQUIVALENTS

The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to KRS 160.570 and 702 KAR 3:090. The depository bank deposits for safekeeping and trust with the District's third party agent approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

Kentucky Revised Statutes authorize the Board to invest in direct obligations of the United States government, obligations backed by the full faith and credit of the United States government, certificates of deposit or other interest bearing accounts issued by any bank or saving and loan institution provided that such investment is insured by the FDIC or guaranteed by the pledge of direct United States Government obligations, bonds issued by the Commonwealth of Kentucky or one of its agencies and instrumentalities, securities issued by any state or local government of the United States rated in one of the three highest categories by a nationally recognized rating agency, certain mutual funds, commercial paper rated in the highest category by a nationally recognized rating agency or bankers' acceptance for banks rated in one of the three highest categories by a nationally recognized rating agency. The District has no investment policy that would further limit its investment choices.

At year-end, the carrying amount of the District's cash and cash equivalents was \$4,892,483. The bank balance was \$5,109,082. The entire bank balance was covered by federal depository insurance.

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2022 was as follows:

<u>Governmental Activities</u>	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022
Capital assets not being depreciated				
Land	\$ 263,559	\$ -	\$ -	\$ 263,559
Total non-depreciable historical cost	<u>263,559</u>	<u>-</u>	<u>-</u>	<u>263,559</u>
Capital assets being depreciated				
Land improvements	783,478	-	-	783,478
Buildings and improvements	22,799,610	-	8,527	22,791,083
Technology equipment	1,022,940	84,924	112,800	995,064
Vehicles	2,476,488	403,084	-	2,879,572
General equipment	632,303	142,552	24,487	750,368
Construction	-	61,813	-	61,813
Total depreciable historical cost	<u>27,714,819</u>	<u>692,373</u>	<u>145,814</u>	<u>28,261,378</u>
Less: accumulated depreciation				
Land improvements	669,316	23,050	-	692,366
Buildings and improvements	9,768,697	570,306	8,527	10,330,476
Technology equipment	739,219	93,244	102,895	729,568
Vehicles	1,682,042	135,021	-	1,817,063
General equipment	415,548	35,272	24,153	426,667
Total accumulated depreciation	<u>13,274,822</u>	<u>856,893</u>	<u>135,575</u>	<u>13,996,140</u>
Governmental activities capital assets - net	<u>\$ 14,703,556</u>	<u>\$ (164,520)</u>	<u>\$ 10,239</u>	<u>\$ 14,528,797</u>

Depreciation was charged to governmental functions as follows:

<u>Governmental Activities</u>	
Instruction	\$ 93,249
Support services	
Student support services	5,216
Instructional staff support services	433
District administration	12,694
School administrative support	4,221
Business support	10,148
Plant operation and maintenance	601,345
Student transportation	128,955
Community services	632
	<u>856,893</u>
	<u>\$ 856,893</u>

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 3 – CAPTIAL ASSETS, continued

<u>Business-type Activities</u>	<u>Balance July 1, 2021</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2022</u>
Capital assets being depreciated				
Technology equipment	\$ 4,632	\$ -	\$ 664	\$ 3,968
General equipment	481,452	-	-	481,452
Total depreciable historical cost	486,084	-	664	485,420
Less: accumulated depreciation				
Technology equipment	3,985	518	664	3,839
General equipment	414,842	10,261	-	425,103
Total accumulated depreciation	418,827	10,779	664	428,942
Business-type activities capital assets - net	<u>\$ 67,257</u>	<u>\$ (10,779)</u>	<u>\$ -</u>	<u>\$ 56,478</u>

NOTE 4 – LONG-TERM OBLIGATIONS

The various issues of school building revenue bonds are as follows:

<u>Issue</u>	<u>Original Proceeds</u>	<u>Interest Rates</u>	<u>Maturity Dates</u>
February 1, 2012	\$ 6,370,000	1.00% - 2.50%	June 1, 2024
December 11, 2012	3,180,000	3.50%	December 1, 2032
September 1, 2014	1,600,000	1.00%	September 1, 2034

The District, through the General Fund, SEEK Capital Outlay Fund and the Facility Support Program Levy Fund is obligated to make lease payments. The lease agreements provide, among other things, for rentals sufficient to satisfy debt service requirements on bonds issued by the Livingston County School District Finance Corporation to construct school facilities. The District has the option to purchase the property under lease at any time by retiring the bonds then outstanding. Upon completion of such payments, the leased premises will become the property of the District. The District is obligated to maintain adequate property insurance on the school facilities, and the school facilities have been pledged as security to the holders of the bonds.

In 1987, the District entered into a “participation agreement” with the School Facilities Construction Commission (SFCC). The Commission was created by the Kentucky General Assembly for the purpose of assisting local school boards in meeting school construction needs. The Commission will remit a stated amount of bond principal and interest payments annually, subject to biennial approval by the Kentucky General Assembly. Should approval not be received in future periods, the District remains obligated for the full amount of the bond principal and interest payments? Therefore, the liability for the total bond amount remains with the District and, as such, the total principal outstanding has been recorded in the financial statements.

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 4 – LONG-TERM OBLIGATIONS, continued

In February, 2012, the District issued bonds to advance refund a portion of the outstanding 2003 School Building Revenue bonds that were scheduled to mature on or after June 1, 2013 and a portion of the outstanding 2004 School Building Revenue bonds that were scheduled to mature on or after June 1, 2014. The decreased bonds were paid during a prior year. In the Statement of Net Position, the net costs associated with the early retirement of the issues are deferred and amortized over the lesser of the original remaining life of the old bonds or the life of the new bonds, which is thirteen years for the portion relating to the 2003 issue and twelve years for the portion relating to the 2004 issue. The amount deferred is reported as a deferred outflow of resources. Total deferred costs were \$706,741. Amortization for the year was \$54,340 and is included as a component of interest expense.

On December 11, 2012, the District issued \$3,180,000 in Qualified Zone Academy Bonds which are tax credit bonds pursuant to Section 54 of the Internal Revenue Code, to finance capital projects at Livingston Central High School. The District and the Kentucky School Facility Construction Commission are required to make semi-annual sinking fund payments to be held in escrow at US Bank. Payments of \$127,111 were made in fiscal year 2022. The fair market value of this account at June 30, 2022 was \$1,270,522, which is equal to cost. Such payments will be held in trust and invested at an interest rate of 2.297% in accordance with the funding agreement. The final semi-annual payment is due December 1, 2032, at which time the bond will mature and the principal will be paid in full from the escrow account. The District is scheduled to receive a direct subsidy from the federal government on each interest payment date for its interest costs, although federal budget cuts have and could reduce interest payment received. The interest subsidy payments are included in interest expense on the financial statements. These payments are disclosed on the following page.

In September 2014, the District issued \$1,600,000 in taxable Qualified Zone Academy bonds to finance capital projects at Livingston County Middle School. The District and the Kentucky School Facility Construction Commission are required to make semi-annual payments of principal and interest, with the final payment due September 1, 2034.

The bonds may be called prior to maturity, and redemption premiums are specified in each issue. Assuming no bonds are called prior to scheduled maturity, the minimum obligations of the District, including amounts to be paid by the Commission, at June 30, 2022 for debt service (principal and interest) are as follows:

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 4 – LONG-TERM OBLIGATIONS, continued

Year	Livingston County School District			School Facilities Construction Commission		Total
	Principal	Interest	Federal Subsidy	Principal	Interest	
2022-2023	\$ 203,073	\$ 125,326	\$ (111,300)	\$ 471,927	\$ 25,249	\$ 714,275
2023-2024	68,850	120,485	(111,300)	481,150	15,015	574,200
2024-2025	68,536	119,798	(111,300)	31,464	3,451	111,949
2025-2026	73,220	119,090	(111,300)	31,780	3,135	115,925
2026-2027	72,901	118,359	(111,300)	32,099	2,816	114,875
2027-2028	72,578	117,632	(111,300)	32,422	2,493	113,825
2028-2029	72,252	116,908	(111,300)	32,748	2,168	112,776
2029-2030	76,923	116,162	(111,300)	33,077	1,838	116,700
2030-2031	76,591	115,394	(111,300)	33,409	1,506	115,600
2031-2032	76,255	114,630	(111,300)	33,745	1,170	114,500
2032-2033	830,114	58,194	(55,650)	2,464,886	831	3,298,375
2033-2034	105,573	1,612	-	34,427	488	142,100
2034-2035	108,376	542	-	31,624	158	140,700
	<u>\$ 1,905,242</u>	<u>\$ 1,244,132</u>	<u>\$ (1,168,650)</u>	<u>\$ 3,744,758</u>	<u>\$ 60,318</u>	<u>\$ 5,785,800</u>

Interest expense for fiscal year ended June 30, 2022 was \$222,372 including \$104,956 in federal subsidy payments on the 2012 Qualified Zone Academy Bonds.

A summary of changes in long-term debt is as follows:

	Balance June 30, 2021	Additions	Reductions	Balance June 30, 2022	Due Within One Year
Governmental activities					
Bonds payable					
General obligation debt	\$ 6,520,000	\$ -	\$ 870,000	\$ 5,650,000	675,000
Premium (discounts)	(13,424)	-	3,229	(16,653)	3,229
Total bonds payable	<u>6,506,576</u>	<u>-</u>	<u>873,229</u>	<u>5,633,347</u>	<u>678,229</u>
Other liabilities					
Compensated absences	223,150	53,112	64,858	211,404	-
Net pension liability	5,866,023	-	1,198,872	4,667,151	-
Net OPEB liability	4,119,331	-	847,249	3,272,082	-
Total other liabilities	<u>10,208,504</u>	<u>53,112</u>	<u>2,110,979</u>	<u>8,150,637</u>	<u>-</u>
Total long-term liabilities	<u>\$ 16,715,080</u>	<u>\$ 53,112</u>	<u>\$ 2,984,208</u>	<u>\$ 13,783,984</u>	<u>\$ 678,229</u>
Business-type activities					
Other liabilities					
Compensated absences	\$ 9,299	\$ -	\$ 2,283	\$ 7,016	\$ -
Net pension liability	1,049,174	-	385,850	663,324	-
Net OPEB liability	330,228	-	131,098	199,130	-
Total other liabilities	<u>\$ 1,388,701</u>	<u>\$ -</u>	<u>\$ 519,231</u>	<u>\$ 869,470</u>	<u>\$ -</u>

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 – COMPENSATED ABSENCES

Upon retirement from the school system, employees will receive from the District an amount equal to 30.00% of the value of accumulated sick leave. For governmental fund financial statements, the current portion of unpaid accrued sick leave is the amount expected to be funded with current year's economic financial resources. These amounts are recorded in the account "accrued sick leave payable" in the General Fund. Management has estimated that the amount for governmental activities will be approximately \$211,404, with \$0 considered the short-term portion and \$211,104 considered the long-term portion. Management has estimated that the amount for business-type activities will be approximately \$7,016, with \$0 considered the short-term portion and \$7,016 considered the long-term portion.

NOTE 6 – PENSION PLANS

The District participates in the County Employee Retirement System (CERS), a blended component unit of the Commonwealth of Kentucky, and the Teachers' Retirement System of the State of Kentucky (KTRS), a blended unit of the Commonwealth of Kentucky. For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position have been determined on the same basis as they are reported by KTRS and CERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefits terms. Investments are reported at fair value.

General Information about the County Employees Retirement System Non-Hazardous (CERS) Pension Plan

Plan description – The District and covered employees contribute to the Non-Hazardous County Employees Retirement System (CERS), a cost-sharing, multiple-employer defined benefit plan administered by the Board of Trustees of the Kentucky Public Pensions Authority (KPPA). Kentucky Revised Statute Section 61.645 as amended by House Bill 484 and House Bill 9 of the 2020 and 2021 regular sessions, respectively, of the Kentucky General Assembly assigns the authority to establish and amend benefit provisions to the Board of Trustees of the KPPA. These amendments transferred governance of the CERS to a separate nine-member board of trustees. The CERS financial statements and other supplementary information are contained in the publicly available annual financial report of the KPPA. Copies of the report are sent to each participating employer as well as distributed to legislative personnel, state libraries and other interested parties. KPPA issues a publicly available financial report that can be obtained on their website.

Benefits provided – CERS provides retirement, death and disability benefits to Plan members. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances. Employees are vested in the plan after five years' service. Cost of living (COLA) adjustments are provided at the discretion of the State legislature. For retirement purposes, employees are grouped into three tiers, based on hire date:

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6 – PENSION PLANS, continued

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
	Required contributions	At least 25 years' service and any age 5.00%
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
	Required contributions	5.00% + 1.00% for insurance
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
	Required contributions	5.00% + 1.00% for insurance

Contributions – Per Kentucky Revised Statute 61.565, normal contribution and past service contribution rates shall be determined by the Board of Trustees of the Kentucky Public Pensions Authority on the basis of an annual valuation last preceding the July 1 of a new biennium. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the Board. For the year ended June 30, 2022, plan members were required to contribute 5% of their annual creditable compensation. Plan members hired subsequent to September 1, 2008 were required to contribute 6% of their annual creditable compensation. The District is required to contribute at an actuarial determined rate. For the fiscal year ended June 30, 2022, participating employers contributed 21.17% of each employee's creditable compensation.

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

At June 30, 2022, The District reported a liability of \$5,330,475 for its proportionate share of the net pension liability. The net pension liability of the plan was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The District's proportion of the net pension liability was based on 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 0.083605%.

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6 – PENSION PLANS, continued

Since certain expense items are amortized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts serve to reduce pension expense, they are labeled deferred inflows. If they will increase pension expense, they are labeled deferred outflows. The amortization of these amounts is accomplished on a level dollar basis, with no interest included in the deferred amounts. Experience gains/losses and the impact of changes in actuarial assumptions, if any, are amortized over the average remaining service life of the active and inactive System members at the beginning of the fiscal year. Investment gains and losses are amortized over a fixed five-year period.

For the measurement period June 30, 2021, the District recognized pension expense of \$436,999. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net differences between projected and actual earnings on pension plan investments	\$ 206,787	917,250
Differences between expected and actual experience	61,210	51,736
Changes of assumptions	71,541	-
Change in proportion and differences between employer contributions and proportionate share of plan contributions	54,703	395,268
District contributions subsequent to the measurement date	<u>500,690</u>	<u>-</u>
Total	<u>\$ 894,931</u>	<u>\$ 1,364,254</u>

Deferred outflows of resources of \$500,690 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 ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6 – PENSION PLANS, continued

Years Ending June 30	
2022	\$ (252,266)
2023	(325,433)
2024	(169,832)
2025	(222,482)
2026	-
Thereafter	<u>-</u>
Total	<u><u>\$ (970,013)</u></u>

Actuarial assumptions – The total pension liability, net pension liability and sensitivity information as of June 30, 2021 were based on an actuarial valuation date of June 30, 2021. The total pension liability was rolled forward from the valuation date (June 30, 2020) to the plan’s fiscal year ending June 30, 2021, using generally accepted actuarial principles.

There have been no actuarial assumption or method changes since June 30, 2020. Senate Bill 169 passed during the 2021 legislative session increased the disability benefits for certain qualifying members who become “totally and permanently disabled” in the line of duty or as a result of a duty-related disability. The total pension liability as of June 30, 2021, is determined using these updated benefit provisions.

Inflation	2.30%
Projected salary increases	3.30% to 10.30%, varies by service
Investment rate of return	6.25%, net of investment expense and inflation
Payroll growth rate	2.00%

The mortality table used for active members is the PUB-2010 General Mortality Table, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. For healthy retired members, the mortality table used is a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. For disabled members, the mortality table used is the 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.

Long-term rate of return – The long-term expected rate of return was determined by using a building block method in which best estimated ranges of expected future real rates of return were developed for each asset class. The ranges were combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the table below.

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6 – PENSION PLANS, continued

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US Equity	21.75%	5.70%
International equity	21.75%	6.35%
Core Bonds	10.00%	0.00%
High yield	15.00%	2.80%
Opportunistic	0.00%	N/A
Real estate	10.00%	5.40%
Real Return	10.00%	4.55%
Private equity	10.00%	9.70%
Cash	1.50%	-0.60%
	<u>100.00%</u>	

Discount rate – The discount rates used to measure the total pension liability for the measurement period with year ended June 30, 2021 was 6.25%. The projection of cash flows used to determine the discount rate of 6.25% for CERS Non-hazardous assumes that the funds receive the required employer contributions each future year, as determined by the current funding policy established in Statute as amended by House Bill 362 (passed in 2018) over the remaining 30 years (closed) amortization period of the unfunded actuarial accrued liability.

The discount rate determination does not use a municipal bond rate. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the Annual Comprehensive Financial Report (ACFR).

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate – The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.25%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25%) or 1-percentage-point higher (7.25%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	5.25%	6.25%	7.25%
District's proportionate share of net pension liability	\$ 6,836,586	\$ 5,330,475	\$ 4,084,202

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued Kentucky Retirement Systems financial report.

Payables to the pension plan – At June 30, 2022, the financial statements include \$0 in payables to CERS for the pension and insurance funds.

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6 – PENSION PLANS, continued

General Information about the Teachers' Retirement System of the State of Kentucky (KTRS) Pension Plan

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 (KTRS) — a cost-sharing multiple-employer defined benefit pension plan with a special funding situation established to provide retirement annuity plan coverage for local school districts and other public educational agencies in the Commonwealth. KTRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the KRS. KTRS is a blended component unit of the Commonwealth of Kentucky and, therefore, is included in the Commonwealth's financial statements. KTRS issues a publicly available financial report that can be obtained at <http://trs.ky.gov/financial-reports-information/>.

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.

Participants who 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 2.00% (service prior to July 1, 1983) and 2.50% (service after July 1, 1983) of their final average salaries for each year of credited service. New members (including second retirement accounts) after July 1, 2002 will receive monthly benefits equal to 2.00% of their final average salary for each year of service if, upon retirement, their total service was less than ten years. New members after July 1, 2002 who retire with ten or more years of total service will receive monthly benefits equal to 2.50% of their final average salary for each year of service, including the first ten years. In addition, members 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 2.50% to 3.00% to be used in their benefit calculation. Effective July 1, 2008, the System has been amended to change the benefit structure for employees hired on or after that date.

Final average salary is defined as the member's five (5) highest salaries for those with less than 27 years of service. Members 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. KTRS also provides disability benefits for vested members 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 members and \$5,000 for retired or disabled members.

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.

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6 – PENSION PLANS, continued

Contributions – Contribution rates are established by Kentucky Revised Statutes (KRS). Non-university members are required to contribute 12.855% of their salaries to the System effective July 1, 2015.

For members employed by local school districts, the Commonwealth of Kentucky, as a non-employer contributing entity, contributes 13.105% of salaries for those who joined before July 1, 2008 and 14.105% for those who joined thereafter. For local school district and regional cooperative members 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.

At June 30, 2022, the District did not report a liability for its proportionate share of the net pension liability, because the Commonwealth of Kentucky provides the pension support directly to TRS on behalf of the District:

Commonwealth's proportionate share of KTRS net pension liability associated with the District	<u>\$ 21,041,174</u>
	<u><u>\$ 21,041,174</u></u>

The total pension liability was rolled forward from the actuarial valuation date of June 30, 2020 to the plan’s fiscal year ended June 30, 2021, using generally accepted actuarial principles. The District's proportion of the net pension liability was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary.

For the measurement period ended June 30, 2021, the District recognized pension expense of \$3,277,868 and revenue of \$3,277,868 for support provided by the State in the government-wide statements.

Actuarial assumptions – The total pension liability in the June 30, 2020 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement:

Investment rate of return	7.10%, net of pension plan investment expense, including inflation
Projected salary increases	3.00% - 7.50%, including inflation
Inflation rate	2.50%
Municipal bond index rate	2.13%
Single equivalent interest rate	7.10%

Mortality rates were based on the PUB2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs and adjustments for each of the groups: service retirees, contingent annuitants, disabled retirees and active members. The actuarial assumptions used were based on the results of an actuarial experience study for the 5-year period

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6 – PENSION PLANS, continued

ending June 30, 2020, adopted by the TRS Board on September 20, 2021. The assumed long-term investment rate of return was changed from 7.50% to 7.10% and the price inflation assumption was lowered from 3.00% to 2.50%. The Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US equity	21.75%	5.70%
International equity	21.75%	6.35%
Core bonds	10.00%	0.00%
High yield	15.00%	2.80%
Opportunistic	0.00%	N/A
Real estate	10.00%	5.40%
Real return	10.00%	4.55%
Private equity	10.00%	9.70%
Cash	1.50%	-0.60%
Total	<u>100.00%</u>	

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

Pension plan fiduciary net position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued financial reports of KTRS.

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

General Information about the County Employees Retirement System Non-Hazardous (CERS) OPEB Plan

Plan description – The Kentucky Public Pensions Authority (KPPA) Insurance Fund was established to provide hospital and medical insurance for eligible members receiving benefits from KERS and CERS. Although the assets of the systems are invested as a whole, each system's assets are used only for the payment of benefits to the members of that plan and the administrative costs incurred by those receiving an insurance benefit.

Benefits provided – The CERS Non-hazardous Insurance Fund is a cost-sharing multiple-employer defined benefit Other Post-Employment Benefits (OPEB) plan that covers substantially all regular full-time members employed in positions of each participating county, city and school board and any additional eligible local agencies electing to participate in the System. The plan provides for health insurance benefits to plan members. OPEB may be extended to beneficiaries of plan members under certain circumstances.

Implicit subsidy – KPPA pays fully insured premiums for the Kentucky Health Plan. The premiums are blended rates based on the combined experience of active and retired members. Because the average cost of providing healthcare benefits to retirees under age 65 is higher than the average cost of providing healthcare benefits to active employees, there is an implicit employer subsidy for the non-Medicare eligible retirees. GASB 74 requires that the liability associated with this implicit subsidy be included in the calculation of the total OPEB liability.

Contributions – The Commonwealth is required to contribute at an actuarially determined rate for KERS. Participating employers are required to contribute at an actuarially determined rate for CERS pensions. Per Kentucky Revised Statute Sections KERS 61.565(3) and CERS 78.545(33), normal contribution and past service contribution rates shall be determined by the Board on the basis of the last annual valuation preceding July 1 of a new biennium. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the Board. However, formal commitment to provide the contributions by the employer is made through the biennial budget for KERS. For the year ended June 30, 2022, required contribution was 5.78% of each employee's covered payroll. Contributions from the District to the CERS Insurance Fund for the year ended June 30, 2022 was \$136,703.

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

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

At June 30, 2022, the District reported a liability of \$1,600,212 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. The total OPEB liability was rolled forward from the valuation date to the plan's fiscal year end, June 30, 2020, using generally accepted actuarial principles. The District's proportion of the net OPEB liability was based on the District's share of contributions to the OPEB plan relative to the contributions of all participating employers, actuarially determined. At June 30, 2022, the District's proportion was 0.083586%.

For the measurement period ended June 30, 2021, the District recognized OPEB expense of \$189,558.

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net differences between projected and actual earnings on OPEB plan investments	\$ 80,623	\$ 330,954
Differences between expected and actual experience	251,634	477,770
Changes of assumptions	424,247	1,488
Change in proportion and differences between employer contributions and proportionate share of plan contributions	85,247	158,802
District contributions subsequent to the measurement date	<u>136,703</u>	<u>-</u>
Total	<u>\$ 978,454</u>	<u>\$ 969,014</u>

Deferred outflows of resources of \$136,703 related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

Years Ending June 30	
2022	\$ 22,932
2023	(15,092)
2024	(22,270)
2025	(112,833)
2026	-
Thereafter	-
Total	<u>\$ (127,263)</u>

Actuarial assumptions

The total OPEB liability, net OPEB liability and sensitivity information for the actuarial valuation as of June 30, 2021 were based on an actuarial valuation date of June 30, 2020. The total OPEB liability was rolled forward from the valuation date (June 30, 2020) to the plan's fiscal year ended June 30, 2021, using generally accepted actuarial principles. An actuarial experience study was conducted for the five-year period July 1, 2013 to June 30, 2018 and the Board adopted updated assumptions for first use in the June 30, 2020 actuarial valuation. The assumed increase in future healthcare costs, or trend assumption, is reviewed on an annual basis and was updated to better reflect more current expectations relating to anticipated future increases in the medical costs. There were no other material assumption changes.

Payroll growth rate	2.00%
Inflation	2.30%
Salary increase	3.30% - 10.30%, varies by service
Investment rate of return	6.25%
Healthcare cost trend rates (pre-65)	Initial trend starting at 6.25% at January 1, 2021 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years
Healthcare cost trend rates (post-65)	Initial trend starting at 5.50% at January 1, 2021 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years

The mortality table used for active members is the PUB-2010 General Mortality Table, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. For healthy retired members, the mortality table used is a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. For disabled members, the mortality table used is 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.

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

Long-term expected rate of return – The long-term expected return on plan assets was determined by using a building-block method in which best-estimated ranges of expected future real returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US equity	21.75%	5.70%
International equity	21.75%	6.35%
Core bonds	10.00%	0.00%
High yield	15.00%	2.80%
Opportunistic	0.00%	N/A
Real estate	10.00%	5.40%
Real return	10.00%	4.55%
Private equity	10.00%	9.70%
Cash	1.50%	-0.60%
Total	<u>100.00%</u>	

Discount rate – Single discount rates used to measure the total OPEB liability for the year ended June 30, 2021 was 5.20% for CERS Non-hazardous plans. The single discount rates are based on the expected rate of return on OPEB plan investments of 6.25%, and a municipal bond rate of 1.92%, as reported in Fidelity Index’s “20-Year Municipal GO AA Index” as of June 30, 2021. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, each plan’s fiduciary net position and future contributions were projected to be sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the plan. However, the cost associated with the implicit employer subsidy was not included in the calculation of the plans’ actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the plans’ trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the ACFR.

The projection of cash flows used to determine the single discount rate must include an assumption regarding future employer contributions made each year. Future contributions are projected assuming that each participating employer in each insurance plan contributes the actuarially determined employer contribution each future year calculated in accordance with the current funding policy, as most recently revised by House Bill 8, passed during the 2021 legislative session. The assumed future employer contributions reflect the provisions of House Bill 362 (passed during the 2018 legislative session) which limit the increases to the employer contribution rates to 12% over the prior fiscal year through June 30 2028, for the CERS plans.

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

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

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of net OPEB liability	4.20%	5.20%	6.20%
	\$ 2,197,079	\$ 1,600,212	\$ 1,110,384

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of net OPEB liability	\$ 1,151,963	\$ 1,600,212	\$ 2,141,256

OPEB plan fiduciary net position – Detailed information about the OPEB plan's fiduciary net position is available in the separately issued Kentucky Public Pensions Authority's Comprehensive Annual Financial Report on the KPPA website at www.kyret.ky.gov.

Payable to the OPEB plan – At June 30, 2022, the District reported a payable of \$0 for the outstanding amount of contributions to the CERS OPEB plan required for the year ended June 30, 2022.

General Information about the Teachers' Retirement System of Kentucky (KTRS) OPEB Plan

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

The state reports a liability, deferred outflows of resources, 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:

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

Medical Insurance Plan

Plan description – In addition to the OPEB benefits described above, Kentucky Revised Statute 161.675 requires TRS to provide postemployment 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, three quarters percent (.75%) from state appropriation and three percent (3.00%) from the employer. The state contributes the net cost of health insurance premiums for members who retired on or after July 1, 2010 who are in the non-Medicare eligible group. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan.

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

At June 30, 2022, the District reported a liability of \$1,871,000 for its proportionate share of the 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, 2021, and the total OPEB liability used to calculate the 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 0.087192%.

The amounts 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 net OPEB liability	\$ 1,871,000
State's proportionate share of net OPEB liability associated with the District	1,519,000
	1,519,000
Total	\$ 3,390,000

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

For the measurement period ended June 30, 2021, the District recognized OPEB expense of (\$111,000) and revenue of \$27,000 for support provided by the State. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 1,113,000
Changes of assumptions	489,000	-
Net difference between projected and actual earnings on OPEB plan investments	-	200,000
Changes in proportion and differences between District contributions and proportionate share of contributions	26,000	128,000
District contributions subsequent to the measurement date	<u>156,942</u>	<u>-</u>
Total	<u>\$ 671,942</u>	<u>\$ 1,441,000</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$156,942 resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ending June 30	
<u>2022</u>	\$ (229,000)
2023	(230,000)
2024	(216,000)
2025	(196,000)
2026	(50,000)
Thereafter	<u>(5,000)</u>
Total	<u>\$ (926,000)</u>

Actuarial assumptions – The total KTRS OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial methods and assumptions, applied to all periods included in the measurement:

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

Investment rate of return	7.10%, net of OPEB plan investment expense, including inflation
Projected salary increases	3.00 - 7.50%, including inflation
Inflation rate	2.50%
Real wage growth	0.25%
Wage inflation	2.75%
Healthcare cost trend rates	
Under 65	7.00% for FY 2021 decreasing to an ultimate rate of 4.50% by FY 2031
Ages 65 and older	5.00% for FY 2021 decreasing to an ultimate rate of 4.50% by FY 2024
Medicare Part B premium	4.40% for FY 2021 with an ultimate rate of 4.50% by 2034
Municipal bond index rate	2.13%
Discount rate	7.10%
Single equivalent interest rate	7.10%, net of OPEB plan investment expense, including inflation

Mortality rates were based on the PUB2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs and adjustments for each of the groups: service, retirees, contingent annuitants, disabled retirees and active members. The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation and rates of plan election used in the June 30, 2020 valuation were based on the results of the most recent actuarial experience study for the system, which covered the five-year period ending June 30, 2020, adopted by the TRS board on September 20, 2021. The remaining actuarial assumptions used in the June 30, 2020 valuation of the health trust were based on a review of recent plan experience done concurrently with the June 30, 2020 valuation. The healthcare cost trend assumption was updated for the June 30, 2020 valuation and was shown as an assumption change in the TOL roll forward. The Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Board of Governors of the Federal Reserve System.

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

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global equity	58.00%	5.10%
Fixed income	9.00%	-0.10%
Real estate	10.00%	5.40%
Private equity	8.50%	6.90%
Other additional categories	13.50%	2.50%
Cash (LIBOR)	1.00%	-0.30%
Total	<u>100.00%</u>	

Discount rate – The discount rate used to measure the total OPEB liability was 7.10%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 74. The projection’s basis was an actuarial valuation performed as of June 30, 2020. Other assumptions are listed in the TRS CAFR and in the RSI. Based on those assumptions, the OPEB plan’s fiduciary net position was not projected to be depleted.

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 Discount Rate</u>	<u>1% Increase</u>
District’s proportionate share of net OPEB liability	\$ 2,395,000	\$ 1,871,000	\$ 1,437,000

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

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
District’s proportionate share of net OPEB liability	\$ 1,359,000	\$ 1,871,000	\$ 2,508,000

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

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

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.

Benefits provided – TRS provides a life insurance benefit of \$5,000 payable for members who retire based on service or disability. TRS provides a life insurance benefit of \$2,000 payable for its active contributing members. The life insurance benefit is payable upon 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, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2022, the District did not report a liability for its proportionate share of the collective net OPEB liability for life insurance benefits because the State of Kentucky provides the OPEB support directly to TRS on behalf of the District. The amounts 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	<u>20,000</u>
Total	<u><u>\$ 20,000</u></u>

For the measurement period ended June 30, 2021, the District recognized OPEB expense of \$0 and revenue of \$0 for support provided by the State in the government-wide financial statements.

Actuarial assumptions – The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

Investment rate of return	7.10%, net of OPEB plan investment expense, including inflation
Projected salary increases	3.00% - 7.50%, including inflation
Inflation rate	2.50%
Real wage growth	0.25%
Wage inflation	2.75%
Municipal bond index rate	2.13%
Discount rate	7.10%
Single equivalent interest rate	7.10%, net of OPEB plan investment expense, including inflation

Mortality rates were based on the PUB2010 (Teachers Benefit-Weighted) Mortality Table projected generationally 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 recent actuarial experience studies for the System, which covered the five-year period ended June 30, 2020, adopted by the board on September 20, 2021. The Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Board of Governors of the Federal Reserve System.

The long-term expected rate of return on OPEB 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 asset allocation and best estimates of arithmetic real rates of return for each major asset class, as provided by TRS's investment consultant, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Geometric Real Rate of Return</u>
US equity	40.00%	4.40%
International equity	23.00%	5.60%
Fixed income	18.00%	0.00%
Real estate	6.00%	4.00%
Private equity	5.00%	6.90%
Other additional categories	6.00%	2.10%
Cash (LIBOR)	<u>2.00%</u>	-0.30%
Total	<u><u>100.00%</u></u>	

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

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 was performed in accordance with GASB 74. The projection’s basis was an actuarial valuation performed as of June 30, 2019. Other assumptions are listed in the TRS CAFR and in the RSI. Based on those assumptions, the LIF’s fiduciary net position was not projected to be depleted.

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 8 – INSURANCE AND RISK MANAGEMENT

The District is exposed to various risks of loss of assets associated with the risks of fire, personal liability, theft, vehicular accidents, errors and omissions, fiduciary responsibility, etc. Each of these risk areas is covered through the purchase of commercial insurance. The District has purchased certain policies which are retrospectively rated including workers’ compensation insurance. Premiums for these policies are based upon the District’s experience to date.

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

NOTE 9 – ON-BEHALF PAYMENTS

The Kentucky Department of Education has indicated the following amounts were contributed on-behalf of the District for the year ended June 30, 2022:

Contributions to Kentucky Teachers' Retirement System	\$ 1,808,364
Technology	74,884
SFCC Debt Service	594,164
Health insurance, life insurance, flexible spending accounts (includes administrative fee)	<u>1,475,686</u>
Total	<u><u>\$ 3,953,098</u></u>

These payments are recorded in the General, Debt Service and Food Service Funds as revenues and expenditures. The District is not legally responsible for these contributions. These payments are not required to be budgeted by the District.

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9 – ON-BEHALF PAYMENTS, continued

On-behalf contributions were charged to functions as follows:

Instruction	\$ 2,036,200
Support services	
Student	202,823
Instructional staff	125,362
District administration	124,196
School administration	248,286
Business	169,214
Plant operations and maintenance	132,587
Student transportation	269,400
Debt Service	594,164
Food Service	<u>50,866</u>
 Total	 <u><u>\$ 3,953,098</u></u>

NOTE 10 – COMMITMENTS AND CONTINGENCIES

The District receives funding from federal, state and local government agencies and private contributions. These funds are to be used for designated purposes only. For government agency grants, if the grantor's review indicates that the funds have not been used for the intended purpose, the grantor may request a refund of monies advanced or refuse to reimburse the District for its disbursements. The amount of such future refunds and unreimbursed disbursements, if any, is not expected to be significant. Continuation of the District's grant programs is predicated upon the grantors' satisfaction that the funds provided are being spent as intended and the grantors' intent to continue their programs.

In addition, the District operates in a heavily regulated environment. The operations of the District are subject to the administrative directives, rules and regulations of federal and state regulatory agencies, including, but not limited to, the U.S. Department of Education and the Kentucky Department of Education. Such administrative directives, rules and regulations are subject to change by an act of Congress of the Kentucky Legislature or an administrative change mandated by the Kentucky Department of Education. Such changes may occur with little or inadequate funding to pay for the related cost, including the additional burden to comply with a change.

NOTE 11 – COBRA

Under the *Consolidated Omnibus Reconciliation Act* (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).

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 12 – NET POSITION DEFICIT BALANCE/EXCEEDING BUDGET

The Food Service Fund has a deficit balance of (\$560,420). Excluding the effect on net position of GASB 68 related pension accounts of (\$721,728) and of GASB 75 related OPEB accounts of (\$197,956); food service has a net position of \$359,264. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

NOTE 13 – DEFICIT OPERATING FUND BALANCES

There are no funds of the District that currently have a deficit fund balance.

The General Fund experienced a net decrease in fund balance by (\$337,269) and the Student Activity Fund experienced a net decrease in fund balance by (\$9,044).

NOTE 14 – TRANSFER OF FUNDS

Although each fund is its own distinct reporting entity, amounts may be transferred from one fund to another fund. The most common reasons for interfund transfers are for debt service payments and grant matching requirements. Interfund transfers are eliminated in the government-wide financial statements. The following transfers were made during the year:

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
General	Special Revenue	Technology Match	\$ 22,182
General	Construction	Construction	61,813
Building	Debt Service	Debt Service	467,031
Capital Outlay	Debt Service	Debt Service	105,629
Special Revenue	Special Revenue	Flex Funds Transfer	56,273
			<u>\$ 712,928</u>

NOTE 15 – INTERFUND RECEIVABLES AND PAYABLES

Each fund is a separate fiscal and accounting entity, and thus interfund transactions are recorded in each fund affected by a transaction. Interfund receivables and payables for the District arise generally from disbursements being made from a checking account that is used for the general fund, special revenue fund, capital projects funds, food service funds and private purpose trust funds. When payments are made from the checking account, the amount reduces cash in the general fund, which may not have the legal liability for the expenditures; thus an interfund payable from the fund having the legal liability is established at such time, with a corresponding interfund receivable recorded in the general fund. Typically, interfund receivables and payables are resolved monthly; however, certain balances remained at June 30, 2022, which consisted of the following individual fund receivables and payables:

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 15 – INTERFUND RECEIVABLES AND PAYABLES, continued

	<u>Receivables</u>	<u>Payables</u>
General	\$ 494,341	\$ 38,023
FSPK	52,478	-
Construction	38,023	-
Special Revenue	-	494,341
Debt service	-	52,478
	<u>\$ 584,842</u>	<u>\$ 584,842</u>

NOTE 16 – OPERATING LEASES

The District entered into a lease agreement as lessee with Commonwealth Technology in June 2022 for a color copier at a rate of \$196.00 per month. The lease term will end in June 2026, at which time the District will have the option to purchase the equipment at fair market value, renew the lease or return the equipment. The District entered into a lease agreement as lessee with US Bank Equipment Finance in March 2019 for two copiers at a rate of \$248.00 per month. The lease term will end in April 2024, at which time the District will have the option to purchase the equipment at fair market value, renew the lease or return the equipment. The District also entered into a lease agreement as lessee with US Bank Equipment Finance in May 2019 for four copiers at a rate of \$480.00 per month. The lease term will end in June 2024, at which time the District will have the option to purchase the equipment at fair market value, renew the lease or return the equipment. The District has also signed a lease agreement for a modular unit at a rate of \$883.33 per month for 12 months.

NOTE 17 – RECENT ACCOUNTING PRONOUNCEMENTS

Implemented

GASB Statement No. 87, *Leases* (GASB 87), increases the usefulness of governments' financial statements by requiring recognition in the statements of certain leased assets and related liabilities that previously were classified as operating leases which recognized inflows or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financing arrangements for the right to use an underlying asset. GASB 87 will be effective for reporting periods beginning after June 15, 2021; however, this statement was postponed for eighteen months and took effect for the fiscal year ended June 30, 2022. GASB No. 87 will only change the title of "capital leases" to "financed purchases" in the Board's financial reporting.

In June 2018, the GASB issued Statement 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. GASB 89 requires that interest costs incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The provisions of this statement were supposed to take effect for the Board's financial statements for the fiscal year ending June 30, 2021; however, this statement was postponed and took effect for the fiscal year ending June 30, 2022. There were no amounts expended for this purpose during the current fiscal year.

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 17 – RECENT ACCOUNTING PRONOUNCEMENTS, continued

Recent Pronouncements

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective for fiscal years beginning after June 15, 2022. This standard will require similar recognition of the right-to-use a subscription to intangible assets and the corresponding subscription liability that is provided for leases in GASB No. 87. The Board will review its current IT subscription services to evaluate the impact of this standard, but since the recognized value for the intangible assets is generally the same as the corresponding subscription liability, there will be minimal financial impact for the Board.

REQUIRED SUPPLEMENTARY INFORMATION

**LIVINGSTON COUNTY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
REVENUES				
From local sources				
Taxes				
Property	\$ 3,304,375	\$ 3,304,375	\$ 3,342,968	\$ 38,593
Motor vehicle	776,500	776,500	912,712	136,212
Utilities	565,000	565,000	670,930	105,930
In lieu of	1,128,500	1,128,500	931,352	(197,148)
Tuition	-	-	4,590	4,590
Earnings on investments	31,700	31,700	29,389	(2,311)
Other local revenues	156,400	156,400	191	(156,209)
Intergovernmental - state	6,218,000	6,218,000	6,037,354	(180,646)
Intergovernmental - indirect federal	25,000	25,000	250,943	225,943
Total revenues	<u>12,205,475</u>	<u>12,205,475</u>	<u>12,180,429</u>	<u>(25,046)</u>
EXPENDITURES				
Current				
Instruction	6,473,395	6,473,395	6,367,054	106,341
Support services				
Student	579,700	579,700	469,777	109,923
Instructional staff	693,295	693,295	657,456	35,839
District administration	927,710	990,210	758,623	231,587
School administration	1,023,695	1,023,695	993,087	30,608
Business	453,870	453,870	443,938	9,932
Plant operations and maintenance	1,510,725	1,495,725	1,340,349	155,376
Student transportation	1,798,895	1,798,895	1,402,853	396,042
Facilities acquisition and construction	1,394,214	1,346,714	873	1,345,841
Contingency	653,000	653,000	-	653,000
Total expenditures	<u>15,508,499</u>	<u>15,508,499</u>	<u>12,434,010</u>	<u>3,074,489</u>
Excess (deficit) of revenues over expenditures	<u>(3,303,024)</u>	<u>(3,303,024)</u>	<u>(253,581)</u>	<u>3,049,443</u>
OTHER FINANCING SOURCES (USES)				
Sale of fixed assets	-	-	307	307
Transfers (out)	(14,722)	(14,722)	(83,995)	(69,273)
Total other financing sources (uses)	<u>(14,722)</u>	<u>(14,722)</u>	<u>(83,688)</u>	<u>(68,966)</u>
Net change in fund balance	(3,317,746)	(3,317,746)	(337,269)	2,980,478
Fund balance, beginning of year	<u>3,317,746</u>	<u>3,317,746</u>	<u>3,317,746</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,980,477</u>	<u>\$ 2,980,478</u>

**LIVINGSTON COUNTY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		<u>(Unfavorable)</u>
REVENUES				
From local sources				
Earnings on investments	\$ -	\$ -	\$ 253	\$ 253
Other local revenues	22,030	25,605	104,355	78,750
Intergovernmental - state	842,007	948,336	560,276	(388,060)
Intergovernmental - indirect federal	<u>3,910,226</u>	<u>4,397,455</u>	<u>3,312,162</u>	<u>(1,085,293)</u>
Total revenues	<u>4,774,263</u>	<u>5,371,396</u>	<u>3,977,046</u>	<u>(1,394,350)</u>
EXPENDITURES				
Current				
Instruction	3,142,481	3,449,758	2,777,079	672,679
Support services				
Student support services	253,095	253,095	148,094	105,001
Instructional staff	11,305	11,305	11,661	(356)
District administration	287,342	287,342	105,585	181,757
Plant operation and maintenance	76,147	357,641	271,614	86,027
Student transportation	860,250	932,345	567,892	364,453
Community service activities	<u>158,365</u>	<u>158,365</u>	<u>117,303</u>	<u>41,062</u>
Total expenditures	<u>4,788,985</u>	<u>5,449,851</u>	<u>3,999,228</u>	<u>1,450,623</u>
Excess (deficit) of revenues over expenditures	<u>(14,722)</u>	<u>(78,455)</u>	<u>(22,182)</u>	<u>56,273</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	155,322	275,328	78,455	(196,873)
Transfers (out)	<u>(140,600)</u>	<u>(196,873)</u>	<u>(56,273)</u>	<u>140,600</u>
Total other financing sources (uses)	<u>14,722</u>	<u>78,455</u>	<u>22,182</u>	<u>(56,273)</u>
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>

**LIVINGSTON COUNTY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – FSPK
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
From local sources				
Taxes				
Property	\$ 399,080	\$ 399,080	\$ 516,555	\$ 117,475
Intergovernmental - State	-	-	974	974
Intergovernmental - indirect federal	-	-	104,956	104,956
Total revenues	<u>399,080</u>	<u>399,080</u>	<u>622,485</u>	<u>223,405</u>
EXPENDITURES				
Current				
Debt service	<u>59,434</u>	<u>59,434</u>	<u>-</u>	<u>59,434</u>
Total expenditures	<u>59,434</u>	<u>59,434</u>	<u>-</u>	<u>59,434</u>
Excess (deficit) of revenues over expenditures	<u>339,646</u>	<u>339,646</u>	<u>622,485</u>	<u>282,839</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out)	<u>(339,646)</u>	<u>(339,646)</u>	<u>(467,031)</u>	<u>(127,385)</u>
Total other financing sources (uses)	<u>(339,646)</u>	<u>(339,646)</u>	<u>(467,031)</u>	<u>(127,385)</u>
Net change in fund balance	-	-	155,454	155,454
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>633,422</u>	<u>633,422</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 788,876</u>	<u>\$ 788,876</u>

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGET AND ACTUAL
JUNE 30, 2022**

NOTE 1 – BUDGETARY INFORMATION

The District's budgetary process accounts for certain transactions on a basis other than Generally Accepted Accounting Principles (GAAP). The major differences between the budgetary accounting method and GAAP 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).

In accordance with state law, the District prepares a general school budget based upon the amount of revenue to be raised by local taxation, including the rate of levy and from estimates of other Local, State and Federal revenues. The budget contains estimated expenditures for current expenses, debt service, capital outlay and other necessary expenses. The budget must be approved by the Board.

The District must formally and publicly examine estimated revenues and expenditures for the subsequent fiscal year by January 31 of each calendar year.

The District must prepare an annual allocation to schools by March 1 of each year for the following fiscal year. This allocation must include the amount for certified and classified staff based on the District's staffing policy and the amount for instructional supplies, materials, travel and equipment.

The District must adopt a tentative working budget for the subsequent fiscal year by May 30 of each year. This budget must contain a minimum 2.00% contingency.

The budget presented for General Fund does includes \$3,308,068 in on-behalf payments provided by the Kentucky State Department of Education.

Finally, the District must adopt a final working budget and submit it to the Kentucky Department of Education by September 30 of the current fiscal year.

The Board has the ability to amend the working budget. The working budget was amended during the year to reflect changes in SEEK allocations and/or grant funds.

All budget appropriations lapse at year-end.

**LIVINGSTON COUNTY SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
COUNTY EMPLOYEES RETIREMENT SYSTEM (CERS)**

<u>As of June 30</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of net pension liability	0.083605%	0.090160%	0.094733%	0.086487%	0.083891%	0.077957%	0.077963%	0.071141%
District's proportionate share of net pension liability	\$ 5,330,475	\$ 6,915,197	\$ 6,662,614	\$ 5,267,323	\$ 4,910,398	\$ 3,838,299	\$ 3,352,046	\$ 2,308,070
District's covered-employee payroll	\$ 2,117,870	\$ 2,309,545	\$ 2,390,161	\$ 2,163,889	\$ 2,044,242	\$ 1,893,178	\$ 1,749,365	\$ 1,628,396
District's proportionate share of net pension liability as a percentage of its covered-employee payroll	251.69%	299.42%	278.75%	243.42%	240.21%	202.74%	191.62%	141.74%
Plan fiduciary net position as a percentage of total pension liability	57.33%	47.81%	50.45%	53.54%	53.32%	55.50%	59.97%	66.80%

Note: Information prior to 2015 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year's end.

See accompanying notes to the required supplementary information

**LIVINGSTON COUNTY SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS – PENSION
COUNTY EMPLOYEES RETIREMENT SYSTEM (CERS)**

<u>For the year ended June 30</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 500,690	\$ 408,748	\$ 445,742	\$ 387,685	\$ 312,705	\$ 284,760	\$ 235,439	\$ 223,898
Contributions in relation to the contractually required contribution	<u>500,690</u>	<u>408,748</u>	<u>445,742</u>	<u>387,685</u>	<u>312,705</u>	<u>284,760</u>	<u>235,439</u>	<u>223,898</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 2,365,023	\$ 2,117,870	\$ 2,309,545	\$ 2,390,161	\$ 2,163,889	\$ 2,044,242	\$ 1,893,178	\$ 1,749,365
Contributions as a percentage of covered-employee payroll	21.17%	19.30%	19.30%	16.22%	14.45%	13.93%	12.44%	12.80%

Note: Information prior to 2015 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying notes to the required supplementary information

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION
COUNTY EMPLOYEES RETIREMENT SYSTEM (CERS)**

Changes in benefit terms

2021

No changes.

2020

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

House Bill 271 passed during the 2020 Legislative Session and removed provisions that reduce the monthly payment to a surviving spouse of a member whose death was due to a duty-related injury upon remarriage of the spouse. It also increased benefits for a very small number of beneficiaries.

Changes in assumptions

2021

No changes.

2020

No changes.

**LIVINGSTON COUNTY SCHOOL DISTRICT
SCHEDULE OF DISTRICTS'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
KENTUCKY TEACHERS' RETIREMENT SYSTEMS (KTRS)**

<u>As of June 30</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%
District's proportionate share of net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability	\$ 21,041,174	\$ 23,560,821	\$ 22,632,140	\$ 22,553,230	\$ 46,984,783	\$ 54,985,251	\$ 43,157,334	\$ 37,415,517
District's covered-employee payroll	\$ 5,789,275	\$ 5,959,805	\$ 5,791,693	\$ 5,873,487	\$ 5,651,737	\$ 6,015,123	\$ 5,839,750	\$ 5,701,147
District's proportionate share of net pension liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of total pension liability	65.59%	58.27%	58.76%	59.28%	39.83%	35.22%	42.49%	45.59%

Note: Information prior to 2015 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year's end.

See accompanying notes to the required supplementary information

**LIVINGSTON COUNTY SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS – PENSION
KENTUCKY TEACHERS’ RETIREMENT SYSTEMS (KTRS)**

<u>For the year ended June 30</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 6,117,700	\$ 5,789,275	\$ 5,959,805	\$ 5,791,693	\$ 5,873,487	\$ 5,651,737	\$ 6,015,123	\$ 5,839,750
Contributions as a percentage of covered-employee payroll	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%

Note: Information prior to 2015 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying notes to the required supplementary information

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION
KENTUCKY TEACHERS' RETIREMENT SYSTEMS (KTRS)**

Changes in benefit terms

No changes.

Changes in assumptions

In the 2020 experience study, rates of withdrawal, retirement, disability, mortality and rates of salary increases were adjusted to reflect actual experience more closely. The expectation of mortality was changed to the PUB2010 Mortality Tables (Teachers Benefit-Weighted) projected generationally with MP-2020 with various set-forwards, set-backs and adjustments for each of the groups; service retirees, contingent annuitants, disabled retirees and actives. The assumed long-term investment rate of return was changed from 7.50% to 7.10% and the price inflation assumption was lowered from 3.00% to 2.50%. In addition, the calculation of the SEIR results in an assumption change from 7.50% to 7.10%.

**LIVINGSTON COUNTY SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF COLLECTIVE NET OPEB LIABILITY
COUNTY EMPLOYEES RETIREMENT SYSTEM (CERS)**

<u>As of June 30</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of collective net OPEB liability	0.083586%	0.090138%	0.094726%	0.086485%	0.083891%
District's proportionate share of collective net OPEB liability	\$ 1,600,212	\$ 2,176,559	\$ 1,593,249	\$ 1,535,524	\$ 1,686,496
District's covered-employee payroll	\$ 2,117,870	\$ 2,309,545	\$ 2,390,161	\$ 2,163,889	\$ 2,044,242
District's proportionate share of collective net OPEB liability as a percentage of its covered-employee payroll	75.56%	94.24%	66.66%	70.96%	82.50%
Plan fiduciary net position as a percentage of total OPEB liability	62.91%	51.67%	60.44%	57.62%	52.39%

Note: Information prior to 2018 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year's end.

See accompanying notes to the required supplementary information

**LIVINGSTON COUNTY SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS – OPEB
COUNTY EMPLOYEES RETIREMENT SYSTEM (CERS)**

<u>For the year ended June 30</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 136,703	\$ 100,811	\$ 109,934	\$ 125,723	\$ 101,499
Contributions in relation to the contractually required contribution	<u>136,703</u>	<u>100,811</u>	<u>109,934</u>	<u>125,723</u>	<u>101,499</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 2,365,023	\$ 2,117,870	\$ 2,309,545	\$ 2,390,161	\$ 2,163,889
Contributions as a percentage of covered-employee payroll	5.78%	4.76%	4.76%	5.26%	4.69%

Note: Information prior to 2018 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying notes to the required supplementary information

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – OPEB
COUNTY EMPLOYEES RETIREMENT SYSTEM (CERS)**

Changes in benefit terms

2021

During the 2021 legislative session, Senate Bill 169 passed during the 2021 legislative session and increased the disability benefits for certain qualifying members who become “totally and permanently disabled” in the line of duty or as a result of a duty-related disability. The total OPEB liability as of June 30, 2021 is determined using these updated benefit provisions. There were no other material plan provision changes, and it is our opinion that these procedures are reasonable and appropriate and comply with applicable requirements under GASB Statement No. 75.

2020

No changes.

Changes in assumptions

2021

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

- The single discount rate used to calculate the OPEB liability was decreased from 5.34% to 5.20% for non-hazardous and from 5.30% to 5.05% for hazardous.
- The healthcare trend rate starting at 6.30% at January 1, 2023, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years for pre-65. The healthcare trend rate starting at 6.30% at January 1, 2023, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years for post-65.

2020

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

- The healthcare trend rate starting at 6.40% at January 1, 2022, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years for pre-65. The healthcare trend rate starting at 2.90% at January 1, 2022, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years for post-65.
- The single discount rate of non-hazardous changed from 5.68% to 5.34%.
- The municipal bond rate decreased from 3.13% to 2.45%.
- The June 30, 2020 actuarial information reflects the anticipated savings from the repeal of the “Cadillac Tax” and “Health Insurer Fee”, which occurred in December of 2019. The assumed loan on pre-Medicare premiums were reduced by 11% to reflect the repeal of the Health Insurer Fee.

**LIVINGSTON COUNTY SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF COLLECTIVE NET OPEB LIABILITY
KENTUCKY TEACHERS' RETIREMENT SYSTEM (KTRS) – MEDICAL INSURANCE FUND**

<u>As of June 30</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of collective net OPEB liability	0.087192%	0.090084%	0.089061%	0.089653%	0.092218%
District's proportionate share of collective net OPEB liability	\$ 1,871,000	\$ 2,273,000	\$ 2,607,000	\$ 3,111,000	\$ 3,288,000
State's proportionate share of collective net OPEB liability	\$ 1,519,000	\$ 1,821,000	\$ 2,105,000	\$ 2,681,000	\$ 2,686,000
District's covered-employee payroll	\$ 5,789,275	\$ 5,959,805	\$ 5,791,693	\$ 5,873,487	\$ 5,651,737
District's proportionate share of collective net OPEB liability as a percentage of its covered-employee payroll	32.32%	38.14%	45.01%	52.97%	58.18%
Plan fiduciary net position as a percentage of total OPEB liability	51.74%	39.05%	32.58%	25.54%	21.18%

Note: Information prior to 2018 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year's end.

See accompanying notes to the required supplementary information

**LIVINGSTON COUNTY SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
KENTUCKY TEACHERS' RETIREMENT SYSTEM (KTRS) – MEDICAL INSURANCE FUND**

<u>For the year ended June 30</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 282,631	\$ 280,847	\$ 280,317	\$ 297,328	\$ 287,056
Contributions in relation to the contractually required contribution	<u>282,631</u>	<u>280,847</u>	<u>280,317</u>	<u>297,328</u>	<u>287,056</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 6,117,700	\$ 5,789,275	\$ 5,959,805	\$ 5,791,693	\$ 5,873,487
Contributions as a percentage of District's covered-employee payroll	4.62%	4.85%	4.70%	5.13%	4.89%

Note: Information prior to 2018 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying notes to the required supplementary information

**LIVINGSTON COUNTY SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF COLLECTIVE NET OPEB LIABILITY
KENTUCKY TEACHERS' RETIREMENT SYSTEM (KTRS) – LIFE INSURANCE FUND**

<u>As of June 30</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of collective net OPEB liability	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
District's proportionate share of collective net OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of collective net OPEB liability	\$ 20,000	\$ 55,000	\$ 49,000	\$ 46,000	\$ 36,000
District's covered-employee payroll	\$ 5,789,275	\$ 5,959,805	\$ 5,791,693	\$ 5,873,487	\$ 5,651,737
District's proportionate share of collective net OPEB liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of total OPEB liability	89.15%	71.57%	73.40%	74.97%	79.99%

Note: Information prior to 2018 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year's end.

See accompanying notes to the required supplementary information

**LIVINGSTON COUNTY SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
KENTUCKY TEACHERS' RETIREMENT SYSTEM (KTRS) – LIFE INSURANCE FUND**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 6,117,700	\$ 5,789,275	\$ 5,959,805	\$ 5,791,693	\$ 5,873,487
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%

Note: Information prior to 2018 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying notes to the required supplementary information

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – OPEB
KENTUCKY TEACHERS' RETIREMENT SYSTEM (KTRS)**

Medical Insurance Fund

Changes in benefit terms

No changes.

Changes in assumptions

In the 2020 experience study, rates of withdrawal, retirement, disability, mortality and salary increases were adjusted to reflect actual experience more closely. The expectation of mortality was changed to the Pub2010 Mortality Tables (Teachers Benefit-Weighted) projected generationally with MP-2020 with various set forwards, set-backs and adjustments for each of the groups: service retirees, contingent annuitants, disabled retirees and actives. The assumed long-term investment rate of return was changed from 8.00% to 7.10%. The price inflation assumption was lowered from 3.00% to 2.50%. The rates of member participation and spousal participation were adjusted to reflect actual experience more closely.

Life Insurance Fund

Changes in benefit terms

No changes.

Changes in assumptions

The assumed long-term investment rate of return was changed from 7.50% to 7.10% and the price inflation assumption was lowered from 3.00% to 2.50%. The Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index.

OTHER SUPPLEMENTARY INFORMATION

**LIVINGSTON COUNTY SCHOOL DISTRICT
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022**

	SEEK	Construction	Debt Service	Student Activity	Total Nonmajor Governmental
ASSETS AND RESOURCES					
Cash and cash equivalents	\$ 68,021	\$ 2,323	\$ 52,614	\$ 139,232	\$ 262,190
Accounts receivable	-	-	-	320	320
Interfund receivable	-	38,023	-	-	38,023
Total assets and resources	<u>\$ 68,021</u>	<u>\$ 40,346</u>	<u>\$ 52,614</u>	<u>\$ 139,552</u>	<u>\$ 300,533</u>
LIABILITIES AND FUND BALANCE					
Liabilities					
Accounts payable	\$ -	\$ 38,023	\$ -	\$ 8,730	\$ 46,753
Interfund payable	-	-	52,478	-	52,478
Total liabilities	<u>-</u>	<u>38,023</u>	<u>52,478</u>	<u>8,730</u>	<u>99,231</u>
EQUITY AND FUND BALANCES					
Restricted					
KSFCC escrow	68,021	-	-	-	68,021
Construction projects	-	2,323	-	-	2,323
Debt service	-	-	136	-	136
Other	-	-	-	130,822	130,822
Total fund balances	<u>68,021</u>	<u>2,323</u>	<u>136</u>	<u>130,822</u>	<u>201,302</u>
Total liabilities and fund balances	<u>\$ 68,021</u>	<u>\$ 40,346</u>	<u>\$ 52,614</u>	<u>\$ 139,552</u>	<u>\$ 300,533</u>

**LIVINGSTON COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

	SEEK	Construction	Debt Service	Student Activity	Total Nonmajor Governmental
REVENUES					
From local sources					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Earnings on investments	-	22	129	1,176	1,327
Student Activities	-	-	-	229,995	229,995
Other local revenues	-	-	-	21,145	21,145
Intergovernmental - state	105,629	-	594,164	-	699,793
Total revenues	105,629	22	594,293	252,316	952,260
EXPENDITURES					
Instruction	-	-	-	233,551	233,551
Support services					
Student	-	-	-	86	86
Instructional staff	-	-	-	13,301	13,301
Plant operations and maintenance	-	-	-	520	520
Student transportation	-	-	-	28	28
Other instructional	-	-	-	1,009	1,009
Other non-instruction	-	-	-	12,865	12,865
Facilities acquisition and construction	-	61,813	-	-	61,813
Debt service	-	-	1,166,824	-	1,166,824
Total expenditures	-	61,813	1,166,824	261,360	1,489,997
Excess (deficit) of revenues over expenditures	105,629	(61,791)	(572,531)	(9,044)	(537,737)
OTHER FINANCING SOURCES (USES)					
Operating transfers in	-	61,813	572,660	-	634,473
Operating transfers out	(105,629)	-	-	-	(105,629)
Total other financing sources (uses)	(105,629)	61,813	572,660	-	528,844
Net change in fund balance	-	22	129	(9,044)	(8,893)
Fund balances, beginning of year	68,021	2,301	7	139,866	210,195
Fund balances, end of year	\$ 68,021	\$ 2,323	\$ 136	\$ 130,822	\$ 201,302

**LIVINGSTON COUNTY SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
 BALANCES – DEBT SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022**

	<u>2012R</u> <u>BONDS</u>	<u>2012Q</u> <u>BONDS</u>	<u>2014Q</u> <u>BONDS</u>	<u>Total</u> <u>Debt service</u>
REVENUES				
From local sources				
Earnings on investments	\$ 101	\$ 28	\$ -	\$ 129
Intergovernmental - state	<u>462,260</u>	<u>96,989</u>	<u>34,915</u>	<u>594,164</u>
 Total revenues	 <u>462,361</u>	 <u>97,017</u>	 <u>34,915</u>	 <u>594,293</u>
 EXPENDITURES				
Debt service				
Principal	835,000	127,111	35,000	997,111
Interest	<u>44,438</u>	<u>111,300</u>	<u>13,975</u>	<u>169,713</u>
 Total expenditures	 <u>879,438</u>	 <u>238,411</u>	 <u>48,975</u>	 <u>1,166,824</u>
 Excess (deficit) of revenues over expenditures	 <u>(417,077)</u>	 <u>(141,394)</u>	 <u>(14,060)</u>	 <u>(572,531)</u>
 OTHER FINANCING SOURCES (USES)				
Transfers in	<u>417,178</u>	<u>141,422</u>	<u>14,060</u>	<u>572,660</u>
 Total other financing sources (uses)	 <u>417,178</u>	 <u>141,422</u>	 <u>14,060</u>	 <u>572,660</u>
 Net change in fund balance	 101	 28	 -	 129
 Fund balance, beginning of year	 <u>6</u>	 <u>1</u>	 <u>-</u>	 <u>7</u>
 Fund balance, end of year	 <u>\$ 107</u>	 <u>\$ 29</u>	 <u>\$ -</u>	 <u>\$ 136</u>

**LIVINGSTON COUNTY SCHOOL DISTRICT
COMBINING BALANCE SHEET
SCHOOL ACTIVITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

	North Livingston Elementary	South Livingston Elementary	Livingston County Middle School	Livingston Central High School	Total (Memorandum Only)
ASSETS					
Cash and cash equivalents	\$ 2,733	\$ 30,200	\$ 32,735	\$ 73,564	\$ 139,232
Accounts receivable	320	-	-	-	320
Total assets	<u>3,053</u>	<u>30,200</u>	<u>32,735</u>	<u>73,564</u>	<u>139,552</u>
LIABILITIES					
Accounts payable	726	-	2,189	5,815	8,730
Total liabilities	<u>726</u>	<u>-</u>	<u>2,189</u>	<u>5,815</u>	<u>8,730</u>
FUND BALANCE					
Restricted for student activities	<u>2,327</u>	<u>30,200</u>	<u>30,546</u>	<u>67,749</u>	<u>130,822</u>
Total fund balance	<u>\$ 2,327</u>	<u>\$ 30,200</u>	<u>\$ 30,546</u>	<u>\$ 67,749</u>	<u>\$ 130,822</u>

**LIVINGSTON COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF SCHOOL ACTIVITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

	North Livingston Elementary	South Livingston Elementary	Livingston County Middle School	Livingston Central High School	Total (Memorandum only)
REVENUES					
From local sources					
Earnings on investments	\$ 44	\$ 248	\$ 258	\$ 626	\$ 1,176
Other local revenues	13,763	19,722	24,491	193,164	251,140
Total revenues	13,807	19,970	24,749	193,790	252,316
EXPENDITURES					
Instruction	11,042	4,966	28,085	189,458	233,551
Support services					
Student support services	-	-	-	86	86
Instructional staff	5,978	6,704	63	555	13,300
Plant operations and maintenance	-	-	-	520	520
Student transportation	28.0	-	-	-	28
Other instructional	-	-	-	1,008	1,008
Other non-instruction	-	12,663	(328)	532	12,867
Total expenditures	17,048	24,333	27,820	192,159	261,360
Net change in due to student groups	(3,241)	(4,363)	(3,071)	1,631	(9,044)
Fund balance, beginning of year	5,568	34,563	33,617	66,118	139,866
Fund balance, end of year	<u>\$ 2,327</u>	<u>\$ 30,200</u>	<u>\$ 30,546</u>	<u>\$ 67,749</u>	<u>\$ 130,822</u>

**LIVINGSTON COUNTY SCHOOL DISTRICT
STATEMENT OF SCHOOL ACTIVITY FUNDS
LIVINGSTON CENTRAL HIGH SCHOOL
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Cash Balance July 1, 2021</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Cash Balance June 30, 2022</u>	<u>Accounts Receivable</u>	<u>Accounts Payable</u>	<u>Fund Balance June 30, 2022</u>
District Tournament	\$ 159	\$ 1,207	\$ 856	\$ 510	\$ -	\$ -	\$ 510
Volleyball	(62)	5,459	5,397	-	-	-	-
Cardinal Café	1,732	6,920	5,302	3,350	-	-	3,350
General Fund	2,073	6,548	4,132	4,489	-	15	4,474
Student Emergency	462	-	86	376	-	-	376
Project Grad	2,333	23,750	25,156	927	-	-	927
Library Club	125	-	-	125	-	-	125
Donations	220	-	217	3	-	-	3
Staff Account	101	486	579	8	-	-	8
Art Club	578	1,000	752	826	-	-	826
Beta Club	2,617	1,034	1,192	2,459	-	-	2,459
FBLA	1,516	4,778	2,561	3,733	-	354	3,379
FCA	603	-	7	596	-	-	596
FFA	7,593	26,572	29,369	4,796	-	2,089	2,707
Science Club	2,200	849	1,013	2,036	-	-	2,036
TLC	4,620	730	1,895	3,455	-	-	3,455
Spirit Club	241	740	36	945	-	945	0
Student Council	563	5,164	3,426	2,301	-	-	2,301
Skills USA	121	-	86	35	-	-	35
Spanish Club	600	233	168	665	-	-	665
Choir & Music	110	106	67	149	-	-	149
Drama	217	-	8	209	-	-	209
Photography Club	1,639	75	177	1,537	-	-	1,537
STLP	53	-	-	53	-	-	53
Family & Consumer Science	1,926	6,767	8,259	434	-	-	434
Signs	1,565	-	1,000	565	-	-	565
Math	1,672	808	2,385	95	-	-	95
Carpentry	2,632	7,613	5,418	4,827	-	-	4,827
Chess Club	170	-	7	163	-	-	163
Athletics	2,660	21,315	21,344	2,631	-	-	2,631
Golf	816	-	536	280	-	-	280
Cheerleaders	2,728	13,560	12,881	3,407	-	1,819	1,588

**LIVINGSTON COUNTY SCHOOL DISTRICT
STATEMENT OF SCHOOL ACTIVITY FUNDS
LIVINGSTON CENTRAL HIGH SCHOOL
FOR THE YEAR ENDED JUNE 30, 2022**

	Cash Balance July 1, 2021	Cash Receipts	Cash Disbursements	Cash Balance June 30, 2022	Accounts Receivable	Accounts Payable	Fund Balance June 30, 2022
Special Olympics	1,444	-	1,444	-	-	-	-
Yearbook	(2,055)	12,598	10,135	408	-	-	408
Concessions	3,873	13,133	13,208	3,798	-	-	3,798
Baseball	222	9,475	9,592	105	-	-	105
Archery	5,012	500	615	4,897	-	-	4,897
Track & Field	228	85	313	-	-	-	-
Boys Basketball	1,183	8,383	5,931	3,635	-	-	3,635
Gifted and Talented	326	-	-	326	-	-	326
Step Up Girls	(16)	271	255	-	-	-	-
HOSA	409	7,895	7,308	996	-	-	996
CTE	(740)	2,036	1,296	-	-	-	-
Central Spirit Store	1,920	30	1,000	950	-	-	950
Dungeons & Dragons Club	60	-	60	-	-	-	-
Basketball	3,908	8,079	9,491	2,496	-	-	2,496
Softball	(3,473)	6,581	1,978	1,130	-	-	1,130
The Nest Coffee Shop	(187)	1,036	-	849	-	-	849
Arbiter Pay	5	15,085	15,090	-	-	-	-
Ticketleap	-	14,397	14,088	309	-	-	309
Square Reader	-	3,337	3,337	-	-	-	-
AG Equipment	685	2,525	-	3,210	-	436	2,774
Allied Health	66	113	159	20	-	-	20
Computer Fees DAF	-	910	910	-	-	-	-
Parking Tags DAF	-	510	510	-	-	-	-
Video Wall	-	9,707	7,019	2,688	-	-	2,688
Cross Country	(2,092)	4,152	1,974	86	-	-	86
Girls Basketball	(736)	6,312	4,866	710	-	156	554
Class of 2021	2,062	-	2,062	-	-	-	-
Class of 2022	-	1,935	1,910	25	-	-	25
Class of 2023	-	7,000	6,059	941	-	-	941
Subtotal	<u>56,687</u>	<u>271,798</u>	<u>254,922</u>	<u>73,563</u>	<u>-</u>	<u>5,814</u>	<u>67,749</u>
Less: Interfund Transfers	-	64,552	64,552	-	-	-	-
Total	<u>\$ 56,687</u>	<u>\$ 207,246</u>	<u>\$ 190,370</u>	<u>\$ 73,563</u>	<u>-</u>	<u>\$ 5,814</u>	<u>\$ 67,749</u>

**LIVINGSTON COUNTY SCHOOL DISTRICT
 COMBINING STATEMENT OF NET POSITION – ALL PRIVATE PURPOSE TRUST FUNDS
 JUNE 30, 2022**

	Dallas & Emma Maxfield	Mamie T. Ferguson	J Preston Dabney	Ashley Boone	George & Opal Pullen	Robert & Margaret Shelby	Lillian Boswell	Totals (Memorandum Only)
ASSETS								
Cash and cash equivalents	\$ 62,815	\$ 14	\$ 7,541	\$ 410	\$ 17,494	\$ 51,305	\$ 3,064	\$ 142,643
Total assets	62,815	14	7,541	410	17,494	51,305	3,064	142,643
LIABILITIES								
Accounts payable	1,000	-	400	-	-	-	250	1,650
Total liabilities	1,000	-	400	-	-	-	250	1,650
Net position held in trust	<u>\$ 61,815</u>	<u>\$ 14</u>	<u>\$ 7,141</u>	<u>\$ 410</u>	<u>\$ 17,494</u>	<u>\$ 51,305</u>	<u>\$ 2,814</u>	<u>\$ 140,993</u>

**LIVINGSTON COUNTY SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION HELD IN TRUST
 ALL PRIVATE PURPOSE TRUST FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022**

	Dallas & Emma Maxfield	Mamie T. Ferguson	J Preston Dabney	Ashley Boone	George & Opal Pullen	Robert & Margaret Shelby	Lillian Boswell	Totals (Memorandum Only)
REVENUES								
From local sources								
Earnings on investments	\$ 444	\$ -	\$ 57	\$ -	\$ 121	\$ 375	\$ 15	\$ 1,012
Total revenues	444	-	57	-	121	375	15	1,012
EXPENDITURES								
Scholarships paid	1,000	-	400	-	-	-	250	1,650
Total expenditures	1,000	-	400	-	-	-	250	1,650
Change in position held in trust	(556)	-	(343)	-	121	375	(235)	(638)
Net position held in trust, beginning of year	62,371	14	7,484	410	17,373	50,930	3,049	141,631
Net position held in trust, end of year	\$ 61,815	\$ 14	\$ 7,141	\$ 410	\$ 17,494	\$ 51,305	\$ 2,814	\$ 140,993

**LIVINGSTON COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2022**

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Prefix ALN	Pass- Through Grantor's Number	Federal Expenditures
U.S. Department of Education			
Passed through State Department of Education:			
Special Education Cluster			
Special Education - Grants to States	84.027	3810002-22	\$ 321
	84.027	3810002-21	265,325
	84.027	3810002-20	22,299
	84.027	3810002-19	9,032
	84.027	3810002-18	3,845
COVID-19 Special Education - Grants to States	84.027	4910002-21	59,445
COVID-19 Special Education - Preschool Grants	83.173	4900002-21	<u>8,623</u>
Total Special Education Cluster			368,890
Title I Grants to Local Education Agencies	84.010	3100002-21	424,974
Vocational Education - Basic Grants to States	84.048	3710002-21	17,165
	84.048	3710002-20	<u>3,229</u>
			20,394
Twenty-First Century Community Learning Centers	84.287	3400002-20	169,435
	84.287	3400002-19	<u>47,515</u>
			216,950
Special Education Educational Technology Media and Materials for Individuals with Disabilities	84.327	3810002-21	17,363
Title V Rural and Low Income	84.358	3140002-21	25,502
School Improvement Grant	84.377	3100302-16	13,430
Student Support and Academic Enrichment Program	84.424	3420002-21	28,634
COVID-19 Education Stabilization Fund Under the Coronavirus Aid, Relief and Economic Security Act	84.425	4200002-21	828,199
	84.425	4200003-21	121,439
	84.425	4000002-20	908,226
	84.425	4300005-21	1,624
	84.425	4000002-20	<u>25,444</u>
			1,884,932
Total U.S. Department of Education			3,001,069

Continued

**LIVINGSTON COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, continued
JUNE 30, 2022**

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Prefix ALN	Pass- Through Grantor's Number	Federal Expenditures
U.S. Department of Agriculture			
Passed through State Department of Education:			
Child Nutrition Cluster			
School Breakfast Program	10.553	7760005-22	285,792
	10.553	7760005-21	55,148
National School Lunch Program	10.555	7750002-22	484,344
	10.555	7750002-21	125,532
	10.555	7970000-21	8,124
	10.555	9980000-22	<u>31,970</u>
Total Child Nutrition Cluster			990,910
State Administrative Expenses for Child Nutrition	10.560	7700001-21	1,124
COVID-19: Pandemic EBT Administrative Cost	10.649	9990000-21	5,957
Other U. S. Department of Agriculture Programs - Fresh Fruit and Vegetable Program	10.555	Direct	<u>74,660</u>
Total U. S. Department of Agriculture			1,072,651
Federal Communications Commission			
Emergency Connectivity Fund Program	32.009	Direct	<u>311,093</u>
Total Federal Communications Commission			311,093
U. S. Department of Health and Human Services			
Passed through Audubon Area Community Services, Inc.:			
Head Start	93.600	Direct	<u>200,779</u>
Total U. S. Department of Health and Human Services			<u>200,779</u>
Total Expenditures of Federal Awards			<u><u>\$ 4,585,592</u></u>

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2022**

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in financial position of the District.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in OMB Circular A-87 *Cost Principles for State, Local and Indian Tribal Governments* (codified in 2 CFR Part 225), or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.
- (2) The District did not elect to use the 10% *de minimus* indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 – FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair value of the commodities disbursed. Per USDA instructions, commodities expended are recorded at an amount equal to commodities received and the inventory at June 30, 2022 is combined with purchased food inventory. The pass-through number for the commodities program was not available for the Schedule of Expenditures of Federal Awards.

NOTE 4 – RECONCILIATION OF SCHEDULE TO FINANCIAL STATEMENTS

The following is a reconciliation of the total in the schedule of expenditures of federal awards to the total federal revenue included in the statement of revenues, expenditures and changes in fund balances – governmental funds on page 18 of the compilation report and in the statement of revenues, expenses and changes in net position – proprietary funds on page 18 of the compilation report:

Total intergovernmental - indirect federal from page 18	\$ 3,563,105
Total federal grants from page 23	997,991
Donated commodities from page 23	74,660
Less: Medicaid funds received	<u>(50,164)</u>
 Total on page 94	 <u><u>\$ 4,585,592</u></u>

INTERNAL CONTROL AND COMPLIANCE

ANNA B. GENTRY HERR, CPA, CFE

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DUGUID, GENTRY & ASSOCIATES, P.S.C.
CERTIFIED PUBLIC ACCOUNTANTS

**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**

Kentucky State Committee
for School District Audits
Members of the Board of Education
Livingston County School District
Smithland, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Independent Auditor's Contract*, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Livingston County School District (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 11, 2022.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District'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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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 statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. In addition, the results of our tests disclosed no material instances of noncompliance of specific state statutes or regulations identified in *Appendix II of the Independent Auditor's Contract – State Audit Requirements*.

We noted certain matters that we reported to management of Livingston County School District in a separate report dated November 11, 2022.

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.

Duguid, Gentry & Associates, PSC

Duguid, Gentry & Associates, PSC

Certified Public Accountants
Hopkinsville, Kentucky

November 11, 2022

ANNA B. GENTRY HERR, CPA, CFE

WALTER G. CUMMINGS, CPA



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CERTIFIED PUBLIC ACCOUNTANTS

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

Kentucky State Committee
for School District Audits
Members of the Board of Education
Livingston County School District
Smithland, Kentucky

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Livingston County School District's (District) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2022. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the District and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures, as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant

deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Duguid, Gentry & Associates, PSC

Duguid, Gentry & Associates, PSC

Certified Public Accountants
Hopkinsville, Kentucky

November 11, 2022

**LIVINGSTON COUNTY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified? yes none reported

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

Any audit findings disclosed that are required to be reported in accordance with

2 CFR Section 200.516(a) yes no

Major federal programs:

Program Title	Federal Prefix ALN
Emergency Connectivity Fund Program	32.009
Title I Grants to Local Educational Agencies	84.010
Education Stabilization Fund Under	
Coronavirus Relief	84.425
Head Start	93.600

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

Auditee qualified as a low-risk auditee? yes no

Findings – Financial Statement Audits

None

Findings and Questioned Costs – Major Federal Award Program Audit

None

**LIVINGSTON COUNTY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022**

None

MANAGEMENT COMMENTS FOR AUDIT

ANNA B. GENTRY HERR, CPA, CFE

WALTER G. CUMMINGS, CPA



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DUGUID, GENTRY & ASSOCIATES, P.S.C.
CERTIFIED PUBLIC ACCOUNTANTS

November 11, 2022

Kentucky State Committee
for School District Audits
Members of the Board of Education
Livingston County School District
Smithland, Kentucky

In planning and performing our audit of the financial statements of Livingston County School District (District) for the year ended June 30, 2022, we considered the District's internal control in order 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.

However, during our audit, we became aware of some matters that are opportunities for strengthening internal controls and operating efficiencies. The memorandum that accompanies this letter summarizes our comments and recommendations regarding these matters. Any uncorrected comments from the prior year have been listed in this memorandum. A separate report dated November 11, 2022 contains our report on the District's internal control. This letter does not affect our report dated November 11, 2022 on the financial statements of the District.

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

This report is intended solely for the information and use of management, the members of the Livingston County Board of Education, others within the District, the Kentucky Department of Education and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully,

Duguid, Gentry & Associates, PSC

Duguid, Gentry & Associates, PSC

Certified Public Accountants
Hopkinsville, Kentucky

**LIVINGSTON COUNTY SCHOOL DISTRICT
MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

LIVINGSTON CENTRAL HIGH SCHOOL

Inventory Control Worksheet

Accounting Procedures for Kentucky School Activity Funds (Redbook) requires the use of Form F-SA-5 Monthly Inventory Control Worksheet for concession and bookstore activities to recap the flow of inventory monthly and identify overages or shortages. Form F-SA-5 Monthly Inventory Control Worksheet was not used and completed monthly. Form F-SA-5 Monthly Inventory Control Worksheet should be completed to recap the flow of inventory monthly of all inventory/concessions and to identify overages and shortages.

Management's Response

Sponsors have been trained on how to use the form. The form is collected monthly and it is filed by the financial secretary.

**LIVINGSTON COUNTY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NORTH LIVINGSTON ELEMENTARY SCHOOL

Inactive Accounts

Auditor noted three inactive activity accounts. The Redbook, page 21, states “an activity account will be considered inactive if there has been no activity during the preceding 12 months – if the student organization did not designate in writing how the unobligated remaining funds shall be disposed, then the funds shall be transferred to the school activity general account and used for the general benefit of all students”.

Current Status

This finding was repeated for one account for fiscal year June 30, 2022.

Management’s Response

In the future, an activity account will be considered inactive if there has been no activity during the preceding 12 months and will be closed using form F-SA-10. Any remaining balance will be transferred to the school activity general account and used for the general benefit of all students.

SOUTH LIVINGSTON ELEMENTARY SCHOOL

Inactive Accounts

Auditor noted four inactive activity accounts. The Redbook, page 21, states “an activity account will be considered inactive if there has been no activity during the preceding 12 months – if the student organization did not designate in writing how the unobligated remaining funds shall be disposed, then the funds shall be transferred to the school activity general account and used for the general benefit of all students”.

Current Status

This finding was repeated for three accounts for fiscal year June 30, 2022.

Management’s Response

The Finance Secretary and the Principal will meet quarterly to review activity fund accounts. Any account that falls into an “inactive” status will have funds transferred per Redbook.

**LIVINGSTON COUNTY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

SOUTH LIVINGSTON ELEMENTARY SCHOOL, continued

Cash Deposits

Receipt numbers were not listed on the deposit slips. Accounting Procedures for Kentucky School Activity Funds (Redbook), page 8, states, "the deposit slip shall note the receipt numbers in the deposit".

Current Status

This finding was not repeated for fiscal year June 30, 2022.

Fundraiser

Form F-SA-2A, Fundraiser & Crowdfunding Approval Form was not completed, and F-SA-2B, Fundraiser Summary was not completed. The Redbook, pages 9 and 28, states, "the Fundraiser & Crowdfunding Approval (Form F-SA-2A) shall be completed and approved before the fundraiser begins". The Redbook, page 10, states "fundraisers where items are sold, whether they are purchased or donated or both, require the use of the Fundraiser Summary (Form F-SA-2B), which is used to recap the profitability of a fundraiser sales cycle".

Current Status

This finding was not repeated for fiscal year June 30, 2022.

LIVINGSTON MIDDLE SCHOOL

Inactive Accounts

Auditor noted seven inactive activity accounts. The Redbook, page 21, states "an activity account will be considered inactive if there has been no activity during the preceding 12 months – if the student organization did not designate in writing how the unobligated remaining funds shall be disposed, then the funds shall be transferred to the school activity general account and used for the general benefit of all students".

Current Status

This finding was repeated for three accounts for fiscal years June 30, 2022, and 2021.

Management's Response

In the future, an activity account will be considered inactive if there has been no activity during the preceding 12 months and will be closed using form F-SA-10. Any remaining balance will be transferred to the school activity general account and used for the general benefit of all students.

**LIVINGSTON COUNTY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

LIVINGSTON MIDDLE SCHOOL, continued

Cash Deposits

Receipt numbers were not listed on deposit slips tested. Accounting Procedures for Kentucky School Activity Funds (Redbook), page 8, states, “the deposit slip shall note the receipt numbers in the deposit”.

Current Status

This finding was repeated for fiscal years June 30, 2022, and 2021.

Management’s Response

The school treasurer shall prepare deposit slips containing the issuer’s name and the amount of each check or retain a copy of all checks to be deposited. The deposit slip shall note the receipt numbers in the deposit.

Receipts

Form F-SA-6, Multiple Receipt Form, was not completed properly and timely. Accounting Procedures for Kentucky School Activity Funds (Redbook) requires the use of Form F-SA-6 to record funds collected by teachers or sponsors from a group of students in lieu of individual receipts. The lack of use of Form F-SA-6 weakens internal controls which would otherwise provide support for funds collected and documentation of the amount, date and person collecting the funds. Accounting Procedures for Kentucky School Activity Funds (Redbook) requires the use and proper and timely completion of the Multiple Receipt Form when funds are collected from a group of students to document the receipt of funds from a fundraiser or event. Additionally, it is required that students in sixth grade and above sign F-SA-6 as they turn in money.

Current Status

This finding was repeated for fiscal year June 30, 2022.

Management’s Response

Principal and Bookkeeper will review RedBook guidance with staff to ensure that forms are completed properly.

**LIVINGSTON COUNTY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

LIVINGSTON CENTRAL HIGH SCHOOL

Inactive Accounts

Auditor noted nine inactive activity accounts. The Redbook, page 21, states “an activity account will be considered inactive if there has been no activity during the preceding 12 months – if the student organization did not designate in writing how the unobligated remaining funds shall be disposed, then the funds shall be transferred to the school activity general account and used for the general benefit of all students”.

Current Status

This finding was repeated for three accounts for fiscal year June 30, 2022, and thirteen accounts for fiscal year June 30, 2021.

Management’s Response

We will check accounts quarterly to ensure no activity fund is left open and that is inactive. Accounts will be addressed with the club sponsors to ensure activity by June 2023.

Deficit Balances

Auditor noted eight inactive activity accounts with a deficit balance. The Redbook, page 23, states “Individual school activity accounts shall not end the fiscal year with a negative (deficit) balance. If an activity account ends the year with a negative balance (after taking receivable and accounts payable into consideration), then the general activity account must cover the deficit by June 30”.

Current Status

This finding was not repeated for fiscal year June 30, 2022.