

LIVINGSTON COUNTY SCHOOL DISTRICT
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

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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, 2023, 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, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States 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 15, 2023, 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 15, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

**LIVINGSTON COUNTY SCHOOL DISTRICT – SMITHLAND, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2023**

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, 2023. 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 \$3M and the ending balance was \$2.6M.
- The District had a combined fund balance for all governmental funds on July 1, 2021 of \$4.2M. The balance decreased to \$4M by June 30, 2022 and increased to \$14.1M by June 30, 2023, primarily due to funds remaining to be spent from bond proceeds and state grants in the construction fund. The combined revenues for all governmental funds increased from FY 22 to FY 23 by \$7M, with the largest difference being an increase of almost \$6.7 million in state grant revenue. Of that increase, \$5.7M was granted for construction projects. The combined expenditures for all governmental funds increased from FY 22 to FY 23 by \$6M, primarily due to over \$5 million spent on construction projects. The net position (deficit) of the proprietary fund decreased from \$(916K) at July 1, 2021 to \$(560K) by June 30, 2022 then increased to \$(333K) by June 30, 2023. 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 \$607K, which would have been an increase of \$248K from the prior year.
- Excluding on behalf amounts, the General Fund had \$9M 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 \$35K. Excluding interfund transfers and on behalf amounts, there was \$9.1M in General Fund expenditures. Expenditures in the general fund decreased from the prior year by about \$58K.
- With the exception of the Construction Fund, there were no significant changes in any of the other individual funds affecting the availability of fund resources for future use. The Construction Fund ended the fiscal year with over \$11 million in its fund balance, which is restricted for current and future construction projects.

**LIVINGSTON COUNTY SCHOOL DISTRICT – SMITHLAND, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2023**

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 SCHOOL DISTRICT – SMITHLAND, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2023**

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 \$12.9M as of June 30, 2023. 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, 2023 and 2022.

**LIVINGSTON COUNTY SCHOOL DISTRICT – SMITHLAND, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2023**

Net Position

| | Governmental Activities | | Business-type Activities | | District Total | |
|-------------------------------------------|-------------------------|--------------|--------------------------|--------------|----------------|--------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| ASSETS | | | | | | |
| Current and other assets | \$ 17,787,202 | \$ 5,500,433 | \$ 504,703 | \$ 312,202 | \$ 18,291,905 | \$ 5,812,635 |
| Capital assets | 21,481,538 | 14,528,797 | 118,949 | 56,478 | 21,600,487 | 14,585,275 |
| Total assets | 39,268,740 | 20,029,230 | 623,652 | 368,680 | 39,892,392 | 20,397,910 |
| Deferred outflows of resources | 3,921,997 | 2,420,890 | 306,276 | 233,122 | 4,228,273 | 2,654,012 |
| LIABILITIES | | | | | | |
| Current liabilities | 3,125,694 | 953,497 | 8,449 | 2,400 | 3,134,143 | 955,897 |
| Long-term debt | 23,886,718 | 13,105,756 | 1,014,969 | 869,470 | 24,901,687 | 13,975,226 |
| Total liabilities | 27,012,412 | 14,059,253 | 1,023,418 | 871,870 | 28,035,830 | 14,931,123 |
| Deferred inflows of resources | 2,975,873 | 3,483,916 | 239,015 | 290,352 | 3,214,888 | 3,774,268 |
| NET POSITION | | | | | | |
| Net investment in capital assets | 6,893,947 | 9,004,135 | 118,949 | 56,478 | 7,012,896 | 9,060,613 |
| Restricted | 12,862,774 | 2,260,700 | - | - | 12,862,774 | 2,260,700 |
| Unrestricted | (6,554,269) | (6,357,884) | (451,454) | (616,898) | (7,005,723) | (6,974,782) |
| Total net position | \$ 13,202,452 | \$ 4,906,951 | \$ (332,505) | \$ (560,420) | \$ 12,869,947 | \$ 4,346,531 |

The net pension liability (NPL) and the net other postemployment benefits (OPEB) liability are the largest liabilities reported by the District as of June 30, 2023. 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 SCHOOL DISTRICT – SMITHLAND, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2023**

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, 2023 were \$13M.
- 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 \$1M more than budget. The largest differences from budgeted amounts included total tax revenues (\$138K over budget), tuition (\$18K over budget), other local revenues (\$26K over budget), indirect federal funds (\$22K over budget), on-behalf revenues (\$792K over budget), and other state funding (\$29K over budget).
- The total cost of all general fund programs and services was \$13.2M, 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 \$1.1M less than budget. The largest differences from budgeted amounts included facilities acquisition and construction (\$1.1M less than budget), student transportation (\$252K less than budget), district administration support services (\$342K less than budget), plant operations and maintenance (\$73K more than budget), student support services (\$52K less than budget), instructional staff support services (\$35K less than budget), and instruction (\$533K more 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 \$4.7M. The revenue and related expense for these on behalf payments are not required to be budgeted; however, the District included a budgeted amount of \$4M in state revenue and expenditures.

**LIVINGSTON COUNTY SCHOOL DISTRICT – SMITHLAND, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2023**

The following table presents a summary of revenue and expense for the fiscal year ended June 30, 2023, compared to the fiscal year ended June 30, 2022.

Changes in Net Position

| | Governmental Activities | | Business-type Activities | | District Total | |
|------------------------------------|--------------------------------|-------------------|---------------------------------|-------------------|-----------------------|---------------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| REVENUES | | | | | | |
| Program revenues | | | | | | |
| Charges for services | \$ 427,185 | \$ 305,894 | \$ 45,994 | \$ 33,744 | \$ 473,179 | \$ 339,638 |
| Operating grants and contributions | 8,220,696 | 7,608,697 | 1,286,471 | 1,130,454 | 9,507,167 | 8,739,151 |
| Capital grants and contributions | 6,393,178 | 703,634 | - | - | 6,393,178 | 703,634 |
| General revenues | | | | | | |
| Property taxes | 6,584,582 | 6,392,899 | - | - | 6,584,582 | 6,392,899 |
| Investment earnings | 345,784 | 58,998 | 2,566 | 1,183 | 348,350 | 60,181 |
| State aid | 2,686,671 | 2,693,057 | - | - | 2,686,671 | 2,693,057 |
| Other | - | 191 | - | - | - | 191 |
| Total revenues | <u>24,658,096</u> | <u>17,763,370</u> | <u>1,335,031</u> | <u>1,165,381</u> | <u>25,993,127</u> | <u>18,928,751</u> |
| EXPENSES | | | | | | |
| Instruction | 9,669,230 | 9,358,760 | - | - | 9,669,230 | 9,358,760 |
| Support services | | | | | | |
| Student | 695,962 | 621,258 | - | - | 695,962 | 621,258 |
| Instructional staff | 779,720 | 613,647 | - | - | 779,720 | 613,647 |
| District administration | 671,203 | 820,582 | - | - | 671,203 | 820,582 |
| School administration | 1,007,104 | 988,751 | - | - | 1,007,104 | 988,751 |
| Business | 405,073 | 446,404 | - | - | 405,073 | 446,404 |
| Plant operations and maintenance | 616,264 | 2,157,612 | - | - | 616,264 | 2,157,612 |
| Student transportation | 1,749,463 | 1,654,600 | - | - | 1,749,463 | 1,654,600 |
| Other instructional | 978 | 1,009 | - | - | 978 | 1,009 |
| Other non-instructional | 16,315 | 12,865 | - | - | 16,315 | 12,865 |
| Food service | - | - | 1,107,116 | 809,987 | 1,107,116 | 809,987 |
| Community service activities | 133,071 | 116,694 | - | - | 133,071 | 116,694 |
| Loss on disposal of fixed assets | 65,566 | 9,932 | - | - | 65,566 | 9,932 |
| Interest on long-term debt | 342,816 | 222,372 | - | - | 342,816 | 222,372 |
| Other debt service | 209,830 | (3,229) | - | - | 209,830 | (3,229) |
| Total expenses | <u>16,362,595</u> | <u>17,021,257</u> | <u>1,107,116</u> | <u>809,987</u> | <u>17,469,711</u> | <u>17,831,244</u> |
| Change in net position | <u>\$ 8,295,501</u> | <u>\$ 742,113</u> | <u>\$ 227,915</u> | <u>\$ 355,394</u> | <u>\$ 8,523,416</u> | <u>\$ 1,097,507</u> |

**LIVINGSTON COUNTY SCHOOL DISTRICT – SMITHLAND, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2023**

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 52.7% of General Fund revenues, followed by local taxes at 46.2% and all other revenues at 1.1%. The majority of the District’s activities are accounted for in the General Fund.

The largest category of General Fund expenditures was for instruction (51.6%), followed by student transportation (11.6%), plant operations and maintenance (11.4%), school administration services (7.7%), instructional staff support services (6.3%), student support services (4.2%), district administration services (4.1%), and business support services (3.1%).

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, Education Stabilization Fund, 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 \$3.1M and state grants in the amount of \$742K.

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. The District sold \$9.3M of revenue bonds during the year and the net proceeds were placed into the Construction Fund for approved projects.

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, 2023, the District had \$14.4M invested in capital assets net of depreciation: historical cost totaled \$36M with accumulated depreciation totaling \$14.5M. These assets include school, athletic and support facilities, as well as technology, food service and other equipment. Funds in the amount of \$841K were expended on acquisition and improvements during the year. Depreciation charged to expense during the year totaled \$925K, 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 SCHOOL DISTRICT – SMITHLAND, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2023**

Following is a summary of capital assets, net of depreciation, as of June 30, 2023 and 2022:

| | Governmental Activities | | Business-type Activities | | District Total | |
|----------------------------|--------------------------------|----------------------|---------------------------------|------------------|-----------------------|----------------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Land | \$ 263,559 | \$ 263,559 | \$ - | \$ - | \$ 263,559 | \$ 263,559 |
| Land improvements | 402,730 | 91,112 | - | - | 402,730 | 91,112 |
| Construction in progress | 7,225,721 | 61,813 | - | - | 7,225,721 | 61,813 |
| Buildings and improvements | 11,987,894 | 12,460,607 | - | - | 11,987,894 | 12,460,607 |
| Technology equipment | 215,137 | 265,496 | - | 129 | 215,137 | 265,625 |
| General equipment | 377,952 | 323,701 | 118,949 | 56,349 | 496,901 | 380,050 |
| Vehicles | 1,008,545 | 1,062,509 | - | - | 1,008,545 | 1,062,509 |
| Total | \$ 21,481,538 | \$ 14,528,797 | \$ 118,949 | \$ 56,478 | \$ 21,600,487 | \$ 14,585,275 |

Long-term Debt – The District’s long-term general obligation bonds outstanding at June 30, 2023 were \$14.2M. Of that amount, the Kentucky SFCC has agreed to make a portion of the principal and interest payment under agreements described in Note 4. 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 \$4.1M of the bonds leaving the District to pay \$10.1M.

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 \$16.4M in the General Fund and Food Service Fund combined and a contingency of \$671K, which is 4.10%. The beginning fund balance for the fiscal year was \$3M.

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, P. O. Box 219, 127 East Adair Street, Smithland, KY 42081.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**LIVINGSTON COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023**

| | Governmental Activities | Business-type Activities | Total |
|---------------------------------------|----------------------------|-----------------------------|---------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | \$ 15,432,082 | \$ 389,928 | \$ 15,822,010 |
| Accounts receivable | | | |
| Taxes | 378,792 | - | 378,792 |
| Accounts receivable | 99,636 | - | 99,636 |
| Intergovernmental - indirect federal | 447,092 | 104,214 | 551,306 |
| Inventory | - | 10,561 | 10,561 |
| Prepaid expenses | 943 | - | 943 |
| Total current assets | 16,358,545 | 504,703 | 16,863,248 |
| Restricted assets | | | |
| Cash in bond sinking fund | 1,428,657 | - | 1,428,657 |
| Total restricted assets | 1,428,657 | - | 1,428,657 |
| Noncurrent Assets | | | |
| Capital assets | 35,543,518 | 540,927 | 36,084,445 |
| Less: Accumulated depreciation | (14,061,980) | (421,978) | (14,483,958) |
| Total noncurrent assets | 21,481,538 | 118,949 | 21,600,487 |
| Total assets | 39,268,740 | 623,652 | 39,892,392 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred loss from refunding bonds | 54,342 | - | 54,342 |
| OPEB Related | 2,570,733 | 116,668 | 2,687,401 |
| Pension related | 1,296,922 | 189,608 | 1,486,530 |
| Total deferred outflows of resources | 3,921,997 | 306,276 | 4,228,273 |

Continued

**LIVINGSTON COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION, continued
JUNE 30, 2023**

| | Governmental Activities | Business-type Activities | Total |
|----------------------------------------|----------------------------|-----------------------------|----------------------|
| LIABILITIES | | | |
| Accounts payable | 2,105,897 | 8,449 | 2,114,346 |
| Advances from grantors | 170,915 | - | 170,915 |
| Interest payable | 67,031 | - | 67,031 |
| Noncurrent obligations | | | |
| Portion due or payable within one year | | | |
| Bonds payable | 781,851 | - | 781,851 |
| Portion due or payable after one year | | | |
| Bonds payable | 13,805,740 | - | 13,805,740 |
| Compensated absences | 234,624 | 8,347 | 242,971 |
| Net OPEB liability | 4,437,385 | 215,844 | 4,653,229 |
| Net pension liability | 5,408,969 | 790,778 | 6,199,747 |
| Total liabilities | <u>27,012,412</u> | <u>1,023,418</u> | <u>28,035,830</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| OPEB related | 2,185,859 | 123,517 | 2,309,376 |
| Pension related | 790,014 | 115,498 | 905,512 |
| Total deferred inflows of resources | <u>2,975,873</u> | <u>239,015</u> | <u>3,214,888</u> |
| NET POSITION | | | |
| Net Investment in capital assets | 6,893,947 | 118,949 | 7,012,896 |
| Restricted | 12,862,774 | - | 12,862,774 |
| Unrestricted | (6,554,269) | (451,454) | (7,005,723) |
| Total net position | <u>\$ 13,202,452</u> | <u>\$ (332,505)</u> | <u>\$ 12,869,947</u> |

See accompanying notes to financial statements

**LIVINGSTON COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

| FUNCTIONS/PROGRAMS | <u>Expenses</u> | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> | <u>Governmental Activities</u> | <u>Business- type Activities</u> | <u>Total</u> |
|---------------------------------------|----------------------|-------------------------------------|---------------------------------------------------|-------------------------------------------------|------------------------------------|------------------------------------------|--------------------|
| Governmental Activities | | | | | | | |
| Instruction | \$ 9,669,230 | \$ 427,185 | \$ 5,101,072 | \$ 6,393,178 | \$ 2,252,205 | \$ - | \$ 2,252,205 |
| Support Services | | | | | | | |
| Student | 695,962 | - | 415,823 | - | (280,139) | - | (280,139) |
| Instructional staff | 779,720 | - | 164,484 | - | (615,236) | - | (615,236) |
| District administration | 671,203 | - | 255,325 | - | (415,878) | - | (415,878) |
| School administration | 1,007,104 | - | 299,016 | - | (708,088) | - | (708,088) |
| Business | 405,073 | - | 166,140 | - | (238,933) | - | (238,933) |
| Plant operations and maintenance | 616,264 | - | 968,890 | - | 352,626 | - | 352,626 |
| Student transportation | 1,749,463 | - | 611,010 | - | (1,138,453) | - | (1,138,453) |
| Other instructional | 978 | - | - | - | (978) | - | (978) |
| Other non-instruction | 16,315 | - | - | - | (16,315) | - | (16,315) |
| Community service activities | 133,071 | - | 133,980 | - | 909 | - | 909 |
| Loss on disposal of fixed assets | 65,566 | - | - | - | (65,566) | - | (65,566) |
| Interest on long-term debt | 342,816 | - | 104,956 | - | (237,860) | - | (237,860) |
| Other debt service | 209,830 | - | - | - | (209,830) | - | (209,830) |
| Total governmental activities | <u>16,362,595</u> | <u>427,185</u> | <u>8,220,696</u> | <u>6,393,178</u> | <u>(1,321,536)</u> | <u>-</u> | <u>(1,321,536)</u> |
| Business-type Activities | | | | | | | |
| Food service | 1,107,116 | 45,994 | 1,286,471 | - | - | 225,349 | 225,349 |
| Total business-type activities | <u>1,107,116</u> | <u>45,994</u> | <u>1,286,471</u> | <u>-</u> | <u>-</u> | <u>225,349</u> | <u>225,349</u> |
| Total primary government | <u>\$ 17,469,711</u> | <u>\$ 473,179</u> | <u>\$ 9,507,167</u> | <u>\$ 6,393,178</u> | <u>(1,321,536)</u> | <u>225,349</u> | <u>(1,096,187)</u> |

Continued

**LIVINGSTON COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES, continued
FOR THE YEAR ENDED JUNE 30, 2023**

| | Net (Expense) Revenue and Changes in Net Position | | |
|----------------------------------------|--------------------------------------------------------------|------------------------------------------|---------------|
| | Governmental Activities | Business- type Activities | Total |
| General Revenues | (1,321,536) | 225,349 | (1,096,187) |
| Taxes | | | |
| Property | 4,016,505 | - | 4,016,505 |
| Motor vehicle | 877,058 | - | 877,058 |
| Utilities | 747,217 | - | 747,217 |
| In lieu of | 943,802 | - | 943,802 |
| Earnings on investments | 345,784 | 2,566 | 348,350 |
| State and formula grants | 2,686,671 | - | 2,686,671 |
| Change in net position | 8,295,501 | 227,915 | 8,523,416 |
| Net position, beginning of year | 4,906,951 | (560,420) | 4,346,531 |
| Net position, end of year | \$ 13,202,452 | \$ (332,505) | \$ 12,869,947 |

See accompanying notes to financial statements

GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

**LIVINGSTON COUNTY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023**

| | <u>General</u> | <u>Special Revenue</u> | <u>Construction</u> | <u>Nonmajor Governmental</u> | <u>Total Governmental</u> |
|--------------------------------------------|----------------------------|----------------------------|-----------------------------|----------------------------------|-------------------------------|
| ASSETS AND RESOURCES | | | | | |
| Cash and cash equivalents | \$ 1,976,701 | \$ - | \$ 13,042,665 | \$ 412,716 | \$ 15,432,082 |
| Accounts receivable | | | | | |
| Taxes | 378,792 | - | - | - | 378,792 |
| Accounts receivable | 27,672 | 68,993 | - | 2,971 | 99,636 |
| Interfund receivable | 335,505 | - | - | 104,956 | 440,461 |
| Intergovernmental - indirect federal | - | 447,092 | - | - | 447,092 |
| Prepaid expenses | 943 | - | - | - | 943 |
| Total assets and resources | <u>\$ 2,719,613</u> | <u>\$ 516,085</u> | <u>\$ 13,042,665</u> | <u>\$ 520,643</u> | <u>\$ 16,799,006</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities | | | | | |
| Accounts payable | 71,997 | 9,665 | 2,011,833 | 12,402 | 2,105,897 |
| Interfund payable | - | 335,505 | - | 104,956 | 440,461 |
| Advances from grantors | - | 170,915 | - | - | 170,915 |
| Total liabilities | <u>71,997</u> | <u>516,085</u> | <u>2,011,833</u> | <u>117,358</u> | <u>2,717,273</u> |
| Fund balances | | | | | |
| Nonspendable | | | | | |
| Prepaid expenses | 943 | - | - | - | 943 |
| Restricted | | | | | |
| KSFCC escrow | - | - | - | 284,120 | 284,120 |
| Construction projects | - | - | 11,030,832 | - | 11,030,832 |
| Debt service | - | - | - | 3,258 | 3,258 |
| Other | - | - | - | 115,907 | 115,907 |
| Committed | | | | | |
| SBDM carryforward | 17,893 | - | - | - | 17,893 |
| Assigned | 8,027 | - | - | - | 8,027 |
| Unassigned | 2,620,753 | - | - | - | 2,620,753 |
| Total fund balances | <u>2,647,616</u> | <u>-</u> | <u>11,030,832</u> | <u>403,285</u> | <u>14,081,733</u> |
| Total liabilities and fund balances | <u>\$ 2,719,613</u> | <u>\$ 516,085</u> | <u>\$ 13,042,665</u> | <u>\$ 520,643</u> | <u>\$ 16,799,006</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, 2023**

| | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|--------------|
| Total fund balance per fund financial statements | \$ | 14,081,733 |
| 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 \$35,543,518 and the accumulated depreciation is \$14,061,980. | | |
| | | 21,481,538 |
| 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 | | 1,428,657 |
| 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 | | 54,342 |
| Deferred OPEB related outflows | | 2,570,733 |
| Deferred pension related outflows | | 1,296,922 |
| 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 | | (2,185,859) |
| Deferred pension related inflows | | (790,014) |
| 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 | | (67,031) |
| 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 | | (14,587,591) |
| Net OPEB liability | | (4,437,385) |
| Net Pension liability | | (5,408,969) |
| Accrued sick leave payable | | (234,624) |
| | | (14,668,569) |
| Net position of governmental activities | \$ | 13,202,452 |

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, 2023**

| | General | Special Revenue | Construction | Nonmajor Governmental | Total Governmental |
|--------------------------------------|-------------------|--------------------|------------------|--------------------------|-----------------------|
| REVENUES | | | | | |
| From local sources | | | | | |
| Taxes | | | | | |
| Property | \$ 3,453,441 | \$ - | \$ - | \$ 563,064 | \$ 4,016,505 |
| Motor vehicle | 877,058 | - | - | - | 877,058 |
| Utilities | 747,217 | - | - | - | 747,217 |
| In lieu of | 925,404 | - | - | - | 925,404 |
| Tuition | 21,955 | 7,514 | - | - | 29,469 |
| Earnings on investments | 25,661 | 293 | 284,767 | 4,330 | 315,051 |
| Student activities | - | - | - | 315,578 | 315,578 |
| Other local revenues | 26,420 | 70,427 | - | 17,137 | 113,984 |
| Intergovernmental - state | 6,859,898 | 742,801 | 5,687,000 | 706,178 | 13,995,877 |
| Intergovernmental - indirect federal | 72,515 | 3,139,877 | - | - | 3,212,392 |
| Intergovernmental - direct federal | - | - | - | 104,956 | 104,956 |
| | <u>13,009,569</u> | <u>3,960,912</u> | <u>5,971,767</u> | <u>1,711,243</u> | <u>24,653,491</u> |
| Total revenues | | | | | |
| EXPENDITURES | | | | | |
| Current | | | | | |
| Instruction | 6,795,767 | 2,633,522 | - | 298,296 | 9,727,585 |
| Support services | | | | | |
| Student | 546,480 | 148,095 | - | 18,528 | 713,103 |
| Instructional staff | 833,551 | 3,680 | - | 1,658 | 838,889 |
| District administration | 544,228 | 113,466 | - | - | 657,694 |
| School administration | 1,014,636 | - | - | - | 1,014,636 |
| Business | 402,212 | - | - | - | 402,212 |
| Plant operations and maintenance | 1,506,969 | 777,907 | - | 308 | 2,285,184 |
| Student transportation | 1,526,090 | 239,864 | - | 994 | 1,766,948 |
| Student support | - | - | - | 11,761 | 11,761 |
| Other instructional | - | - | - | 978 | 978 |
| Other non-instruction | - | - | - | 16,315 | 16,315 |
| Community service activities | - | 133,980 | - | - | 133,980 |
| New building construction | - | - | 5,353,026 | - | 5,353,026 |
| Debt service | - | - | - | 1,039,566 | 1,039,566 |
| | <u>13,169,933</u> | <u>4,050,514</u> | <u>5,353,026</u> | <u>1,388,404</u> | <u>23,961,877</u> |
| Total expenditures | | | | | |

Continued

**LIVINGSTON COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS, continued
FOR THE YEAR ENDED JUNE 30, 2023**

| | <u>General</u> | <u>Special Revenue</u> | <u>Construction</u> | <u>Nonmajor Governmental</u> | <u>Total Governmental</u> |
|-----------------------------------------------------------|---------------------|----------------------------|----------------------|----------------------------------|-------------------------------|
| Excess (deficit) of revenues over (under) expenditures | <u>(160,364)</u> | <u>(89,602)</u> | <u>618,741</u> | <u>322,839</u> | <u>691,614</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Proceeds from sale of fixed assets | 50 | - | - | - | 50 |
| Proceeds of revenue bonds | - | - | 9,632,473 | - | 9,632,473 |
| Payment of bond issuance costs | - | - | (213,059) | - | (213,059) |
| Transfers in | - | 89,602 | 1,020,655 | 445,401 | 1,555,658 |
| Transfers (out) | <u>(172,547)</u> | <u>-</u> | <u>(30,301)</u> | <u>(1,352,810)</u> | <u>(1,555,658)</u> |
| Total other financing sources (uses) | <u>(172,497)</u> | <u>89,602</u> | <u>10,409,768</u> | <u>(907,409)</u> | <u>9,419,464</u> |
| Net change in fund balances | (332,861) | - | 11,028,509 | (584,570) | 10,111,078 |
| Fund balances, beginning of year | <u>2,980,477</u> | <u>-</u> | <u>2,323</u> | <u>987,855</u> | <u>3,970,655</u> |
| Fund balances, end of year | <u>\$ 2,647,616</u> | <u>\$ -</u> | <u>\$ 11,030,832</u> | <u>\$ 403,285</u> | <u>\$ 14,081,733</u> |

See accompanying notes to financial statements

PROPRIETARY FUNDS FINANCIAL STATEMENTS

**LIVINGSTON COUNTY BOARD OF EDUCATION
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2023**

| | Food Service |
|---------------------------------------|-----------------|
| ASSETS | |
| Current assets | |
| Cash and cash equivalents | \$ 389,928 |
| Accounts receivable | 104,214 |
| Inventory | 10,561 |
| Total current assets | 504,703 |
| Noncurrent assets | |
| Capital assets | 540,927 |
| Less: accumulated depreciation | (421,978) |
| Total noncurrent assets | 118,949 |
| Total assets | 623,652 |
| DEFERRED OUTFLOWS OF RESOURCES | |
| OPEB related | 116,668 |
| Pension related | 189,608 |
| Total deferred outflows of resources | 306,276 |

Continued

**LIVINGSTON COUNTY BOARD OF EDUCATION
STATEMENT OF NET POSITION
PROPRIETARY FUND, continued
JUNE 30, 2023**

| | <u>Food Service</u> |
|-------------------------------------------------|----------------------------|
| LIABILITIES | |
| Current liabilities | |
| Accounts payable | <u>8,449</u> |
| Total current liabilities | <u>8,449</u> |
| Noncurrent liabilities | |
| Noncurrent portion of accrued sick leave | 8,347 |
| Net OPEB liability | 215,844 |
| Net pension liability | <u>790,778</u> |
| Total noncurrent liabilities | <u>1,014,969</u> |
| Total liabilities | <u>1,023,418</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| OPEB related | 123,517 |
| Pension related | <u>115,498</u> |
| Total deferred inflows of resources | <u>239,015</u> |
| NET POSITION | |
| Invested in capital assets, net of related debt | 118,949 |
| Unrestricted | <u>(451,454)</u> |
| Total net position | <u><u>\$ (332,505)</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, 2023**

| | <u>Food Service</u> |
|------------------------------------------|----------------------------|
| OPERATING REVENUES | |
| Lunchroom sales | \$ 45,642 |
| Other operating revenues | <u>351</u> |
| Total operating revenues | <u>45,993</u> |
| OPERATING EXPENSES | |
| Salaries and benefits | 514,330 |
| Contract services | 23,031 |
| Materials and supplies | 551,038 |
| Depreciation | 12,719 |
| Other operating expenses | <u>5,998</u> |
| Total operating expenses | <u>1,107,116</u> |
| Operating income (loss) | <u>(1,061,123)</u> |
| NON-OPERATING REVENUES (EXPENSES) | |
| Federal grants | 1,169,073 |
| Donated commodities | 58,277 |
| On behalf payments | 52,004 |
| State grants | 7,117 |
| Interest income | <u>2,567</u> |
| Total non-operating revenues (expenses) | <u>1,289,038</u> |
| Change in net position | 227,915 |
| Net position, beginning of year | <u>(560,420)</u> |
| Net position, end of year | <u><u>\$ (332,505)</u></u> |

See accompanying notes to financial statements

**LIVINGSTON COUNTY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2023**

| | <u>Food Service</u> |
|--------------------------------------------------------------------------------|--------------------------|
| Cash flows from operating activities | |
| Cash received from | |
| Lunchroom sales | \$ 45,642 |
| Other operating revenues | 351 |
| Cash paid to/for | |
| Employees | (441,318) |
| Contract services | (23,991) |
| Materials and supplies | (474,524) |
| Other operating expenses | (5,998) |
| | <u>(899,838)</u> |
| Net cash provided by (used in) operating activities | <u>(899,838)</u> |
| Cash flows from noncapital financing activities | |
| Operating grants received | <u>1,224,669</u> |
| Net cash provided by (used in) noncapital financing activities | <u>1,224,669</u> |
| Cash Flows from Capital and Related Financing Activities: | |
| Purchases of capital assets | <u>(75,190)</u> |
| Net cash provided by (used in) capital and related financing activities | <u>(75,190)</u> |
| Cash flows from investing activities | |
| Interest income received | <u>2,567</u> |
| Net cash provided by (used in) investing activities | <u>2,567</u> |
| Net increase (decrease) in cash and cash equivalents | 252,208 |
| Cash and cash equivalents, beginning of year | <u>137,720</u> |
| Cash and cash equivalents, end of year | <u><u>\$ 389,928</u></u> |

Continued

**LIVINGSTON COUNTY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND, continued
FOR THE YEAR ENDED JUNE 30, 2023**

| | Food Service |
|--------------------------------------------------------------------------------------------------------------------|---------------------|
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities | |
| Operating income (loss) | \$ (1,061,123) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities | |
| Depreciation | 12,719 |
| On-behalf payments | 52,004 |
| Commodities used | 58,277 |
| Changes in assets and liabilities | |
| Inventory | 11,228 |
| Deferred outflows of resources | (73,154) |
| Accounts payable | 6,049 |
| Accrued sick leave | 1,331 |
| Net pension liability | 127,454 |
| Net OPEB liability | 16,714 |
| Deferred inflows of resources | (51,337) |
| Net cash provided by (used in) operating activities | \$ (899,838) |
| Non-cash investing, capital and financing activities | |
| Food commodities received | \$ 58,277 |
| On-behalf payments | 52,004 |
| Total non-cash investing, capital and financing activities | \$ 110,281 |

See accompanying notes to financial statements

FIDUCIARY FUNDS FINANCIAL STATEMENTS

**LIVINGSTON COUNTY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2023**

| | <u>Private Purpose Trust</u> |
|----------------------------|--------------------------------------|
| ASSETS | |
| Cash and cash equivalents | <u>\$ 141,634</u> |
| Total assets | <u>141,634</u> |
| LIABILITIES | |
| Accounts payable | <u>-</u> |
| Total liabilities | <u>-</u> |
| Net position held in trust | <u><u>\$ 141,634</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, 2023**

| | Private Purpose Trust |
|----------------------------------------|-----------------------------|
| ADDITIONS | |
| Interest income | <u>\$ 641</u> |
| Total additions | <u>641</u> |
| DEDUCTIONS | |
| Benefits paid | <u>-</u> |
| Total deductions | <u>-</u> |
| Change in net position | 641 |
| Net position, beginning of year | <u>140,993</u> |
| Net position, end of year | <u><u>\$ 141,634</u></u> |

See accompanying notes to financial statements

NOTES TO THE FINANCIAL STATEMENTS

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

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, 2023**

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, 2023**

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.

The Construction Fund accounts for proceeds from sales of bonds and other revenue to be used for authorized construction. This is a major fund of the District.

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

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

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, 2023

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, 2023**

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, 2023 to finance operations were \$.444 per \$100 valuation for real property, \$.445 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 furnishing, 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, 2023**

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:

| Description | Governmental Activities Estimated Lives |
|----------------------------|--------------------------------------------|
| 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, 2023

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 \$25,499 and unamortized premiums of \$378,090 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, 2023

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 pension liability and net OPEB liability described in Note 6 and Note 7.

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 6 and Note 7.

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 intends 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, 2023**

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, 2023**

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 15, 2023, 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 \$17,392,301. The bank balance was \$17,813,190. The entire bank balance was covered by federal depository insurance.

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3 – CAPITAL ASSETS

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

| <u>Governmental Activities</u> | Balance June 30, 2022 | Additions | Deductions | Balance June 30, 2023 |
|-----------------------------------------------------|--------------------------|---------------------|------------------|--------------------------|
| Capital assets not being depreciated | | | | |
| Land | \$ 263,559 | \$ - | \$ - | \$ 263,559 |
| Construction In progress | 61,813 | 7,163,908 | - | 7,225,721 |
| Total non-depreciable historical cost | 325,372 | 7,163,908 | - | 7,489,280 |
| Capital assets being depreciated | | | | |
| Land improvements | 783,478 | 357,874 | 12,379 | 1,128,973 |
| Buildings and improvements | 22,791,083 | 99,803 | 57,888 | 22,832,998 |
| Technology equipment | 995,064 | 90,269 | 343,833 | 741,500 |
| Vehicles | 2,879,572 | 123,325 | 454,438 | 2,548,459 |
| General equipment | 750,368 | 95,027 | 43,087 | 802,308 |
| Total depreciable historical cost | 28,199,565 | 766,298 | 911,625 | 28,054,238 |
| Less: accumulated depreciation | | | | |
| Land improvements | 692,366 | 44,547 | 10,670 | 726,243 |
| Buildings and improvements | 10,330,476 | 572,517 | 57,889 | 10,845,104 |
| Technology equipment | 729,568 | 82,136 | 285,341 | 526,363 |
| Vehicles | 1,817,063 | 177,289 | 454,438 | 1,539,914 |
| General equipment | 426,667 | 35,360 | 37,671 | 424,356 |
| Total accumulated depreciation | 13,996,140 | 911,849 | 846,009 | 14,061,980 |
| Governmental activities capital assets - net | \$ 14,528,797 | \$ 7,018,357 | \$ 65,616 | \$ 21,481,538 |

Depreciation was charged to governmental functions as follows:

| <u>Governmental Activities</u> | |
|--------------------------------------|-------------------|
| Instruction | \$ 72,662 |
| Support services | |
| Student support services | 3,868 |
| Instructional staff support services | 10,102 |
| District administration | 19,628 |
| School administrative support | 4,338 |
| Business support | 10,976 |
| Plant operation and maintenance | 629,600 |
| Student transportation | 159,640 |
| Community services | 1,035 |
| | <u>911,849</u> |
| | <u>\$ 911,849</u> |

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3 – CAPTIAL ASSETS, continued

| Construction Commitments | | | | |
|---------------------------------|---------------------|--|--|--|
| <u>Project</u> | <u>Amount</u> | | | |
| Board Office | \$ 1,603,348 | | | |
| Performance Contract | 5,526,000 | | | |
| LCHS LAVEC Grant | 96,373 | | | |
| | <u>\$ 7,225,721</u> | | | |

| <u>Business-type Activities</u> | <u>Balance June 30, 2022</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance June 30, 2023</u> |
|-----------------------------------------------|----------------------------------|------------------|-------------------|----------------------------------|
| Capital assets being depreciated | | | | |
| Technology equipment | \$ 3,968 | \$ - | \$ 1,378 | \$ 2,590 |
| General equipment | 481,452 | 75,190 | 18,305 | 538,337 |
| Total depreciable historical cost | <u>485,420</u> | <u>75,190</u> | <u>19,683</u> | <u>540,927</u> |
| Less: accumulated depreciation | | | | |
| Technology equipment | 3,839 | 129 | 1,378 | 2,590 |
| General equipment | 425,103 | 12,590 | 18,305 | 419,388 |
| Total accumulated depreciation | <u>428,942</u> | <u>12,719</u> | <u>19,683</u> | <u>421,978</u> |
| Business-type activities capital assets - net | <u>\$ 56,478</u> | <u>\$ 62,471</u> | <u>\$ -</u> | <u>\$ 118,949</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 |
| December 6, 2022 | 4,040,000 | 4.00%-5.00% | June 30, 2042 |
| February 2, 2023 | 5,220,000 | 4.00%-5.00% | June 30, 2043 |

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.

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 4 – LONG-TERM OBLIGATIONS, continued

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.

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 2023. The fair market value of this account at June 30, 2023 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.

In December 2022, the District issued \$4,040,000 in School Building Revenue Bonds to finance the construction of a new central office building. The District is required to make semi-annual payments of principal and interest, with the final payment due December 1, 2042.

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 4 – LONG-TERM OBLIGATIONS, continued

In February 2023, the District issued \$5,220,000 in Energy Conservation Revenue Bonds to finance energy performance contracts in the District. 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 February 1, 2043.

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, 2023 for debt service (principal and interest) are as follows:

| Year | Livingston County School District | | | School Facilities Construction Commission | | Total |
|-----------|--------------------------------------|---------------------|-----------------------|----------------------------------------------|-------------------|---------------------|
| | Principal | Interest | Federal Subsidy | Principal | Interest | |
| 2023-2024 | \$ 253,268 | \$ 486,238 | \$ (111,300) | \$ 506,732 | \$ 50,885 | \$ 1,185,823 |
| 2024-2025 | 261,776 | 476,733 | (111,300) | 58,224 | 38,143 | 723,576 |
| 2025-2026 | 280,122 | 466,362 | (111,300) | 59,878 | 36,489 | 731,551 |
| 2026-2027 | 293,397 | 455,162 | (111,300) | 61,603 | 34,763 | 733,625 |
| 2027-2028 | 311,600 | 443,284 | (111,300) | 63,400 | 32,966 | 739,950 |
| 2028-2033 | 2,637,402 | 1,947,392 | (500,850) | 2,777,598 | 135,033 | 6,996,575 |
| 2033-2038 | 2,644,096 | 1,006,602 | - | 290,904 | 83,048 | 4,024,650 |
| 2038-2043 | 3,461,432 | 410,152 | - | 273,568 | 33,686 | 4,178,838 |
| | <u>\$10,143,093</u> | <u>\$ 5,691,925</u> | <u>\$ (1,057,350)</u> | <u>\$ 4,091,907</u> | <u>\$ 445,013</u> | <u>\$19,314,588</u> |

Interest expense for fiscal year ended June 30, 2023 was \$342,816 including \$104,956 in federal subsidy payments on the 2012 Qualified Zone Academy Bonds.

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 4 – LONG-TERM OBLIGATIONS, continued

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

| | Balance June 30, 2022 | Additions | Reductions | Balance June 30, 2023 | Due Within One Year |
|---------------------------------|--------------------------|----------------------|-------------------|--------------------------|------------------------|
| Governmental activities | | | | | |
| Bonds payable | | | | | |
| General obligation debt | \$ 5,650,000 | \$ 9,260,000 | \$ 675,000 | \$ 14,235,000 | \$ 760,000 |
| Premium (discounts) | (16,653) | 372,473 | 3,229 | 352,591 | 21,851 |
| Total bonds payable | <u>5,633,347</u> | <u>9,632,473</u> | <u>678,229</u> | <u>14,587,591</u> | <u>781,851</u> |
| Other liabilities | | | | | |
| Compensated absences | 211,404 | 57,416 | 34,196 | 234,624 | - |
| Net pension liability | 4,667,151 | 741,818 | - | 5,408,969 | - |
| Net OPEB liability | 3,272,082 | 1,165,303 | - | 4,437,385 | - |
| Total other liabilities | <u>8,150,637</u> | <u>1,964,537</u> | <u>34,196</u> | <u>10,080,978</u> | <u>-</u> |
| Total long-term liabilities | <u>\$ 13,783,984</u> | <u>\$ 11,597,010</u> | <u>\$ 712,425</u> | <u>\$ 24,668,569</u> | <u>\$ 781,851</u> |
| Business-type activities | | | | | |
| Other liabilities | | | | | |
| Compensated absences | \$ 7,016 | \$ 1,331 | \$ - | \$ 8,347 | \$ - |
| Net pension liability | 663,324 | 127,454 | - | 790,778 | - |
| Net OPEB liability | 199,130 | 16,714 | - | 215,844 | - |
| Total other liabilities | <u>\$ 869,470</u> | <u>\$ 145,499</u> | <u>\$ -</u> | <u>\$ 1,014,969</u> | <u>\$ -</u> |

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 \$234,624, with \$0 considered the short-term portion. Management has estimated that the amount for business-type activities will be approximately \$8,347 with \$0 considered the short-term portion.

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 6 – PENSION PLANS

The District’s employees are provided with two pension plans, based on each position’s college degree requirement. The County Employees Retirement System Non-Hazardous (CERS) covers employees whose position does not require a college degree or teaching certification. The Teachers Retirement System (TRS) covers positions requiring teaching certification or otherwise requiring a college degree.

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

Plan description – Full-time employees whose positions do not require a degree beyond high school diploma are covered by CERS, a cost-sharing, multiple-employer defined benefit plan administered by the Board of Trustees of the Kentucky Public Pensions Authority (KPPA). The CERS financial statements and other supplementary information are contained in the publicly available annual financial report of the KPPA. That report may be obtained from <http://kyret.ky.gov/>.

Benefits provided – CERS provides retirement, death and disability benefits to Plan employees and beneficiaries. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances. For retirement purposes, employees are grouped into three tiers, based on hire date:

| | | |
|--------|------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Tier 1 | Participation date Unreduced retirement Reduced retirement Required contributions | Before September 1, 2008 27 years’ service or 65 years old At least 5 years’ service and 55 years old At least 25 years’ service and any age 5.00% |
| Tier 2 | Participation date Unreduced retirement Reduced retirement Required contributions | September 1, 2008 – December 31, 2013 At least 5 years’ service and 65 years old or age 57+ and sum of service years plus age equal 87 At least 10 years’ service and 60 years old 5.00% + 1.00% for insurance |
| Tier 3 | Participation date Unreduced retirement Reduced retirement Required contributions | After December 31, 2013 At least 5 years’ service and 65 years old or age 57+ and sum of service years plus age equal 87 Not available 5.00% + 1.00% for insurance |

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 6 – PENSION PLANS, continued

Cost of living adjustments are provided at the discretion of the General Assembly. Retirement is based on a factor of the number of years' service and hire date multiplied by the average of the highest five years' earnings. Reduced benefits are based on factors of both of these components. Participating employees become eligible to receive the health insurance benefit after at least 180 months of service. Death benefits are provided for both death after retirement and death prior to retirement. Death benefits after retirement are \$5,000 in lump sum. Five years' service is required for death benefits prior to retirement and the employee must have suffered a duty-related death. The decedent's beneficiary will receive the higher of the normal death benefit and \$10,000 plus 25% of the decedent's monthly final rate of pay and any dependent child will receive 10% of the decedent's monthly final rate of pay up to 40% for all dependent children. Five years' service is required for nonservice-related disability benefits.

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, 2023, participating employers contributed 23.40% 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, 2023, The District reported a liability of \$6,199,747 for its proportionate share of the net pension liability. The net pension liability of the plan was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The District's proportion of the net pension liability was based on the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2023, the District's proportion was 0.085762%.

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.

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 6 – PENSION PLANS, continued

For the measurement period June 30, 2022, the District recognized pension expense of \$381,046. At June 30, 2023, 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 | \$ 843,600 | \$ 684,661 |
| Differences between expected and actual experience | 6,628 | 55,211 |
| Changes of assumptions | - | - |
| Change in proportion and differences between employer contributions and proportionate share of plan contributions | 113,729 | 165,640 |
| District contributions subsequent to the measurement date | <u>522,573</u> | <u>-</u> |
| Total | <u><u>\$ 1,486,530</u></u> | <u><u>\$ 905,512</u></u> |

The amount of \$522,573 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Years Ending June 30</u> | |
|-------------------------------------|-------------------------|
| 2024 | \$ (108,457) |
| 2025 | 42,880 |
| 2026 | (52,099) |
| 2027 | 176,121 |
| 2028 | - |
| Thereafter | <u>-</u> |
| Total | <u><u>\$ 58,445</u></u> |

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 6 – PENSION PLANS, continued

Actuarial assumptions – For financial reporting, the actuarial valuation as of June 30, 2022 was performed by Gabriel Roeder Smith (GRS). The total pension liability, net pension liability and sensitivity information as of June 30, 2022 were based on an actuarial valuation date of June 30, 2020. The total pension liability was rolled forward from the valuation date (June 30, 2020) to the plan’s fiscal year ending June 30, 2022, using generally accepted actuarial principles.

There have been no actuarial assumption or method changes since June 30, 2020. Additionally, there have been no plan provision changes that would materially affect the total pension liability since June 30, 2021.

Based on the June 30, 2020 actuarial valuation report, the actuarial methods and assumptions used to calculate the required contributions are below.

| | |
|----------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Determined by the Actuarial Valuation as of: | June 30, 2020 |
| Actuarial Cost Method: | Entry Age Normal |
| Asset Valuation Method: | 20% of the difference between the market value of assets and the expected actuarial value of assets is recognized |
| Amortization Method: | Level percent of pay |
| Amortization Period: | 30-year closed period at June 30, 2019 <i>Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases</i> |
| Payroll Growth Rate | 2.00% |
| Investment Return: | 6.25% |
| Inflation: | 2.30% |
| Salary Increases: | 3.30% to 10.30%, varies by service |
| Mortality: | System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019 |
| Phase-in provision: | Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018. |

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 6 – PENSION PLANS, continued

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:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-term Expected Real Rate of Return</u> |
|--------------------|--------------------------|-----------------------------------------------|
| Public equity | 50.00% | 4.45% |
| Private equity | 10.00% | 10.15% |
| Core bonds | 10.00% | 28.00% |
| High yield | 10.00% | 2.28% |
| Real estate | 7.00% | 3.67% |
| Real return | 13.00% | 4.07% |
| Cash | <u>0.00%</u> | -0.91% |
| Total | <u><u>100.00%</u></u> | |

Discount rate – The discount rates used to measure the total pension liability for the measurement period with year ended June 30, 2022 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 | \$ 7,748,914 | \$ 6,199,747 | \$ 4,918,457 |

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, 2023, 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, 2023**

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.

Participants hired on or after January 1, 2022, conditions for retirement are attainment age fifty-seven (57) and ten (10) years of service or age sixty-five (65) and five (5) years of service. The annual foundational benefit for non-university participants is equal to service times a multiplier times final average salary. The multiplier ranges from 1.70% to 2.40% based on age and years of service.

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 6 – PENSION PLANS, continued

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

The annual foundational benefit is reduced by 6% per year from the earlier of age 60 or the date the participant would have completed 30 years of service.

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. For members who entered on or after January 1, 2022, the life insurance benefit payable upon the death of a member is \$5,000 for active contributing members and \$10,000 for retired or disabled members.

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

Contributions – Contribution rates are established by Kentucky Revised Statutes (KRS). For members who began participating before January 1, 2022, non-university members are required to contribute 12.855% of their salaries to the System. 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 on or after July 1, 2008, and before January 1, 2022. For members who began participating on or after January 1, 2022, non-university members contribute 14.75% of their salaries to the system. Employers of non-university members, including the Commonwealth of Kentucky, as a non-employer contributing entity, contribute 10.75% of salaries. For local school district and regional cooperative members whose salaries are federally funded, the employer contributes 16.105% of salaries. If a member leaves covered employment before accumulating five (5) years of credited service, accumulated member contributions to the retirement trust are refunded with interest upon the member's request.

At June 30, 2023, 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>\$ 27,670,476</u> |
|--------------------------------------------------------------------------------------------------|----------------------|

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 6 – PENSION PLANS, continued

The total pension liability was rolled forward from the actuarial valuation date of June 30, 2021 to the plan's fiscal year ended June 30, 2022, 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, 2022, the District recognized pension expense of \$1,009,247 and revenue of \$1,009,247 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:

| | |
|---------------------------------|--------------------------------------------------------------------|
| Inflation rate | 2.50% |
| Investment rate of return | 7.10%, net of pension plan investment expense, including inflation |
| Projected salary increases | 3.00% - 7.50% |
| 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, setbacks and adjustments for each of the groups: service retirees, contingent annuitants, disabled retirees and active members. The actuarial assumptions used were based on the results of an actuarial experience study for the 5-year period ending June 30, 2020, adopted by the TRS 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.

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 | 40.00% | 8.90% |
| International equity | 22.00% | 10.70% |
| Fixed income | 15.00% | -0.10% |
| Additional categories | 7.00% | 3.90% |
| Real estate | 7.00% | 4.00% |
| Private equity | 7.00% | 6.90% |
| Cash | <u>2.00%</u> | -0.03% |
| Total | <u>100.00%</u> | |

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

Note 6 – PENSION PLANS, continued

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.

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.

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

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

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, 2023, required contribution was 3.39% of each employee’s covered payroll. Contributions from the District to the CERS Insurance Fund for the year ended June 30, 2023 was \$75,707.

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

At June 30, 2023, the District reported a liability of \$1,692,229 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021. The total OPEB liability was rolled forward from the valuation date to the plan’s fiscal year end, June 30, 2022, 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, 2023, the District’s proportion was 0.085747%.

For the measurement period ended June 30, 2022, the District recognized OPEB expense of \$247,783.

At June 30, 2023, 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 | \$ 315,110 | \$ 246,427 |
| Differences between expected and actual experience | 170,337 | 388,067 |
| Changes of assumptions | 267,638 | 220,532 |
| Change in proportion and differences between employer contributions and proportionate share of plan contributions | 85,892 | 113,350 |
| District contributions subsequent to the measurement date | <u>75,707</u> | <u>-</u> |
| Total | <u>\$ 914,684</u> | <u>\$ 968,376</u> |

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

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

For the year ended June 30, 2023, \$75,707 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2024. 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 | |
|----------------------------|---------------------|
| 2024 | \$ (12,028) |
| 2025 | (19,320) |
| 2026 | (112,254) |
| 2027 | 14,203 |
| 2028 | - |
| Thereafter | - |
| Total | <u>\$ (129,399)</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.

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

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

| | |
|----------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Determined by the Actuarial Valuation as of: | June 30, 2020 |
| Actuarial Cost Method | Entry age normal |
| Asset Valuation Method | 20% of the difference between the market value of assets and the expected actuarial value of assets is recognized |
| Amortization Method | Level percent of pay |
| Amortization Period | 30-year closed period at June 30, 2019 <i>Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases</i> |
| Payroll Growth Rate | 2.00% |
| Investment Rate of Return | 6.25% |
| Inflation | 2.30% |
| Salary Increase | 3.30% to 10.30%, varies by service |
| Mortality: | System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. |
| Healthcare Cost Trend Rates (Pre-65) | Initial trend 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. The 2021 premiums were known at the time of the valuation and were incorporated into the liability measurement. |
| Healthcare Cost Trend Rates (Post-65) | Initial trend starting at 6.30% at January 1, 2023 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2021 premiums were known at the time of the valuation and were incorporated into the liability measurement. Additionally, Humana provided "Not to Exceed" 2022 Medicare premiums, which were incorporated and resulted in an assumed 2.90% increase in Medicare premiums at January 1, 2022. |

Senate Bill 209 passed during the 2022 legislative session and increased the insurance dollar contribution for members hired on or after July 1, 2003 by \$5 for each year of service a member attains over certain thresholds, depending on a member's retirement eligibility requirement. This increase in the insurance dollar contribution does not increase by 1.5% annually and is only payable for non-Medicare retirees. Additionally, it is only payable when the member's applicable insurance fund is at least 90% funded. The increase is first payable January 1, 2023. Senate Bill 209 also allows members receiving the insurance dollar contribution to participate in a medical insurance reimbursement plan that would provide the reimbursement of premiums for health plans other than those administered by KPPA.

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

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.

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

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-term Expected Real Rate of Return</u> |
|--------------------|--------------------------|-----------------------------------------------|
| Public Equity | 50.00% | 4.45% |
| Private Equity | 10.00% | 10.15% |
| Core Bonds | 10.00% | 28.00% |
| High yield | 10.00% | 2.28% |
| Real estate | 7.00% | 3.67% |
| Real return | 13.00% | 4.07% |
| Cash | 0.00% | -0.91% |
| Total | <u>100.00%</u> | |

Discount rate – Single discount rates used to measure the total OPEB liability for the year ended June 30, 2022 was 5.70% 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, 2023**

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 | 4.70% | 5.70% | 6.70% |
| | \$ 2,262,240 | \$ 1,692,229 | \$ 1,221,019 |

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 | \$ 1,258,134 | \$ 1,692,229 | \$ 2,213,494 |

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, 2023, 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, 2023.

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, 2023**

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, 2023, the District reported a liability of \$2,961,000 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, 2023, the District’s proportion was 0.119286%.

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 | \$ 2,961,000 |
| State's proportionate share of net OPEB liability associated with the District | 973,000 |
| | 973,000 |
| Total | \$ 3,934,000 |

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

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

For the measurement period ended June 30, 2022, the District recognized OPEB expense of (\$80,000) and revenue of \$127,000 for support provided by the State. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---------------------------------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ - | \$ 1,245,000 |
| Changes of assumptions | 601,000 | - |
| Net difference between projected and actual earnings on OPEB plan investments | 157,000 | - |
| Changes in proportion and differences between District contributions and proportionate share of contributions | 858,000 | 96,000 |
| District contributions subsequent to the measurement date | 156,717 | - |
| Total | \$ 1,772,717 | \$ 1,341,000 |

Of the total amount reported as deferred outflows of resources related to OPEB, \$156,717 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, 2024. 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 | |
|----------------------------|-------------|
| 2024 | \$ (59,000) |
| 2025 | (42,000) |
| 2026 | (18,000) |
| 2027 | 180,000 |
| 2028 | 150,000 |
| Thereafter | 64,000 |
| Total | \$ 275,000 |

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, 2023**

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

| | |
|-----------------------------|--------------------------------------------------------------------------|
| Inflation rate | 2.50% |
| Real wage growth | 0.25% |
| Wage inflation | 2.75% |
| Projected salary increases | 3.00% - 7.50 %, including inflation |
| Investment rate of return | 7.10%, net of OPEB plan investment expense, including inflation |
| Municipal bond index rate | 3.37% |
| Healthcare cost trend rates | |
| Under 65 | 7.00% for FY 2022 decreasing to an ultimate rate of 4.50% by FY 2032 |
| Ages 65 and older | 5.125% for FY 2022 decreasing to an ultimate rate of 4.50% by FY 2025 |
| Medicare Part B premiums | 6.97% for FY 2022 with an ultimate rate of 4.50% by 2034 |

Mortality rates were based on the PUB2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, setbacks 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, 2023**

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 | 6.50% | 4.00% |
| Private equity | 8.50% | 6.90% |
| Other additional categories | 17.00% | 3.90% |
| 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 | \$ 3,715,000 | \$ 2,961,000 | \$ 2,337,000 |

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 | \$ 2,220,000 | \$ 2,961,000 | \$ 3,883,000 |

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, 2023**

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 if hired prior to January 1, 2022. TRS provides a life insurance benefit of \$10,000 for its members who retire based on service or disability if hired on or after January 1, 2022. TRS provides a life insurance benefit of \$2,000 payable for its active contributing members if hired prior to January 1, 2022. TRS provides a life insurance benefit of \$5,000 payable for its active contributing members if hired on or after January 1, 2022. The life insurance benefit is payable upon the death of the member to the member’s estate or to a party designated by the member

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

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

At June 30, 2023, 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>48,000</u> |
| Total | <u><u>\$ 48,000</u></u> |

For the measurement period ended June 30, 2023, 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, 2023**

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 | 3.37% |
| 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, setbacks 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>Long-term Expected Real Rate of Return</u> |
|-----------------------------|--------------------------|-----------------------------------------------|
| US equity | 40.00% | 4.40% |
| International equity | 23.00% | 5.60% |
| Fixed income | 18.00% | -0.10% |
| Real estate | 6.00% | 4.00% |
| Private equity | 5.00% | 6.90% |
| Other additional categories | 6.00% | 2.10% |
| Cash (LIBOR) | 2.00% | -0.30% |
| Total | <u>100.00%</u> | |

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

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, 2020. 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, 2023:

| | |
|-----------------------------------------------------------------------------------------------|--------------|
| Contributions to Kentucky Teachers' Retirement System | \$ 2,580,379 |
| Technology | 84,203 |
| SFCC Debt Service | 594,165 |
| Health insurance, life insurance, flexible spending accounts (includes administrative fee) | 1,489,434 |
| Total | \$ 4,748,181 |

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, 2023**

NOTE 9 – ON-BEHALF PAYMENTS, continued

On-behalf contributions were charged to functions as follows:

| | |
|----------------------------------|--------------------------------|
| Instruction | \$ 2,541,755 |
| Support services | |
| Student | 267,728 |
| Instructional staff | 160,804 |
| District administration | 141,859 |
| School administration | 299,016 |
| Business | 166,139 |
| Plant operations and maintenance | 190,981 |
| Student transportation | 333,730 |
| Debt Service | 594,165 |
| Food Service | <u>52,004</u> |
| Total | <u><u>\$ 4,748,181</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, 2023**

NOTE 12 – NET POSITION DEFICIT BALANCE/EXCEEDING BUDGET

The Food Service Fund has a deficit balance of (\$332,505). Excluding the effect on net position of GASB 68 related pension accounts of (\$716,668) and of GASB 75 related OPEB accounts of (\$222,693); food service has a net position of \$606,856. 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 (\$332,861), the Student Activity Fund experienced a net decrease in fund balance by (\$14,915), the FSPK Fund had a net decrease in fund balance by (\$504,756) and the Capital Outlay Fund experienced a net decrease in fund balance by (\$68,021).

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:

| From Fund | To Fund | Purpose | Amount |
|-------------------|-----------------|-------------------|--------------|
| General Fund | Special Revenue | Close of projects | \$ 65,118 |
| General Fund | Construction | CIP | 113,246 |
| General Fund | Special Revenue | Technology match | 22,183 |
| Capital Outlay | Debt Service | Debt Service | 105,629 |
| Building Fund | Debt Service | Debt Service | 339,772 |
| Capital Outlay | Construction | CIP | 68,021 |
| Building Fund | Construction | CIP | 839,388 |
| Construction Fund | Special Revenue | Close of projects | 2,301 |
| | | | \$ 1,555,658 |

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, 2023, which consisted of the following individual fund receivables and payables:

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 15 – INTERFUND RECEIVABLES AND PAYABLES, continued

| | Receivables | Payables |
|-----------------|-------------|------------|
| General | \$ 335,505 | \$ - |
| Construction | 104,956 | - |
| Special Revenue | - | 335,505 |
| Debt service | - | 104,956 |
| | \$ 440,461 | \$ 440,461 |

NOTE 16 – OPERATING LEASES

The District entered into a lease agreement as lessee with Commonwealth Technology in June 2023 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 – CONSTRUCTION COMMITMENTS

The District has signed various contracts for the construction of a new central office. Amounts remaining to be paid in the subsequent year under those contracts total \$2.017 million. The District has also signed contracts for energy performance, with amounts remaining to be paid in subsequent years of \$1,696 million. Also, the District has signed a contract with an architect firm to begin the local area vocational center construction phase. There is approximately \$207,000 remaining to be paid under that contract.

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 18 – RECENT ACCOUNTING PRONOUNCEMENTS

In May 2020, the GASB issued Statement 96, *Subscription-Based Information Technology Arrangements*. GASB 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement took effect for the fiscal year ended June 30, 2023. Based on the SBITA amounts obtained, the total present value was below the materiality level and no amounts were recorded in the financial statements.

In June 2022, the GASB issued Statement 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*. GASB 100 prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023.

In June 2022, the GASB issued Statement 101, *Compensated Absences*. GASB 101 requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023.

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, 2023**

| | <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 | | | | |
| Taxes | | | | |
| Property | \$ 3,347,875 | \$ 3,347,875 | \$ 3,453,441 | \$ 105,566 |
| Motor vehicle | 915,000 | 915,000 | 877,058 | (37,942) |
| Utilities | 671,000 | 671,000 | 747,217 | 76,217 |
| In lieu of | 931,500 | 931,500 | 925,404 | (6,096) |
| Tuition | 3,750 | 3,750 | 21,955 | 18,205 |
| Earnings on investments | 29,325 | 29,325 | 25,661 | (3,664) |
| Other local revenues | 200 | 200 | 26,420 | 26,220 |
| Intergovernmental - state | 6,038,900 | 6,038,900 | 6,859,898 | 820,998 |
| Intergovernmental - indirect federal | 50,200 | 50,200 | 72,515 | 22,315 |
| Total revenues | <u>11,987,750</u> | <u>11,987,750</u> | <u>13,009,569</u> | <u>1,021,819</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| Instruction | 6,262,556 | 6,262,556 | 6,795,767 | (533,211) |
| Support services | | | | |
| Student | 598,481 | 598,481 | 546,480 | 52,001 |
| Instructional staff | 868,429 | 868,429 | 833,551 | 34,878 |
| District administration | 886,663 | 886,663 | 544,228 | 342,435 |
| School administration | 1,021,390 | 1,021,390 | 1,014,636 | 6,754 |
| Business | 412,850 | 412,850 | 402,212 | 10,638 |
| Plant operations and maintenance | 1,434,008 | 1,434,008 | 1,506,969 | (72,961) |
| Student transportation | 1,777,607 | 1,777,607 | 1,526,090 | 251,517 |
| Facilities acquisition and construction | 1,056,168 | 1,056,168 | - | 1,056,168 |
| Contingency | 642,075 | 642,075 | - | 642,075 |
| Total expenditures | <u>14,960,227</u> | <u>14,960,227</u> | <u>13,169,933</u> | <u>1,790,294</u> |
| Excess (deficit) of revenues over expenditures | <u>(2,972,477)</u> | <u>(2,972,477)</u> | <u>(160,364)</u> | <u>2,812,113</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of fixed assets | - | - | 50 | 50 |
| Transfers (out) | (8,000) | (8,000) | (172,547) | (164,547) |
| Total other financing sources (uses) | <u>(8,000)</u> | <u>(8,000)</u> | <u>(172,497)</u> | <u>(164,497)</u> |
| Net change in fund balance | (2,980,477) | (2,980,477) | (332,861) | 2,647,616 |
| Fund balance, beginning of year | <u>2,980,477</u> | <u>2,980,477</u> | <u>2,980,477</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,647,616</u> | <u>\$ 2,647,616</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, 2023**

| | <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 | \$ - | \$ - | \$ 293 | \$ 293 |
| Other local revenues | - | 5,374 | 77,941 | 72,567 |
| Intergovernmental - state | 647,276 | 758,512 | 742,801 | (15,711) |
| Intergovernmental - indirect federal | <u>1,051,861</u> | <u>1,108,883</u> | <u>3,139,877</u> | <u>2,030,994</u> |
| Total revenues | <u>1,699,137</u> | <u>1,872,769</u> | <u>3,960,912</u> | <u>2,088,143</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| Instruction | 1,442,280 | 1,615,410 | 2,633,522 | (1,018,112) |
| Support services | | | | |
| Student support services | 43,095 | 43,095 | 148,095 | (105,000) |
| Instructional staff | 6,535 | 6,535 | 3,680 | 2,855 |
| District administration | - | - | 113,466 | (113,466) |
| Plant operation and maintenance | - | - | 777,907 | (777,907) |
| Student transportation | 81,247 | 83,780 | 239,864 | (156,084) |
| Community service activities | <u>133,980</u> | <u>134,980</u> | <u>133,980</u> | <u>1,000</u> |
| Total expenditures | <u>1,707,137</u> | <u>1,883,800</u> | <u>4,050,514</u> | <u>(2,166,714)</u> |
| Excess (deficit) of revenues over expenditures | <u>(8,000)</u> | <u>(11,031)</u> | <u>(89,602)</u> | <u>(78,571)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | <u>8,000</u> | <u>22,183</u> | <u>89,602</u> | <u>67,419</u> |
| Total other financing sources (uses) | <u>8,000</u> | <u>22,183</u> | <u>89,602</u> | <u>67,419</u> |
| Net change in fund balance | - | 11,152 | - | (11,152) |
| Fund balance, beginning of year | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ -</u> | <u>\$ 11,152</u> | <u>\$ -</u> | <u>\$ (11,152)</u> |

**LIVINGSTON COUNTY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – CONSTRUCTION
FOR THE YEAR ENDED JUNE 30, 2023**

| | <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 | | | | |
| Earnings on investments | \$ - | \$ (203,405) | \$ 284,767 | \$ 488,172 |
| Intergovernmental - state | - | (5,687,000) | 5,687,000 | 11,374,000 |
| Intergovernmental - indirect federal | - | 356,000 | - | (356,000) |
| Total revenues | <u>-</u> | <u>(5,534,405)</u> | <u>5,971,767</u> | <u>11,506,172</u> |
| EXPENDITURES | | | | |
| Facilities acquisition and construction | <u>-</u> | <u>(3,455,491)</u> | <u>5,353,026</u> | <u>(8,808,517)</u> |
| Total expenditures | <u>-</u> | <u>(3,455,491)</u> | <u>5,353,026</u> | <u>(8,808,517)</u> |
| Excess (deficit) of revenues over expenditures | <u>-</u> | <u>(2,078,914)</u> | <u>618,741</u> | <u>2,697,655</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Bond principal proceeds | - | (5,392,395) | 9,632,473 | 15,024,868 |
| Payment of bond issuance cost | - | - | (213,059) | |
| Transfers in | - | (1,020,655) | 1,020,655 | 2,041,310 |
| Transfers (out) | <u>-</u> | <u>-</u> | <u>(30,301)</u> | <u>(30,301)</u> |
| Total other financing sources (uses) | <u>-</u> | <u>(6,413,050)</u> | <u>10,409,768</u> | <u>2,011,009</u> |
| Net change in fund balance | - | (8,491,964) | 11,028,509 | 19,520,473 |
| Fund balance, beginning of year | <u>-</u> | <u>-</u> | <u>2,323</u> | <u>2,323</u> |
| Fund balance, end of year | <u>\$ -</u> | <u>\$ (8,491,964)</u> | <u>\$11,030,832</u> | <u>\$19,522,796</u> |

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGET AND ACTUAL
JUNE 30, 2023**

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 \$4,102,012 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.

Special revenue expenditures exceeded appropriations by (\$2,166,714).

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

| <u>As of June 30</u> | <u>2023</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 | 0.085762% | 0.083605% | 0.090160% | 0.094733% | 0.086487% | 0.083891% | 0.077957% | 0.077963% | 0.071141% |
| District's proportionate share of net pension liability | \$ 6,199,747 | \$ 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 | \$ 2,365,023 | \$ 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 | 262.14% | 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 | 52.43% | 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>2023</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 | \$ 522,573 | \$ 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>522,573</u> | <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> | <u>\$ -</u> |
| District's covered-employee payroll | \$ 2,232,872 | \$ 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 | 23.40% | 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

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

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

Changes in assumptions

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

2022: No changes.

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

2020: During the legislative session, Senate Bill 249 was enacted which changed the funding period for the amortization of the unfunded liability to 30 years as of June 30, 2019. Gains and losses incurring in future years will be amortized over separate 20-year amortization bases. This change does not affect the calculation of Total Pension Liability and only affects the calculation of the contribution rates that would be payable starting July 1, 2020. Additionally, House Bill 271 was enacted with removed provisions that reduce the monthly payment to a surviving spouse of a member whose death was due to a duty-related injury upon remarriage of the spouse. It also increased benefits for a very small number of beneficiaries. This did not have a material (or measurable) impact on the liability of the plans and therefore, no adjustment was made to the total pension liability to reflect this legislation.

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

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

Changes in assumptions, continued

2018: During the 2018 legislative session, House Bill 185 was enacted, which updated the benefit provisions for active members who die in the line of duty. Benefits paid to the spouses of deceased members have been increased from 25% of the member's final rate of pay to 75% of the member's average pay. If the member does not have a surviving spouse, benefits paid to surviving dependent children have been increased from 10% of the member's final pay rate to 50% of average pay for one child, 65% of average pay for two children, or 75% of average pay for three children. The total pension liability as of June 30, 2018 is determined using these updated benefit provisions.

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

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

2015: No changes in assumptions.

**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>2023</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% | 0.00000% |
| District's proportionate share of net pension liability | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| State's proportionate share of the net pension liability | \$ 27,670,476 | \$ 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 | \$ 6,117,700 | \$ 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% | 0.00% |
| Plan fiduciary net position as a percentage of total pension liability | 56.41% | 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>2023</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> | <u>\$ -</u> |
| District's covered-employee payroll | \$ 6,089,145 | \$ 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 | 0.00000% | 0.00000% | 0.00000% | 0.00000% | 0.00000% | 0.00000% | 0.00000% | 0.00000% | 0.00000% |

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

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

Changes in assumptions

2022: No 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, setbacks 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 Single Equivalent Interest Rate (SEIR) results in an assumption change from 7.50% to 7.10%.

2019: No changes in assumptions

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

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

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

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

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

**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>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|--------------------------------------------------------------------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| District's proportion of collective net OPEB liability | 0.085747% | 0.083586% | 0.090138% | 0.094726% | 0.086485% | 0.083891% |
| District's proportionate share of collective net OPEB liability | \$ 1,692,229 | \$ 1,600,212 | \$ 2,176,559 | \$ 1,593,249 | \$ 1,535,524 | \$ 1,686,496 |
| District's covered-employee payroll | \$ 2,365,023 | \$ 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 | 71.55% | 75.56% | 94.24% | 66.66% | 70.96% | 82.50% |
| Plan fiduciary net position as a percentage of total OPEB liability | 60.95% | 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>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|----------------------------------------------------------------------|---------------|----------------|----------------|----------------|----------------|----------------|
| Contractually required contribution | \$ 75,707 | \$ 136,703 | \$ 100,811 | \$ 109,934 | \$ 125,723 | \$ 101,499 |
| Contributions in relation to the contractually required contribution | <u>75,707</u> | <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> | <u>\$ -</u> |
| District's covered-employee payroll | \$ 2,232,872 | \$ 2,365,023 | \$ 2,117,870 | \$ 2,309,545 | \$ 2,390,161 | \$ 2,163,889 |
| Contributions as a percentage of covered-employee payroll | 3.39% | 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)**

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

Changes of Benefit Terms

2022: No changes of benefit terms

2021: No changes of benefit terms

2020: No changes of benefit terms

2019: No changes of benefit terms.

2018: No changes of benefit terms (other than the blended discount rate used to calculate the total OPEB liability).

Changes in assumptions

2022: The initial healthcare trend rate for pre-65 was changed from 6.30% to 6.20%. The initial healthcare trend rate for post-65 was changed from 6.30% to 9.00%.

2021: The single discount rates used to calculate the total OPEB liability within the plan changed since the prior year. Additional information regarding the single discount rates is provided in Note 12 of the financial statements. During the 2021 legislative session, Senate Bill 169 was enacted which increased disability benefits for certain qualifying members who become “totally and permanently disabled” in the line of duty or as a result of a duty-related disability. The total OPEB liability as of June 30, 2021 is determined using these updated benefit provisions.

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

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

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

**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>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|--------------------------------------------------------------------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| District's proportion of collective net OPEB liability | 0.119286% | 0.087192% | 0.090084% | 0.089061% | 0.089653% | 0.092218% |
| District's proportionate share of collective net OPEB liability | \$ 2,961,000 | \$ 1,871,000 | \$ 2,273,000 | \$ 2,607,000 | \$ 3,111,000 | \$ 3,288,000 |
| State's proportionate share of collective net OPEB liability | \$ 973,000 | \$ 1,519,000 | \$ 1,821,000 | \$ 2,105,000 | \$ 2,681,000 | \$ 2,686,000 |
| District's covered-employee payroll | \$ 6,117,700 | \$ 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 | 48.40% | 32.32% | 38.14% | 45.01% | 52.97% | 58.18% |
| Plan fiduciary net position as a percentage of total OPEB liability | 47.75% | 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>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|----------------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Contractually required contribution | \$ 208,713 | \$ 282,631 | \$ 280,847 | \$ 280,317 | \$ 297,328 | \$ 287,056 |
| Contributions in relation to the contractually required contribution | <u>208,713</u> | <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> | <u>\$ -</u> |
| District's covered-employee payroll | \$ 6,089,145 | \$ 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 | 3.43% | 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>2023</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% | 0.000000% |
| District's proportionate share of collective net OPEB liability | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| State's proportionate share of collective net OPEB liability | \$ 48,000 | \$ 20,000 | \$ 55,000 | \$ 49,000 | \$ 46,000 | \$ 36,000 |
| District's covered-employee payroll | \$ 6,117,700 | \$ 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% | 0.00% |
| Plan fiduciary net position as a percentage of total OPEB liability | 73.97% | 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>2023</u> | <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> | <u>-</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| District's covered-employee payroll | \$ 6,089,145 | \$ 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% | 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

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

2021: No changes in benefit terms

2020: No changes in benefit terms

2019: No changes in benefit terms

2018: No changes in benefit terms

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

Changes in assumptions

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

In the 2020 experience study, rates of withdrawal, retirement, disability, mortality and 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, setbacks 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

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

Changes in assumptions

2022: None

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, 2023**

| | Capital Outlay SEEK | FSPK | Debt Service | Student Activity | Total Nonmajor Governmental |
|-------------------------------------|---------------------------|-------------------|-------------------|---------------------|-----------------------------------|
| ASSETS AND RESOURCES | | | | | |
| Cash and cash equivalents | \$ - | \$ 179,164 | \$ 108,214 | \$ 125,338 | \$ 412,716 |
| Accounts receivable | - | - | - | 2,971 | 2,971 |
| Interfund receivable | - | 104,956 | - | - | 104,956 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Total assets and resources | <u>\$ -</u> | <u>\$ 284,120</u> | <u>\$ 108,214</u> | <u>\$ 128,309</u> | <u>\$ 520,643</u> |
| LIABILITIES AND FUND BALANCE | | | | | |
| Liabilities | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ 12,402 | \$ 12,402 |
| Interfund payable | - | - | 104,956 | - | 104,956 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Total liabilities | <u>-</u> | <u>-</u> | <u>104,956</u> | <u>12,402</u> | <u>117,358</u> |
| EQUITY AND FUND BALANCES | | | | | |
| Restricted | | | | | |
| KSFCC escrow | - | 284,120 | - | - | 284,120 |
| Debt service | - | - | 3,258 | - | 3,258 |
| Other | - | - | - | 115,907 | 115,907 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Total fund balances | <u>-</u> | <u>284,120</u> | <u>3,258</u> | <u>115,907</u> | <u>403,285</u> |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Total liabilities and fund balances | <u>\$ -</u> | <u>\$ 284,120</u> | <u>\$ 108,214</u> | <u>\$ 128,309</u> | <u>\$ 520,643</u> |

**LIVINGSTON COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

| | Capital Outlay SEEK | FSPK | Debt Service | Student Activity | Total Nonmajor Governmental |
|---------------------------------------------------|---------------------------|--------------------|------------------|---------------------|-----------------------------------|
| REVENUES | | | | | |
| From local sources | | | | | |
| Taxes | \$ - | \$ 563,064 | \$ - | \$ - | \$ 563,064 |
| Earnings on investments | - | - | 3,122 | 1,208 | 4,330 |
| Student activities | - | - | - | 315,578 | 315,578 |
| Other local revenues | - | - | - | 17,137 | 17,137 |
| Intergovernmental - state | 105,629 | 6,384 | 594,165 | - | 706,178 |
| Intergovernmental - direct federal | - | 104,956 | - | - | 104,956 |
| | <u>105,629</u> | <u>674,404</u> | <u>597,287</u> | <u>333,923</u> | <u>1,711,243</u> |
| EXPENDITURES | | | | | |
| Instruction | - | - | - | 298,296 | 298,296 |
| Support services | | | | | |
| Student | - | - | - | 18,528 | 18,528 |
| Instructional staff | - | - | - | 1,658 | 1,658 |
| Plant operations and maintenance | - | - | - | 308 | 308 |
| Student transportation | - | - | - | 994 | 994 |
| Student support | - | - | - | 11,761 | 11,761 |
| Other instructional | - | - | - | 978 | 978 |
| Other non-instruction | - | - | - | 16,315 | 16,315 |
| Debt service | - | - | 1,039,566 | - | 1,039,566 |
| | <u>-</u> | <u>-</u> | <u>1,039,566</u> | <u>348,838</u> | <u>1,388,404</u> |
| Excess (deficit) of revenues over expenditures | <u>105,629</u> | <u>674,404</u> | <u>(442,279)</u> | <u>(14,915)</u> | <u>322,839</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Operating transfers in | - | - | 445,401 | - | 445,401 |
| Operating transfers out | <u>(173,650)</u> | <u>(1,179,160)</u> | <u>-</u> | <u>-</u> | <u>(1,352,810)</u> |
| Total other financing sources (uses) | <u>(173,650)</u> | <u>(1,179,160)</u> | <u>445,401</u> | <u>-</u> | <u>(907,409)</u> |
| Net change in fund balance | (68,021) | (504,756) | 3,122 | (14,915) | (584,570) |
| Fund balances, beginning of year | <u>68,021</u> | <u>788,876</u> | <u>136</u> | <u>130,822</u> | <u>987,855</u> |
| Fund balances, end of year | <u>\$ -</u> | <u>\$ 284,120</u> | <u>\$ 3,258</u> | <u>\$ 115,907</u> | <u>\$ 403,285</u> |

**LIVINGSTON COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

| | 2012R BONDS | 2012Q BONDS | 2014Q BONDS | 2022B Bonds | Total Debt service |
|---------------------------------------------------|-----------------|-----------------|----------------|----------------|-----------------------|
| REVENUES | | | | | |
| From local sources | | | | | |
| Earnings on investments | \$ 919 | \$ 2,203 | \$ - | \$ - | \$ 3,122 |
| Intergovernmental - state | 462,261 | 96,989 | 34,915 | - | 594,165 |
| Total revenues | 463,180 | 99,192 | 34,915 | - | 597,287 |
| EXPENDITURES | | | | | |
| Debt service | | | | | |
| Principal | 640,000 | 127,111 | 35,000 | - | 802,111 |
| Interest | 25,650 | 111,300 | 13,625 | 86,880 | 237,455 |
| Total expenditures | 665,650 | 238,411 | 48,625 | 86,880 | 1,039,566 |
| Excess (deficit) of revenues over expenditures | (202,470) | (139,219) | (13,710) | (86,880) | (442,279) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | 203,389 | 141,422 | 13,710 | 86,880 | 445,401 |
| Total other financing sources (uses) | 203,389 | 141,422 | 13,710 | 86,880 | 445,401 |
| Net change in fund balance | 919 | 2,203 | - | - | 3,122 |
| Fund balance, beginning of year | 107 | 29 | - | - | 136 |
| Fund balance, end of year | \$ 1,026 | \$ 2,232 | \$ - | \$ - | \$ 3,258 |

**LIVINGSTON COUNTY SCHOOL DISTRICT
COMBINING BALANCE SHEET
SCHOOL ACTIVITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

| | North Livingston Elementary | South Livingston Elementary | Livingston County Middle School | Livingston Central High School | Total (Memorandum Only) |
|------------------------------------|-----------------------------------|-----------------------------------|------------------------------------------|-----------------------------------------|-------------------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 2,676 | \$ 18,662 | \$ 18,668 | \$ 85,332 | \$ 125,338 |
| Accounts receivable | - | - | 636 | 2,335 | 2,971 |
| Total assets | <u>2,676</u> | <u>18,662</u> | <u>19,304</u> | <u>87,667</u> | <u>128,309</u> |
| LIABILITIES | | | | | |
| Accounts payable | 200 | - | 5,102 | 5,953 | 11,255 |
| Interfund payable | - | - | - | 1,147 | 1,147 |
| Total liabilities | <u>200</u> | <u>-</u> | <u>5,102</u> | <u>7,100</u> | <u>12,402</u> |
| FUND BALANCES | | | | | |
| Total fund balances | <u>2,476</u> | <u>18,662</u> | <u>14,202</u> | <u>80,567</u> | <u>115,907</u> |
| Total liabilities and fund balance | <u>\$ 2,676</u> | <u>\$ 18,662</u> | <u>\$ 19,304</u> | <u>\$ 87,667</u> | <u>\$ 128,309</u> |

**LIVINGSTON COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF SCHOOL ACTIVITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

| | North Livingston Elementary | South Livingston Elementary | Livingston County Middle School | Livingston Central High School | Total (Memorandum only) |
|----------------------------------------|-----------------------------------|-----------------------------------|------------------------------------------|-----------------------------------------|-------------------------------|
| REVENUES | | | | | |
| From local sources | | | | | |
| Earnings on investments | \$ 27 | \$ 192 | \$ 204 | \$ 785 | \$ 1,208 |
| Other local revenues | 11,892 | 17,136 | 40,359 | 263,328 | 332,715 |
| Total revenues | <u>11,919</u> | <u>17,328</u> | <u>40,563</u> | <u>264,113</u> | <u>333,923</u> |
| EXPENDITURES | | | | | |
| Instruction | 6,880 | 11,992 | 56,788 | 222,634 | 298,294 |
| Support services | | | | | |
| Student support services | - | - | - | 143 | 143 |
| Instructional staff | 4,890 | 690 | 119 | 14,345 | 20,044 |
| Plant operations and maintenance | - | - | - | 308 | 308 |
| Student transportation | - | - | - | 12,756 | 12,756 |
| Other instructional | - | - | - | 978 | 978 |
| Other non-instruction | - | 16,184 | - | 131 | 16,315 |
| Total expenditures | <u>11,770</u> | <u>28,866</u> | <u>56,907</u> | <u>251,295</u> | <u>348,838</u> |
| Net change in due to student groups | 149 | (11,538) | (16,344) | 12,818 | (14,915) |
| Fund balance, beginning of year | <u>2,327</u> | <u>30,200</u> | <u>30,546</u> | <u>67,749</u> | <u>130,822</u> |
| Fund balance, end of year | <u><u>\$ 2,476</u></u> | <u><u>\$ 18,662</u></u> | <u><u>\$ 14,202</u></u> | <u><u>\$ 80,567</u></u> | <u><u>\$ 115,907</u></u> |

**LIVINGSTON COUNTY SCHOOL DISTRICT
STATEMENT OF SCHOOL ACTIVITY FUNDS
LIVINGSTON CENTRAL HIGH SCHOOL
FOR THE YEAR ENDED JUNE 30, 2023**

| | <u>Cash Balance July 1, 2022</u> | <u>Cash Receipts</u> | <u>Cash Disbursements</u> | <u>Cash Balance June 30, 2023</u> | <u>Accounts Receivable</u> | <u>Accounts Payable</u> | <u>Fund Balance June 30, 2023</u> |
|---------------------------|--------------------------------------|--------------------------|-------------------------------|---------------------------------------|--------------------------------|-----------------------------|---------------------------------------|
| District Tournament | 510 | 15,283 | 15,793 | - | - | - | - |
| Volleyball | - | 448 | 448 | - | - | - | - |
| Cardinal Café | 3,350 | 6,314 | 5,079 | 4,585 | - | - | 4,585 |
| General Fund | 4,489 | 7,218 | 9,419 | 2,288 | 364 | 116 | 2,536 |
| Student Emergency | 376 | - | 376 | - | - | - | - |
| Project Grad | 927 | 30,000 | 30,097 | 830 | - | - | 830 |
| Library Club | 125 | 37 | 65 | 97 | - | - | 97 |
| Donations | 3 | - | 3 | - | - | - | - |
| Staff Account | 8 | 593 | 567 | 34 | - | - | 34 |
| Art Club | 826 | 1,656 | 1,694 | 788 | - | - | 788 |
| Beta Club | 2,459 | 1,154 | 2,524 | 1,089 | - | - | 1,089 |
| FBLA | 3,733 | 5,330 | 6,152 | 2,911 | 235 | - | 3,146 |
| FCA | 596 | - | 40 | 556 | - | - | 556 |
| FFA | 4,796 | 27,471 | 28,553 | 3,714 | 76 | - | 3,790 |
| Science Club | 2,036 | 919 | 1,101 | 1,854 | - | 216 | 1,638 |
| TLC | 3,455 | 730 | 402 | 3,783 | - | - | 3,783 |
| Spirit Club | 945 | 471 | 1,054 | 362 | - | - | 362 |
| Student Council | 2,301 | 3,469 | 4,529 | 1,241 | - | - | 1,241 |
| Skills USA | 35 | 4,205 | 3,353 | 887 | - | 278 | 609 |
| Spanish Club | 665 | 307 | 892 | 80 | - | - | 80 |
| Choir & Music | 149 | 2,345 | 486 | 2,008 | - | - | 2,008 |
| Drama | 209 | 490 | 457 | 242 | - | - | 242 |
| Photography Club | 1,537 | 85 | 851 | 771 | - | - | 771 |
| STLP | 53 | 10 | - | 63 | - | - | 63 |
| Family & Consumer Science | 434 | 11,609 | 11,992 | 51 | - | - | 51 |
| Signs | 565 | - | 565 | - | - | - | - |
| Math | 95 | 2,117 | 2,212 | - | - | - | - |
| Carpentry | 4,827 | 2,725 | 5,152 | 2,400 | - | - | 2,400 |
| Chess Club | 163 | 3,639 | 2,123 | 1,679 | - | - | 1,679 |
| Athletics | 2,631 | 39,832 | 39,826 | 2,637 | 91 | - | 2,728 |
| Golf | 280 | 1,587 | 572 | 1,295 | - | - | 1,295 |
| Cheerleaders | 3,408 | 3,508 | 5,682 | 1,234 | - | - | 1,234 |
| Special Olympics | - | - | - | - | - | - | - |
| Yearbook | 408 | 9,043 | 1,276 | 8,175 | 120 | 5,953 | 2,342 |
| Concessions | 3,798 | 20,099 | 21,916 | 1,981 | - | - | 1,981 |

**LIVINGSTON COUNTY SCHOOL DISTRICT
STATEMENT OF SCHOOL ACTIVITY FUNDS
LIVINGSTON CENTRAL HIGH SCHOOL
FOR THE YEAR ENDED JUNE 30, 2023**

| | Cash Balance July 1, 2022 | Cash Receipts | Cash Disbursements | Cash Balance June 30, 2023 | Accounts Receivable | Accounts Payable | Fund Balance June 30, 2023 |
|---------------------------|--------------------------------------|--------------------------|-------------------------------|---------------------------------------|--------------------------------|-----------------------------|---------------------------------------|
| Baseball | 105 | 3,287 | 3,392 | - | - | - | - |
| Archery | 4,897 | 3,121 | 5,442 | 2,576 | - | - | 2,576 |
| Boys Basketball | 3,635 | 3,375 | 3,021 | 3,989 | - | - | 3,989 |
| Gifted and Talented | 326 | - | 326 | - | - | - | - |
| HOSA | 996 | 17,049 | 12,726 | 5,319 | - | 537 | 4,782 |
| Central Spirit Store | 950 | 20,121 | 19,069 | 2,002 | - | - | 2,002 |
| Basketball Backboard Club | 2,496 | 5,547 | 4,909 | 3,134 | - | - | 3,134 |
| Softball | 1,130 | - | 285 | 845 | - | - | 845 |
| The Nest Coffee Shop | 849 | - | 849 | - | - | - | - |
| Arbiter Pay | - | 16,245 | 16,245 | - | - | - | - |
| Ticketleap | 309 | 30,448 | 30,757 | - | - | - | - |
| Square Reader | - | 10,579 | 10,579 | - | - | - | - |
| AG Equipment | 3,210 | 4,523 | 3,696 | 4,037 | 75 | - | 4,112 |
| Allied Health | 20 | 1,804 | 1,648 | 176 | - | - | 176 |
| Computer Fees DAF | - | 896 | 896 | - | - | - | - |
| Parking Tags DAF | - | 260 | 260 | - | - | - | - |
| Video Wall | 2,688 | 10,000 | 839 | 11,849 | - | - | 11,849 |
| Welding | - | 1,328 | 1,328 | - | - | - | - |
| Tucker Mem Scholarship | - | 2,901 | - | 2,901 | - | - | 2,901 |
| Shelby Scholarship | - | - | - | - | 375 | - | 375 |
| Cross Country | 86 | 700 | 246 | 540 | - | - | 540 |
| Girls Basketball | 710 | 2,490 | 3,068 | 132 | 1,000 | - | 1,132 |
| Class of 2022 | 25 | - | 25 | - | - | - | - |
| Class of 2023 | 941 | 25 | 966 | - | - | - | - |
| Class of 2024 | - | 10,160 | 9,964 | 196 | - | - | 196 |
| Subtotal | <u>73,565</u> | <u>347,553</u> | <u>335,787</u> | <u>85,331</u> | <u>2,336</u> | <u>7,100</u> | <u>80,567</u> |
| Less: Interfund Transfers | - | 85,774 | 85,774 | - | - | - | - |
| Total | <u>\$ 73,565</u> | <u>\$ 261,779</u> | <u>\$ 250,013</u> | <u>\$ 85,331</u> | <u>\$ 2,336</u> | <u>\$ 7,100</u> | <u>\$ 80,567</u> |

**LIVINGSTON COUNTY SCHOOL DISTRICT
 COMBINING STATEMENT OF NET POSITION – ALL PRIVATE PURPOSE TRUST FUNDS
 JUNE 30, 2023**

| | 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 | \$ 62,262 | \$ 14 | \$ 7,199 | \$ 410 | \$ 17,615 | \$ 51,305 | \$ 2,829 | \$ 141,634 |
| Total assets | <u>62,262</u> | <u>14</u> | <u>7,199</u> | <u>410</u> | <u>17,615</u> | <u>51,305</u> | <u>2,829</u> | <u>141,634</u> |
| LIABILITIES | | | | | | | | |
| Accounts payable | - | - | - | - | - | - | - | - |
| Total liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net position held in trust | <u><u>\$ 62,262</u></u> | <u><u>\$ 14</u></u> | <u><u>\$ 7,199</u></u> | <u><u>\$ 410</u></u> | <u><u>\$ 17,615</u></u> | <u><u>\$ 51,305</u></u> | <u><u>\$ 2,829</u></u> | <u><u>\$ 141,634</u></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, 2023**

| | 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 | \$ 447 | \$ - | \$ 58 | \$ - | \$ 121 | - | \$ 15 | \$ 641 |
| Total revenues | 447 | - | 58 | - | 121 | - | 15 | 641 |
| EXPENDITURES | | | | | | | | |
| Scholarships paid | - | - | - | - | - | - | - | - |
| Total expenditures | - | - | - | - | - | - | - | - |
| Change in position held in trust | 447 | - | 58 | - | 121 | - | 15 | 641 |
| Net position held in trust, beginning of year | 61,815 | 14 | 7,141 | 410 | 17,494 | 51,305 | 2,814 | 140,993 |
| Net position held in trust, end of year | \$ 62,262 | \$ 14 | \$ 7,199 | \$ 410 | \$ 17,615 | \$ 51,305 | \$ 2,829 | \$ 141,634 |

**LIVINGSTON COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2023**

| 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 | \$ 250,306 | |
| | 84.027 | 3810002-20 | 4,287.00 | |
| Special Education - Preschool Grants | 84.173 | 4900002-21 | <u>17,697.00</u> | |
| Total Special Education Cluster | | | | <u>\$ 272,290</u> |
| Title I Grants to Local Education Agencies | 84.010 | 3100002-22 | | 371,720 |
| Vocational Education - Basic Grants to States | 84.048 | 3710002-22 | 17,971 | |
| | 84.048 | 3710002-21 | <u>1,508</u> | 19,479 |
| Twenty-First Century Community Learning Centers | 84.287 | 3400002-21 | 181,240 | |
| | 84.287 | 3400002-20 | <u>25,565</u> | 206,805 |
| Supporting Effective Instruction - State Grants | 84.367 | 3230002-22 | | 57,620 |
| Student Support and Academic Enrichment Program | 84.424 | 3420002-22 | | 28,323 |
| COVID-19 Education Stabilization Fund Under the Coronavirus Aid, Relief and Economic Security Act | 84.425 | 4200002-21 | 471,184 | |
| | 84.425 | 4300002-21 | 1,438,482 | |
| | 84.425 | 4300005-21 | 1,600 | |
| | 84.425 | 4980002-21 | <u>1,863</u> | 1,913,129 |
| Passed through West Kentucky Educational Cooperative: | | | | |
| COVID-19 Education Stabilization Fund Under the Coronavirus Aid, Relief and Economic Security Act | 84.425 | Direct | | <u>9,289</u> |
| Total U.S. Department of Education | | | | <u><u>2,878,655</u></u> |

Continued

**LIVINGSTON COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, continued
JUNE 30, 2023**

| 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 | 7760005-23 | 253,348 |
| | 10.553 | 7760005-22 | 78,120 |
| National School Lunch Program | 10.555 | 7750002-23 | 486,192 |
| | 10.555 | 7750002-22 | 141,420 |
| | 10.555 | 9980000-23 | 16,123 |
| | 10.555 | 9980000-22 | 30,563 |
| | 10.559 | 7690024-23 | 12,186 |
| | 10.559 | 7740023-23 | <u>118,501</u> |
| Total Child Nutrition Cluster | | | <u>1,136,453</u> |
| State Administrative Expenses for Child Nutrition | 10.560 | 7700001-22 | 1,520 |
| Child Nutrition Discretionary Grants Limited Availability | 10.579 | 7840027-20 | 25,000 |
| COVID-19: Pandemic EBT Administrative Cost | 10.649 | 9990000-22 | 6,100 |
| Other U. S. Department of Agriculture Programs - Fresh Fruit and Vegetable Program | 10.555 | Direct | <u>58,277</u> |
| Total U. S. Department of Agriculture | | | <u>1,227,350</u> |
| Federal Communications Commission | | | |
| Emergency Connectivity Fund Program | 32.009 | Direct | <u>(672)</u> |
| Total Federal Communications Commission | | | <u>(672)</u> |
| U. S. Department of Health and Human Services | | | |
| Passed through State Department of Education: Cooperative Agreements to Promote Adolescent Health Through School Based HIV/STD Prevention and School Based Surveillance | | | |
| | 93.079 | Direct | 700 |
| Passed through Audubon Area Community Services, Inc. : Head Start | | | |
| | 93.6 | Direct | <u>261,194</u> |
| Total U. S. Department of Health and Human Services | | | <u>261,894</u> |
| Total Expenditures of Federal Awards | | | <u><u>\$ 4,367,227</u></u> |

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2023**

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, 2023. 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, 2023 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 | \$ 3,212,392 |
| Total federal grants | 1,169,073 |
| Donated commodities | 58,277 |
| Less: Medicaid funds received | <u>(72,515)</u> |
| Total | <u><u>\$ 4,367,227</u></u> |

INTERNAL CONTROL AND COMPLIANCE

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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, 2023, 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 15, 2023.

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 15, 2023.

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 15, 2023

ANNA B. GENTRY HERR, CPA, CFE

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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, 2023. The District's major federal programs are identified in the summary of auditors' 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, 2023.

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 15, 2023

**LIVINGSTON COUNTY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023**

None

MANAGEMENT COMMENTS FOR AUDIT

ANNA B. GENTRY HERR, CPA, CFE

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TAYLOR MATHIS, CPA



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

November 15, 2023

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, 2023, 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 15, 2023 contains our report on the District's internal control. This letter does not affect our report dated November 15, 2023 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, 2023**

SOUTH LIVINGSTON ELEMENTARY SCHOOL

- I. **Criteria** – Accounting Procedures for Kentucky School Activity Funds (Redbook) sets accounting guidelines for deposits.

Condition – Monies collected were not deposited on a timely basis.

Cause – Lack of implementation of Redbook policy.

Effect – Noncompliance with Accounting Procedures for Kentucky School Activity Funds (Redbook).

Recommendation – All monies collected should be deposited daily unless the amount collected is less than \$100 or received after business hours. At a minimum, deposits shall be made on the last workday of the week, even if the deposit is less than \$100.

Views of Responsible Officials – The district has been provided with a courier service that runs twice a week and we plan to utilize the service to fix the above issue.

LIVINGSTON MIDDLE SCHOOL

- I. **Criteria** – Form F-SA-1 Requisition and Report of Ticket Sales was not properly completed to reconcile revenue received from events where admission was charged.

Condition – Accounting Procedures for Kentucky School Activity Funds (Redbook) requires the use of Form F-SA-1 Requisition and Report of Ticket Sales, to be used to report and reconcile the number of tickets sold and the funds collected for all events where admission is charged.

Cause – Lack of implementation of Redbook policy.

Effect – Noncompliance with *Accounting Procedures for Kentucky School Activity Funds* (Red Book).

Recommendation – Form F-SA-1, Requisition and Report of Ticket Sales, is to be used and properly completed and signed by the person in charge of sales, the ticket taker, and the school treasurer when tickets are sold and funds collected.

Views of Responsible Officials – A school finance secretary has been put in place to help with the completion of details for all Redbook and school finance requirements. Form F-SA-1, Requisition and Report of Ticket Sales form will be completed and signed by all necessary persons involved as noted according to Redbook guidelines.

**LIVINGSTON COUNTY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NORTH LIVINGSTON ELEMENTARY SCHOOL

- I. **Condition** – Three accounts with balances at year end had no activity during the preceding 12 months and are considered inactive.

Recommendation – If the student organization did not designate in writing how remaining funds shall be disposed, then inactive accounts' funds shall be transferred to the school activity general account and used for the general benefit of all students.

Current Status – This was repeated for one inactive account for fiscal years June 30, 2023 and 2022.

Views of Responsible Officials – Inactive accounts will be closed as soon as possible after no account activity. If there is any activity during the year, such as transfers to another account, the funds are considered active in EPES until the new fiscal year. After the new fiscal year begins, the "inactive" account can and will be closed.

SOUTH LIVINGSTON ELEMENTARY SCHOOL

- I. **Condition** – Three accounts with balances at year end had no activity during the preceding 12 months and are considered inactive.

Recommendation – If the student organization did not designate in writing how remaining funds shall be disposed, then inactive accounts' funds shall be transferred to the school activity general account and used for the general benefit of all students.

Current Status – This was not repeated for fiscal year June 30, 2023.

LIVINGSTON MIDDLE SCHOOL

- I. **Condition** – Three accounts with balances at year end had no activity during the preceding 12 months and are considered inactive.

Recommendation – If the student organization did not designate in writing how remaining funds shall be disposed, then inactive accounts' funds shall be transferred to the school activity general account and used for the general benefit of all students.

Current Status – This was not repeated for fiscal year June 30, 2023.

- II. **Condition** – Receipt numbers were not listed on deposit slips.

Recommendation – Receipt numbers in the deposit should be listed on the deposit slip.

Current Status – This was repeated for fiscal years June 30, 2023, 2022 and 2021.

Views of Responsible Officials – Receipts numbers will be listed on the deposit slips according to the above recommendation.

**LIVINGSTON COUNTY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

LIVINGSTON MIDDLE SCHOOL, continued

III. Condition – Form F-SA-6, Multiple Receipt Form, was not completed properly and timely.

Recommendation – 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 was repeated for fiscal years June 30, 2023 and 2022.

Views of Responsible Officials – Teachers and staff attended a Redbook training at the beginning of FY 2023/2024 to help them understand the importance of completing the Multiple Receipt Form correctly and in a timely manner.

LIVINGSTON CENTRAL HIGH SCHOOL

I. Condition – Three accounts with balances at year end had no activity during the preceding 12 months and are considered inactive.

Recommendation – If the student organization did not designate in writing how remaining funds shall be disposed, then inactive accounts' funds shall be transferred to the school activity general account and used for the general benefit of all students.

Current Status – This was not repeated for fiscal year June 30, 2023.

II. Condition – Form F-SA-5, Monthly Inventory Control Worksheet, was not used and completed monthly.

Recommendation – 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.

Current Status – This was repeated for fiscal year June 30, 2023.

Views of Responsible Officials – Principal and Bookkeeper will review Redbook guidance with staff to ensure that forms are completed properly.