

LIVINGSTON COUNTY SCHOOL DISTRICT
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025

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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, 2025, 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, 2025, 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 introductory section, accompanying combining and individual nonmajor fund financial statements, other information and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, 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 December 15, 2025, 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.

DGA, PSC

DGA, PSC

Certified Public Accountants
Hopkinsville, Kentucky

December 15, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

**LIVINGSTON COUNTY SCHOOL DISTRICT – SMITHLAND, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2025**

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, 2025. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

FINANCIAL HIGHLIGHTS

- The ending cash and investments balance for the District was \$5.3M in 2025 and \$9.6M in 2024.
- In total, net position increased \$1M. The net position of governmental activities increased \$584K, while the net position of business-type activities increased \$474K. Total assets were \$36M at June 30, 2025 compared to \$37.2M at June 30, 2024 and total liabilities were \$19.9M at June 30, 2025 compared to \$22.4M at June 30, 2024.
- Total revenues were \$18M for the year. General revenues accounted for \$10.8M, 60.15% of the total, while program specific revenues in the form of charges for services and sales, grant and contributions accounted for \$7.1M or 39.85% of total revenues. The District incurred \$16.9M in total expenses.

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 report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources. All of the current year revenues and expenses are accounted for the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how it has changed. Net position – the difference between the District's assets plus deferred outflows of resources and the District's liabilities plus deferred inflows of resources – is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, the reader needs to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

**LIVINGSTON COUNTY SCHOOL DISTRICT – SMITHLAND, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2025**

In the government-wide financial statements, the District’s activities are reported as governmental activities and business-type activities.

- Governmental activities – All the District’s basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of the activities.
- Business-type activities – These include operations that are financed and operated similarly to private businesses, such as the School Food Service. Charges for services and federal reimbursements fund these activities.

Fund financial statements - The fund financial statements provide more detailed information about the District’s funds, focusing on its most significant or “major” funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debts) or to show that it is properly using certain revenues (like federal grants).

The District has three kinds of funds:

- *Governmental funds* – Most of the District’s basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out, and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District’s programs. Because this information does not encompass the additional long-term focus of the government-wide statements, the District provides additional information with the governmental fund statements that explain the relationship (or differences) between them.
- *Proprietary fund* – The District’s proprietary fund is Food Service. The proprietary fund statements are the same as the business-type activities in the government wide statements, but provide more detail and additional information, such as cash flows.
- *Fiduciary fund* – The District is a fiduciary for assets that belong to others and is responsible for ensuring that assets reported in the fiduciary funds are used only for their intended purposes. These funds are excluded from the government-wide financial statements because the assets cannot be used to finance the operations of the district.

**LIVINGSTON COUNTY SCHOOL DISTRICT – SMITHLAND, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2025**

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.

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 \$14.1M as of June 30, 2025.

A significant portion of the District’s net position, \$16.3M, reflects its investment in capital assets less any related debt used to acquire those assets that is still outstanding. The district uses capital assets to provide services; 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. An additional portion of the District’s net position, \$808K, represents resources subject to external restrictions on how they may be used.

**LIVINGSTON COUNTY SCHOOL DISTRICT – SMITHLAND, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2025**

Following is a summary of the District’s government-wide net position as of June 30, 2025 and 2024.

Net Position

| | Governmental Activities | | Business-type Activities | | District Total | |
|---|--------------------------------|---------------|---------------------------------|--------------|-----------------------|---------------|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| ASSETS | | | | | | |
| Current and other assets | \$ 5,411,566 | \$ 9,657,897 | \$ 846,835 | \$ 673,815 | \$ 6,258,401 | \$ 10,331,712 |
| Capital assets | 29,473,761 | 26,617,310 | 283,341 | 257,367 | 29,757,102 | 26,874,677 |
| Total assets | 34,885,327 | 36,275,207 | 1,130,176 | 931,182 | 36,015,503 | 37,206,389 |
| Deferred outflows of resources | 2,155,260 | 3,187,477 | 163,134 | 288,794 | 2,318,394 | 3,476,271 |
| LIABILITIES | | | | | | |
| Current liabilities | 892,121 | 1,834,868 | 393 | 9,553 | 892,514 | 1,844,421 |
| Long-term debt | 18,534,767 | 19,808,449 | 482,525 | 767,887 | 19,017,292 | 20,576,336 |
| Total liabilities | 19,426,888 | 21,643,317 | 482,918 | 777,440 | 19,909,806 | 22,420,757 |
| Deferred inflows of resources | 3,883,422 | 4,673,583 | 442,324 | 548,239 | 4,325,746 | 5,221,822 |
| NET POSITION | | | | | | |
| Net investment in capital assets | 16,004,256 | 12,811,570 | 283,341 | 273,584 | 16,287,597 | 13,085,154 |
| Restricted | 808,729 | 5,652,984 | - | - | 808,729 | 5,652,984 |
| Unrestricted | (3,082,708) | (5,318,770) | 84,727 | (379,287) | (2,997,981) | (5,698,057) |
| Total net position | \$ 13,730,277 | \$ 13,145,784 | \$ 368,068 | \$ (105,703) | \$ 14,098,345 | \$ 13,040,081 |

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, 2025. 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.

**LIVINGSTON COUNTY SCHOOL DISTRICT – SMITHLAND, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2025**

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.

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.

**LIVINGSTON COUNTY SCHOOL DISTRICT – SMITHLAND, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2025**

The following table presents a summary of revenue and expense for the fiscal year ended June 30, 2025, compared to the fiscal year ended June 30, 2024.

Changes in Net Position

| | Governmental Activities | | Business-type Activities | | District Total | |
|------------------------------------|--------------------------------|---------------------|---------------------------------|-------------------|-----------------------|---------------------|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| REVENUES | | | | | | |
| Program revenues | | | | | | |
| Charges for services | \$ - | - | \$ 64,429 | \$ 54,979 | \$ 64,429 | \$ 54,979 |
| Operating grants and contributions | 5,554,979 | 5,553,228 | 1,381,215 | 1,395,640 | 6,936,194 | 6,948,868 |
| Capital grants and contributions | 193,356 | 654,606 | - | - | 193,356 | 654,606 |
| General revenues | | | | | | |
| Property taxes | 7,446,391 | 7,137,926 | - | - | 7,446,391 | 7,137,926 |
| Investment earnings | 201,104 | 495,969 | 19,886 | 20,650 | 220,990 | 516,619 |
| State aid | 2,745,882 | 2,915,612 | 86,121 | 166,648 | 2,832,003 | 3,082,260 |
| Gain on disposal of fixed assets | (24,990) | (19,471) | - | - | (24,990) | (19,471) |
| Other | 385,411 | 369,988 | - | 10,057 | 385,411 | 380,045 |
| Total revenues | <u>16,502,133</u> | <u>17,107,858</u> | <u>1,551,651</u> | <u>1,647,974</u> | <u>18,053,784</u> | <u>18,755,832</u> |
| EXPENSES | | | | | | |
| Instruction | 7,424,437 | 6,895,268 | - | - | 7,424,437 | 6,895,268 |
| Support services | | | | | | |
| Student | 802,163 | 750,935 | - | - | 802,163 | 750,935 |
| Instructional staff | 993,786 | 850,982 | - | - | 993,786 | 850,982 |
| District administration | 861,607 | 589,939 | - | - | 861,607 | 589,939 |
| School administration | 594,030 | 1,004,936 | - | - | 594,030 | 1,004,936 |
| Business | 385,446 | 386,542 | - | - | 385,446 | 386,542 |
| Plant operations and maintenance | 2,384,946 | 2,514,925 | - | - | 2,384,946 | 2,514,925 |
| Student transportation | 1,745,369 | 1,619,580 | - | - | 1,745,369 | 1,619,580 |
| Other non-instructional | 27,317 | 12,806 | - | - | 27,317 | 12,806 |
| Food service | - | - | 1,077,880 | 1,421,172 | 1,077,880 | 1,421,172 |
| Community service activities | 201,649 | 125,098 | - | - | 201,649 | 125,098 |
| Other debt service | 496,890 | 574,633 | - | - | 496,890 | 574,633 |
| Total expenses | <u>15,917,640</u> | <u>15,325,644</u> | <u>1,077,880</u> | <u>1,421,172</u> | <u>16,995,520</u> | <u>16,746,816</u> |
| Change in net position | <u>\$ 584,493</u> | <u>\$ 1,782,214</u> | <u>\$ 473,771</u> | <u>\$ 226,802</u> | <u>\$ 1,058,264</u> | <u>\$ 2,009,016</u> |

**LIVINGSTON COUNTY SCHOOL DISTRICT – SMITHLAND, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2025**

FINANCIAL ANALYSIS OF THE DISTRICT’S GOVERNMENTAL FUNDS

The net position of the District’s governmental activities increased by \$584K. Net position reflects a positive balance of \$14.1M. The District has developed a strategic plan to best utilize the resources available and to preserve those resources as long as possible.

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds – The focus of the governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District’s governmental funds reported combined ending fund balances of \$3.2M, a decrease of \$3.4M in comparison with the prior year. The following schedule indicates the fund balances and the total changes in fund balances by major fund and other governmental (nonmajor) funds as reported in the basic financial statements for the fiscal years ended June 30, 2025 and 2024.

The main sources of the General Fund’s revenues are state aid in the form of SEEK allocations and locally assessed taxes. The majority of the District’s activities are accounted for in the General 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. In addition to the Special Revenue (Grant) Fund, the District has the Special Revenue District Activity Fund and the Special Revenue Student Activity Fund which includes funds restricted to expenditures for purposes specified by Kentucky Department of Education requirements.

The SEEK Capital Outlay Fund’s revenues are derived from state SEEK allowances based on student enrollment. The FSPK Fund’s revenues are produced by a five-cent property tax equivalent. The use of both funds’ resources is generally restricted to facilities acquisition or improvement and payment of related debt on facilities. The Construction Fund is used to account for facility construction and improvement projects funded by other funds or borrowing.

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

**LIVINGSTON COUNTY SCHOOL DISTRICT – SMITHLAND, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2025**

Following is a summary of fund balances as of June 30, 2025 and 2024:

| Governmental Funds | 2025 | 2024 | Increase (Decrease) |
|---------------------------|---------------------|---------------------|--------------------------------|
| General Fund | \$ 2,395,667 | \$ 2,659,683 | \$ (264,016) |
| Special Revenue Fund | (56,370) | (74,741) | 18,371 |
| FSPK Fund | (16,011) | 284,120 | (300,131) |
| Construction Fund | 733,788 | 3,636,156 | (2,902,368) |
| Student Activity | 123,073 | 131,728 | (8,655) |
| Debt Service Fund | 19,544 | 9,616 | 9,928 |
| Total governmental funds | <u>\$ 3,199,691</u> | <u>\$ 6,646,562</u> | <u>\$ (3,446,871)</u> |

General Fund – The General Fund is the chief operating fund of the District. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$2.3M, while total fund balance was \$2.4M. As a measure of the General Fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total expenditures. Unassigned fund balance represents 17.78% of the total General Fund expenditures, while total fund balance represents 18.19% of that same amount.

**LIVINGSTON COUNTY SCHOOL DISTRICT – SMITHLAND, KY
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2025**

GENERAL FUND BUDGETARY HIGHLIGHTS

In accordance with directives from the Kentucky Department of Education (KDE) and Kentucky law, the District funds’ budgets are prepared to account for most transactions on a cash receipt/cash disbursement/encumbrance basis. The KDE requires a budget in which any budgeted remaining fund balance is shown as a contingency expense and any amounts being accumulated for other purposes are ultimately shown as unspent or over-budgeted expenditures. By law, the budget must have a minimum 2.00% contingency. The District adopted a General Fund budget with a contingency of \$2,796,094 or 17.56%. Over the course of the year, the District revises the annual operating budget as circumstances dictate or as required by KDE.

The note accompanying the Budgetary Comparison Schedules in the Required Supplementary Information indicates the General Fund budget includes \$3.4M of state payments on behalf of the District employees for retirement and health benefits, technology and debt service. Local revenues are budgeted conservatively resulting in a favorable variance of local revenues for the year.

- The District’s total revenues for General Fund activities for the fiscal year ended June 30, 2025, excluding interfund transfers, beginning balances and on-behalf payments, were \$12.9M compared to the total budgeted revenues of \$12.9M.
- The District’s total expenditures for General Fund activities for the fiscal year ended June 30, 2025, excluding interfund transfers and on-behalf payments, were \$13.2M compared to the total budgeted expenditures of \$15.9M.
- The fund balance at the end of the 2025 fiscal year for all Governmental Funds was \$3.2M compared to \$6.6M in the prior year.

Significant Board action that impacts the District’s finances includes the award of multiple contracts and salary increases mandated by the Legislature.

Special Revenue Fund (Fund 2) is made up of state, local and federal grants. These grants include Title I, Preschool, Special Education and others. These funds have restricted use, according to the guidelines for each. Expenditures include salaries and benefits, supplies and transportation.

SEEK Capital Outlay Fund (Fund 310) and FSPK Building Fund (Fund 320) are restricted funds for capital projects. The State contributes to Fund 310.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – At June 30, 2025, the District had \$29.8M invested in capital assets net of depreciation: historical cost totaled \$45.7M with accumulated depreciation totaling \$15.9M. These assets include school, athletic and support facilities, as well as technology, food service and other equipment. Funds in the amount of \$4.1M were expended on acquisition and improvements during the year. Depreciation charged to expense during the year totaled \$1.2M, 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, 2025**

Following is a summary of capital assets, net of depreciation, as of June 30, 2025 and 2024:

| | Governmental Activities | | Business-type Activities | | District Total | |
|----------------------------|--------------------------------|----------------------|---------------------------------|-------------------|-----------------------|----------------------|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| Land | \$ 263,559 | \$ 263,559 | \$ - | \$ - | \$ 263,559 | \$ 263,559 |
| Land improvements | 303,947 | 353,339 | - | - | 303,947 | 353,339 |
| Construction in progress | 10,312,776 | 13,083,012 | - | - | 10,312,776 | 13,083,012 |
| Buildings and improvements | 16,768,760 | 11,413,597 | - | - | 16,768,760 | 11,413,597 |
| Technology equipment | 125,289 | 151,621 | - | - | 125,289 | 151,621 |
| General equipment | 683,185 | 365,445 | 283,341 | 257,367 | 966,526 | 622,812 |
| Vehicles | 1,016,245 | 986,737 | - | - | 1,016,245 | 986,737 |
| Total | <u>\$ 29,473,761</u> | <u>\$ 26,617,310</u> | <u>\$ 283,341</u> | <u>\$ 257,367</u> | <u>\$ 29,757,102</u> | <u>\$ 26,874,677</u> |

Long-term Debt – The District’s long-term general obligation bonds outstanding at June 30, 2025 were \$13.2M. 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 \$3.6M of the bonds leaving the District to pay \$9.6M.

The State must approve the issuance of any new bonds of the District.

More detailed information about the District’s long-term liabilities may be found in Note 4 to the financial statements.

OUTLOOK FOR THE FUTURE

The most crucial aspect in the financial future of the District is continued adequate funding from the state. The District’s major source of revenue is state aid, primarily Kentucky SEEK funding.

The District relies heavily on property taxes as a primary source of revenue, which accounted for approximately 28.09% of total governmental fund revenues during the fiscal year. This dependency underscores the importance of stable property values and collection rates to ensure the District’s ability to fund essential educational programs and operational needs.

The District’s financial position is contingent upon legislation and factors related to property taxation in conjunction with decisions made by the District’s Board management. The District remains committed to utilizing resources to provide the maximum benefit to students and provide them with a quality education. This involves closely monitoring legislation and seeking new sources of revenues through grant writing, etc.

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, 840 Cutoff Road, Smithland, KY 42081.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**LIVINGSTON COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025**

| | Governmental Activities | Business-type Activities | Total |
|--|----------------------------|-----------------------------|--------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 2,960,402 | \$ 606,585 | \$ 3,566,987 |
| Interfund receivable | 12 | - | 12 |
| Accounts receivable | | | |
| Taxes | 471,563 | - | 471,563 |
| Other | 10,413 | - | 10,413 |
| Intergovernmental | 215,330 | 134,371 | 349,701 |
| Inventory | - | 15,440 | 15,440 |
| Restricted assets | | | |
| Restricted investments - bond sinking fund | 1,753,846 | - | 1,753,846 |
| Capital assets, net of depreciation | 29,473,761 | 283,341 | 29,757,102 |
| Net OPEB asset | - | 90,439 | 90,439 |
| | <hr/> | <hr/> | <hr/> |
| Total assets | 34,885,327 | 1,130,176 | 36,015,503 |
| | <hr/> | <hr/> | <hr/> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| OPEB Related | 1,379,705 | 32,709 | 1,412,414 |
| Pension related | 775,555 | 130,425 | 905,980 |
| | <hr/> | <hr/> | <hr/> |
| Total deferred outflows of resources | 2,155,260 | 163,134 | 2,318,394 |
| | <hr/> | <hr/> | <hr/> |
| LIABILITIES | | | |
| Accounts payable | 265,866 | 381 | 266,247 |
| Interfund payable | - | 12 | 12 |
| Advances from grantors | 187,662 | - | 187,662 |
| Interest payable | 62,865 | - | 62,865 |
| Noncurrent obligations | | | |
| Due within one year: | | | |
| Bonds payable | 356,235 | - | 356,235 |
| Compensated absences | 19,493 | - | 19,493 |
| Due in more than one year: | | | |
| Bonds payable | 13,113,270 | - | 13,113,270 |
| Compensated absences | 253,632 | 10,290 | 263,922 |
| Net OPEB liability | 1,630,345 | - | 1,630,345 |
| Net pension liability | 3,537,520 | 472,235 | 4,009,755 |
| | <hr/> | <hr/> | <hr/> |
| Total liabilities | 19,426,888 | 482,918 | 19,909,806 |
| | <hr/> | <hr/> | <hr/> |

Continued

**LIVINGSTON COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION, continued
JUNE 30, 2025**

| | Governmental Activities | Business-type Activities | Total |
|--------------------------------------|----------------------------|-----------------------------|----------------------|
| DEFERRED INFLOWS OF RESOURCES | | | |
| OPEB related | 2,747,013 | 245,022 | 2,992,035 |
| Pension related | 1,136,409 | 197,302 | 1,333,711 |
| | <u>3,883,422</u> | <u>442,324</u> | <u>4,325,746</u> |
| Total deferred inflows of resources | | | |
| | <u>3,883,422</u> | <u>442,324</u> | <u>4,325,746</u> |
| NET POSITION | | | |
| Net Investment in capital assets | 16,004,256 | 283,341 | 16,287,597 |
| Restricted | 808,729 | - | 808,729 |
| Unrestricted | (3,082,708) | 84,727 | (2,997,981) |
| | <u>\$ 13,730,277</u> | <u>\$ 368,068</u> | <u>\$ 14,098,345</u> |
| Total net position | | | |
| | <u>\$ 13,730,277</u> | <u>\$ 368,068</u> | <u>\$ 14,098,345</u> |

See accompanying notes to financial statements

**LIVINGSTON COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025**

| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business- type Activities | Total |
|----------------------------------|----------------------|----------------------------|--|--|----------------------------|---------------------------------|--------------------|
| FUNCTIONS/PROGRAMS | | | | | | | |
| Governmental Activities | | | | | | | |
| Instruction | \$ 7,424,073 | \$ - | \$ 3,704,831 | \$ - | \$ (3,719,242) | \$ - | \$ (3,719,242) |
| Support Services | | | | | | | |
| Student | 786,637 | - | 355,841 | - | (430,796) | - | (430,796) |
| Instructional staff | 1,009,312 | - | 154,764 | - | (854,548) | - | (854,548) |
| District administration | 861,607 | - | 138,288 | - | (723,319) | - | (723,319) |
| School administration | 594,030 | - | 245,907 | - | (348,123) | - | (348,123) |
| Business | 385,446 | - | 89,106 | - | (296,340) | - | (296,340) |
| Plant operations and maintenance | 2,384,946 | - | 291,834 | - | (2,093,112) | - | (2,093,112) |
| Student transportation | 1,756,372 | - | 380,702 | - | (1,375,670) | - | (1,375,670) |
| Other non-instruction | 16,678 | - | - | - | (16,678) | - | (16,678) |
| Community service activities | 201,649 | - | 193,706 | - | (7,943) | - | (7,943) |
| Debt service | 496,890 | - | - | 193,356 | (303,534) | - | (303,534) |
| Total governmental activities | 15,917,640 | - | 5,554,979 | 193,356 | (10,169,305) | - | (10,169,305) |
| Business-type Activities | | | | | | | |
| Food service | 1,077,880 | 64,429 | 1,381,215 | - | - | 367,764 | 367,764 |
| Total business-type activities | 1,077,880 | 64,429 | 1,381,215 | - | - | 367,764 | 367,764 |
| Total primary government | <u>\$ 16,995,520</u> | <u>\$ 64,429</u> | <u>\$ 6,936,194</u> | <u>\$ 193,356</u> | <u>(10,169,305)</u> | <u>367,764</u> | <u>(9,801,541)</u> |

Continued

**LIVINGSTON COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES, continued
FOR THE YEAR ENDED JUNE 30, 2025**

| | Net (Expense) Revenue and Changes in Net Position | | |
|--|--|--|-----------------------------|
| | Governmental Activities | Business- type Activities | Total |
| | <u>(10,169,305)</u> | <u>367,764</u> | <u>(9,801,541)</u> |
| General Revenues | | | |
| Taxes | | | |
| Property | 4,631,742 | - | 4,631,742 |
| Motor vehicle | 852,565 | - | 852,565 |
| Utilities | 802,536 | - | 802,536 |
| In lieu of | 1,159,548 | - | 1,159,548 |
| Earnings on investments | 201,104 | 19,886 | 220,990 |
| Student activities | 272,075 | - | 272,075 |
| State and formula grants | 2,745,882 | 86,121 | 2,832,003 |
| Gain (loss) on sale of fixed assets | (24,990) | - | (24,990) |
| Miscellaneous | 113,336 | - | 113,336 |
| | <u>584,493</u> | <u>473,771</u> | <u>1,058,264</u> |
| Change in net position | | | |
| | 584,493 | 473,771 | 1,058,264 |
| Net position, beginning of year | <u>13,145,784</u> | <u>(105,703)</u> | <u>13,040,081</u> |
| Net position, end of year | <u><u>\$ 13,730,277</u></u> | <u><u>\$ 368,068</u></u> | <u><u>\$ 14,098,345</u></u> |

See accompanying notes to financial statements

GOVERNMENTAL FUNDS FINANCIAL STATEMENTS

**LIVINGSTON COUNTY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025**

| | General | Special Revenue | Construction | Nonmajor Governmental | Total Governmental |
|--------------------------------------|---------------------|--------------------|-------------------|--------------------------|-----------------------|
| ASSETS AND RESOURCES | | | | | |
| Cash and cash equivalents | \$ 1,810,948 | \$ - | \$ 739,337 | \$ 405,616 | \$ 2,955,901 |
| Interfund receivable | 378,473 | - | - | 262,999 | 641,472 |
| Accounts receivable | | | | | |
| Taxes | 471,563 | - | - | - | 471,563 |
| Other | - | 10,413 | - | - | 10,413 |
| Intergovernmental | - | 215,330 | - | - | 215,330 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total assets and resources | <u>\$ 2,660,984</u> | <u>\$ 225,743</u> | <u>\$ 739,337</u> | <u>\$ 668,615</u> | <u>\$ 4,294,679</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities | | | | | |
| Accounts payable | 265,317 | 549 | - | - | 265,866 |
| Interfund payable | - | 93,902 | 5,549 | 542,009 | 641,460 |
| Advances from grantors | - | 187,662 | - | - | 187,662 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total liabilities | <u>265,317</u> | <u>282,113</u> | <u>5,549</u> | <u>542,009</u> | <u>1,094,988</u> |
| Fund balances | | | | | |
| Restricted | - | (51,665) | 733,788 | 126,606 | 808,729 |
| Committed | 5,456 | - | - | - | 5,456 |
| Assigned | 48,741 | (4,705) | - | - | 44,036 |
| Unassigned | 2,341,470 | - | - | - | 2,341,470 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total fund balances | <u>2,395,667</u> | <u>(56,370)</u> | <u>733,788</u> | <u>126,606</u> | <u>3,199,691</u> |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total liabilities and fund balances | <u>\$ 2,660,984</u> | <u>\$ 225,743</u> | <u>\$ 739,337</u> | <u>\$ 668,615</u> | <u>\$ 4,294,679</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, 2025**

| | |
|---|----------------------|
| Total fund balance per fund financial statements | \$ 3,199,691 |
| 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 \$45,004,855 and the accumulated depreciation is \$15,531,094. | 29,473,761 |
| 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 & investments in bond sinking fund | 1,758,347 |
| Deferred outflows that are not financial resources and, therefore, are not reported as assets in the governmental funds balance sheet. | |
| Deferred OPEB related outflows | 1,379,705 |
| Deferred pension related outflows | 775,555 |
| 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 | (2,747,013) |
| Deferred pension related inflows | (1,136,409) |
| 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 | (62,865) |
| 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 obligations | (13,469,505) |
| Net OPEB liability | (1,630,345) |
| Net Pension liability | (3,537,520) |
| Compensated absences | (273,125) |
| Net position of governmental activities | <u>\$ 13,730,277</u> |

See accompanying notes to financial statements

**LIVINGSTON COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025**

| | General | Special Revenue | Construction | Nonmajor Governmental | Total Governmental |
|-----------------------------|-------------------|--------------------|---------------|--------------------------|-----------------------|
| REVENUES | | | | | |
| From local sources | | | | | |
| Taxes | | | | | |
| Property | \$4,019,540 | \$ - | \$ - | \$ 612,202 | \$ 4,631,742 |
| Motor vehicle | 852,565 | - | - | - | 852,565 |
| Utilities | 802,536 | - | - | - | 802,536 |
| In lieu of | 1,159,548 | - | - | - | 1,159,548 |
| Tuition | - | 18,142 | - | - | 18,142 |
| Earnings on investments | 81,798 | 4,683 | 64,119 | 10,632 | 161,232 |
| Student activities | - | - | - | 272,075 | 272,075 |
| Other local revenues | 41,531 | 33,222 | - | 20,440 | 95,193 |
| Intergovernmental - state | 5,878,098 | 729,460 | - | 289,701 | 6,897,259 |
| Intergovernmental - federal | 55,829 | 1,436,173 | - | 104,956 | 1,596,958 |
| Total revenues | <u>12,891,445</u> | <u>2,221,680</u> | <u>64,119</u> | <u>1,310,006</u> | <u>16,487,250</u> |

Continued

**LIVINGSTON COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS, continued
FOR THE YEAR ENDED JUNE 30, 2025**

| | General | Special Revenue | Construction | Nonmajor Governmental | Total Governmental |
|--|-------------------|--------------------|------------------|--------------------------|-----------------------|
| EXPENDITURES | | | | | |
| Current | | | | | |
| Instruction | 5,947,937 | 1,855,249 | - | 241,465 | 8,044,651 |
| Support services | | | | | |
| Student | 732,563 | 43,763 | - | 3,256 | 779,582 |
| Instructional staff | 972,499 | - | - | 23,420 | 995,919 |
| District administration | 635,747 | 319 | - | - | 636,066 |
| School administration | 997,613 | - | - | - | 997,613 |
| Business | 366,253 | - | - | - | 366,253 |
| Plant operations and maintenance | 1,778,996 | 66,214 | - | 7,996 | 1,853,206 |
| Student transportation | 1,736,534 | 78,525 | - | 12,670 | 1,827,729 |
| Other instructional | - | - | - | 1,336 | 1,336 |
| Other non-instruction | 4,315 | - | - | 11,027 | 15,342 |
| Community service activities | - | 200,760 | - | - | 200,760 |
| Building acquisitions and construction | - | - | 3,253,678 | - | 3,253,678 |
| Debt service | - | - | - | 961,986 | 961,986 |
| Total expenditures | <u>13,172,457</u> | <u>2,244,830</u> | <u>3,253,678</u> | <u>1,263,156</u> | <u>19,934,121</u> |

Continued

**LIVINGSTON COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS, continued
FOR THE YEAR ENDED JUNE 30, 2025**

| | <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>(281,012)</u> | <u>(23,150)</u> | <u>(3,189,559)</u> | <u>46,850</u> | <u>(3,446,871)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | 214,211 | 156,565 | 551,010 | 768,631 | 1,690,417 |
| Transfers (out) | <u>(197,215)</u> | <u>(115,044)</u> | <u>(263,819)</u> | <u>(1,114,339)</u> | <u>(1,690,417)</u> |
| Total other financing sources (uses) | <u>16,996</u> | <u>41,521</u> | <u>287,191</u> | <u>(345,708)</u> | <u>-</u> |
| Net change in fund balances | (264,016) | 18,371 | (2,902,368) | (298,858) | (3,446,871) |
| Fund balances, beginning of year | <u>2,659,683</u> | <u>(74,741)</u> | <u>3,636,156</u> | <u>425,464</u> | <u>6,646,562</u> |
| Fund balances, end of year | <u><u>\$2,395,667</u></u> | <u><u>\$ (56,370)</u></u> | <u><u>\$ 733,788</u></u> | <u><u>\$ 126,606</u></u> | <u><u>\$ 3,199,691</u></u> |

See accompanying notes to financial statements

**LIVINGSTON COUNTY SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025**

| | |
|--|-------------------|
| Net change in total governmental fund balances per fund financial statements | \$ (3,446,871) |
| Adjustments to reconcile to the change in net position of governmental activities: | |
| Capital-related items: | |
| Depreciation expense | (1,146,471) |
| Capital outlays capitalized | 4,027,912 |
| Loss on the disposal of fixed assets | (24,990) |
| Long-term debt activity: | |
| Bond principal payments | 320,000 |
| Bond sinking fund payment | 127,111 |
| Amortization of bond discounts | 16,235 |
| Interest payable | 1,750 |
| Pension and OPEB items: | |
| Pension expense | 163,970 |
| OPEB expense | 550,735 |
| Other long-term items: | |
| Compensated absences | (44,760) |
| Revenue adjustments: | |
| Interest earned on bond sinking fund | 39,872 |
| Change in net position of governmental activities | <u>\$ 584,493</u> |

See accompanying notes to financial statements

PROPRIETARY FUNDS FINANCIAL STATEMENTS

**LIVINGSTON COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2025**

| | <u>Food Service</u> |
|---|-------------------------|
| ASSETS | |
| Current assets | |
| Cash and cash equivalents | \$ 606,585 |
| Accounts receivable | 134,371 |
| Inventory | <u>15,440</u> |
| Total current assets | <u>756,396</u> |
| Noncurrent assets | |
| Capital assets, net of accumulated depreciation | 283,341 |
| Net OPEB asset | <u>90,439</u> |
| Total noncurrent assets | <u>373,780</u> |
| Total assets | <u>1,130,176</u> |
| DEFERRED OUTFLOWS OF RESOURCES | |
| OPEB related | 32,709 |
| Pension related | <u>130,425</u> |
| Total deferred outflows of resources | <u>163,134</u> |

Continued

**LIVINGSTON COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND, continued
JUNE 30, 2025**

| | <u>Food Service</u> |
|---|--------------------------|
| LIABILITIES | |
| Current liabilities | |
| Interfund payable | 12 |
| Accounts payable | <u>381</u> |
| Total current liabilities | <u>393</u> |
| Noncurrent liabilities | |
| Compensated absences | 10,290 |
| Net pension liability | <u>472,235</u> |
| Total noncurrent liabilities | <u>482,525</u> |
| Total liabilities | <u>482,918</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| OPEB related | 245,022 |
| Pension related | <u>197,302</u> |
| Total deferred inflows of resources | <u>442,324</u> |
| NET POSITION | |
| Invested in capital assets, net of related debt | 283,341 |
| Unrestricted | <u>84,727</u> |
| Total net position | <u><u>\$ 368,068</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, 2025**

| | |
|--|--------------------------|
| | Food Service |
| OPERATING REVENUES | |
| Lunchroom sales | \$ 60,559 |
| Other operating revenues | <u>3,870</u> |
| Total operating revenues | <u>64,429</u> |
| OPERATING EXPENSES | |
| Salaries and benefits | 257,665 |
| Contract services | 29,626 |
| Materials and supplies | 751,077 |
| Depreciation | 33,026 |
| Other operating expenses | <u>6,486</u> |
| Total operating expenses | <u>1,077,880</u> |
| Operating income (loss) | <u>(1,013,451)</u> |
| NON-OPERATING REVENUES (EXPENSES) | |
| Federal grants | 1,309,413 |
| Donated commodities | 71,802 |
| On behalf payments | 69,419 |
| State grants | 16,702 |
| Interest income | <u>19,886</u> |
| Total non-operating revenues (expenses) | <u>1,487,222</u> |
| Change in net position | 473,771 |
| Net position, beginning of year | <u>(105,703)</u> |
| Net position, end of year | <u><u>\$ 368,068</u></u> |

See accompanying notes to financial statements

**LIVINGSTON COUNTY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2025**

| | Food Service |
|--|--------------------------|
| Cash flows from operating activities | |
| Cash received from | |
| Lunchroom sales | \$ 67,915 |
| Other operating revenues | 3,870 |
| Cash paid to/for | |
| Employees | (528,388) |
| Contract services | (29,626) |
| Materials and supplies | (680,453) |
| Other operating expenses | (6,486) |
| Net cash provided by (used in) operating activities | <u>(1,173,168)</u> |
| Cash flows from noncapital financing activities | |
| Government grants | <u>1,326,115</u> |
| Net cash provided by (used in) noncapital financing activities | <u>1,326,115</u> |
| Cash flows from capital and related financing activities: | |
| Purchases of capital assets | <u>(59,000)</u> |
| Net cash provided by (used in) capital and related financing activities | <u>(59,000)</u> |
| Cash flows from investing activities | |
| Interest income received | <u>19,886</u> |
| Net cash provided by (used in) investing activities | <u>19,886</u> |
| Net increase (decrease) in cash and cash equivalents | 113,833 |
| Cash and cash equivalents, beginning of year | <u>492,752</u> |
| Cash and cash equivalents, end of year | <u><u>\$ 606,585</u></u> |

Continued

**LIVINGSTON COUNTY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND, continued
FOR THE YEAR ENDED JUNE 30, 2025**

| | <u>Food Service</u> |
|--|------------------------------|
| Reconciliation of operating income (loss) | |
| Operating income (loss) | \$ (1,013,451) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities | |
| Depreciation | 33,026 |
| Donated commodities | 71,802 |
| State on-behalf payments | 69,419 |
| Changes in assets and liabilities | |
| Accounts receivable | 7,356 |
| Inventory | 7,679 |
| OPEB | (100,800) |
| Pension | (235,164) |
| Compensated absences | (4,178) |
| Accounts payable | <u>(8,857)</u> |
| Net cash provided by (used in) operating activities | <u><u>\$ (1,173,168)</u></u> |
| Schedule of non-cash transactions | |
| Donated commodities from federal government | \$ 71,802 |
| On-behalf payments | 69,419 |

See accompanying notes to financial statements

FIDUCIARY FUNDS FINANCIAL STATEMENTS

**LIVINGSTON COUNTY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2025**

| | Private Purpose Trust |
|----------------------------|-----------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 92,126 |
| Investments | <u>50,000</u> |
| Total assets | <u><u>\$ 142,126</u></u> |
| NET POSITION | |
| Net position held in trust | <u><u>\$ 142,126</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, 2025**

| | Private Purpose Trust |
|--|-----------------------------|
| ADDITIONS | |
| Interest income | <u>\$ 2,883</u> |
| Total additions | <u>2,883</u> |
| DEDUCTIONS | |
| Instruction Supplies | <u>3,550</u> |
| Total deductions | <u>3,550</u> |
| Change in net position | (667) |
| Net position, beginning of year | <u>142,793</u> |
| Net position, end of year | <u><u>\$ 142,126</u></u> |

See accompanying notes to financial statements

NOTES TO THE FINANCIAL STATEMENTS

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

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). The Corporation was formed as an agency of 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, 2025**

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, 2025**

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, 2025**

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, 2025**

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, 2025**

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, 2025 to finance operations were \$.448 per \$100 valuation for real property, \$.456 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, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Capital Assets

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

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

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

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

Leases

The District evaluated its contracts and agreements in accordance with GASB Statement No. 87, *Leases*. Management determined the District is not a party to any material lease arrangements that convey control of the right-to-use another entity's non-financial asset for a period of time in an exchange or exchange-like transaction. Accordingly, no lease asset or lease liabilities are reported as of June 30, 2025.

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Subscription-Based Information Technology Arrangements

The District reviewed its information-technology service arrangements under GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Management concluded that the District does not have any subscription-based IT arrangements meeting the criteria for recognition as a subscription asset and corresponding liability. Accordingly, no SBITA assets or liabilities are reported as of June 30, 2025.

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 \$20,720 and unamortized premiums of \$335,226 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.

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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 (TRS) 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.

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 related to the loss on refunding bonds described in Note 4 and the net pension liability and net OPEB liability described in Note 7 and Note 8.

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 related to the net pension liability and the net OPEB liability described in Note 7 and Note 8.

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.

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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.

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 its 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.

LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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.

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.

Subsequent Events

In preparing these financial statements, management has evaluated other events and transactions for potential recognition or disclosure through December 15, 2025, the date the financial statements were available to be issued.

NOTE 2 – CASH AND CASH EQUIVALENTS

Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's policy is to have all deposits secured by pledged securities. The District's cash deposits are covered by the Federal Deposit Insurance Corporation up to \$250,000 per financial institution, with the remainder covered by collateral agreements and collateral held by the pledging banks' trust departments in the District's name. At June 30, 2025, the District's bank balance of \$3,694,925 was fully collateralized.

At June 30, 2025, the carrying amount of the District's cash and cash equivalents was \$3,659,113.

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

| | |
|--------------------|----------------------------|
| Governmental funds | \$ 2,960,402 |
| Proprietary fund | 606,585 |
| Custodial funds | <u>92,126</u> |
| | <u><u>\$ 3,659,113</u></u> |

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3 – INVESTMENTS

The District's investment policy is governed by Kentucky Revised Statute (KRS) 66.480, which authorizes investment in obligations of the United States and its agencies, certificates of deposit, repurchase agreements, and other permitted instruments.

At June 30, 2025, the District held the following investments:

| <u>Investment Type</u> | <u>Maturity</u> | <u>Amount</u> | <u>Measurement Basis</u> |
|------------------------|-----------------|---------------------|--------------------------|
| U.S. Treasury Bill | 11/28/25 | \$ 1,753,846 | Fair value |
| Certificate of Deposit | Various | <u>50,000</u> | Cost (per KRS 66.480) |
| | | <u>\$ 1,803,846</u> | |

The U.S. Treasury Bill does not meet the definition of a cash equivalent under GASB Statement No. 9 because its original maturity at the time of purchase exceeded 90 days. Accordingly, it is reported as an investment. Certificates of deposit are measured at cost in accordance with GASB guidance and KRS 66.480.

Fair Value Measurement

GASB Statement No. 72 requires fair value hierarchy disclosure for investments measured at fair value. Certificates of deposit are not subject to fair value reporting; therefore, only the Treasury Bill is included in the hierarchy table below.

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
|------------------------|---------------------|--------------------|----------------|----------------|
| U.S. Treasury Bill | <u>\$ 1,753,846</u> | <u>\$1,753,846</u> | <u>\$ -</u> | <u>\$ -</u> |
| Total Investments | <u>\$ 1,753,846</u> | <u>\$1,753,846</u> | <u>\$ -</u> | <u>\$ -</u> |

Valuation Technique

The U.S. Treasury Bill is valued using a quoted price in an active market and is therefore classified as a Level 1 input.

Interest Rate Risk

The District manages exposure to declines in fair values by limiting investment maturities in accordance with KRS 66.480. The Treasury Bill matures within one year. Certificates of deposit have maturities of less than one year.

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3 – INVESTMENTS, continued

Credit Risk

U.S. Treasury securities are backed by the full faith and credit of the United States Government and are not subject to credit risk. Certificates of deposit are held at FDIC-insured institutions within legal limits, minimizing credit risk.

Custodial Credit Risk

The District's investments are held in the District's name by the custodial financial institution and are not exposed to custodial credit risk.

Concentration of Credit Risk

The District's investment holdings at year-end consist of U.S. Treasury obligations and certificates of deposit. No single investment type exceeds policy limits.

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2025 was as follows:

| <u>Governmental Activities</u> | <u>Balance June 30, 2024</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance June 30, 2025</u> |
|--|----------------------------------|---------------------|---------------------|----------------------------------|
| Capital assets not being depreciated | | | | |
| Land | \$ 263,559 | \$ - | \$ - | \$ 263,559 |
| Construction In progress | 13,083,012 | 3,367,671 | 6,137,907 | 10,312,776 |
| Total non-depreciable historical cost | 13,346,571 | 3,367,671 | 6,137,907 | 10,576,335 |
| Capital assets being depreciated | | | | |
| Land improvements | 1,128,973 | - | - | 1,128,973 |
| Buildings and improvements | 22,832,999 | 6,137,907 | - | 28,970,906 |
| Technology equipment | 664,728 | 33,268 | 41,359 | 656,637 |
| Vehicles | 2,415,855 | 252,775 | 87,918 | 2,580,712 |
| General equipment | 823,817 | 374,198 | 106,723 | 1,091,292 |
| Total depreciable historical cost | 27,866,372 | 6,798,148 | 236,000 | 34,428,520 |
| Less: accumulated depreciation | | | | |
| Land improvements | 775,634 | 49,392 | - | 825,026 |
| Buildings and improvements | 11,419,402 | 782,744 | - | 12,202,146 |
| Technology equipment | 513,107 | 59,511 | 41,270 | 531,348 |
| Vehicles | 1,429,118 | 209,204 | 73,855 | 1,564,467 |
| General equipment | 458,372 | 45,620 | 95,885 | 408,107 |
| Total accumulated depreciation | 14,595,633 | 1,146,471 | 211,010 | 15,531,094 |
| Governmental activities capital assets - net | <u>\$ 26,617,310</u> | <u>\$ 9,019,348</u> | <u>\$ 6,162,897</u> | <u>\$ 29,473,761</u> |

Depreciation was charged to governmental functions as follows:

| | |
|---------------------------------------|---------------------|
| <u>Governmental Activities</u> | |
| Instruction | \$ 49,366 |
| Support services | |
| Student support services | 7,055 |
| Instructional staff support services | 13,393 |
| District administration | 225,541 |
| School administrative support | 3,883 |
| Business support | 19,193 |
| Plant operation and maintenance | 645,733 |
| Student transportation | 181,418 |
| Community services | 889 |
| | <u>\$ 1,146,471</u> |

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 4 – CAPTIAL ASSETS, continued

| Construction Commitments | | | | |
|--------------------------|------------------|----------------------|--|--|
| | Project | Amount | | |
| | Board Office | \$ 4,171,787 | | |
| | LCHS LAVEC Grant | 6,140,989 | | |
| | | <u>\$ 10,312,776</u> | | |

| | Balance June 30, 2024 | Additions | Deductions | Balance June 30, 2025 |
|---|--------------------------|------------------|-------------|--------------------------|
| Business-type Activities | | | | |
| Capital assets being depreciated | | | | |
| Technology equipment | \$ 2,590 | \$ - | \$ - | \$ 2,590 |
| General equipment | 695,069 | 59,000 | 33,782 | 720,287 |
| Total depreciable historical cost | 697,659 | 59,000 | 33,782 | 722,877 |
| Less: accumulated depreciation | | | | |
| Technology equipment | 2,590 | - | - | 2,590 |
| General equipment | 437,702 | 33,026 | 33,782 | 436,946 |
| Total accumulated depreciation | 440,292 | 33,026 | 33,782 | 439,536 |
| Business-type activities capital assets - net | <u>\$ 257,367</u> | <u>\$ 25,974</u> | <u>\$ -</u> | <u>\$ 283,341</u> |

NOTE 5 – LONG-TERM OBLIGATIONS

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

| Issue | Original Proceeds | Interest Rates | Maturity Dates |
|-------------------|----------------------|----------------|-------------------|
| December 11, 2012 | 3,180,000 | 3.50% | 2032 |
| September 1, 2014 | 1,600,000 | 1.00% | 2034 |
| December 6, 2022 | 4,040,000 | 4.00%-5.00% | 2042 |
| February 2, 2023 | 5,220,000 | 4.00%-5.00% | 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, 2025**

NOTE 5 – 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.

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 2025. The fair market value of this account at June 30, 2025 was \$282,543, 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.

In February 2024, 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.

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 5 – LONG-TERM OBLIGATIONS, continued

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, 2025 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 | |
| 2026 | \$ 280,122 | \$ 466,362 | \$ (111,300) | \$ 59,878 | \$ 36,488 | \$ 731,550 |
| 2027 | 293,397 | 455,162 | (111,300) | 61,603 | 34,763 | 733,625 |
| 2028 | 311,600 | 443,284 | (111,300) | 63,400 | 32,966 | 739,950 |
| 2029 | 334,725 | 430,359 | (111,300) | 65,275 | 31,091 | 750,150 |
| 2030 | 352,770 | 416,490 | (111,300) | 67,230 | 29,135 | 754,325 |
| 2031-2035 | 2,929,169 | 1,561,509 | (278,250) | 2,795,831 | 113,666 | 7,121,925 |
| 2036-2040 | 2,936,798 | 792,819 | - | 243,202 | 64,053 | 4,036,872 |
| 2041-2043 | 2,189,468 | 162,970 | - | 170,532 | 13,821 | 2,536,791 |
| | <u>\$ 9,628,049</u> | <u>\$ 4,728,955</u> | <u>\$ (834,750)</u> | <u>\$ 3,526,951</u> | <u>\$ 355,983</u> | <u>\$17,405,188</u> |

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 5 – LONG-TERM OBLIGATIONS, continued

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

| | Balance June 30, 2024 | Additions | Reductions | Balance June 30, 2025 | Due Within One Year |
|---------------------------------|--------------------------|------------------|---------------------|--------------------------|------------------------|
| Governmental activities | | | | | |
| Bonds payable | | | | | |
| General obligation debt | \$ 13,475,000 | \$ - | \$ 320,000 | \$ 13,155,000 | \$ 340,000 |
| Premium (discounts) | 330,740 | - | 16,235 | 314,505 | 16,235 |
| Total bonds payable | 13,805,740 | - | 336,235 | 13,469,505 | 356,235 |
| Other liabilities | | | | | |
| Compensated absences | 228,365 | 44,760 | - | 273,125 | 19,493 |
| Net pension liability | 4,181,600 | - | 644,080 | 3,537,520 | - |
| Net OPEB liability | 1,943,026 | - | 312,681 | 1,630,345 | - |
| Total other liabilities | 6,352,991 | 44,760 | 956,761 | 5,440,990 | 19,493 |
| Total long-term liabilities | <u>\$ 20,158,731</u> | <u>\$ 44,760</u> | <u>\$ 1,292,996</u> | <u>\$ 18,910,495</u> | <u>\$ 375,728</u> |
| Business-type activities | | | | | |
| Other liabilities | | | | | |
| Compensated absences | \$ 14,468 | \$ - | \$ 4,178 | \$ 10,290 | \$ - |
| Net pension liability | 753,722 | - | 281,487 | 472,235 | - |
| Total other liabilities | <u>\$ 768,190</u> | <u>\$ -</u> | <u>\$ 285,665</u> | <u>\$ 482,525</u> | <u>\$ -</u> |

NOTE 6 – 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 \$273,125, with \$19,493 considered the short-term portion. Management has estimated that the amount for business-type activities will be approximately \$10,290 with \$0 considered the short-term portion.

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 – 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 a 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 | Before September 1, 2008 |
| | Unreduced retirement | 27 years' service or 65 years old |
| | Reduced retirement | At least 5 years' service and 55 years old |
| | Required contributions | At least 25 years' service and any age 5.00% |
| Tier 2 | Participation date | September 1, 2008 – December 31, 2013 |
| | Unreduced retirement | At least 5 years' service and 65 years old or age 57+ and sum of service years plus age equal 87 |
| | Reduced retirement | At least 10 years' service and 60 years old |
| | Required contributions | 5.00% + 1.00% for insurance |
| Tier 3 | Participation date | After December 31, 2013 |
| | Unreduced retirement | At least 5 years' service and 65 years old or age 57+ and sum of service years plus age equal 87 |
| | Reduced retirement | Not available |
| | Required contributions | 5.00% + 1.00% for insurance |

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 – 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, 2024, 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, 2025, participating employers contributed 19.71% 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, 2025, The District reported a liability of \$4,009,755 for its proportionate share of the net pension liability. The net pension liability of the plan was measured as of June 30, 2024, 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. For the measurement period ended June 30, 2024, the District's proportion was 0.067048%.

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, 2025

NOTE 7 – PENSION PLANS, continued

For the measurement period June 30, 2024, the District recognized pension expense of \$220,679. At June 30, 2025, 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 | \$ 194,079 | \$ - |
| Differences between expected and actual experience | - | 181,162 |
| Changes of assumptions | 275,380 | 533,186 |
| Change in proportion and differences between employer contributions and proportionate share of plan contributions | - | 619,363 |
| District contributions subsequent to the measurement date | <u>436,521</u> | <u>-</u> |
| Total | <u><u>\$ 905,980</u></u> | <u><u>\$1,333,711</u></u> |

For the year ended June 30, 2025, \$436,521 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, 2026.

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> | |
|-------------------------------------|---------------------------|
| 2025 | \$(616,393) |
| 2026 | (91,300) |
| 2027 | (99,103) |
| 2028 | (57,456) |
| 2029 | - |
| Thereafter | <u>-</u> |
| Total | <u><u>\$(864,252)</u></u> |

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 – PENSION PLANS, continued

Actuarial assumptions – For financial reporting, the actuarial valuation as of June 30, 2024 was performed by Gabriel Roeder Smith (GRS). The total pension liability, net pension liability and sensitivity information as of June 30, 2024 were based on an actuarial valuation date of June 30, 2022. The total pension liability was rolled forward from the valuation date to the plan's fiscal year ending June 30, 2024, using generally accepted actuarial principles.

The CERS Board of Trustees adopted new actuarial assumptions on May 9, 2024 and include a change in the investment return assumption from 6.25% to 6.50%. These assumptions are documented in the report titled "2023 Actuarial Experience Study for the Period Ending June 30, 2023." The total pension liability as of June 30, 2024, is determined using these updated assumptions.

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 – PENSION PLANS, continued

Based on the June 30, 2022 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, 2022 |
| 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: | 6.50% |
| 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. |

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.

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 – PENSION PLANS, continued

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

| Asset Class | Target Allocation | Long-term Expected Real Rate of Return |
|--|----------------------|---|
| Equity | | |
| Public Equity | 50.00% | 4.15% |
| Private Equity | 10.00% | 9.10% |
| Fixed Income | | |
| Core Bonds | 10.00% | 2.85% |
| Specialty Credit/High Yield | 10.00% | 3.82% |
| Cash | 0.00% | 1.70% |
| Inflation Protected | | |
| Real Estate | 7.00% | 4.90% |
| Real Return | 13.00% | 5.35% |
| Expected Term Inflation Assumption | 100% | 4.69% |
| Long Term Inflation Assumption | | 2.50% |
| Expected Nominal Return for Portfolio | | 7.19% |

Discount rate – The single discount rate used to measure the total pension liability for the fiscal plan year ending June 30, 2024 was 6.50% for nonhazardous and hazardous employees. The projection of cash flows used to determine the single discount rate for each plan must include an assumption regarding actual employer contributions made each future year. Except where noted below, future contributions are projected assuming that each participating employer in each pension 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 employee 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. The discount rate determination does not use a municipal bond rate.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate – The following table presents the District's proportionate share of the net pension liability, calculated using the discount rates selected by the pension system, 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 or 1-percentage point higher than the current rate.

| | 1% Decrease | Current Discount Rate | 1% Increase |
|--|--------------|--------------------------|--------------|
| | 5.50% | 6.50% | 7.50% |
| District's proportionate share of net pension liability | \$ 5,169,229 | \$ 4,009,755 | \$ 3,047,696 |

LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7 – PENSION PLANS, continued

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 – Employer contributions related to June payrolls are remitted in July after fiscal year-end. Because these amounts were not legally due at June 30, they are not recorded as payables in either the fund or government-wide financial statements. Management considers the omission immaterial.

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

For participants hired on or after January 1, 2022, conditions for retirement are attainment of 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, 2025**

NOTE 7 – 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. TRS 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.

Certified employees are covered by the Teachers' Retirement System of Kentucky under a special funding situation whereby the Commonwealth of Kentucky is legally responsible for employer contributions. Accordingly, the District's proportion of the collective net pension liability for TRS is 0.000%, and related on-behalf payments are disclosed in Note 10.

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 – PENSION PLANS, continued

At June 30, 2025, 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:

| | |
|--|----------------------|
| District's proportionate share of the TRS net pension liability associated with the District | \$ - |
| State's proportionate share of TRS net pension liability associated with the District | <u>23,620,022</u> |
| | <u>\$ 23,620,022</u> |

The total pension liability was rolled forward from the actuarial valuation date of June 30, 2023 to the plan's fiscal year ended June 30, 2024, 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, 2024, the District recognized pension expense of (\$2,888,331) and revenue of \$2,888,331 for support provided by the State in the government-wide statements.

Actuarial assumptions – The total pension liability in the June 30, 2024 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 | |
| Prior measurement date | 3.66% |
| Measurement date | 3.94% |
| Year FNP is projected to be depleted | N/A |
| Single equivalent interest rate, net of pension plan investment expense, including inflation | |
| Prior measurement date | 7.10% |
| Measurement date | 7.10% |
| Post-Retirement Benefit Increases | 1.50% annually |

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.

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 – PENSION PLANS, continued

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 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> |
|--------------------------------|------------------------------|---|
| Large Cap U.S. Equity | 35.40% | 5.00% |
| Small Cap U.S. Equity | 2.60% | 5.50% |
| Developed International Equity | 15.70% | 5.50% |
| Emerging Markets Equity | 5.30% | 6.10% |
| Fixed Income | 15.00% | 1.90% |
| High Yield Bonds | 2.00% | 3.80% |
| Other Additional Categories | 8.00% | 3.60% |
| Real Estate | 7.00% | 3.20% |
| Private Equity | 7.00% | 8.00% |
| Cash | 2.00% | 1.60% |
| Total | <u>100.00%</u> | |

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

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

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

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

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

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

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

Contributions – The Commonwealth is required to contribute at an actuarially determined rate for KERS. Participating employers are required to contribute at an actuarially determined rate for CERS pensions. Per Kentucky Revised Statute Sections KERS 61.565(3) and CERS 78.545(33), normal contribution and past service contribution rates shall be determined by the Board on the basis of the last annual valuation preceding July 1 of a new biennium. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the Board. However, formal commitment to provide the contributions by the employer is made through the biennial budget for KERS. For the year ended June 30, 2025, required contribution was 0.00% of each employee's covered payroll. Contributions from the District to the CERS Insurance Fund for the year ended June 30, 2025 was \$0.

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

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

At June 30, 2025, the District reported a liability (asset) of (\$116,094) for its proportionate share of the net OPEB liability. The net OPEB liability (asset) was measured as of June 30, 2024, and the total OPEB liability (asset) used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of June 30, 2023. The total OPEB liability was rolled forward from the valuation date to the plan's fiscal year end, June 30, 2024, 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, 2024, the District's proportion was 0.067114%.

For the measurement period ended June 30, 2024, the District recognized OPEB expense of (\$359,672).

At June 30, 2025, 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 |
|---|--------------------------------------|-------------------------------------|
| Net differences between projected and actual earnings on OPEB plan investments | \$ 64,408 | \$ 913,430 |
| Differences between expected and actual experience | 105,195 | 81,917 |
| Changes of assumptions | 102,050 | 207,992 |
| Change in proportion and differences between employer contributions and proportionate share of plan contributions | 19,486 | 270,696 |
| District contributions subsequent to the measurement date | <u>-</u> | <u>-</u> |
| Total | <u><u>\$ 291,139</u></u> | <u><u>\$1,474,035</u></u> |

For the year ended June 30, 2025, \$0 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, 2026.

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

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 | |
|----------------------------|-----------------------------|
| 2025 | \$ (463,695) |
| 2026 | (360,913) |
| 2027 | (325,651) |
| 2028 | (32,637) |
| 2029 | - |
| Thereafter | - |
| Total | <u><u>\$(1,182,896)</u></u> |

Actuarial assumptions – The total OPEB liability, net OPEB liability and sensitivity information in the June 30, 2024 actuarial valuation was based on an actuarial valuation date of June 30, 2023. The total OPEB liability was rolled-forward from the valuation date to the plan's fiscal year ending June 30, 2024, using generally accepted actuarial principles. The CERS Board of Trustees adopted new actuarial assumptions on May 9, 2023. Additionally, the single discount rates used to calculate the total OPEB liability within each plan changed since the prior year. Additional information regarding the single discount rates is provided below. The total OPEB liability as of June 30, 2024, is determined using these updated assumptions.

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

| | |
|---|---|
| Determined by the Actuarial Valuation as of: | June 30, 2022 |
| 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 6.20% at January 1, 2024 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years. The 2023 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 9.00% at January 1, 2024 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2023 premiums were known at the time of the valuation and were incorporated into the liability measurement. |

The actuarial assumption used in the June 30, 2024 valuation were based on the results of an actuarial experience study by Gabriel Roeder Smith (GRS) for a five year period ending June 30, 2022.

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8 – 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:

| Asset Class | Target Allocation | Long-term Expected Real Rate of Return |
|--|----------------------|---|
| Equity | | |
| Public Equity | 50.00% | 4.15% |
| Private Equity | 10.00% | 9.10% |
| Fixed Income | | |
| Core Bonds | 10.00% | 2.85% |
| Specialty Credit/High Yield | 10.00% | 3.82% |
| Cash | 0.00% | 1.70% |
| Inflation Protected | | |
| Real Estate | 7.00% | 4.90% |
| Real Return | 13.00% | 5.35% |
| Expected Term Inflation Assumption | 100% | 4.69% |
| Long Term Inflation Assumption | | 2.50% |
| Expected Nominal Return for Portfolio | | 7.19% |

Discount rate – Single discount rates used to measure the total OPEB liability for the year ended June 30, 2025 was 5.99% for CERS Non-hazardous plans. The single discount rates are based on the expected rate of return on OPEB plan investments of 6.50%, and a municipal bond rate of 3.86%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2024. 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.

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

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.

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:

| | <u>1% Decrease</u> | <u>Current Discount Rate</u> | <u>1% Increase</u> |
|---|--------------------|----------------------------------|--------------------|
| | <u>4.99%</u> | <u>5.99%</u> | <u>6.99%</u> |
| District's proportionate share of net OPEB liability | \$ 156,972 | \$ (116,094) | \$ (345,688) |

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.

| | <u>1% Decrease</u> | <u>Current Healthcare Cost Trend Rate</u> | <u>1% Increase</u> |
|---|--------------------|---|--------------------|
| District's proportionate share of net OPEB liability | \$ (279,308) | \$ (116,094) | \$ 74,039 |

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.

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

General Information about the Teachers' Retirement System of Kentucky (TRS) 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:

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.

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

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

At June 30, 2025, the District reported a liability of \$1,656,000 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, 2024, 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. For the measurement period ended June 30, 2024, the District's proportion was 0.074302%.

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

| | |
|--|---------------------------|
| District's proportionate share of net OPEB liability | \$1,656,000 |
| State's proportionate share of net OPEB liability associated with the District | <u>1,475,000</u> |
| Total | <u><u>\$3,131,000</u></u> |

For the measurement period ended June 30, 2024, the District recognized OPEB expense of (\$100,000) and revenue of \$60,000 for support provided by the State. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual experience | \$ - | \$ 497,000 |
| Changes of assumptions | 422,000 | - |
| Net difference between projected and actual earnings on OPEB plan investments | - | 53,000 |
| Changes in proportion and differences between District contributions and proportionate share of contributions | 540,000 | 968,000 |
| District contributions subsequent to the measurement date | <u>159,275</u> | <u>-</u> |
| Total | <u><u>\$1,121,275</u></u> | <u><u>\$1,518,000</u></u> |

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

Of the total amount reported as deferred outflows of resources related to OPEB, \$159,275 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, 2026.

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 | |
|----------------------------|---------------------------|
| 2026 | \$(170,000) |
| 2027 | (46,000) |
| 2028 | (63,000) |
| 2029 | (135,000) |
| 2030 | (122,000) |
| Thereafter | <u>(20,000)</u> |
| Total | <u><u>\$(556,000)</u></u> |

Actuarial assumptions – The total TRS OPEB liability in the June 30, 2024 actuarial valuation was determined using the following actuarial methods and assumptions, applied to all periods included in the measurement:

| | |
|--|---|
| Projected salary increases | 3% - 7.50%, including inflation |
| Inflation rate | 2.50% |
| Real wage growth | 0.25% |
| Wage inflation | 2.75% |
| Long-term investment rate of return | |
| Net of OPEB plan investment expense, including inflation | |
| Health Trust | 7.10% |
| Life Trust | 7.10% |
| Municipal bond index rate | 3.94% |
| Year FNP is projected to be depleted | |
| Health Trust | N/A |
| Life Trust | N/A |
| Single Equivalent interest rate net of OPEB plan investment expense | |
| Health Trust | 7.10% |
| Life Trust | 7.10% |
| Health Trust Care Cost Trends | |
| Medical Trend | 6.50% for FYE 2024 decreasing to an ultimate rate of 4.5% by FYE 2031 |
| Medicare Part B Premiums | 5.92% for FYE 2024 with an ultimate rate of 4.5% by FYE 2035 |

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

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, 2023 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, 2023 valuation of the health trust were based on a review of recent plan experience done concurrently with the June 30, 2023 valuation. The healthcare cost trend assumption was updated for the June 30, 2023 valuation and was shown as an assumption change in the TOL roll forward while the change in initial per capital claims costs were included with experience in the TOL roll-forward.

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.

| Asset Class | Target Allocation | Long-term Expected Real Rate of Return |
|--------------------------------|----------------------|---|
| Large Cap U.S. Equity | 35.40% | 5.00% |
| Small Cap U.S. Equity | 2.60% | 5.50% |
| Developed International Equity | 15.00% | 5.50% |
| Emerging Markets Equity | 5.00% | 6.10% |
| Fixed Income | 9.00% | 1.90% |
| High Yield Bonds | 8.00% | 3.80% |
| Other Additional Categories | 9.00% | 3.70% |
| Real Estate | 6.50% | 3.20% |
| Private Equity | 8.50% | 8.00% |
| Cash | 1.00% | 1.60% |
| 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 75. The projection's basis was an actuarial valuation performed as of June 30, 2023. 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.

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

Sensitivity of the District's proportionate share of the collective net OPEB liability to changes in the healthcare cost 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> |
|---|--------------------|----------------------------------|--------------------|
| | 6.10% | 7.10% | 8.10% |
| District's proportionate share of net OPEB liability | \$ 2,200,000 | \$ 1,656,000 | \$ 1,205,000 |

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

| | <u>1% Decrease</u> | <u>Current Healthcare Cost Trend Rate</u> | <u>1% Increase</u> |
|---|--------------------|---|--------------------|
| District's proportionate share of net OPEB liability | \$ 1,119,000 | \$ 1,656,000 | \$ 2,324,000 |

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

Life Insurance 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.

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

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

At June 30, 2025, 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>34,000</u> |
| Total | <u><u>\$ 34,000</u></u> |

For the measurement period ended June 30, 2024, 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, 2032 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on the PUB2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with various set-forwards, 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, 2023 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, 2022, 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.

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB), continued

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

The target 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:

| Asset Class | Target Allocation | Long-term Expected Real Rate of Return |
|--------------------------------|----------------------|--|
| US Equity | 40.00% | 5.20% |
| Developed International Equity | 15.00% | 5.50% |
| Emerging Markets Equity | 5.00% | 6.10% |
| Fixed Income | 21.00% | 1.90% |
| Other additional categories | 5.00% | 4.00% |
| Real Estate | 7.00% | 3.20% |
| Private Equity | 5.00% | 8.00% |
| Cash | 2.00% | 1.60% |
| Total | <u>100.00%</u> | |

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 75. The projection's basis was an actuarial valuation performed as of June 30, 2023. 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 9 – 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.

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10 – 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, 2025:

| | |
|-----------------------------------|---------------------------|
| Health Insurance | \$1,791,043 |
| Life Insurance | 2,172 |
| Administrative Fees | 17,328 |
| Health Reimbursement Flex Account | <u>95,113</u> |
| | 1,905,656 |
| Less: Federal Reimbursement | <u>(164,017)</u> |
| | 1,741,639 |
| KTRS - State Match Contributions | 1,676,785 |
| Technology | 40,341 |
| Debt Service SFCC | <u>193,356</u> |
| | <u><u>\$3,652,121</u></u> |

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

On-behalf contributions were charged to functions as follows:

| | |
|--------------------------|---------------------------|
| Governmental activities | |
| General Fund | \$3,389,346 |
| Debt Service | 193,356 |
| Business-type activities | |
| Food Service Fund | <u>69,419</u> |
| | <u><u>\$3,652,121</u></u> |

NOTE 11 – 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.

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 – COMMITMENTS AND CONTINGENCIES, continued

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 12 – 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).

The District has notified all terminated employees of available continuing insurance coverage as mandated by COBRA.

NOTE 13 – DEFICIT FUND BALANCES

At June 30, 2025, the District reported deficit fund balances in the following governmental funds:

- (FSPK) Building Fund: \$(16,011)
- Special Revenue Fund: \$(56,370)

The deficit fund balance in the (FSPK) Building Fund resulted from transfers out exceeding available resources during the fiscal year. The District transferred resources from the Building Fund to the Construction Fund and the Debt Service Fund, which caused the fund to report a temporary deficit at year-end. The District anticipates replenishing the deficit with future property tax receipts and capital outlay allocations.

The deficit in the Special Revenue Fund is due to the timing of federal and state grant reimbursement cycles. Expenditures are recorded when incurred; however, related grant revenues are received after year-end. The District expects the deficit to be eliminated upon receipt of reimbursement funding in the subsequent fiscal year.

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 14 – TRANSFER OF FUNDS

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

| <u>From Fund</u> | <u>To Fund</u> | <u>Purpose</u> | <u>Amount</u> |
|----------------------|-----------------|-----------------------|----------------------------|
| General Fund | Special Revenue | KETS | \$ 18,664 |
| General Fund | Special Revenue | Bus Repairs Project | 115,044 |
| General Fund | Special Revenue | Community Ed. Grant | 5,000 |
| General Fund | Special Revenue | Alumni Startup | 195 |
| General Fund | Debt service | Debt service | 39,569 |
| General Fund | Special Revenue | Surplus Auction | 17,662 |
| General Fund | Construction | Capital funds request | 1,080 |
| Special Revenue Fund | General Fund | Bus Repairs Project | 115,044 |
| Capital Outlay | Debt service | Debt service | 96,345 |
| Building | Construction | SFCC | 69,909 |
| Building | Construction | Capital funds request | 391,966 |
| Building | General Fund | Remaining funds | 99,167 |
| Building | Construction | LAVEC Reimbursement | 88,055 |
| Building | Debt service | Debt service | 368,898 |
| Construction | Debt service | Debt service | 263,819 |
| | | | <u><u>\$ 1,690,417</u></u> |

NOTE 15 – INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2025, represent amounts owed between funds for short-term cash flow purposes and reimbursement timing differences. These balances will be repaid within the subsequent fiscal year. Interfund receivables and payables at year-end were as follows:

| <u>Due from (Receivable)</u> | <u>Due to (Payable)</u> | <u>Amount</u> |
|------------------------------|--------------------------|---------------|
| FSPK Fund | Debt Service Fund | \$ 262,999 |
| General Fund | FSPK Fund | 279,010 |
| General Fund | Special Revenue Fund | 93,902 |
| General Fund | Construction Fund | 5,549 |
| General Fund | School Food Service Fund | 12 |

These interfund balances result primarily from:

- Timing differences in the reimbursement of expenditures between funds,
- Short-term operating advances made by the General Fund, and
- Debt service transfers and activity between the FSPK Fund and the Debt Service Fund.

All interfund balances are expected to be liquidated within the following fiscal year.

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 16 – RECENT ACCOUNTING PRONOUNCEMENTS

Implemented

GASB Statement No. 101, *Compensated Absences* – The Board adopted this standard effective July 1, 2024. The standard modifies the recognition and measurement of compensated absences. The adoption did not result in material change to the financial position or results of operations.

GASB Statement No. 102, *Certain Risk Disclosures* – Effective for fiscal years beginning after June 15, 2024. The standard requires disclosure of concentration and constraints that could impact a government's financial position or operations within 12 months of the financial statement date.

Recent pronouncements

The following standards were issued but not yet effective as of June 30, 2025. The Board is currently evaluating the impact of these standards.

GASB Statement No. 103, *Financial Reporting Model Improvements* – Effective for fiscal years beginning after June 15, 2025. The standard will significantly revise the presentation of governmental financial statements.

GASB Statements No. 104, *Disclosure of Certain Capital Assets* – Effective for fiscal years beginning after June 15, 2025. The District is evaluating the impact on disclosures related to infrastructure and intangible assets.

NOTE 17 – CERTAIN RISK DISCLOSURES

GASB Statement No. 102, *Certain Risk Disclosures*, requires disclosure of concentrations and constraints that could significantly affect a government's financial position or operations within twelve months after the financial statement date. Managements evaluated potential risks and identified the following:

Revenue Concentration – A substantial portion of the District's funding is dependent on state appropriations, supplemented by federal grants and local tax revenues. Because of this reliance, changes in state or federal levels could pose a significant risk to the District's financial stability and operations.

Deposit Concentration – The District maintains substantially all cash and investment balances with a single qualified public depository. All balances are insured or collateralized in accordance with KRS 41.240, and management monitors collateral coverage on an ongoing basis.

Statutory Constraints – The District's ability to increase local property-tax rate is limited by Kentucky's "4 Percent statute" and House Bill 44, which restrict revenue growth without the same possibility of recall by voters. These provisions may limit future local revenue capacity.

Management is not aware of any other concentrations or constraints expected to have a material effect on the District's financial position or operations within twelve months of June 30, 2025.

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, 2025**

| | Budgeted Amounts | | | Variance with Final Budget Favorable (Unfavorable) |
|---|------------------|--------------|-------------|--|
| | Original | Final | Actual | |
| REVENUES | | | | |
| From local sources | | | | |
| Taxes | | | | |
| Property | \$ 4,050,000 | \$ 4,050,000 | \$4,019,540 | \$ (30,460) |
| Motor vehicle | 900,000 | 900,000 | 852,565 | (47,435) |
| Utilities | 730,000 | 730,000 | 802,536 | 72,536 |
| In lieu of | 1,050,000 | 1,050,000 | 1,159,548 | 109,548 |
| Earnings on investments | 135,100 | 135,100 | 81,798 | (53,302) |
| Other local revenues | 5,000 | 5,000 | 41,531 | 36,531 |
| Intergovernmental - state | 5,961,300 | 5,961,300 | 5,878,098 | (83,202) |
| Intergovernmental - federal | 70,000 | 70,000 | 55,829 | (14,171) |
| Total revenues | 12,901,400 | 12,901,400 | 12,891,445 | (9,955) |
| EXPENDITURES | | | | |
| Current | | | | |
| Instruction | 6,122,645 | 6,124,404 | 5,947,937 | 176,467 |
| Support services | | | | |
| Student | 624,420 | 624,420 | 732,563 | (108,143) |
| Instructional staff | 877,810 | 877,810 | 972,499 | (94,689) |
| District administration | 558,140 | 558,140 | 635,747 | (77,607) |
| School administration | 1,049,470 | 1,049,470 | 997,613 | 51,857 |
| Business | 498,385 | 498,385 | 366,253 | 132,132 |
| Plant operations and maintenance | 1,600,880 | 1,600,880 | 1,778,996 | (178,116) |
| Student transportation | 1,638,695 | 1,638,695 | 1,736,534 | (97,839) |
| Other non-instruction | - | - | 4,315 | (4,315) |
| Debt service | 152,661 | 152,661 | - | 152,661 |
| Contingency | 2,796,094 | 2,796,094 | - | 2,796,094 |
| Total expenditures | 15,919,200 | 15,920,959 | 13,172,457 | 2,748,502 |
| Excess (deficit) of revenues over expenditures | (3,017,800) | (3,019,559) | (281,012) | 2,738,547 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating transfers in | - | - | 214,211 | 214,211 |
| Transfers (out) | (22,200) | (22,200) | (197,215) | (175,015) |
| Total other financing sources (uses) | (22,200) | (22,200) | 16,996 | 39,196 |
| Net change in fund balance | (3,040,000) | (3,041,759) | (264,016) | 2,777,743 |
| Fund balance, beginning of year | 3,040,000 | 3,040,000 | 2,659,683 | (380,317) |
| Fund balance, end of year | \$ - | \$ (1,759) | \$2,395,667 | \$ 2,397,426 |

**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, 2025**

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Favorable (Unfavorable) |
|---|-------------------------|------------------|--------------------|--|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| REVENUES | | | | |
| From local sources | | | | |
| Earnings on investments | \$ - | \$ 20 | \$ 4,683 | \$ 4,663 |
| Other local revenues | - | 24,864 | 51,364 | 26,500 |
| Intergovernmental - state | 505,256 | 707,016 | 729,460 | 22,444 |
| Intergovernmental - indirect federal | 675,974 | 986,352 | 1,436,173 | 449,821 |
| | | | | |
| Total revenues | <u>1,181,230</u> | <u>1,718,252</u> | <u>2,221,680</u> | <u>503,428</u> |
| | | | | |
| EXPENDITURES | | | | |
| Current | | | | |
| Instruction | 1,081,302 | 1,406,481 | 1,855,249 | (448,768) |
| Support services | | | | |
| Student support services | - | 1,000 | 43,763 | (42,763) |
| District administration | - | 395 | 319 | 76 |
| Plant operation and maintenance | 60,000 | 60,000 | 66,214 | (6,214) |
| Student transportation | 62,128 | 74,011 | 78,525 | (4,514) |
| Community service activities | - | 200,760 | 200,760 | - |
| | | | | |
| Total expenditures | <u>1,203,430</u> | <u>1,742,647</u> | <u>2,244,830</u> | <u>(502,183)</u> |
| | | | | |
| Excess (deficit) of revenues over expenditures | <u>(22,200)</u> | <u>(24,395)</u> | <u>(23,150)</u> | <u>1,245</u> |
| | | | | |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 22,200 | 160,101 | 156,565 | (3,536) |
| Transfers (out) | - | (115,044) | (115,044) | - |
| | | | | |
| Total other financing sources (uses) | <u>22,200</u> | <u>45,057</u> | <u>41,521</u> | <u>(3,536)</u> |
| | | | | |
| Net change in fund balance | - | 20,662 | 18,371 | (2,291) |
| Fund balance, beginning of year | <u>-</u> | <u>-</u> | <u>(74,741)</u> | <u>(74,741)</u> |
| | | | | |
| Fund balance, end of year | <u>\$ -</u> | <u>\$ 20,662</u> | <u>\$ (56,370)</u> | <u>\$ (77,032)</u> |

**LIVINGSTON COUNTY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – CONSTRUCTION
FOR THE YEAR ENDED JUNE 30, 2025**

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Favorable (Unfavorable) |
|---|-------------------------|-----------------------|--------------------|--|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| REVENUES | | | | |
| From local sources | | | | |
| Earnings on investments | <u>\$ -</u> | <u>\$ 261,529</u> | <u>\$ 64,119</u> | <u>\$ (197,410)</u> |
| Total revenues | <u>-</u> | <u>261,529</u> | <u>64,119</u> | <u>(197,410)</u> |
| EXPENDITURES | | | | |
| Facilities acquisition and construction | <u>-</u> | <u>3,654,209</u> | <u>3,253,678</u> | <u>400,531</u> |
| Total expenditures | <u>-</u> | <u>3,654,209</u> | <u>3,253,678</u> | <u>400,531</u> |
| Excess (deficit) of revenues over expenditures | <u>-</u> | <u>(3,392,680)</u> | <u>(3,189,559)</u> | <u>203,121</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | <u>-</u> | <u>714,584</u> | <u>551,010</u> | <u>(163,574)</u> |
| Transfers (out) | <u>-</u> | <u>(117,969)</u> | <u>(263,819)</u> | <u>(145,850)</u> |
| Total other financing sources (uses) | <u>-</u> | <u>596,615</u> | <u>287,191</u> | <u>(309,424)</u> |
| Net change in fund balance | <u>-</u> | <u>(2,796,065)</u> | <u>(2,902,368)</u> | <u>(106,303)</u> |
| Fund balance, beginning of year | <u>-</u> | <u>-</u> | <u>3,636,156</u> | <u>3,636,156</u> |
| Fund balance, end of year | <u>\$ -</u> | <u>\$ (2,796,065)</u> | <u>\$ 733,788</u> | <u>\$ 3,529,853</u> |

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGET AND ACTUAL
JUNE 30, 2025**

NOTE 1 – BUDGETARY INFORMATION

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

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

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

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

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

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

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

The budget presented for General Fund does includes \$3,389,346 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.

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Expenditures exceeded appropriations in the Special Revenue Fund by \$502,183. These over-expenditures were funded by revenues in excess of those originally anticipated in that fund.

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

| <u>As of June 30</u> | <u>2025</u> | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> |
|--|-------------|-------------|-------------|-------------|-------------|
| District's proportion of net pension liability | 0.067048% | 0.076916% | 0.085762% | 0.083605% | 0.090160% |
| District's proportionate share of net pension liability | \$4,009,755 | \$4,935,322 | \$6,199,747 | \$5,330,475 | \$6,915,197 |
| District's covered-employee payroll | \$3,210,618 | \$2,232,872 | \$2,365,023 | \$2,117,870 | \$2,309,545 |
| District's proportionate share of net pension liability as a percentage of its covered-employee payroll | 124.89% | 221.03% | 262.14% | 251.69% | 299.42% |
| Plan fiduciary net position as a percentage of total pension liability | 61.61% | 57.48% | 52.43% | 57.33% | 47.81% |
| <u>As of June 30</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> |
| District's proportion of net pension liability | 0.094733% | 0.086487% | 0.083891% | 0.077957% | 0.077963% |
| District's proportionate share of net pension liability | \$6,662,614 | \$5,267,323 | \$4,910,398 | \$3,838,299 | \$3,352,046 |
| District's covered-employee payroll | \$2,390,161 | \$2,163,889 | \$2,044,242 | \$1,893,178 | \$1,749,365 |
| District's proportionate share of net pension liability as a percentage of its covered-employee payroll | 278.75% | 243.42% | 240.21% | 202.74% | 191.62% |
| Plan fiduciary net position as a percentage of total pension liability | 50.45% | 53.54% | 53.32% | 55.50% | 59.97% |

See accompanying notes to the required supplementary information

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

| <u>For the year ended June 30</u> | <u>2025</u> | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> |
|--|----------------|----------------|----------------|----------------|----------------|
| Contractually required contribution | \$ 436,521 | \$ 749,358 | \$ 522,573 | \$ 500,690 | \$ 408,748 |
| Contributions in relation to the contractually required contribution | <u>436,521</u> | <u>749,358</u> | <u>522,573</u> | <u>500,690</u> | <u>408,748</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| District's covered-employee payroll | \$2,214,721 | \$3,210,618 | \$2,232,872 | \$2,365,023 | \$2,117,870 |
| Contributions as a percentage of covered-employee payroll | 19.71% | 23.34% | 23.40% | 21.17% | 19.30% |
| <u>For the year ended June 30</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> |
| Contractually required contribution | \$ 445,742 | \$ 387,685 | \$ 312,705 | \$ 284,760 | \$ 235,439 |
| Contributions in relation to the contractually required contribution | <u>445,742</u> | <u>387,685</u> | <u>312,705</u> | <u>284,760</u> | <u>235,439</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| District's covered-employee payroll | \$2,309,545 | \$2,390,161 | \$2,163,889 | \$2,044,242 | \$1,893,178 |
| Contributions as a percentage of covered-employee payroll | 19.30% | 16.22% | 14.45% | 13.93% | 12.44% |

See accompanying notes to the required supplementary information

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

The information below is presented on the actuarial valuation dates (measurement dates) used for the District's proportionate share amounts reported in the Required Supplementary Information. These measurement dates precede the District's fiscal years by one year.

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:

2024: No changes in benefit terms.
2023: No changes in benefit terms.
2022: No changes in benefit terms.
2021: No changes in benefit terms.
2020: No changes in benefit terms.
2019: No changes in benefit terms.
2018: No changes in benefit terms.
2017: No changes in benefit terms.
2016: No changes in benefit terms.
2015: No changes in benefit terms.

Changes in assumptions

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

2024: No changes.

2023: The CERS Board of Trustees adopted new actuarial assumptions on May 9, 2023 and include a change in the investment return assumption from 6.25% to 6.50%. The KRS Board of Trustees adopted new actuarial assumptions on June 5, 2023. These assumptions are documented in the report titled "2022 Actuarial Experience Study for the Period Ending June 30, 2022". The total pension liability as of June 30, 2023, is determined using these updated assumptions.

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.

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

Changes in assumptions, continued

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.

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 DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
KENTUCKY TEACHERS' RETIREMENT SYSTEMS**

| <u>As of June 30</u> | <u>2025</u> | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> |
|--|---------------|---------------|---------------|---------------|---------------|
| District's proportion of the net pension liability | 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 | \$ 23,620,022 | \$ 26,808,024 | \$ 27,670,476 | \$ 21,041,174 | \$ 23,560,821 |
| District's covered-employee payroll | \$ 5,756,620 | \$ 6,089,145 | \$ 6,117,700 | \$ 5,789,275 | \$ 5,959,805 |
| 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% |
| Plan fiduciary net position as a percentage of total pension liability | 60.36% | 57.68% | 56.41% | 65.59% | 58.27% |
| <u>As of June 30</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> |
| District's proportion of the net pension liability | 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 | \$ 22,632,140 | \$ 22,553,230 | \$ 46,984,783 | \$ 54,985,251 | \$ 43,157,334 |
| District's covered-employee payroll | \$ 5,791,693 | \$ 5,873,487 | \$ 5,651,737 | \$ 6,015,123 | \$ 5,839,750 |
| 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% |
| Plan fiduciary net position as a percentage of total pension liability | 58.76% | 59.28% | 39.83% | 35.22% | 42.49% |

See accompanying notes to the required supplementary information

**LIVINGSTON COUNTY SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS – PENSION
KENTUCKY TEACHERS' RETIREMENT SYSTEMS**

| <u>For the year ended June 30</u> | <u>2025</u> | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</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> |
| District's covered-employee payroll | \$5,945,298 | \$5,756,620 | \$6,089,145 | \$6,117,700 | \$5,789,275 |
| Contributions as a percentage of covered-employee payroll | 0.00000% | 0.00000% | 0.00000% | 0.00000% | 0.00000% |
| <u>For the year ended June 30</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</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> |
| District's covered-employee payroll | \$5,959,805 | \$5,791,693 | \$5,873,487 | \$5,651,737 | \$6,015,123 |
| Contributions as a percentage of covered-employee payroll | 0.00000% | 0.00000% | 0.00000% | 0.00000% | 0.00000% |

See accompanying notes to the required supplementary information

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

The information below is presented on the actuarial valuation dates (measurement dates) used for the District's proportionate share amounts reported in the Required Supplementary Information. These measurement dates precede the District's fiscal years by one year.

Changes in benefit terms

2024: No changes in benefit terms.

2023: No 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

2024: No changes in assumptions.

2023: No changes in assumptions.

2022: No changes in assumptions.

2021: In the 2020 experience study, rates of withdrawal, retirement, disability, mortality and rates of salary increases were adjusted to reflect actual experience more closely. The expectation of mortality was changed to the PUB2010 Mortality Tables (Teachers Benefit-Weighted) projected generationally with MP-2020 with various set-forwards, 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%.

2020: No changes in assumptions.

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%.

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**

| <u>As of June 30</u> | <u>2025</u> | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> |
|--|--------------|--------------|--------------|--------------|--------------|
| District's proportion of collective net OPEB liability (asset) | 0.067114% | 0.076913% | 0.085747% | 0.083586% | 0.090138% |
| District's proportionate share of collective net OPEB liability (asset) | \$ (116,094) | \$ (106,191) | \$ 1,692,229 | \$ 1,600,212 | \$ 2,176,559 |
| District's covered-employee payroll | \$3,210,618 | \$2,232,872 | \$2,365,023 | \$2,117,870 | \$2,309,545 |
| District's proportionate share of collective net OPEB liability (asset) as a percentage of its covered-employee payroll | -3.62% | -4.76% | 71.55% | 75.56% | 94.24% |
| Plan fiduciary net position as a percentage of total OPEB liability | 104.89% | 104.23% | 60.95% | 62.91% | 51.67% |
| <u>As of June 30</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | | |
| District's proportion of collective net OPEB liability | 0.094726% | 0.086485% | 0.083891% | | |
| District's proportionate share of collective net OPEB liability | \$1,593,249 | \$1,535,524 | \$1,686,496 | | |
| District's covered-employee payroll | \$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 | 66.66% | 70.96% | 82.50% | | |
| Plan fiduciary net position as a percentage of total OPEB liability | 60.44% | 57.62% | 52.39% | | |

See accompanying notes to the required supplementary information

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

| <u>For the year ended June 30</u> | <u>2025</u> | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> |
|--|----------------|----------------|----------------|----------------|----------------|
| Contractually required contribution | \$ - | \$ - | \$ 75,707 | \$ 136,703 | \$ 100,811 |
| Contributions in relation to the contractually required contribution | <u>-</u> | <u>-</u> | <u>75,707</u> | <u>136,703</u> | <u>100,811</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| District's covered-employee payroll | \$2,214,721 | \$3,210,618 | \$2,232,872 | \$2,365,023 | \$2,117,870 |
| Contributions as a percentage of covered-employee payroll | 0.00% | 0.00% | 3.39% | 5.78% | 4.76% |
| <u>For the year ended June 30</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | | |
| Contractually required contribution | \$ 109,934 | \$ 125,723 | \$ 101,499 | | |
| Contributions in relation to the contractually required contribution | <u>109,934</u> | <u>125,723</u> | <u>101,499</u> | | |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | | |
| District's covered-employee payroll | \$2,309,545 | \$2,390,161 | \$2,163,889 | | |
| Contributions as a percentage of covered-employee payroll | 4.76% | 5.26% | 4.69% | | |

See accompanying notes to the required supplementary information

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

Notes to Schedule

The information below is presented on the actuarial valuation dates (measurement dates) used for the District's proportionate share amounts reported in the Required Supplementary Information. These measurement dates precede the District's fiscal years by one year.

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

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

Changes in Benefit Terms

2024: No changes in benefit terms.

2023: No changes in benefit terms.

2022: No changes in benefit terms.

2021: No changes in benefit terms.

2020: No changes in benefit terms.

2019: No changes in benefit terms.

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

Changes in assumptions

2024: No changes.

2023: The CERS Board of Trustees adopted new actuarial assumptions on May 9, 2023. The KRS Board of Trustees adopted new actuarial assumptions on June 5, 2023. The assumptions are documented in the report titled "2022 Actuarial Experiences Study for the Period Ending June 30, 2022". Additionally, the single discount rates used to calculate the total OPEB liability within each plan changed since the single discount rates used to calculate the total OPEB liability within each plan changed since the prior year. The total OPEB liability as of June 30, 2023, is determined using these updated 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.

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

Changes in assumptions, continued

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.

2017: There was no legislation enacted during the 2017 legislative session that had no 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 actual valuation as of June 30, 2017. Specifically, the total OPEB liability as of June 30, 2017 is determined using a 2.30% price inflation assumption for the non-hazardous system and the assumed rate of return is 6.25%.

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

| <u>As of June 30</u> | <u>2025</u> | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> |
|--|-------------|-------------|-------------|-------------|-------------|
| District's proportion of collective net OPEB liability | 0.074302% | 0.083466% | 0.119286% | 0.087192% | 0.090084% |
| District's proportionate share of collective net OPEB liability | \$1,656,000 | \$2,033,000 | \$2,961,000 | \$1,871,000 | \$2,273,000 |
| State's proportionate share of collective net OPEB liability | \$1,475,000 | \$1,713,000 | \$ 973,000 | \$1,519,000 | \$1,821,000 |
| District's covered-employee payroll | \$5,756,620 | \$6,089,145 | \$6,117,700 | \$5,789,275 | \$5,959,805 |
| District's proportionate share of collective net OPEB liability as a percentage of its covered-employee payroll | 28.77% | 33.39% | 48.40% | 32.32% | 38.14% |
| Plan fiduciary net position as a percentage of total OPEB liability | 59.81% | 52.97% | 47.75% | 51.74% | 39.05% |
| <u>As of June 30</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | | |
| District's proportion of collective net OPEB liability | 0.089061% | 0.089653% | 0.092218% | | |
| District's proportionate share of collective net OPEB liability | \$2,607,000 | \$3,111,000 | \$3,288,000 | | |
| State's proportionate share of collective net OPEB liability | \$2,105,000 | \$2,681,000 | \$2,686,000 | | |
| District's covered-employee payroll | \$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 | 45.01% | 52.97% | 58.18% | | |
| Plan fiduciary net position as a percentage of total OPEB liability | 32.58% | 25.54% | 21.18% | | |

See accompanying notes to the required supplementary information

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

| <u>For the year ended June 30</u> | <u>2025</u> | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> |
|--|----------------|----------------|----------------|----------------|----------------|
| Contractually required contribution | \$ 159,275 | \$ 255,758 | \$ 208,713 | \$ 282,631 | \$ 280,847 |
| Contributions in relation to the contractually required contribution | <u>159,275</u> | <u>255,758</u> | <u>208,713</u> | <u>282,631</u> | <u>280,847</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| District's covered-employee payroll | \$5,309,167 | \$5,756,620 | \$6,089,145 | \$6,117,700 | \$5,789,275 |
| Contributions as a percentage of District's covered-employee payroll | 3.00% | 4.44% | 3.43% | 4.62% | 4.85% |
| <u>For the year ended June 30</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | | |
| Contractually required contribution | \$ 280,317 | \$ 297,328 | \$ 287,056 | | |
| Contributions in relation to the contractually required contribution | <u>280,317</u> | <u>297,328</u> | <u>287,056</u> | | |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | | |
| District's covered-employee payroll | \$5,959,805 | \$5,791,693 | \$5,873,487 | | |
| Contributions as a percentage of District's covered-employee payroll | 4.70% | 5.13% | 4.89% | | |

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 – LIFE INSURANCE FUND**

| <u>As of June 30</u> | <u>2025</u> | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> |
|--|-------------|-------------|-------------|-------------|-------------|
| District's proportion of collective net OPEB liability | 0.000000% | 0.000000% | 0.000000% | 0.000000% | 0.000000% |
| District's proportionate share of collective net OPEB liability | \$ - | \$ - | \$ - | \$ - | \$ - |
| State's proportionate share of collective net OPEB liability | \$ 34,000 | \$ 42,000 | \$ 48,000 | \$ 20,000 | \$ 55,000 |
| District's covered-employee payroll | \$5,756,620 | \$6,089,145 | \$6,117,700 | \$5,789,275 | \$5,959,805 |
| District's proportionate share of collective net OPEB liability as a percentage of its covered-employee payroll | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Plan fiduciary net position as a percentage of total OPEB liability | 80.56% | 76.91% | 73.97% | 89.15% | 71.57% |
| <u>As of June 30</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | | |
| District's proportion of collective net OPEB liability | 0.000000% | 0.000000% | 0.000000% | | |
| District's proportionate share of collective net OPEB liability | \$ - | \$ - | \$ - | | |
| State's proportionate share of collective net OPEB liability | \$ 49,000 | \$ 46,000 | \$ 36,000 | | |
| District's covered-employee payroll | \$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% | | |
| Plan fiduciary net position as a percentage of total OPEB liability | 73.40% | 74.97% | 79.99% | | |

See accompanying notes to the required supplementary information

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

| | <u>2025</u> | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> |
|---|-------------|-------------|-------------|-------------|-------------|
| Contractually required contribution | \$ - | \$ - | \$ - | \$ - | \$ - |
| Contributions in relation to the contractually required contribution | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| District's covered-employee payroll | \$5,309,167 | \$5,756,620 | \$6,089,145 | \$6,117,700 | \$5,789,275 |
| Contributions as a percentage of covered-employee payroll | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| | <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> | | |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | | |
| District's covered-employee payroll | \$5,959,805 | \$5,791,693 | \$5,873,487 | | |
| Contributions as a percentage of covered-employee payroll | 0.00% | 0.00% | 0.00% | | |

See accompanying notes to the required supplementary information

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

Notes to Schedule

The information below is presented on the actuarial valuation dates (measurement dates) used for the District's proportionate share amounts reported in the Required Supplementary Information. These measurement dates precede the District's fiscal years by one year.

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

Medical Insurance Fund

Changes in benefit terms

2024: No changes in benefit terms.

2023: No 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

2024 : No changes.

2023: The health care trend rates, as well as the TRS 4 retirement decrements, were updated to reflect future anticipated experience.

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

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

Changes in assumptions, continued

2021: 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

2024: No changes in benefit terms.

2023: No 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

2024: No changes.

2023: The TRS 4 retirement decrements were updated to reflect future anticipated experience.

2022: None

2021: In the 2020 experience study, rates of withdrawal, retirement, disability, mortality, and rates of salary increases were adjusted to reflect actual experience more closely. The expectation of mortality was changed to the PUB-2010 Mortality Tables (Teachers Benefit-Weighted) projected generally 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.

OTHER SUPPLEMENTARY INFORMATION

**LIVINGSTON COUNTY SCHOOL DISTRICT
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025**

| | Capital Outlay SEEK | FSPK | Debt Service | Student Activity | Total Nonmajor Governmental |
|---|---------------------------|----------------|-----------------|---------------------|-----------------------------------|
| ASSETS AND RESOURCES | | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ 282,543 | \$ 123,073 | \$ 405,616 |
| Interfund receivable | - | 262,999 | - | - | 262,999 |
| Total assets and resources | \$ - | \$ 262,999 | \$ 282,543 | \$ 123,073 | \$ 668,615 |
| LIABILITIES AND FUND BALANCE | | | | | |
| Liabilities | | | | | |
| Interfund payable | \$ - | \$ 279,010 | \$ 262,999 | \$ - | \$ 542,009 |
| Total liabilities | - | 279,010 | 262,999 | - | 542,009 |
| EQUITY AND FUND BALANCES | | | | | |
| Restricted | | (16,011) | 19,544 | 123,073 | 126,606 |
| Total fund balances | - | (16,011) | 19,544 | 123,073 | 126,606 |
| Total liabilities and fund balances | \$ - | \$ 262,999 | \$ 282,543 | \$ 123,073 | \$ 668,615 |

**LIVINGSTON COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025**

| | Capital Outlay SEEK | FSPK | Debt Service | Student Activity | Total Nonmajor Governmental |
|---|---------------------------|--------------------|------------------|---------------------|-----------------------------------|
| REVENUES | | | | | |
| From local sources | | | | | |
| Taxes | \$ - | \$ 612,202 | \$ - | \$ - | \$ 612,202 |
| Earnings on investments | - | 705 | 9,927 | - | 10,632 |
| Student activities | - | - | - | 272,075 | 272,075 |
| Other local revenues | - | - | - | 20,440 | 20,440 |
| Intergovernmental - state | 96,345 | - | 193,356 | - | 289,701 |
| Intergovernmental - federal | - | 104,956 | - | - | 104,956 |
| Total revenues | 96,345 | 717,863 | 203,283 | 292,515 | 1,310,006 |
| EXPENDITURES | | | | | |
| Instruction | - | - | - | 241,465 | 241,465 |
| Support services | | | | | |
| Student | - | - | - | 3,256 | 3,256 |
| Instructional staff | - | - | - | 23,420 | 23,420 |
| Plant operations and maintenance | - | - | - | 7,996 | 7,996 |
| Student transportation | - | - | - | 12,670 | 12,670 |
| Other instructional | - | - | - | 1,336 | 1,336 |
| Other non-instruction | - | - | - | 11,027 | 11,027 |
| Debt service | - | - | 961,986 | - | 961,986 |
| Total expenditures | - | - | 961,986 | 301,170 | 1,263,156 |
| Excess (deficit) of revenues over expenditures | 96,345 | 717,863 | (758,703) | (8,655) | 46,850 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | - | - | 768,631 | - | 768,631 |
| Transfers out | (96,345) | (1,017,994) | - | - | (1,114,339) |
| Total other financing sources (uses) | (96,345) | (1,017,994) | 768,631 | - | (345,708) |
| Net change in fund balance | - | (300,131) | 9,928 | (8,655) | (298,858) |
| Fund balances, beginning of year | - | 284,120 | 9,616 | 131,728 | 425,464 |
| Fund balances, end of year | \$ - | \$ (16,011) | \$ 19,544 | \$ 123,073 | \$ 126,606 |

**LIVINGSTON COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2025**

| | 2012Q Bonds | 2014Q Bonds | 2022B Bonds | 2023P Bonds | Total Debt service |
|---|----------------|----------------|----------------|----------------|-----------------------|
| REVENUES | | | | | |
| From local sources | | | | | |
| Earnings on investments | \$ 9,927 | \$ - | \$ - | \$ - | \$ 9,927 |
| Intergovernmental - state | 96,991 | 34,915 | - | 61,450 | 193,356 |
| Total revenues | 106,918 | 34,915 | - | 61,450 | 203,283 |
| EXPENDITURES | | | | | |
| Debt service | | | | | |
| Principal | - | 100,000 | 100,000 | 120,000 | 320,000 |
| Interest | 111,300 | 11,950 | 171,475 | 220,150 | 514,875 |
| Transfer to QZAB Sinking Fund (Escrow) | 127,111 | - | - | - | 127,111 |
| Total expenditures | 238,411 | 111,950 | 271,475 | 340,150 | 961,986 |
| Excess (deficit) of revenues over expenditures | (131,493) | (77,035) | (271,475) | (278,700) | (758,703) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | 141,421 | 77,035 | 271,475 | 278,700 | 768,631 |
| Total other financing sources (uses) | 141,421 | 77,035 | 271,475 | 278,700 | 768,631 |
| Net change in fund balance | 9,928 | - | - | - | 9,928 |
| Fund balance, beginning of year | 9,616 | - | - | - | 9,616 |
| Fund balance, end of year | \$ 19,544 | \$ - | \$ - | \$ - | \$ 19,544 |

**LIVINGSTON COUNTY SCHOOL DISTRICT
COMBINING BALANCE SHEET
SCHOOL ACTIVITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025**

| | North Livingston Elementary | South Livingston Elementary | Livingston County Middle School | Livingston Central High School | Total (Memorandum Only) |
|------------------------------------|-----------------------------------|-----------------------------------|--|---|-------------------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 4,021 | \$ 17,885 | \$ 17,275 | \$ 83,892 | \$ 123,073 |
| Total assets | 4,021 | 17,885 | 17,275 | 83,892 | 123,073 |
| FUND BALANCES | | | | | |
| Total fund balances | 4,021 | 17,885 | 17,275 | 83,892 | 123,073 |
| Total liabilities and fund balance | <u>\$ 4,021</u> | <u>\$ 17,885</u> | <u>\$ 17,275</u> | <u>\$ 83,892</u> | <u>\$ 123,073</u> |

**LIVINGSTON COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF SCHOOL ACTIVITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025**

| | North Livingston Elementary | South Livingston Elementary | Livingston County Middle School | Livingston Central High School | Total (Memorandum only) |
|--|-----------------------------------|-----------------------------------|--|---|-------------------------------|
| REVENUES | | | | | |
| From local sources | | | | | |
| Student activities | \$ 8,231 | \$ 20,440 | \$ 33,627 | \$ 230,217 | \$ 292,515 |
| Total revenues | 8,231 | 20,440 | 33,627 | 230,217 | 292,515 |
| EXPENDITURES | | | | | |
| Instruction | 881 | 6,439 | 25,875 | 208,270 | 241,465 |
| Support services | | | | | |
| Student support services | - | - | 2,951 | 305 | 3,256 |
| Instructional staff | 6,627 | 5,137 | 2,214 | 9,442 | 23,420 |
| Plant operations and maintenance | - | - | - | 7,996 | 7,996 |
| Student transportation | 960 | - | 524 | 11,186 | 12,670 |
| Other instructional | - | - | - | 1,336 | 1,336 |
| Other non-instruction | - | 6,754 | - | 4,273 | 11,027 |
| Total expenditures | 8,468 | 18,330 | 31,564 | 242,808 | 301,170 |
| Net change in due to student groups | (237) | 2,110 | 2,063 | (12,591) | (8,655) |
| Fund balance, beginning of year | 4,258 | 15,775 | 15,212 | 96,483 | 131,728 |
| Fund balance, end of year | \$ 4,021 | \$ 17,885 | \$ 17,275 | \$ 83,892 | \$ 123,073 |

**LIVINGSTON COUNTY SCHOOL DISTRICT
STATEMENT OF SCHOOL ACTIVITY FUNDS
LIVINGSTON CENTRAL HIGH SCHOOL
FOR THE YEAR ENDED JUNE 30, 2025**

| | Cash Balance July 1, 2024 | Cash Receipts | Cash Disbursements | Cash Balance June 30, 2025 | Accounts Receivable | Accounts Payable | Fund Balance June 30, 2025 |
|---------------------------|------------------------------|------------------|-----------------------|-------------------------------|------------------------|---------------------|-------------------------------|
| Cardinal Café | \$ 3,622 | \$ 170 | \$ 808 | \$ 2,984 | \$ - | \$ - | \$ 2,984 |
| General Fund | 1,770 | 8,020 | 9,090 | 700 | - | - | 700 |
| Project Grad | 1,140 | 12,750 | 11,391 | 2,499 | - | - | 2,499 |
| Library Club | 113 | 22 | - | 135 | - | - | 135 |
| Staff Account | 289 | 77 | 46 | 320 | - | - | 320 |
| Art Club | 177 | 2,772 | 2,949 | - | - | - | - |
| Beta Club | 1,123 | 1,447 | 2,500 | 70 | - | - | 70 |
| FBLA | 958 | 11,737 | 9,065 | 3,630 | - | - | 3,630 |
| FCA | 556 | - | - | 556 | - | - | 556 |
| FFA | 5,779 | 29,887 | 26,654 | 9,012 | - | - | 9,012 |
| Science Club | 1,382 | 235 | 328 | 1,289 | - | - | 1,289 |
| TLC | 4,119 | 720 | 1,723 | 3,116 | - | - | 3,116 |
| Spirit Club | 355 | 150 | 463 | 42 | - | - | 42 |
| Student Council | 461 | 3,541 | 3,521 | 481 | - | - | 481 |
| Skills USA | 4 | 2,562 | 2,456 | 110 | - | - | 110 |
| Choir & Music | 1,390 | 4,867 | 6,257 | - | - | - | - |
| Drama | 120 | 93 | 18 | 195 | - | - | 195 |
| Photography Club | 682 | 515 | 161 | 1,036 | - | - | 1,036 |
| STLP | 63 | - | - | 63 | - | - | 63 |
| Family & Consumer Science | 1,137 | 8,583 | 6,262 | 3,458 | - | - | 3,458 |
| Math | 98 | 2,619 | 2,492 | 225 | - | - | 225 |
| Carpentry | 2,553 | 3,230 | 4,236 | 1,547 | - | - | 1,547 |
| Chess Club | 2,009 | 130 | - | 2,139 | - | - | 2,139 |
| Athletics | 3,598 | 39,892 | 41,633 | 1,857 | - | - | 1,857 |
| Golf | 1,550 | 1,208 | 1,961 | 797 | - | - | 797 |
| Cheerleaders | 1,864 | 3,687 | 5,276 | 275 | - | - | 275 |
| Yearbook | 1,030 | 4,715 | 2,112 | 3,633 | - | - | 3,633 |
| Concessions | 5,076 | 14,921 | 16,226 | 3,771 | - | - | 3,771 |

**LIVINGSTON COUNTY SCHOOL DISTRICT
STATEMENT OF SCHOOL ACTIVITY FUNDS
LIVINGSTON CENTRAL HIGH SCHOOL
FOR THE YEAR ENDED JUNE 30, 2025**

| | Cash Balance July 1, 2024 | Cash Receipts | Cash Disbursements | Cash Balance June 30, 2025 | Accounts Receivable | Accounts Payable | Fund Balance June 30, 2025 |
|---------------------------|------------------------------|-------------------|-----------------------|-------------------------------|------------------------|---------------------|-------------------------------|
| Baseball | - | 1,464 | 1,464 | - | - | - | - |
| Archery | 617 | 100 | - | 717 | - | - | 717 |
| Track & Field | 134 | 439 | 376 | 197 | - | - | 197 |
| Boys Basketball | 798 | 2,075 | 1,600 | 1,273 | - | - | 1,273 |
| HOSA | 2,491 | 10,807 | 13,273 | 25 | - | - | 25 |
| Central Spirit Store | 10,475 | 1,308 | 9,930 | 1,853 | - | - | 1,853 |
| Basketball Backboard Club | 6,522 | 8,497 | 7,172 | 7,847 | - | - | 7,847 |
| Softball | 984 | 2,706 | 3,656 | 34 | - | - | 34 |
| Arbiter Pay | - | 12,827 | 12,827 | - | - | - | - |
| AG Equipment | 5,820 | 1,949 | 2,500 | 5,269 | - | - | 5,269 |
| Allied Health | 44 | - | 36 | 8 | - | - | 8 |
| Computer Fees DAF | 915 | 6,710 | 7,625 | - | - | - | - |
| Parking Tags DAF | - | 450 | 450 | - | - | - | - |
| Video Wall | 17,926 | 5,685 | 9,899 | 13,712 | - | - | 13,712 |
| Welding | 20 | 4,836 | 2,841 | 2,015 | - | - | 2,015 |
| Tucker Mem Scholarship | 2,401 | - | - | 2,401 | - | - | 2,401 |
| D&E Maxfield Scholarship | - | 2,000 | 2,000 | - | - | - | - |
| G&O Pullen Scholarship | - | 250 | 250 | - | - | - | - |
| Boswell Scholarship | 250 | 500 | 500 | 250 | - | - | 250 |
| Dabney Scholarship | - | 800 | 800 | - | - | - | - |
| Start Up Monies | - | 1,200 | 1,200 | - | - | - | - |
| Shelby Scholarship | 375 | 2,008 | 750 | 1,633 | - | - | 1,633 |
| School Fees | - | 2,500 | 2,500 | - | - | - | - |
| Donations | 478 | - | 341 | 137 | - | - | 137 |
| Cross Country | 89 | - | 70 | 19 | - | - | 19 |
| Girls Basketball | 256 | 4,417 | 4,673 | - | - | - | - |
| Class of 2026 | - | 12,908 | 10,346 | 2,562 | - | - | 2,562 |
| Class of 2025 | 2,870 | - | 2,870 | - | - | - | - |
| Subtotal | 96,483 | 244,986 | 257,577 | 83,892 | - | - | 83,892 |
| Less: Interfund Transfers | - | 14,769 | 14,769 | - | - | - | - |
| Total | <u>\$ 96,483</u> | <u>\$ 230,217</u> | <u>\$ 242,808</u> | <u>\$ 83,892</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 83,892</u> |

LIVINGSTON COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF NET POSITION – ALL PRIVATE PURPOSE TRUST FUNDS
JUNE 30, 2025

| | 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 | \$ 63,741 | \$ 14 | \$ 6,106 | \$ 410 | \$ 18,342 | \$ 1,305 | \$ 2,208 | \$ 92,126 |
| Investments | - | - | - | - | - | 50,000 | - | 50,000 |
| Total assets | 63,741 | 14 | 6,106 | 410 | 18,342 | 51,305 | 2,208 | 142,126 |
| NET POSITION | | | | | | | | |
| Net position held in trust | <u>\$ 63,741</u> | <u>\$ 14</u> | <u>\$ 6,106</u> | <u>\$ 410</u> | <u>\$ 18,342</u> | <u>\$ 51,305</u> | <u>\$ 2,208</u> | <u>\$ 142,126</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, 2025**

| | 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 | \$ 2,173 | \$ - | \$ 52 | \$ - | \$ 600 | \$ - | \$ 58 | \$ 2,883 |
| Total revenues | 2,173 | - | 52 | - | 600 | - | 58 | 2,883 |
| EXPENDITURES | | | | | | | | |
| Scholarships paid | 2,000 | - | 800 | - | 250 | - | 500 | 3,550 |
| Total expenditures | 2,000 | - | 800 | - | 250 | - | 500 | 3,550 |
| Change in position held in trust | 173 | - | (748) | - | 350 | - | (442) | (667) |
| Net position held in trust, beginning of year | 63,568 | 14 | 6,854 | 410 | 17,992 | 51,305 | 2,650 | 142,793 |
| Net position held in trust, end of year | <u>\$ 63,741</u> | <u>\$ 14</u> | <u>\$ 6,106</u> | <u>\$ 410</u> | <u>\$ 18,342</u> | <u>\$ 51,305</u> | <u>\$ 2,208</u> | <u>\$ 142,126</u> |

**LIVINGSTON COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2025**

| 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 | 3810002-24 | \$ 286,023 | |
| Special Education - Preschool Grants | 84.173 | 3800002-23 | 410 | |
| | 84.173 | 3800002-24 | 16,713 | |
| | 84.173 | 3800002-22 | <u>1,657</u> | |
| Total Special Education Cluster | | | | \$ 304,803 |
| Title I Grants to Local Education Agencies | 84.010 | 3100002-24 | | 403,861 |
| Title V Grants to Local Education Agencies | 84.358 | 3140002-24 | | 24,062 |
| Vocational Education - Basic Grants to States | 84.048 | 3710002-24 | | 19,735 |
| Twenty-First Century Community Learning Centers | 84.287 | 3400002-22 | 22,036 | |
| | 84.287 | 3400002-23 | <u>95,000</u> | 117,036 |
| Supporting Effective Instruction - State Grants | 84.367 | 3230002-24 | | 38,947 |
| COVID-19 Education Stabilization Fund Under the Coronavirus | | | | |
| Aid, Relief and Economic Security Act | 84.425 | 4200002-21 | 150,520 | |
| | 84.425 | 4980002-21 | <u>11,278</u> | 161,798 |
| Passed through West Kentucky Educational Cooperative: | | | | |
| COVID-19 Education Stabilization Fund Under the Coronavirus | | | | |
| Aid, Relief and Economic Security Act | 84.425 | Direct | | <u>15,465</u> |
| Total U.S. Department of Education | | | | 1,085,707 |

Continued

LIVINGSTON COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, continued
JUNE 30, 2025

| 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 | 7760005-24 | 86,765 |
| | 10.553 | 7760005-25 | 274,940 |
| National School Lunch Program | 10.555 | 7750002-24 | 145,839 |
| | 10.555 | 7750002-25 | 463,802 |
| Summer Food Service Program | 10.559 | 7690024-24 | 13,124 |
| | 10.559 | 7690024-25 | 18,042 |
| | 10.559 | 7740023-24 | 128,309 |
| | 10.559 | 7740023-25 | <u>175,853</u> |
| Total Child Nutrition Cluster | | | 1,306,674 |
| State Administrative Expenses for Child Nutrition | 10.560 | 7700001-25 | 2,739 |
| Other U. S. Department of Agriculture Programs - Fresh Fruit and Vegetable Program | 10.555 | Direct | 71,802 |
| Total U. S. Department of Agriculture | | | <u>1,381,215</u> |
| U. S. Department of Health and Human Services | | | |
| Passed through Audubon Area Community Services, Inc. : Head Start | | | |
| | 93.600 | Direct | <u>350,466</u> |
| Total U. S. Department of Health and Human Services | | | <u>350,466</u> |
| Total Expenditures of Federal Awards | | | <u><u>\$2,817,388</u></u> |

**LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2025**

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, 2025. 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

Expenditures are recognized on the accrual basis of accounting, consistent with the District's financial statements. Expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Pass-through entity identifying numbers are presented where available.

NOTE 3 – SUBRECIPIENTS

There were no subrecipients during the fiscal year.

NOTE 4 – INDIRECT COST RATE

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

NOTE 5 – COMMODITIES

Nonmonetary assistance is reported in the Schedule at the fair market value of the USDA food commodities received and disbursed.

NOTE 6 – DUAL COMPLAINT FRAMEWORK

The Schedule includes federal awards subject to both the pre-2024 Uniform Guidance and the revised Uniform Guidance effective October 1, 2024. Compliance requirements tested were based on the applicable version for each award.

LIVINGSTON COUNTY SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, continued
JUNE 30, 2025

NOTE 7 – 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 and in the Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds:

| | |
|---|---------------------------|
| Total intergovernmental - federal | \$1,596,958 |
| Total federal grants - School Food Service | 1,309,413 |
| Donated commodities | 71,802 |
| Less: | |
| Federal revenue recorded in Building Fund not meeting federal expenditure definition | (104,956) |
| Medicaid funds received | <u>(55,829)</u> |
| Total | <u><u>\$2,817,388</u></u> |

INTERNAL CONTROL AND COMPLIANCE

ANNA B. HERR, CPA, CFE

WALTER G. CUMMINGS, CPA
TAYLOR MATHIS, CPA



CERTIFIED PUBLIC ACCOUNTANTS

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**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, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 15, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial 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 December 15, 2025.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

DGA, PSC

DGA, PSC

Certified Public Accountants
Hopkinsville, Kentucky

December 15, 2025

ANNA B. HERR, CPA, CFE

WALTER G. CUMMINGS, CPA
TAYLOR MATHIS, CPA



DGA, PSC
CERTIFIED PUBLIC ACCOUNTANTS

4443 CANTON PIKE
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270-726-9621

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, 2025. 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, 2025.

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.

DGA, PSC

DGA, PSC

Certified Public Accountants
Hopkinsville, Kentucky

December 15, 2025

**LIVINGSTON COUNTY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025**

None

MANAGEMENT COMMENTS FOR AUDIT

ANNA B. HERR, CPA, CFE

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December 15, 2025

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, 2025, 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 December 15, 2025 contains our report on the District's internal control. This letter does not affect our report dated December 15, 2025 on the financial statements of the District.

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

We performed a follow-up on the prior year findings with the status of these findings documented on page 119 of this report.

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,

DGA, PSC

DGA, PSC

Certified Public Accountants
Hopkinsville, Kentucky

**LIVINGSTON COUNTY SCHOOL DISTRICT
MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

LIVINGSTON CENTRAL HIGH SCHOOL

- I. **Criteria** – Accounting Procedures for Kentucky School Activity Funds (“Redbook”) requires the use of Form F-SA-6 to record funds collected by teachers or sponsors from a group of students in lieu of individual receipts.

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

Cause – Lack of implementation of Redbook policy.

Effect – The lack of use of Form F-SA-6 weakens internal controls which would otherwise provide support for funds collected and documentation of the amount, date and person collecting the funds.

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 to sign F-SA-6 as they turn in money.

Views of Responsible Officials – District Leadership and the bookkeeper will review the Redbook requirements with faculty and staff and reinforce that all students must sign the Multiple Receipt Form (F-SA-6) when submitting funds. Additional training and monitoring will be implemented to ensure the form is completed accurately and timely for all applicable collections.

**LIVINGSTON COUNTY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

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 finding was not repeated for fiscal year June 30, 2025.

LIVINGSTON CENTRAL HIGH SCHOOL

- I. **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, 2025, 2024 and 2023.

Views of Responsible Officials – District leadership has scheduled the required SAF accounts that maintain inventory to attend the district-wide Redbook training on August 4th. This training will reinforce proper procedures for completing the Monthly Inventory Control Worksheet (F-SA-5) and strengthen compliance with Redbook requirements.

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

Recommendation – Receipt numbers in the deposit should be listed on the deposit slip verification of the daily deposit should be noted on the deposit slip.

Current Status- This finding was repeated for fiscal year end June 30, 2025 and 2024.

Views of Responsible Officials – District leadership acknowledges the missing receipt numbers on certain deposit slips. Staff will be reminded of the requirement to list all receipt numbers on each deposit slip, and additional oversight will be implemented to ensure this procedure is followed consistently in the coming school year.

- III. **Condition** – 2 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 end June 30, 2025.