

**LIVINGSTON COUNTY SCHOOL DISTRICT**

BASIC FINANCIAL STATEMENTS,  
SUPPLEMENTARY INFORMATION,  
AND INDEPENDENT AUDITOR'S REPORTS

Year ended June 30, 2019

**LIVINGSTON COUNTY SCHOOL DISTRICT**  
**TABLE OF CONTENTS**  
**YEAR ENDED JUNE 30, 2019**

	<u>Page</u>
<b>Independent Auditor’s Report .....</b>	1-3
<b>Management’s Discussion and Analysis .....</b>	4-8
<b>Basic Financial Statements:</b>	
<b>Government-wide Financial Statements:</b>	
Statement of Net Position .....	9
Statement of Activities .....	10
<b>Governmental Fund Financial Statements:</b>	
Balance Sheet – Governmental Funds .....	11
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position .....	12
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds .....	13
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	14
<b>Proprietary Fund Financial Statements:</b>	
Statement of Net Position – Proprietary Funds .....	15
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds .....	16
Statement of Cash Flows – Proprietary Funds .....	17
<b>Fiduciary Fund Financial Statements:</b>	
Statement of Fiduciary Net Position – Fiduciary Funds .....	18
Statement of Changes in Fiduciary Net Position – Fiduciary Funds .....	19
<b>Notes to the Basic Financial Statements .....</b>	20-49
<b>Required Supplementary Information:</b>	
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund .....	50
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Special Revenue Fund .....	51
Schedule of the District's Proportionate Share of the Net Pension Liability – CERS Pension Fund .....	52

**LIVINGSTON COUNTY SCHOOL DISTRICT**  
**TABLE OF CONTENTS - CONTINUED**  
**YEAR ENDED JUNE 30, 2019**

**Required Supplementary Information (Continued):**

Schedule of District Contributions - CERS Pension Fund .....	53
Schedule of the District's Proportionate Share of the Net Postemployment Benefits Other Than Pensions (OPEB) Liability - CERS Insurance Fund .....	54
Schedule of District Contributions - CERS Insurance Fund.....	55
Schedule of the District's Proportionate Share of the Net Pension Liability – TRS Pension Fund .....	56
Schedule of District Contributions – TRS Pension Fund .....	57
Schedule of the District's Proportionate Share of the Net Postemployment Benefits Other than Pensions (OPEB) Liability - TRS Medical Insurance Plan .....	58
Schedule of District Contributions - TRS Medical Insurance Plan.....	59
Schedule of the District's Proportionate Share of the Net Postemployment Benefits Other than Pensions (OPEB) Liability - TRS Life Insurance Plan .....	60
Schedule of District Contributions - TRS Life Insurance Plan.....	61

**Other Supplementary Information:**

Combining Balance Sheet – Nonmajor Governmental Funds.....	62
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds .....	63
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Debt Service Funds .....	64
Combining Balance Sheet – School Activity Funds .....	65
Combining Statement of Revenues, Expenditures and Changes in Due To Student Groups – School Activity Funds.....	66
Statement of Receipts, Disbursements and Due To Student Groups – Livingston Central High School .....	67
Combining Statement of Net Position – All Private Purpose Trust Funds.....	68
Combining Statement of Revenues, Expenditures and Changes in Net Position Held in Trust – All Private Purpose Trust Funds .....	69
Schedule of Expenditures of Federal Awards .....	70
Notes to the Schedule of Expenditures of Federal Awards .....	71

**LIVINGSTON COUNTY SCHOOL DISTRICT**  
**TABLE OF CONTENTS - CONTINUED**  
**YEAR ENDED JUNE 30, 2019**

**Reports Required by the Single Audit Act:**

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	72-73
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance .....	74-75
Schedule of Findings and Questioned Costs .....	76
Schedule of Prior Year Audit Findings .....	77

**Management Letter Points:**

Independent Auditor's Transmittal Letter for Management Letter Comments .....	78
Management Letter Comments .....	79-83

75 Vine Street  
Benton, KY 42025

(270) 527-3628  
(270) 527-2261 fax

kimhamcpa@hotmail.com

---

---

**KIM HAM**  
**CERTIFIED PUBLIC ACCOUNTANT**

---

---

MEMBER,  
American Institute  
of CPA's

MEMBER,  
Kentucky Society  
of CPA's

**INDEPENDENT AUDITOR'S REPORT**

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

**Report on the Financial Statements**

I 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 as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Livingston County School District's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

***Auditor's Responsibility***

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit 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 prescribed by the Kentucky State Committee for School District Audits in the *Kentucky Public School Districts' Independent Auditor's Contract*, including *Appendix I to the Independent Auditor's Contract – Audit Extension Request* and *Appendix II to the Independent Auditor's Contract – Submission Instructions*. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

## **Opinions**

In my 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 Livingston County School District as of June 30, 2019, 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.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension and other postemployment benefits other than pensions (OPEB) information on pages 4 through 8 and 50 through 61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Livingston County School District's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the combining and individual nonmajor fund financial statements 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*, I have also issued my report dated October 30, 2019, on my consideration of the Livingston County School District's internal control over financial reporting and on my 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 my 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 Livingston County School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Livingston County School District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Kim Glavin". The signature is written in a cursive, slightly slanted style.

Benton, Kentucky  
October 30, 2019

**LIVINGSTON COUNTY PUBLIC SCHOOL DISTRICT – SMITHLAND, KY  
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2019**

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, 2019. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

**FINANCIAL HIGHLIGHTS**

- The beginning general fund balance for the District was \$4,095,428 and the ending balance was \$4,142,243.
- The District had a combined fund balance for all governmental funds on July 1, 2017 of \$4,406,610. The balance increased to \$4,544,594 by June 30, 2018 and increased to \$4,727,744 by June 30, 2019. The combined revenues for all governmental funds increased from FY 18 to FY 19 by \$819,990, with the largest increases being \$420,066 in more federal funds earned and \$329,874 in more in lieu of taxes received. The combined expenditures for all governmental funds increased from FY 18 to FY 19 by \$630,119, with the largest increases being \$298,229 for instruction, \$201,047 for plant operations and maintenance, and \$97,179 for student transportation. The net position (deficit) of the proprietary fund decreased from \$(36,193) at July 1, 2017 to \$(396,800) by June 30, 2018 then decreased to \$(455,414) by June 30, 2019. The deficit net position in the proprietary fund was caused by the allocation of net pension and OPEB liabilities and related deferred inflows and deferred outflows to the food service fund in accordance with GASB 68 and 75. If those amounts were not required to be recorded in the food service fund, there would have been positive net position of \$300,969. The District began offering day care services during FY 17, which ended that year with a net position (deficit) of \$(104,701), then decreased to \$(208,731) by June 30, 2018. The day care services fund was discontinued near the beginning of FY 19.
- Excluding on behalf amounts, the General Fund had \$9,336,136 in revenue, which primarily consisted of the state program (SEEK), property, utilities, and motor vehicle taxes. Revenues in the general fund, when disregarding on behalf amounts, increased from the prior year by about \$425,000, primarily from an increase in property and in lieu of taxes. Excluding interfund transfers and on behalf amounts, there was \$9,181,327 in General Fund expenditures. Expenditures in the general fund increased over the prior year by about \$269,000.
- Instruction, plant operations and maintenance, and student transportation accounted for 73.5% of General Fund expenditures.
- The District experienced a \$70,247 decrease in General Fund SEEK payments from the state in 2018-2019, as compared to 2017-2018.
- There were no significant changes in any of the individual funds affecting the availability of fund resources for future use, other than the effect of discontinuing the day care services fund, which caused a re-allocation of pension and OPEB amounts that had previously been accrued in the day care services fund.



**LIVINGSTON COUNTY PUBLIC SCHOOL DISTRICT – SMITHLAND, KY  
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2019**

**OVERVIEW OF FINANCIAL STATEMENTS**

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

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

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

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

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

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

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

The basic fund financial statements can be found on pages 11 through 19 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20 through 49 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of a government’s financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$4,544,192 as of June 30, 2019. The largest portion of the District’s net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment, and construction in progress), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

**LIVINGSTON COUNTY PUBLIC SCHOOL DISTRICT – SMITHLAND, KY  
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2019**

	<b>Net Position for the period ending</b>	
	<b>June 30, 2019</b>	<b>June 30, 2018</b>
Current Assets	\$ 5,150,061	\$ 5,058,765
Restricted Assets	817,564	673,268
Noncurrent Assets	<u>15,530,558</u>	<u>16,009,356</u>
<b>Total Assets</b>	<b><u>\$21,498,183</u></b>	<b><u>\$21,741,389</u></b>
Deferred Loss from Refunding Bonds	\$ 271,712	\$ 326,055
Deferred Outflows Related to Pensions	1,517,554	1,830,306
Deferred Outflows Related to OPEBs	<u>661,118</u>	<u>628,353</u>
<b>Total Deferred Outflows of Resources</b>	<b><u>\$ 2,450,384</u></b>	<b><u>\$ 2,784,714</u></b>
Current Liabilities	\$ 1,059,332	\$ 1,172,344
Noncurrent Liabilities	<u>17,419,386</u>	<u>18,259,372</u>
<b>Total Liabilities</b>	<b><u>\$18,478,718</u></b>	<b><u>\$19,431,716</u></b>
Deferred Inflows Related to Pensions	\$ 385,225	\$ 452,908
Deferred Inflows Related to OPEBs	<u>540,432</u>	<u>130,299</u>
<b>Total Deferred Inflows of Resources</b>	<b><u>\$ 925,657</u></b>	<b><u>\$ 583,207</u></b>
Net Investment in capital assets	\$ 7,604,236	\$ 7,330,921
Restricted	858,836	465,515
Unrestricted	<u>(3,918,880)</u>	<u>(3,285,256)</u>
<b>Total Net Position</b>	<b><u>\$ 4,544,192</u></b>	<b><u>\$ 4,511,180</u></b>

**Comments on Budget Comparisons**

- There were no significant variations between the original and final budget amounts.
- The District’s total general fund revenues for the fiscal year ended June 30, 2019 were \$12,588,507.
- General fund budgeted revenues compared to actual revenue varied from line item to line item with the actual revenues (including on behalf revenues, which were included in the budget) being \$2,779,682 more than budget. The largest amounts in excess of budget included all tax revenues (\$1.6 million over budget) and on behalf revenues (\$998,000 over budget).
- The total cost of all general fund programs and services was \$12,433,698, net of interfund transfers.
- General fund budgeted expenditures (excluding contingency) compared to actual expenditures also varied from line item to line item with the actual expenditures (excluding on behalf expenditures, which were not budgeted) being \$4,706,068 less than budget. The largest differences from budgeted amounts were in the functions for plant operations and maintenance (\$3,642,328 less than budget), and district administration (\$261,893 less than budget).
- The Kentucky Department of Education makes certain payments on behalf of the District, including certain pension plan payments, health and life insurance premium payments, and administrative fees. These payments have been recorded on the Statement of Activities by functional expense and as operating grants from the State and totaled \$3,252,371. The revenue and related expense for these on behalf payments are not required to be budgeted; however, the District included a budgeted amount of \$2,254,766 in state revenue. The expenditures were not budgeted on the line items for on behalf, but the budget for expenditures in total included an amount that would equal beginning balance plus revenues.

The following table presents a summary of revenue and expense for the fiscal year ended June 30, 2019, compared to the fiscal year ended June 30, 2018.

**LIVINGSTON COUNTY PUBLIC SCHOOL DISTRICT – SMITHLAND, KY  
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2019**

	June 30, 2019	June 30, 2018
<b>Program Revenues:</b>		
Charges for Services – Food Service	\$ 61,662	\$ 61,861
Charges for Services – Day Care	2,442	37,176
Charges for Services – Governmental	209,993	251,826
Operating grants – Governmental	5,906,584	5,529,773
Operating grants – Food Service	895,656	849,217
Operating grants – Day Care	3,176	36,550
Capital grants	<u>651,505</u>	<u>639,736</u>
<b>Total program revenues</b>	<b><u>7,731,018</u></b>	<b><u>7,406,139</u></b>
<b>General Revenues:</b>		
Taxes	6,637,178	6,094,792
Earnings on investments	52,667	48,783
State and formula grants	2,919,420	2,989,667
Gain on disposal of fixed assets	6,676	42,401
Miscellaneous	<u>2,686</u>	<u>0</u>
<b>Total general revenues</b>	<b><u>9,618,627</u></b>	<b><u>9,175,643</u></b>
<b>Total Revenues</b>	<b><u>17,349,645</u></b>	<b><u>16,581,782</u></b>
<b>Expenses:</b>		
Instruction	8,803,230	8,537,269
Student support services	474,690	544,150
Instructional support	681,348	631,422
District administration	742,169	714,263
School administration	1,153,129	1,196,606
Business support	400,095	351,100
Plant operations	2,029,081	1,880,078
Student transportation	1,712,332	1,519,630
Community services	120,049	82,164
Interest on long-term debt	274,780	291,560
Food service operation	1,017,469	1,129,246
Day care operation	(90,283)	150,729
Other	<u>(1,456)</u>	<u>(1,456)</u>
<b>Total expenses</b>	<b><u>17,316,633</u></b>	<b><u>17,026,761</u></b>
<b>Change in net position</b>	<b>33,012</b>	<b>(444,979)</b>
<b>Beginning net position</b>	<b><u>4,511,180</u></b>	<b><u>4,956,159</u></b>
<b>Ending net position</b>	<b><u>\$ 4,544,192</u></b>	<b><u>\$ 4,511,180</u></b>

**General Fund**

The main sources of the General Fund’s revenues are state aid in the form of SEEK allocations and locally assessed taxes. Total state revenue accounted for 49.3% of General Fund revenues, followed by local taxes at 48.7%, and all other revenues at 2.0%. The majority of the District’s activities are accounted for in the General Fund.

The largest category of General Fund expenditures was for instruction (51.2%), followed by plant operations and maintenance (11.6%), student transportation (10.7%), school administration services (8.8%), district administration services (5.9%), instructional staff support services (5.2%), student support services (3.7%), and business support services (2.9%).

**LIVINGSTON COUNTY PUBLIC SCHOOL DISTRICT – SMITHLAND, KY  
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2019**

**Special Revenue Fund**

The Special Revenue Fund consists of grant revenues, mostly state funds and federal funds administered through the state and expenditures of those grants for specific programs in accordance with the grants’ guidelines. These grants include Title I, No Child Left Behind Funding, Preschool, Special Education funding, and others. These funds have restricted use, according to the guidelines for each. Expenses include salaries and benefits, supplies, and transportation. Livingston County Public Schools received federal grants in the amount of \$1,705,911 and state grants in the amount of \$668,285.

**Capital Project Funds**

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

**Debt Service Funds**

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

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of fiscal year 2019, the District had \$15,530,558 invested in land, buildings, and equipment. Of that amount, \$15,441,743 is in governmental activities.

See Note E for a breakdown of additions by class on page 29.

**Debt Administration**

The District had \$8,205,000 in bonds payable outstanding on June 30, 2019. A total of \$830,000 is due within one year.

See Note F on pages 30-31 for a detailed list of bonds payable.

**BUDGETARY IMPLICATIONS**

In Kentucky, the public school fiscal year is July 1-June 30; other programs, i.e. some federal operate on a different fiscal calendar, but are reflected in the district overall budget. By law, the budget must have a minimum 2% contingency. The district adopted a total budget of \$14,929,385 in the General Fund and Food Service Fund combined and a contingency of \$295,675 which is 2.0%. The beginning fund balance for the fiscal year was \$4,095,428.

Questions regarding this report should be directed to the Superintendent Victor Zimmerman, PO Box 219, 127 East Adair Street, Smithland, KY 42081.

LIVINGSTON COUNTY SCHOOL DISTRICT  
**STATEMENT OF NET POSITION**  
June 30, 2019

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	\$ 3,537,837	\$ 194,426	\$ 3,732,263
Accounts receivable:			
Taxes - current	979,554	0	979,554
Taxes - delinquent	9,398	0	9,398
Accounts receivable	38,539	0	38,539
Due from school activity funds	5,303	0	5,303
Intergovernmental - state	13,324	0	13,324
Intergovernmental - indirect federal	310,827	9,228	320,055
Inventory	0	15,655	15,655
Prepaid expenses	35,970	0	35,970
<b>Total current assets</b>	<u>4,930,752</u>	<u>219,309</u>	<u>5,150,061</u>
<b>Restricted Assets:</b>			
Cash in bond sinking fund	817,564	0	817,564
<b>Total restricted assets</b>	<u>817,564</u>	<u>0</u>	<u>817,564</u>
<b>Noncurrent Assets:</b>			
Capital assets	27,532,611	486,531	28,019,142
Less: Accumulated depreciation	<u>(12,090,868)</u>	<u>(397,716)</u>	<u>(12,488,584)</u>
<b>Total noncurrent assets</b>	<u>15,441,743</u>	<u>88,815</u>	<u>15,530,558</u>
<b>TOTAL ASSETS</b>	<u>\$ 21,190,059</u>	<u>\$ 308,124</u>	<u>\$ 21,498,183</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred loss from refunding bonds	\$ 706,741	\$ 0	\$ 706,741
Less: Accumulated amortization	(435,029)	0	(435,029)
Deferred pension related outflows	1,308,816	208,738	1,517,554
Deferred OPEB related outflows	597,433	63,685	661,118
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 2,177,961</u>	<u>\$ 272,423</u>	<u>\$ 2,450,384</u>
<b>LIABILITIES :</b>			
<b>Current Liabilities:</b>			
Accounts payable	\$ 87,992	\$ 2,313	\$ 90,305
Advances from grantors	110,384	0	110,384
Current portion of bond obligations	830,000	0	830,000
Plus: Current portion of bond premium	5,619	0	5,619
Less: Current portion of unamortized bond discount	(2,390)	0	(2,390)
Current portion of accrued sick leave	4,632	0	4,632
Interest payable	20,782	0	20,782
<b>Total current liabilities</b>	<u>1,057,019</u>	<u>2,313</u>	<u>1,059,332</u>
<b>Noncurrent Liabilities:</b>			
Noncurrent portion of bond obligations	7,375,000	0	7,375,000
Plus: Noncurrent portion of unamortized bond premium	22,474	0	22,474
Less: Noncurrent portion of unamortized bond discount	(32,669)	0	(32,669)
Noncurrent portion of accrued sick leave	135,892	4,842	140,734
Net pension liability	4,542,802	724,521	5,267,323
Net OPEB liability	4,435,313	211,211	4,646,524
<b>Total noncurrent liabilities</b>	<u>16,478,812</u>	<u>940,574</u>	<u>17,419,386</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 17,535,831</u>	<u>942,887</u>	<u>\$ 18,478,718</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred pension related inflows	\$ 332,237	\$ 52,988	\$ 385,225
Deferred OPEB related inflows	500,346	40,086	540,432
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>\$ 832,583</u>	<u>\$ 93,074</u>	<u>\$ 925,657</u>
<b>NET POSITION:</b>			
Net Investment in capital assets	\$ 7,515,421	\$ 88,815	\$ 7,604,236
Restricted for:			
SFCC Escrow	461,292	0	461,292
Capital Projects	123,481	0	123,481
Debt service	818,292	0	818,292
Food service	0	(544,229)	(544,229)
Unrestricted	(3,918,880)	0	(3,918,880)
<b>TOTAL NET POSITION</b>	<u>\$ 4,999,606</u>	<u>\$ (455,414)</u>	<u>\$ 4,544,192</u>

See independent auditor's report and accompanying notes to financial statements

**LIVINGSTON COUNTY SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2019

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business- Type Activities	Total
<b>FUNCTIONS/PROGRAMS</b>							
<b>Governmental Activities:</b>							
Instruction	\$ 8,803,230	\$ 209,993	\$ 4,311,475	\$ 651,505	\$ (3,630,257)	\$ 0	\$ (3,630,257)
Support Services:							
Student	474,690	0	94,617	0	(380,073)	0	(380,073)
Instructional Staff	681,348	0	148,005	0	(533,343)	0	(533,343)
District Administration	742,169	0	99,614	0	(642,555)	0	(642,555)
School Administration	1,153,129	0	286,018	0	(867,111)	0	(867,111)
Business	400,095	0	139,890	0	(260,205)	0	(260,205)
Plant operations and maintenance	2,029,081	0	125,638	0	(1,903,443)	0	(1,903,443)
Student transportation	1,712,332	0	435,255	0	(1,277,077)	0	(1,277,077)
Community service activities	120,049	0	112,616	0	(7,433)	0	(7,433)
Interest on long-term debt	274,780	0	153,456	0	(121,324)	0	(121,324)
Other debt service	(1,456)	0	0	0	1,456	0	1,456
<b>Total governmental activities</b>	<b>16,389,447</b>	<b>209,993</b>	<b>5,906,584</b>	<b>651,505</b>	<b>(9,621,365)</b>	<b>0</b>	<b>(9,621,365)</b>
<b>Business-Type Activities:</b>							
Food service	1,017,469	61,662	895,656	0	0	(60,151)	(60,151)
Day care	(90,283)	2,442	3,176	0	0	95,901	95,901
<b>Total business-type activities</b>	<b>927,186</b>	<b>64,104</b>	<b>898,832</b>	<b>0</b>	<b>0</b>	<b>35,750</b>	<b>35,750</b>
<b>Total primary government</b>	<b>\$ 17,316,633</b>	<b>\$ 274,097</b>	<b>\$ 6,805,416</b>	<b>\$ 651,505</b>	<b>(9,621,365)</b>	<b>35,750</b>	<b>(9,585,615)</b>
<b>General Revenues:</b>							
Taxes:							
Property					3,718,462	0	3,718,462
Motor Vehicle					814,602	0	814,602
Utilities					622,326	0	622,326
In Lieu of					1,481,788	0	1,481,788
Earnings on Investments					51,291	1,376	52,667
State and formula grants					2,919,420	0	2,919,420
Gain on disposal of fixed assets					6,676	0	6,676
Miscellaneous					2,686	0	2,686
Transfers					(112,991)	112,991	0
<b>Change in net position</b>					<b>(117,105)</b>	<b>150,117</b>	<b>33,012</b>
Net position at July 1, 2018					5,116,711	(605,531)	4,511,180
Net position at June 30, 2019					<b>\$ 4,999,606</b>	<b>\$ (455,414)</b>	<b>\$ 4,544,192</b>

See independent auditor's report and accompanying notes to financial statements

LIVINGSTON COUNTY SCHOOL DISTRICT  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
June 30, 2019

	General Fund	Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS AND RESOURCES:</b>				
Cash and cash equivalents	\$ 2,952,336	\$ 0	\$ 585,501	\$ 3,537,837
Accounts receivable:				
Taxes - current	979,554	0	0	979,554
Taxes - delinquent	9,398	0	0	9,398
Accounts receivable	30,862	7,677	0	38,539
Interfund receivable	213,236	0	0	213,236
Due from school activity funds	5,303	0	0	5,303
Intergovernmental - state	0	13,324		13,324
Intergovernmental - indirect federal	5,717	305,110	0	310,827
Prepaid expenses	35,970	0	0	35,970
 <b>TOTAL ASSETS AND RESOURCES</b>	 <b>\$ 4,232,376</b>	 <b>\$ 326,111</b>	 <b>\$ 585,501</b>	 <b>\$ 5,143,988</b>
 <b>LIABILITIES AND FUND BALANCE:</b>				
<b>LIABILITIES:</b>				
Accounts payable	\$ 85,501	\$ 2,491	\$ 0	\$ 87,992
Interfund payable	0	213,236	0	213,236
Advances from grantors	0	110,384	0	110,384
Current portion of accrued sick leave	4,632	0	0	4,632
 <b>TOTAL LIABILITIES</b>	 90,133	 326,111	 0	 416,244
 <b>FUND BALANCES:</b>				
Nonspendable:				
Prepaid expenses	35,970	0	0	35,970
Restricted:				
KSFCC escrow	0	0	461,292	461,292
Construction projects	0	0	123,481	123,481
Debt service	0	0	728	728
Unassigned	4,106,273	0	0	4,106,273
 <b>TOTAL FUND BALANCES</b>	 4,142,243	 0	 585,501	 4,727,744
 <b>TOTAL LIABILITIES AND FUND BALANCES</b>	 <b>\$ 4,232,376</b>	 <b>\$ 326,111</b>	 <b>\$ 585,501</b>	 <b>\$ 5,143,988</b>

See independent auditor's report and accompanying notes to financial statements

LIVINGSTON COUNTY SCHOOL DISTRICT  
**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL  
 FUNDS TO THE STATEMENT OF NET POSITION**

June 30, 2019

Total fund balance per fund financial statements		\$ 4,727,744
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.		
Cost	\$ 27,532,611	
Accumulated depreciation	<u>(12,090,868)</u>	15,441,743
Certain long-term assets are not reported in this fund financial statement because they are not available to pay current-period expenditures, but they are reported in the statement of net position.		
Cash in bond sinking fund		817,564
Deferred outflows that are not financial resources and therefore are not reported as assets in the governmental funds balance sheet		
Deferred loss from refunding bonds	271,712	
Deferred pension related outflows	1,308,816	
Deferred OPEB related outflows	<u>597,433</u>	2,177,961
Deferred inflows that are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
Deferred pension related inflows	(332,237)	
Deferred OPEB related inflows	<u>(500,346)</u>	(832,583)
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		(20,782)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
Bond and lease obligations	(8,198,034)	
Net pension liability	(4,542,802)	
Net OPEB liability	(4,435,313)	
Accrued sick leave payable	<u>(135,892)</u>	<u>(17,312,041)</u>
Net position of governmental activities		<u>\$ 4,999,606</u>

See independent auditor's report and 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, 2019

	General Fund	Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>				
From Local Sources:				
Taxes:				
Property	\$ 3,233,381	\$ 0	\$ 485,081	\$ 3,718,462
Motor Vehicle	814,602	0	0	814,602
Utilities	622,326	0	0	622,326
In Lieu of	1,463,791	0	0	1,463,791
Tuition	4,940	0	0	4,940
Earnings on Investments	31,970	285	2,136	34,391
Other local revenues	188,677	106,306	0	294,983
Intergovernmental - State	6,209,158	668,285	698,767	7,576,210
Intergovernmental - indirect federal	19,662	1,705,911	0	1,725,573
Intergovernmental - direct federal	0	0	104,399	104,399
<b>TOTAL REVENUES</b>	<u>12,588,507</u>	<u>2,480,787</u>	<u>1,290,383</u>	<u>16,359,677</u>
<b>EXPENDITURES:</b>				
Current:				
Instruction	6,367,651	2,212,870	0	8,580,521
Support Services:				
Student	458,963	0	0	458,963
Instructional Staff	640,688	0	0	640,688
District Administration	734,407	0	0	734,407
School Administration	1,093,788	0	0	1,093,788
Business	360,943	0	0	360,943
Plant operations and maintenance	1,441,321	0	0	1,441,321
Student transportation	1,335,937	161,707	0	1,497,644
Community service activities	0	112,616	0	112,616
Debt service	0	0	1,154,048	1,154,048
<b>TOTAL EXPENDITURES</b>	<u>12,433,698</u>	<u>2,487,193</u>	<u>1,154,048</u>	<u>16,074,939</u>
Excess (deficiency) of revenues over expenditures	<u>154,809</u>	<u>(6,406)</u>	<u>136,335</u>	<u>284,738</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Sale or compensation for loss of assets	11,403	0	0	11,403
Operating transfers in	0	21,966	559,185	581,151
Operating transfers out	(119,397)	(15,560)	(559,185)	(694,142)
<b>TOTAL OTHER FINANCING     SOURCES (USES)</b>	<u>(107,994)</u>	<u>6,406</u>	<u>0</u>	<u>(101,588)</u>
Net change in fund balance	46,815	0	136,335	183,150
<b>Fund Balance, July 1, 2018</b>	<u>4,095,428</u>	<u>0</u>	<u>449,166</u>	<u>4,544,594</u>
<b>Fund Balance, June 30, 2019</b>	<u>\$ 4,142,243</u>	<u>\$ 0</u>	<u>\$ 585,501</u>	<u>\$ 4,727,744</u>

See independent auditor's report and accompanying notes to financial statements

LIVINGSTON COUNTY SCHOOL DISTRICT  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF ACTIVITIES**  
 For the Year Ended June 30, 2019

Net change in total governmental fund balances per fund financial statements \$ 183,150

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

Governmental funds report capital outlays as expenditures because they use current financial resources. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense is exceeded by capital outlays for the year.

Depreciation expense	(838,545)	
Capital outlays	<u>327,047</u>	(511,498)

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

Gross proceeds from the sale of fixed assets	(11,403)	
Gain on the disposal of fixed assets	<u>6,676</u>	(4,727)

Bond proceeds are reported as financing sources in governmental funds and, thus, contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.

Bond principal paid	805,000	
Bond sinking fund payment	<u>127,111</u>	932,111

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

Amortization of bond discounts	(4,162)	
Amortization of bond premium	5,618	
Amortization of deferred loss on early retirement of debt	<u>(54,343)</u>	(52,887)

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

Interest earned on bond sinking fund		17,185
--------------------------------------	--	--------

Generally, expenditures recognized in this fund financial statement are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred.

These net differences are as follows:

Interest payable	1,500	
Pension expense	(714,885)	
Accrued sick leave	<u>32,946</u>	(680,439)

Change in net position of governmental activities		<u>\$ (117,105)</u>
---	--	---------------------

See independent auditor's report and accompanying notes to financial statements

LIVINGSTON COUNTY SCHOOL DISTRICT  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
June 30, 2019

	<u>Food Service Fund</u>	<u>Day Care Fund</u>	<u>Total</u>
<b>ASSETS:</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 194,426	\$ 0	\$ 194,426
Accounts receivable:			
Intergovernmental - indirect federal	9,228	0	9,228
Inventory	15,655	0	15,655
<b>Total current assets</b>	<u>219,309</u>	<u>0</u>	<u>219,309</u>
<b>Noncurrent Assets</b>			
Capital assets	486,531	0	486,531
Less: accumulated depreciation	<u>(397,716)</u>	<u>0</u>	<u>(397,716)</u>
<b>Total noncurrent assets</b>	<u>88,815</u>	<u>0</u>	<u>88,815</u>
<b>TOTAL ASSETS</b>	<u>\$ 308,124</u>	<u>\$ 0</u>	<u>\$ 308,124</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred pension related outflows	\$ 208,738	\$ 0	208,738
Deferred OPEB related outflows	<u>63,685</u>	<u>0</u>	<u>63,685</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 272,423</u>	<u>\$ 0</u>	<u>\$ 272,423</u>
<b>LIABILITIES:</b>			
<b>Current Liabilities</b>			
Accounts payable	\$ 2,313	\$ 0	\$ 2,313
<b>Total current liabilities</b>	<u>2,313</u>	<u>0</u>	<u>2,313</u>
<b>Noncurrent Liabilities</b>			
Noncurrent portion of accrued sick leave	4,842	0	4,842
Net pension liability	724,521	0	724,521
Net OPEB liability	<u>211,211</u>	<u>0</u>	<u>211,211</u>
<b>Total noncurrent liabilities</b>	<u>940,574</u>	<u>0</u>	<u>940,574</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 942,887</u>	<u>\$ 0</u>	<u>\$ 942,887</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred pension related inflows	\$ 52,988	\$ 0	\$ 52,988
Deferred OPEB related inflows	<u>40,086</u>	<u>0</u>	<u>40,086</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>\$ 93,074</u>	<u>\$ 0</u>	<u>\$ 93,074</u>
<b>Net Position</b>			
Net investment in capital assets	\$ 88,815	\$ 0	\$ 88,815
Unrestricted (deficit)	<u>(544,229)</u>	<u>0</u>	<u>(544,229)</u>
<b>TOTAL NET POSITION</b>	<u>\$ (455,414)</u>	<u>\$ 0</u>	<u>\$ (455,414)</u>

See independent auditor's report and accompanying notes to financial statements

LIVINGSTON COUNTY SCHOOL DISTRICT  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**

For the Year Ended June 30, 2019

	Food Service Fund	Day Care Fund	Total
<b>Operating Revenues:</b>			
Lunchroom sales	\$ 60,755	\$ 0	\$ 60,755
Day care fees	0	2,442	2,442
Other operating revenues	907	0	907
<b>Total operating revenues</b>	61,662	2,442	64,104
<b>Operating Expenses:</b>			
Salaries and benefits	547,795	(90,558)	457,237
Contract services	38,498	0	38,498
Materials and supplies	414,412	275	414,687
Depreciation	7,358	0	7,358
Expendable equipment	4,574	0	4,574
Other operating expenses	4,832	0	4,832
<b>Total operating expenses</b>	1,017,469	(90,283)	927,186
Operating income (loss)	(955,807)	92,725	(863,082)
<b>Non-Operating Revenues (Expenses):</b>			
Federal grants	776,912	489	777,401
Donated commodities	53,856	0	53,856
State grants	64,888	2,687	67,575
Interest income	1,376	0	1,376
<b>Total non-operating revenues</b>	897,032	3,176	900,208
Net income (loss) before transfers	(58,775)	95,901	37,126
Transfers to other funds	(15,399)	0	(15,399)
Transfers from other funds	15,560	112,830	128,390
Change in net position	(58,614)	208,731	150,117
<b>Net Position, July 1, 2018</b>	(396,800)	(208,731)	(605,531)
<b>Net Position, June 30, 2019</b>	\$ (455,414)	\$ 0	\$ (455,414)

See independent auditor's report and accompanying notes to financial statements

LIVINGSTON COUNTY SCHOOL DISTRICT  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the Year Ended June 30, 2019

	Food Service Fund	Day Care Fund	Total
<b>Cash Flows from Operating Activities:</b>			
Cash received from:			
Lunchroom sales	\$ 60,755	\$ 0	\$ 60,755
Day care fees	0	5,210	5,210
Other operating revenues	1,567	0	1,567
Cash paid to/for:			
Employees	(434,665)	(30,003)	(464,668)
Contract services	(37,482)	0	(37,482)
Materials and supplies	(360,273)	(936)	(361,209)
Expendable equipment	(4,574)	0	(4,574)
Other operating expenses	(4,832)	0	(4,832)
<b>Net cash provided by (used in) operating activities</b>	<u>(779,504)</u>	<u>(25,729)</u>	<u>(805,233)</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>			
Operating grants received	783,511	2,783	786,294
Transfers to other funds	(15,399)	0	(15,399)
Transfers from other funds	15,560	112,830	128,390
Interfund loans	154,587	(154,587)	0
<b>Net cash provided by (used in) non-capital financing activities</b>	<u>938,259</u>	<u>(38,974)</u>	<u>899,285</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Purchases of capital assets	(44,785)	0	(44,785)
<b>Net cash provided by (used in) capital and related financing activities</b>	<u>(44,785)</u>	<u>0</u>	<u>(44,785)</u>
<b>Cash Flows from Investing Activities:</b>			
Interest income received	1,376	0	1,376
<b>Net cash provided by (used in) investing activities</b>	<u>1,376</u>	<u>0</u>	<u>1,376</u>
Net increase (decrease) in cash and cash equivalents	115,346	(64,703)	50,643
<b>Cash and cash equivalents, July 1, 2018</b>	<u>79,080</u>	<u>64,703</u>	<u>143,783</u>
<b>Cash and cash equivalents, June 30, 2019</b>	<u>\$ 194,426</u>	<u>\$ 0</u>	<u>\$ 194,426</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (955,807)	\$ 92,725	\$ (863,082)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	7,358	0	7,358
On-behalf payments	57,631	1,197	58,828
Commodities used	53,856	0	53,856
Changes in assets and liabilities:			
Accounts receivable	660	2,768	3,428
Inventory	328	0	328
Deferred outflows of resources	59,200	57,836	117,036
Accounts payable	971	(661)	310
Accrued sick leave	(2,764)	0	(2,764)
Net pension liability	16,147	(123,546)	(107,399)
Net OPEB liability	(32,083)	(42,432)	(74,515)
Deferred inflows of resources	14,999	(13,616)	1,383
<b>Net cash provided by (used in) operating activities</b>	<u>\$ (779,504)</u>	<u>\$ (25,729)</u>	<u>\$ (805,233)</u>
<b>Non-Cash Investing, Capital, and Financing Activities:</b>			
Food commodities received	\$ 53,856	\$ 0	\$ 53,856
On-behalf payments	57,631	1,197	58,828
<b>Total Non-Cash Investing, Capital, and Financing Activities</b>	<u>\$ 111,487</u>	<u>\$ 1,197</u>	<u>\$ 112,684</u>

See independent auditor's report and accompanying notes to financial statements

LIVINGSTON COUNTY SCHOOL DISTRICT  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
 June 30, 2019

	Private Purpose Trust Funds	Agency Fund
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 143,088	\$ 128,912
Accounts receivable	0	2,650
Interest receivable	940	0
	\$ 144,028	\$ 131,562
<b>LIABILITIES:</b>		
Accounts payable	\$ 0	\$ 11,258
Due to Board General Fund	0	5,303
Due to student groups	0	115,001
	\$ 0	\$ 131,562
<b>NET POSITION HELD IN TRUST</b>	\$ 144,028	\$ 0

See independent auditor's report and accompanying notes to financial statements

LIVINGSTON COUNTY SCHOOL DISTRICT  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
For the Year Ended June 30, 2019

	Private Purpose Trust Funds
<b>Additions:</b>	
Interest income	<u>\$ 961</u>
<b>Total Additions</b>	<u>961</u>
<b>Deductions:</b>	
Benefits paid	<u>1,250</u>
<b>Total Deductions</b>	<u>1,250</u>
Change in net position	(289)
<b>Net position, July 1, 2018</b>	<u>144,317</u>
<b>Net position, June 30, 2019</b>	<u><u>\$ 144,028</u></u>

See independent auditor's report and accompanying notes to financial statements

**LIVINGSTON COUNTY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
Year ended June 30, 2019

**NOTE A – REPORTING ENTITY**

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 school 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 included in any other governmental “reporting entity” as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards because board members are elected by the public and have decision making authority, the power to designate management, the responsibility to develop policies which may influence operations, and primary accountability for fiscal matters.

The District, for financial purposes, includes all of the funds and activities relevant to the operation of the Livingston County School District. The financial statements presented herein do not include funds of groups and organizations, which although associated with the school system, have not originated within the District itself such as Band Boosters, Parent-Teacher Associations, etc. The District is not involved in budgeting or managing these organizations, and is not responsible for any debt of the organizations, nor has any influence over the operation of the organizations.

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

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

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") as an agency for the District for financing the costs of school building facilities. The board members of the Livingston County Board of Education also comprise the Corporation’s Board of Directors.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The District’s financial statements are prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the District’s accounting policies are described below.

Basis of Presentation

Government-wide Financial Statements – The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include all financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.



**LIVINGSTON COUNTY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2019

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Basis of Presentation - continued

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements of governmental funds.

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District. The District does not allocate indirect expenses.

Fund Financial Statements – The financial transactions of the District are reported in individual funds in the fund financial statements, each of which is considered to be a separate set of self-balancing accounts which constitute its assets, liabilities, fund equity, revenues, and expenditures. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- a) Total assets plus deferred outflows, liabilities plus deferred inflows, revenues, or expenditures/expenses of that individual governmental or proprietary fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b) Total assets plus deferred outflows, liabilities plus deferred inflows, revenues or expenditures/expenses of the individual governmental fund or proprietary fund are at least 5 percent of the corresponding total for all governmental and proprietary funds combined.
- c) Funds may be reported as a major fund if the District considers them significant to the users of the financial statements.

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets, current liabilities, and fund balances, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows, liabilities, and deferred inflows associated with the operation of these funds are included on the statement of net position. The statement of revenues, expenses and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

The fiduciary funds are reported using the economic resources measurement focus.

**LIVINGSTON COUNTY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2019

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Fund Accounting

The District has the following funds:

I. Governmental Fund Types

- (A) The General Fund is the primary operating fund of the District. It accounts for financial resources used for general types of operations. This is a budgeted fund, and any unrestricted fund balances are considered as resources available for use. This is always classified as a major fund of the District per GASB 34.
- (B) The Special Revenue (Grant) Fund accounts for proceeds of specific revenue sources, such as grants, donations, or gifts (other than expendable trusts or major capital projects) that are legally restricted or committed to expenditure for specified purposes other than debt service or capital projects. It includes state, federal and private grants where unused balances are returned to the grantor at the close of the specified project periods. Project accounting codes are employed to distinguish specific revenue sources and expenditures. The separate projects of federally-funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report on page 70. The Kentucky Department of Education has deemed this fund always be classified as a major fund.
- (C) Capital Project Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays including the acquisition or construction of capital facilities and other capital assets (other than those financed by Proprietary Funds). Common sources of revenue to these funds are the capital outlay allotment, building fund tax levies, and sale of bonds.
  - 1. The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund receives those funds designated by the state as Capital Outlay Funds (unless authorized for retention in the General Fund) and is restricted for use in financing projects identified in the District's facility plan.
  - 2. The Facility Support Program of Kentucky (FSPK) Fund accounts for funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable. Funds may be used for projects identified in the district's facility plan.
  - 3. The Construction Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction.
- (D) The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest and related cost; and, for the payment of interest on general obligation notes payable, as required by Kentucky Law.

II. Proprietary Fund Types (Enterprise Fund)

- (A) The Food Service Fund (Enterprise) is used to account for school food service activities, including the National School Lunch Program, which is conducted in cooperation with the U.S. Department of Agriculture (USDA). An amount of \$53,856 has been recorded for in-kind contribution of commodities from the USDA. The Food Service Fund is a major fund of the District.
- (B) The Day Care Fund (Enterprise) is used to account for day care activities.

**LIVINGSTON COUNTY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2019

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Fund Accounting – continued

III. Fiduciary Fund Type (Agency and Private Purpose Trust Funds)

- (A) Agency funds account for assets held by the District in a purely custodial capacity. Since Agency Funds are custodial in nature (i.e., assets equal liabilities), they do not involve the measurement of results of operations. The Agency Fund accounts for activities of student groups and other types of activities requiring clearing accounts. These activity funds are accounted for in accordance with the Accounting Procedures for Kentucky School Activity Funds (Redbook).
- (B) The Private Purpose Trust Funds are used to report trust arrangements under which principal and income benefit individuals, such as scholarships.

Basis of Accounting

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

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

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

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are recorded as unearned grant revenue.

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the statement of revenues, expenses, and changes in net position as an expense with a like amount reported as donated commodities revenue.

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

**LIVINGSTON COUNTY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2019

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

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, 2019, to finance operations were \$.458 per \$100 valuation for real property, \$.458 per \$100 valuation for business personal property and \$.458 per \$100 valuation for motor vehicles.

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

Budgetary Process

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

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

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.

Inventories

The only inventory maintained by the District consists of expendable supplies held for consumption and is accounted for in the proprietary (food service) fund. Inventory consists of purchased food and donated commodities and is expensed when used. The purchased food is stated at cost and donated commodity inventory is stated at estimated value on date of receipt, with both types using the first-in, first-out method.

Prepaid Assets

Payments made that will benefit periods beyond June 30, 2019 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. Prepaid items at June 30, 2019 consisted of workers' compensation and fidelity bonds paid during the fiscal year ended June 30, 2019 that included coverage for periods beyond June 30, 2019.

Debt Costs

Unamortized discounts of \$35,059 and unamortized premiums of \$28,093 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.

**LIVINGSTON COUNTY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2019

**NOTE B – 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 new guidelines establish 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. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives for both 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

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.

For governmental fund financial statements, the current portion of unpaid sick leave is the amount expected to be paid using expendable available resources. These amounts, when applicable, are recorded in the account "current portion of accrued sick leave" in the general fund. The noncurrent portion of the liability is not reported.

**LIVINGSTON COUNTY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2019

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Accrued Liabilities and Long-Term Obligations

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

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

Fund Balance Classifications

Nonspendable fund balances are amounts that are not in a spendable form (such as prepaid expenses or inventories) or are required to be maintained intact.

Restricted fund balances arise when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Committed fund balances are those amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority which, for the District, is the Board of Education. The Board of Education must approve by majority vote the establishment (and modification or rescinding) of a fund balance commitment.

Assigned fund balances are those amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The Board of Education allows the program supervisors to complete purchase orders which result in the encumbrance of funds. Assigned fund balance also includes (a) all remaining amounts, except negative balances, that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed and (b) amounts in the general fund that are intended to be used for a specific purpose.

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund is the only fund that reports a positive unassigned fund balance. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

The District considers restricted amounts to have been spent first when expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available. The District does not have a policy regarding the use of unrestricted fund balance amounts. Therefore, the default order is used which considers that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

**LIVINGSTON COUNTY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2019

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus 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 either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position includes all other net position that does not meet the definition of restricted or net investment in capital assets.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, those revenues are primarily charges for meals provided by the various schools and day care fees. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from non-exchange transactions or ancillary activities.

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.

Use of Restricted Resources

When an expense is incurred for which there are both restricted and unrestricted net position available, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Encumbrance Accounting

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of materials or service. For budgetary purposes, appropriations lapse at fiscal year-end and outstanding encumbrances at year-end are re-appropriated in the next year. Accordingly, no differences exist between actual results and the applicable budgetary data presented in the accompanying required supplementary information. Encumbrances are considered a managerial assignment of fund balance at June 30, 2019.

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 nonoperating revenues/expenses in proprietary funds. Interfund transfers between funds of the same type are eliminated in the government-wide statements. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

**LIVINGSTON COUNTY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2019

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

Subsequent Events

In preparing these financial statements, management has evaluated other events and transactions for potential recognition or disclosure through October 30, 2019, the date the financial statements were available to be issued.

**NOTE C – ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets, deferred outflows, liabilities, deferred inflows, fund balances, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**NOTE D – CASH AND CASH EQUIVALENTS**

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

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

At year-end, the carrying amount of the District's cash and cash equivalents was \$4,821,827. The bank balance was \$5,052,002. Of the bank balance, \$1,068,292 was covered by federal depository insurance and the remaining balance was subject to custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The remaining balance of \$3,983,710 was uninsured and collateralized with securities held by the pledging banks' agent, in the District's name.



LIVINGSTON COUNTY SCHOOL DISTRICT  
**NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED**  
YEAR ENDED JUNE 30, 2019

**Note E - Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2019, was as follows:

Governmental Activities	Balance July 1, 2018	Additions	Retirements	Balance June 30, 2019
<b>Capital Assets:</b>				
Land	\$ 263,559	\$ 0	\$ 0	\$ 263,559
Land improvements	783,478	0	0	783,478
Buildings and improvements	22,545,939	94,752	0	22,640,691
Technology equipment	903,973	75,628	98,577	881,024
Vehicles	2,405,623	119,508	62,125	2,463,006
General Equipment	511,705	37,159	48,011	500,853
Totals at historical cost	<u>27,414,277</u>	<u>327,047</u>	<u>208,713</u>	<u>27,532,611</u>
<b>Less: Accumulated depreciation</b>				
Land improvements	600,165	23,050	0	623,215
Buildings and improvements	8,070,278	563,633	0	8,633,911
Technology equipment	633,967	102,484	95,225	641,226
Vehicles	1,755,420	126,875	62,425	1,819,870
General Equipment	396,479	22,503	46,336	372,646
Total accumulated depreciation	<u>11,456,309</u>	<u>838,545</u>	<u>203,986</u>	<u>12,090,868</u>
<b>Governmental Activities Capital Assets - Net</b>	<u>\$ 15,957,968</u>	<u>\$ (511,498)</u>	<u>\$ 4,727</u>	<u>\$ 15,441,743</u>
<b>Business-Type Activities</b>				
<b>Capital Assets:</b>				
Technology equipment	\$ 6,638	\$ 0	\$ 1,559	\$ 5,079
General Equipment	441,826	44,785	5,159	481,452
Totals at historical cost	<u>448,464</u>	<u>44,785</u>	<u>6,718</u>	<u>486,531</u>
<b>Less: Accumulated depreciation</b>				
Technology equipment	4,437	518	1,559	3,396
General Equipment	392,639	6,840	5,159	394,320
Total accumulated depreciation	<u>397,076</u>	<u>7,358</u>	<u>6,718</u>	<u>397,716</u>
<b>Business-Type Activities Capital Assets - Net</b>	<u>\$ 51,388</u>	<u>\$ 37,427</u>	<u>\$ 0</u>	<u>\$ 88,815</u>

Depreciation expense was charged to governmental functions as follows:

Instructional	\$ 102,447
Student support services	5,781
Instructional staff support services	1,060
District administration	13,245
School administrative support	6,418
Business support	3,341
Plant operation and maintenance	591,851
Student transportation	114,090
Community services	312
Total depreciation expense	<u>\$ 838,545</u>

**LIVINGSTON COUNTY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2019

**NOTE F – GENERAL LONG-TERM OBLIGATIONS**

The amount shown in the accompanying government-wide financial statements as bond obligations represent the District's future obligations to make lease payments related to school building revenue bonds issued by the Livingston County School District Finance Corporation on behalf of the District for purposes of school facility construction. These amounts are not reflected on the fund financial statements.

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.

Following is a schedule of obligations existing at June 30, 2019:

<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rates</u>	<u>Amount Outstanding</u>
February 1, 2012	June 1, 2024	1.000% - 2.500%	\$ 3,545,000
December 11, 2012	December 1, 2032	3.500%	3,180,000
September 1, 2014	September 1, 2034	1.000%	1,480,000
			<u>\$ 8,205,000</u>

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

In February, 2012, the District issued bonds to advance refund a portion of the outstanding 2003 School Building Revenue bonds that were scheduled to mature on or after June 1, 2013 and a portion of the outstanding 2004 School Building Revenue bonds that were scheduled to mature on or after June 1, 2014. The defeased bonds were paid during a prior year. In the Statement of Net Position, the net costs associated with the early retirement of the issues are deferred and amortized over the lesser of the original remaining life of the old bonds or the life of the new bonds, which is thirteen years for the portion relating to the 2003 issue and twelve years for the portion relating to the 2004 issue. The amount deferred is reported as a deferred outflow of resources. Total deferred costs were \$706,741. Amortization for the year was \$54,343 and is included as a component of interest expense.

On December 11, 2012, the District issued \$3,180,000 in Qualified Zone Academy Bonds which are tax credit bonds pursuant to Section 54 of the Internal Revenue Code, to finance capital projects at Livingston Central High School. The District and the Kentucky School Facility Construction Commission are required to make semi-annual sinking fund payments to be held in escrow at US Bank. Payments of \$127,111 were made in fiscal year 2019. The fair market value of this account at June 30, 2019 was \$817,564 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.

**LIVINGSTON COUNTY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2019

**NOTE F – GENERAL LONG-TERM OBLIGATIONS – CONTINUED**

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

The bonds may be called prior to maturity and redemption premiums are specified in each issue. Assuming no bonds are called prior to scheduled maturity, the minimum obligations of the District, including amounts to be paid by the Commission, at June 30, 2019 for debt service (principal and interest) are as follows:

Year	Livingston County School District			Kentucky School Facility Construction Commission		Total
	Principal	Interest	Federal Subsidy	Principal	Interest	
2019-2020	\$ 386,455	\$ 151,206	\$ (111,300)	\$ 443,545	\$ 53,631	\$ 923,537
2020-2021	402,882	143,454	(111,300)	452,118	45,058	932,212
2021-2022	408,087	134,451	(111,300)	461,913	35,262	928,413
2022-2023	203,073	125,326	(111,300)	471,927	25,249	714,275
2023-2024	68,850	120,485	(111,300)	481,150	15,015	574,200
2024-2025	68,536	119,798	(111,300)	31,464	3,452	111,950
2025-2026	73,220	119,090	(111,300)	31,780	3,135	115,925
2026-2027	72,901	118,359	(111,300)	32,099	2,816	114,875
2027-2028	72,578	117,632	(111,300)	32,422	2,493	113,825
2028-2029	72,252	116,908	(111,300)	32,748	2,168	112,776
2029-2030	76,923	116,162	(111,300)	33,077	1,838	116,700
2030-2031	76,591	115,394	(111,300)	33,409	1,506	115,600
2031-2032	76,255	114,630	(111,300)	33,745	1,170	114,500
2032-2033	830,114	58,194	(55,650)	2,464,886	831	3,298,375
2033-2034	105,573	1,612	0	34,427	488	142,100
2034-2035	108,376	542	0	31,624	158	140,700
	<u>\$ 3,102,666</u>	<u>\$ 1,673,243</u>	<u>\$ (1,502,550)</u>	<u>\$ 5,102,334</u>	<u>\$ 194,270</u>	<u>\$ 8,569,963</u>

Interest expense for fiscal year ended June 30, 2019 was \$274,780 including \$104,399 in federal subsidy payments on the 2012 Qualified Zone Academy Bonds.

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

Type	Balance June 30, 2018	Increases	Decreases	Balance June 30, 2019	Due Within One Year
<b>Governmental:</b>					
Bonds payable	\$ 9,010,000	\$ 0	\$ 805,000	\$ 8,205,000	\$ 830,000
Less: Unamortized discounts	(39,222)	0	(4,163)	(35,059)	(2,390)
Unamortized premiums	33,712	0	5,619	28,093	5,619
Sick leave	190,619	0	50,095	140,524	4,632
Net pension liability	4,078,478	464,324	0	4,542,802	0
Net OPEB liability	4,688,770	0	253,457	4,435,313	0
Totals	<u>\$ 17,962,357</u>	<u>\$ 464,324</u>	<u>\$ 1,110,008</u>	<u>\$ 17,316,673</u>	<u>\$ 837,861</u>
<b>Business-Type:</b>					
Sick leave	\$ 7,606	\$ 0	\$ 2,764	\$ 4,842	\$ 0
Net pension liability	831,920	0	107,399	724,521	0
Net OPEB liability	285,726	0	74,515	211,211	0
Totals	<u>\$ 1,125,252</u>	<u>\$ 0</u>	<u>\$ 184,678</u>	<u>\$ 940,574</u>	<u>\$ 0</u>

**LIVINGSTON COUNTY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2019

**NOTE G – EMPLOYEE BENEFITS**

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

**County Employees Retirement System Pension and Insurance Funds**

*Plan Descriptions and Benefits Provided* - Employees whose positions do not require a degree beyond a high school diploma are covered by the CERS, a cost-sharing multiple-employer defined benefit pension plan administered by Kentucky Retirement Systems (KRS), an agency of the Commonwealth of Kentucky. The plan covers all regular full-time members employed in non-hazardous and hazardous duty positions of any state department, board, agency, county, city, school board, and any additional eligible local agencies electing to participate. CERS provides retirement, disability benefits, and death benefits to plan members. Retirement benefits may be extended to beneficiaries of plan members under certain circumstances. Cost of living (COLA) adjustments are provided at the discretion of the State legislature. Under the provisions of Kentucky Revised Statute Section 61.645, the Board of Trustees of Kentucky Retirement Systems administers the CERS.

The CERS also provides other post-employment benefits through the Kentucky Retirement Systems Insurance Fund (Insurance Fund), which was established to provide hospital and medical insurance for eligible members receiving benefits from CERS. The insurance fund is a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the Kentucky Retirement Systems. The insurance fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance. The amount of contribution paid by the insurance fund is based upon years of service. All participants enrolled in CERS are automatically enrolled in both the insurance fund and the pension fund. Information regarding the Insurance Fund is contained in the financial statements of the Kentucky Retirement Systems.

The Kentucky Retirement Systems issues a publicly available financial report that includes financial statements and required supplementary information for the plans. That report may be found on the KRS website at [www.kyret.ky.gov](http://www.kyret.ky.gov).

*Contributions* – Contribution rates are established by the Kentucky Revised Statutes. Non-hazardous plan members who began participating prior to September 1, 2008 are required to contribute 5% of their annual creditable compensation. Plan members who began participating on or after September 1, 2008 are required to contribute an additional 1% for retirement health insurance coverage. Plan members who began participating on or after January 1, 2014 are required to contribute to the Cash Balance Plan which is a hybrid plan with characteristics of both a defined benefit plan and a defined contribution plan. Members in the Cash Balance Plan are required to contribute at the same rates as plan members who began participating on or after September 1, 2008. The employer contribution plan rates for non-hazardous plan members were 21.48% for the year ended June 30, 2019. The required contribution rates are made up of a portion that is attributed to the insurance fund and a portion attributed to the pension fund. For non-hazardous contributions, 16.22% is the rate for the pension fund and 5.26% is the rate for the insurance fund. The pension contributions for the fiscal year ended June 30, 2019 were \$387,685. The insurance contributions for the fiscal year ended June 30, 2019 were \$125,723. The actuarially determined contribution requirements of plan members and the District are established and may be amended by the KRS Board of Trustees.

**County Employees Retirement System Pension Fund**

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions* - At June 30, 2019, the District reported a liability of \$5,267,323 for its proportionate share of the net pension liability. The total pension liability was rolled-forward from the actuarial valuation date of June 30, 2017 to the plan's fiscal year ended June 30, 2018, using generally accepted actuarial principles. The District's proportion of the net pension liability was based on a projection of the District's share of contributions to the pension plan relative to the total contributions of all participating employers, actuarially determined. At June 30, 2018, the District's proportion was .086487% for non-hazardous employees.

**LIVINGSTON COUNTY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2019

**NOTE G – EMPLOYEE BENEFITS - CONTINUED**

**County Employees Retirement System Pension Fund (Continued)**

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)* – As a result of its requirement to contribute to the CERS pension fund, the District recognized pension expense of \$987,359 for the year ended June 30, 2019. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources from the following sources as a result of its requirements to contribute to CERS:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Net differences between projected and actual earnings on pension plan investments	\$ 211,243	\$ 33,691	\$ 265,715	\$ 42,379
Differences between expected and actual experience	148,173	23,632	66,497	10,605
Changes of assumptions	443,964	70,806	0	0
Change in proportion and differences between employer contributions and proportionate share of plan contributions	171,076	27,284	25	4
District contributions subsequent to the measurement date	<u>334,360</u>	<u>53,325</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 1,308,816</u>	<u>\$ 208,738</u>	<u>\$ 332,237</u>	<u>\$ 52,988</u>

Deferred outflows of resources in governmental activities of \$334,360 and in business-type activities of \$53,325 related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. 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>Year Ended June 30</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2020	\$ 459,827	\$ 73,337
2021	245,014	39,076
2022	(38,238)	(6,098)
2023	(24,384)	(3,890)

The net pension liability as of June 30, 2019 is based on the June 30, 2017 actuarial valuation as rolled forward to the plan's fiscal year end of June 30, 2018 using generally accepted actuarial principles. Deferred inflows and outflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed five-year period. Deferred outflows and inflows related to differences between expected and actual experience, changes of assumptions, and changes in proportion and differences between employer contributions and proportionate share of plan contributions are amortized over a period that represents the weighted average service life of active and inactive members of the plan (3.46 years for non-hazardous plans).

*Actuarial Assumptions* – The total pension liability, net pension liability, and sensitivity information as of June 30, 2018 were based on an actuarial valuation date of June 30, 2017. The total pension liability was rolled-forward from the valuation date (June 30, 2017) to the plan's fiscal year ended June 30, 2018, using generally accepted actuarial principles. An actuarial experience study was conducted for the five-year period July 1, 2008 to June 30, 2013. Subsequent to the actuarial valuation date (June 30, 2017), but prior to the measurement date, the KRS Board of Trustees reviewed investment trends, inflation, and payroll growth historical trends. Based on this review, the KRS Board of Trustees adopted the following updated actuarial assumptions which were used in performing the actuarial valuation as of June 30, 2018 (a complete list of actuarial assumptions is listed in the Required Supplementary Information section of this report):

**LIVINGSTON COUNTY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2019

**NOTE G – EMPLOYEE BENEFITS – CONTINUED**

**County Employees Retirement System Pension Fund (Continued)**

*Actuarial Assumptions (Continued)*

- Inflation - 2.30%
- Salary increases - 3.05% average, including inflation
- Investment rate of return – 6.25%, net of pension plan investment expense, including inflation
- Payroll growth rate – 2.00%

There was a change in benefit terms from the plan’s fiscal year ended June 30, 2017 to the fiscal year ended June 30, 2018 as a result of House Bill 185, which updated the benefit provisions for active members who die in the line of duty. Benefits paid to 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 there is no surviving spouse, the benefits to surviving dependent children increased from 10% of the member’s final pay to 50% of average pay for one child, 65% of average pay for two children, or 75% of average pay for three children.

The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back one year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back four years for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted.

The long-term expected return on plan assets was determined by using a building block method in which best estimate ranges of expected future real rates of return 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 rate of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rates of Return</u>
U.S. Equity – Large Cap	5.00%	4.50%
U.S. Equity – Mid Cap	6.00%	4.50%
U.S. Equity – Small Cap	6.50%	5.50%
Non U.S. Equity – International Developed	12.50%	6.50%
Non U.S. Equity – Emerging Markets	5.00%	7.25%
Global Bonds	4.00%	3.00%
Credit Fixed – Global IG Credit	2.00%	3.75%
Credit Fixed – High Yield	7.00%	5.50%
Credit Fixed – Emerging Market Debt	5.00%	6.00%
Credit Fixed – Illiquid Private Credit	10.00%	8.50%
Private Equity	10.00%	6.50%
Real Estate	5.00%	9.00%
Absolute Return	10.00%	5.00%
Real Return	10.00%	7.00%
Cash Equivalent	2.00%	1.50%
Total	<u>100.00%</u>	

**LIVINGSTON COUNTY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2019

**NOTE G – EMPLOYEE BENEFITS – CONTINUED**

**County Employees Retirement System Pension Fund (Continued)**

*Discount Rate* – The discount rate used to measure the total pension liability was 6.25%. The discount rate determination does not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at the actuarially determined contribution rate of projected compensation over the remaining 25 year closed amortization period of the unfunded actuarial accrued liability. Once the unfunded actuarial accrued liability is fully amortized, the employer will only contribute the normal cost rate and the administrative expense rate on the close payroll for existing members.

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

	1% Decrease (5.25%)	Current Discount (6.25%)	1% Increase (7.25%)
District's proportionate share of net pension liability	\$6,631,013	\$5,267,323	\$4,124,788

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

*Payables to the pension plan* – At June 30, 2019, the financial statements include \$0 in payables to CERS for the pension and insurance funds.

**County Employees Retirement System Insurance Fund (OPEB)**

*OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB* - At June 30, 2019, the District reported a liability of \$1,535,524 for its proportionate share of the net OPEB liability of non-hazardous employees. The total OPEB liability was rolled-forward from the actuarial valuation date of June 30, 2017 to the plan's fiscal year ended June 30, 2018, using generally accepted actuarial principles. The District's proportion of the net OPEB liability was based on a projection of the District's share of contributions to the OPEB plan relative to the total contributions of all participating employers, actuarially determined. At June 30, 2018, the District's proportion was .086485% for non-hazardous employees.

The fully-insured premiums KRS pays for the Kentucky Employees' Health Plan are blended rates based on the combined experience of active and retired members. Because the average cost of providing health care benefits to retirees under age 65 is higher than the average cost of providing health care benefits to active employees, there is an implicit employer subsidy for the non-Medicare eligible retirees. GASB 75 requires that the liability associated with this implicit subsidy be included in the calculation of the total OPEB liability.

As a result of its requirement to contribute to the CERS insurance fund, the District recognized OPEB expense of \$200,931 for the year ended June 30, 2019. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources from the following sources as a result of its requirements to contribute to CERS:

**LIVINGSTON COUNTY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2019

**NOTE G – EMPLOYEE BENEFITS – CONTINUED**

**County Employees Retirement System Insurance Fund (OPEB) (Continued)**

*OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)*

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Net differences between projected and actual earnings on OPEB plan investments	\$ 0	\$ 0	\$ 91,219	\$ 14,548
Differences between expected and actual experience	0	0	154,331	24,614
Changes of assumptions	264,485	42,182	3,060	488
Change in proportion and differences between employer contributions and proportionate share of plan contributions	26,398	4,210	2,736	436
District contributions subsequent to the measurement date	108,430	17,293	0	0
Total	<u>\$ 399,313</u>	<u>\$ 63,685</u>	<u>\$ 251,346</u>	<u>\$ 40,086</u>

Deferred outflows of resources in governmental activities of \$108,430 and in business-type activities of \$17,293 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2020	\$ 9,055	\$ 1,444
2021	9,055	1,444
2022	9,055	1,444
2023	26,771	4,270
2024	(7,177)	(1,144)
Thereafter	(7,222)	(1,152)

The net OPEB liability as of June 30, 2019 is based on the June 30, 2017 actuarial valuation rolled forward to the plan's fiscal year end of June 30, 2018 using generally accepted actuarial principles. Deferred inflows and outflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed five-year period. Deferred outflows and inflows related to differences between expected and actual experience, changes of assumptions, and changes in proportion and differences between employer contributions and proportionate share of contributions are amortized over a period that represents the weighted average of the remaining service life of active and inactive members of the plan (6.30 years for non-hazardous plans).

*Actuarial Assumptions* - The total OPEB liability, net OPEB liability, and sensitivity information for the actuarial valuation as of June 30, 2018 were based on an actuarial valuation date of June 30, 2017. The total OPEB liability was rolled-forward from the valuation date (June 30, 2017) to the plan's fiscal year ended June 30, 2018, using generally accepted actuarial principles. An actuarial experience study was conducted for the five-year period July 1, 2008 to June 30, 2013. Subsequent to the actuarial valuation date (June 30, 2017), but prior to the measurement date, the KRS Board of Trustees reviewed investment trends, inflation, and payroll growth historical trends. Based on this review, the KRS Board of Trustees adopted the following updated actuarial assumptions which were used in performing the actuarial valuation as of June 30, 2018 (a complete list of actuarial assumptions is listed in the Required Supplementary Information section of this report):



**LIVINGSTON COUNTY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2019

**NOTE G – EMPLOYEE BENEFITS – CONTINUED**

**County Employees Retirement System Insurance Fund (OPEB) (Continued)**

*Actuarial Assumptions (Continued)*

- Inflation - 2.30%
- Salary increases - 3.05% average, including inflation
- Investment rate of return – 6.25%, net of OPEB plan investment expense, including inflation
- Payroll growth rate – 2.00%
- Healthcare trend rates – Initial trend starting at 7.00% at January 1, 2020, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years (Pre-65). Initial trend rate starting at 5.00% at January 1, 2020, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 10 years (Post-65).
- Single discount rate – Prior measurement date: 5.84%; Measurement date: 5.85%
- Municipal bond rate – Prior measurement date: 3.56%; Measurement date: 3.62%

There was a change in benefit terms from the plan’s fiscal year ended June 30, 2017 to the fiscal year ended June 30, 2018 as a result of House Bill 185 which updated the provisions to now pay 100% of the insurance premiums for spouses and children of all active members who die in the line of duty.

The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back one year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back four years for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted.

The long-term expected rate of return on plan assets was determined by using a building block method in which best-estimate ranges of expected future real rates of return 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 rate of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity – Large Cap	5.00%	4.50%
U.S. Equity – Mid Cap	6.00%	4.50%
U.S. Equity – Small Cap	6.50%	5.50%
Non U.S. Equity – International Developed	12.50%	6.50%
Non U.S. Equity – Emerging Markets	5.00%	7.25%
Global Bonds	4.00%	3.00%
Credit Fixed – Global IG Credit	2.00%	3.75%
Credit Fixed – High Yield	7.00%	5.50%
Credit Fixed – Emerging Market Debt	5.00%	6.00%
Credit Fixed – Illiquid Private	10.00%	8.50%
Private Equity	10.00%	6.50%
Real Estate	5.00%	9.00%
Absolute Return	10.00%	5.00%
Real Return	10.00%	7.00%
Cash Equivalent	2.00%	1.50%
Total	<u>100.00%</u>	

**LIVINGSTON COUNTY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2019

**NOTE G – EMPLOYEE BENEFITS – CONTINUED**

**County Employees Retirement System Insurance Fund (OPEB) (Continued)**

*Discount Rate* – The discount rate used to measure the total OPEB liability was 5.85% for non-hazardous. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at the actuarially determined contribution rate of projected compensation over the remaining 25 year closed amortization period of the unfunded actuarial accrued liability. The cost associated with the implicit subsidy was not included in the calculation of the KRS’s actuarially determined contributions, and any cost associated with the implicit subsidy will not be paid out of the KRS’s trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments from the retirement system. As a result the Municipal Bond Index Rate was used in the determination of the single equivalent interest rate. There was a change in the Municipal Bond Index Rate from the prior measurement date, so as required under GASB 75, the single equivalent interest rate at the measurement date of 5.85% for non-hazardous was calculated using the Municipal Bond Index Rate as of the measurement date of 3.62%, as reported in Fidelity Index’s “20-Year Municipal GO AA Index” as of June 30, 2018. This change in the discount rate is considered a change in actuarial assumptions or other inputs under GASB 75.

*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 calculated using the discount rate of 5.85%, 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 (4.85%) or 1-percentage-point higher (6.85%) than the current rate:

	<u>1% Decrease</u> <u>(4.85%)</u>	<u>Current Discount</u> <u>(5.85%)</u>	<u>1% Increase</u> <u>(6.85%)</u>
District’s proportionate share of net OPEB liability	\$1,994,399	\$1,535,524	\$1,144,646

*Sensitivity of the District’s proportionate share of the net OPEB liability to changes in the healthcare cost trend 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 collective 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 Trend Rate</u>	<u>1% Increase</u>
District’s proportionate share of net OPEB liability	\$1,143,213	\$1,535,524	\$1,997,946

*OPEB plan fiduciary net position* - Detailed information about the OPEB plan’s fiduciary net position is available in the separately issued Kentucky Retirement Systems financial report.

*Payables to the OPEB plan* – At June 30, 2019, the financial statements include \$0 in payables to CERS for the pension and insurance funds.

**Teachers’ Retirement System of the State of Kentucky General Information about the Pension Plan**

*Plan Description* – Teaching-certified employees of the District 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 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/>.

**LIVINGSTON COUNTY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2019

**NOTE G – EMPLOYEE BENEFITS – CONTINUED**

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

*Benefits Provided* - For members who have established an account in a retirement system administered by the Commonwealth prior to July 1, 2008, members become vested when they complete five (5) years of credited service. To qualify for monthly retirement benefits, payable for life, members 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 that retire before age 60 with less than 27 years of service receive reduced retirement benefits. Non-university members with an account established prior to July 1, 2002 receive monthly payments equal to two (2) percent (service prior to July 1, 1983) and two and one-half (2.5) percent (service after July 1, 1983) of their final average salaries for each year of credited service. New members (including second retirement accounts) after July 1, 2002 will receive monthly benefits equal to 2% of their final average salary for each year of service if, upon retirement, their total service is 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 2.5% 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 2.5% to 3.0% to be used in their benefit calculation. Effective July 1, 2008, the System has been amended to change the benefit structure for members hired on or after that date.

Final average salary is defined as the member's five (5) highest annual 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.

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). Non-university members are required to contribute 12.855% of their salaries to the System effective July 1, 2015.

For members employed by local school districts, the Commonwealth of Kentucky, as a non-employer contributing entity, contributes 13.105% of salaries for those who joined before July 1, 2008 and 14.105% for those who joined thereafter. For local school district and regional cooperative members whose salaries are federally funded, the employer contributes 16.105% of salaries. If a member leaves covered employment before accumulating five (5) years of credited service, accumulated member contributions to the retirement annuity plan plus interest are refunded upon the member's request.

**Medical Insurance Plan**

*Plan Description* - In addition to the pension benefits described above, KRS 161.675 requires TRS to provide access to post-employment healthcare benefits for eligible members and dependents. The TRS Medical Insurance Fund (MIF) is a cost-sharing, multiple-employer, defined benefit plan and is funded by employer and member contributions. Changes made to the medical plan may be made by the TRS Board of Trustees, the Kentucky Department of Employee Insurance and the General Assembly.

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

**LIVINGSTON COUNTY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2019

**NOTE G – EMPLOYEE BENEFITS – CONTINUED**

**Medical Insurance Plan (Continued)**

*Funding Policy* - 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 Commonwealth appropriation and three percent (3%) from the employer. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan.

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

At June 30, 2019, 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. The amount of the Commonwealth's proportionate share of the net pension liability associated with the District was \$22,553,230.

The total pension liability was rolled-forward from the actuarial valuation date of June 30, 2017 to the plan's fiscal year ended June 30, 2018, 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. At June 30, 2018, the Commonwealth's proportion of the total liability of TRS that is related to the District was .1722%.

For the year ended June 30, 2019, the District recognized pension expense of \$1,634,149 and revenue of \$1,634,149 for support provided by the Commonwealth.

*Actuarial Assumptions* - The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	7.50%, net of pension plan investment expense, Including inflation
Projected salary increases	3.50-7.30%, including inflation
Inflation rate	3.00%
Municipal Bond Index Rate	3.89%
Single Equivalent Interest Rate	7.50%

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale BB to 2025 set forward one year for females and two years for males. The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2010 – June 30, 2015 adopted by the TRS Board on September 19, 2016. The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target 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:

**LIVINGSTON COUNTY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2019

**NOTE G – EMPLOYEE BENEFITS – CONTINUED**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

*Actuarial Assumptions (Continued)*

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	40.0%	4.2%
International Equity	22.0%	5.2%
Fixed Income	15.0%	1.2%
Additional Categories	8.0%	3.3%
Real Estate	6.0%	3.8%
Private Equity	7.0%	6.3%
Cash	2.0%	.9%
Total	<u>100.0%</u>	

*Discount Rate* - The discount rate used to measure the total pension liability was 7.50%. 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, adjusted by 95% 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.

The following table presents the net pension liability of the District, calculated using the discount rate of 7.50%, 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 (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	<u>1% Decrease (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
District's proportionate share of net pension liability	\$0	\$0	\$0

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

**Teachers' Retirement System of the State of Kentucky General Information about the OPEB Plan**

*Plan Description* – Teaching-certified employees of the 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 Commonwealth. 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/>.

**Medical Insurance Plan**

*Plan Description* - In addition to the OPEB benefits described above, KRS 161.675 requires TRS to provide access to post-employment healthcare benefits for eligible members and dependents. The TRS Medical Insurance Fund (MIF) is funded by employer and member contributions. 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.

**LIVINGSTON COUNTY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2019

**NOTE G – EMPLOYEE BENEFITS – CONTINUED**

**Medical Insurance Plan (Continued)**

*Benefits Provided* - To be eligible for medical benefits, the member must have retired either for service or disability. The TRS MIF offers coverage to members under the age of 65 through the Kentucky Employees Health Plan (KEHP) 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 Commonwealth appropriation and three percent (3%) from the employer. The state contributes the net cost of health insurance premiums for members who retired on or after July 1, 2010 who are in the non-Medicare eligible group. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan.

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

At June 30, 2019, the District reported a liability of \$3,111,000 for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the District's proportion was .089653%.

The amount recognized by the District as its proportionate share of the OPEB liability, the related Commonwealth 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	\$ 3,111,000
Commonwealth's proportionate share of the net OPEB liability associated with the District	<u>2,681,000</u>
Total	<u>\$ 5,792,000</u>

For the year ended June 30, 2019, the District recognized OPEB expense of \$334,000 and revenue of \$137,628 for support provided by the Commonwealth. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Differences between expected and actual experience	\$ 0	\$ 0	\$ 159,000	\$ 0
Changes of assumptions	43,000	0	0	0
Net differences between project and actual earnings on OPEB plan investments	0	0	13,000	0
Change in proportion and differences between employer contributions and proportionate share of contributions	0	0	77,000	0
District contributions subsequent to the measurement date	<u>155,120</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 198,120</u>	<u>\$ 0</u>	<u>\$ 249,000</u>	<u>\$ 0</u>

**LIVINGSTON COUNTY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2019

**NOTE G – EMPLOYEE BENEFITS – CONTINUED**

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs (Continued)**

Of the total amount reported as deferred outflows of resources related to OPEB, \$155,120 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

Year Ended June 30	Governmental Activities	Business-Type Activities
2020	\$ (40,000)	\$ 0
2021	(40,000)	0
2022	(40,000)	0
2023	(34,000)	0
2024	(35,000)	0
Thereafter	(17,000)	0

*Actuarial Assumptions* - The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	8.00%, net of OPEB plan investment expense, including inflation
Projected salary increases	3.50-7.20%, including wage inflation
Inflation rate	3.00%
Real Wage Growth	0.50%
Wage Inflation	3.50%
Healthcare cost trend rates	
Under 65	7.75% for FY 2018 decreasing to an ultimate rate of 5% by FY 2024
Ages 65 and Older	5.75% for FY 2018 decreasing to an ultimate rate of 5% by FY 2021
Medicare Part B Premiums	0.00% for FY 2018 with an ultimate rate of 5.00% by 2030
Municipal Bond Index Rate	3.89%
Discount Rate	8.00%
Single Equivalent Interest Rate	8.00% net of OPEB plan investment expense, including price inflation

Mortality rates were based on the RP-2000 Combined Mortality Table projected to 2025 with projection scale BB and set forward two years for males and one year for females is used for the period after service retirement and for dependent beneficiaries. The RP-2000 Disabled Mortality Table set forward two years for males and seven years for females is used for the period after disability retirement. The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation, and rates of plan election used in the June 30, 2017 valuation were based on the results of the most recent actuarial experience studies for TRS, which covered the five-year period ended June 30, 2015. The remaining actuarial assumptions used in the June 30, 2017 valuation of the MIF were based on a review of recent plan experience done concurrently with the June 30, 2017 valuation. The health care cost trend rate assumption was updated for the June 30, 2017 valuation and was shown as an assumption change in the TOL roll forward while the change in initial per capita claims costs were included with experience in the TOL roll forward.

**LIVINGSTON COUNTY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2019

**NOTE G – EMPLOYEE BENEFITS – CONTINUED**

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Expected Geometric Real Rate of Return</u>
Global Equity	58.0%	4.6%
Fixed Income	9.0%	1.2%
Real Estate	5.5%	3.8%
Private Equity	6.5%	6.3%
Additional Categories	20.0%	3.3%
Cash	1.0%	.9%
Total	<u>100.0%</u>	

*Discount Rate* - The discount rate used to measure the total OPEB liability was 8.00%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 74. The projection's basis was an actuarial valuation performed as of June 30, 2017. 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.

The following table presents the District's proportionate share of the collective net OPEB liability, calculated using the discount rate of 8.00%, as well as what the District's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	<u>1% Decrease (7.00%)</u>	<u>Current Discount Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
District's proportionate share of net OPEB liability	\$3,648,000	\$3,111,000	\$2,663,000

*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 Trend Rate</u>	<u>1% Increase</u>
District's proportionate share of net OPEB liability	\$2,579,000	\$3,111,000	\$3,766,000

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



**LIVINGSTON COUNTY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2019

**NOTE G – EMPLOYEE BENEFITS – CONTINUED**

**Life Insurance Plan**

*Plan Description* – TRS administers the life insurance plan (LIF) as provided by KRS 161.655 to provide life insurance benefits to active and retired members. This benefit is financed by actuarially determined contributions from the 207 participating employers.

*Benefits Provided* - TRS provides a life insurance benefit of \$5,000 payable for members who retire based on service or disability. TRS provides a life insurance benefit of \$2,000 payable for its active contributing members. The life insurance benefit is payable upon death of the member to the member's estate or to a party designated by the member.

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

At June 30, 2019, the District did not report a liability for its proportionate share of the collective net OPEB liability for life insurance benefits because the Commonwealth of Kentucky provides the OPEB support directly to TRS on behalf of the District. The amount recognized by the District as its proportionate share of the OPEB liability, the related Commonwealth 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	\$ 0
Commonwealth's proportionate share of the net OPEB liability associated with the District	<u>46,000</u>
Total	<u>\$ 46,000</u>

For the year ended June 30, 2019, the District recognized OPEB expense of \$1,597 and revenue of \$1,597 for support provided by the Commonwealth.

*Actuarial Assumptions* - The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	7.50%, net of OPEB plan investment expense, including inflation
Projected salary increases	4.00-8.10%, including wage inflation
Inflation rate	3.50%
Real Wage Growth	0.50%
Wage Inflation	4.00%
Municipal Bond Index Rate	3.89%
Discount Rate	7.50%
Single Equivalent Interest Rate	7.50%, net of OPEB plan investment expense, including price inflation.

Mortality rates were based on the RP-2000 Combined Mortality Table projected to 2025 with projection scale BB and set forward two years for males and one year for females is used for the period after service retirement and for dependent beneficiaries. The RP-2000 Disabled Mortality Table set forward two years for males and seven years for females is used for the period after disability retirement. The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation, and rates of plan election used in the June 30, 2017 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, 2015. The long-term expected rate of return on OPEB plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class, as provided by TRS's investment consultant, are summarized in the following table:

**LIVINGSTON COUNTY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2019

**NOTE G – EMPLOYEE BENEFITS – CONTINUED**

*Actuarial Assumptions (Continued)*

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Geometric Real Rate of Return</u>
U.S. Equity	40.0%	4.2%
International Equity	23.0%	5.2%
Fixed Income	18.0%	1.2%
Real Estate	6.0%	3.8%
Private Equity	5.0%	6.3%
Additional Categories	6.0%	3.3%
Cash	2.0%	.9%
Total	<u>100.0%</u>	

*Discount Rate* - The discount rate used to measure the total OPEB liability for life insurance was 7.50%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 74. The projection's basis was an actuarial valuation performed as of June 30, 2017. 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.

The following table presents the District's proportionate share of the collective net OPEB liability, calculated using the discount rate of 7.50%, as well as what the District's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	<u>1% Decrease (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
District's proportionate share of net pension liability	\$0	\$0	\$0

*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 H – 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 BASIC FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2019

**NOTE I – BENEFITS FUNDED BY KENTUCKY STATE DEPARTMENT OF EDUCATION**

The Kentucky Department of Education has indicated the following amounts were contributed on-behalf of the District for the year ended June 30, 2018:

Contributions to Kentucky Teachers' Retirement System	\$ 1,773,374
Technology	66,595
SFCC Debt Service	594,165
Health insurance, life insurance, flexible spending accounts (includes administrative fee)	1,471,230
 Total	 \$ 3,905,364

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:

Instruction	\$ 2,101,965
Support services:	
Student	94,617
Instructional staff	148,005
District administration	99,614
School administration	286,018
Business	139,890
Plant operations and maintenance	125,638
Student transportation	256,624
Debt service	594,165
Food service	57,631
Day care service	1,197
 Total	 \$ 3,905,364

**NOTE J – COMMITMENTS AND CONTINGENCIES**

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

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

**LIVINGSTON COUNTY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2019

**NOTE K – 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).

**NOTE L – NET POSITION DEFICIT BALANCE:**

The Food Service Fund has a deficit balance of \$(455,414). Excluding the effect on net position of GASB 68 related pension accounts of \$(568,771) and of GASB 75 related OPEB accounts of \$(187,612), food service has a net position of \$300,969. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**NOTE M – 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>Type</u>	<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
Matching	General	Special Revenue	Technology Match	\$ 21,966
Operating	Building	Debt Service	Debt Service	454,583
Operating	Capital Outlay	Debt Service	Debt Service	104,602
Capital	Special Revenue	Food Service	Capital Grant	15,560
Deficit	General	Day Care Service	Closing Fund	97,431
Deficit	Food Service	Day Care Service	Closing Fund	15,399

**NOTE N – INTERFUND RECEIVABLES AND PAYABLES**

Each fund is a separate fiscal and accounting entity, and thus interfund transactions are recorded in each fund affected by a transaction. Interfund receivables and payables for the District arise generally from disbursements being made from a checking account that is used for the general fund, special revenue fund, capital projects funds, food service funds, and private purpose trust funds. When payments are made from the checking account, the amount reduces cash in the general fund, which may not have the legal liability for the expenditures; thus an interfund payable from the fund having the legal liability is established at such time, with a corresponding interfund receivable recorded in the general fund. Typically, interfund receivables and payables are resolved monthly; however, certain balances remained at June 30, 2019, which consisted of the following individual fund receivables and payables:

	<u>Receivables</u>	<u>Payables</u>
General Fund:		
Special Revenue Fund	\$ 213,236	\$ 0
Agency Fund	5,303	0
Special Revenue Fund:		
General Fund	0	213,236
Agency Fund:		
General Fund	0	5,303

**LIVINGSTON COUNTY SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS - CONTINUED**  
Year ended June 30, 2019

**NOTE O – RECENT ACCOUNTING PRONOUNCEMENTS**

In January, 2017, the GASB issued Statement 84, *Fiduciary Activities*. GASB 84 established criteria for identifying fiduciary activities for all state and local governments. The focus of the criteria is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. This will change the way school activity funds will be reported in the financial statements, as most will be considered to be fiduciary activities. The provisions of this statement are effective for financial statements for periods beginning after December 15, 2018, which will be for the fiscal year ending June 30, 2020.

**REQUIRED SUPPLEMENTARY INFORMATION**

LIVINGSTON COUNTY SCHOOL DISTRICT  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND**  
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
From Local Sources:				
Taxes:				
Property	\$ 2,410,000	\$ 2,410,000	\$ 3,233,381	\$ 823,381
Motor Vehicle	625,000	625,000	814,602	189,602
Utilities	500,000	500,000	622,326	122,326
In Lieu of	1,000,000	1,000,000	1,463,791	463,791
Tuition	457	0	4,940	4,940
Earnings on Investments	25,000	25,000	31,970	6,970
Other local revenues	1,375	1,375	188,677	187,302
Intergovernmental - State	5,237,450	5,237,450	6,209,158	971,708
Intergovernmental - indirect federal	10,000	10,000	19,662	9,662
<b>TOTAL REVENUES</b>	<b>9,809,282</b>	<b>9,808,825</b>	<b>12,588,507</b>	<b>2,779,682</b>
<b>EXPENDITURES:</b>				
Current:				
Instruction	4,400,196	4,322,960	6,367,651	(2,044,691)
Support Services:				
Student	424,916	424,916	458,963	(34,047)
Instructional Staff	535,055	535,325	640,688	(105,363)
District Administration	996,300	996,300	734,407	261,893
School Administration	842,175	842,175	1,093,788	(251,613)
Business	244,095	244,095	360,943	(116,848)
Plant operations and maintenance	4,284,324	5,083,649	1,441,321	3,642,328
Student transportation	1,162,975	1,162,975	1,335,937	(172,962)
Contingency	275,000	275,000	0	275,000
<b>TOTAL EXPENDITURES</b>	<b>13,165,036</b>	<b>13,887,395</b>	<b>12,433,698</b>	<b>1,453,697</b>
Excess (deficit) of revenues over expenditures	(3,355,754)	(4,078,570)	154,809	4,233,379
<b>OTHER FINANCING SOURCES (USES):</b>				
Sale or compensation for loss of assets	0	0	11,403	11,403
Operating transfers out	(16,858)	(16,858)	(119,397)	(102,539)
<b>TOTAL OTHER FINANCING     SOURCES (USES)</b>	<b>(16,858)</b>	<b>(16,858)</b>	<b>(107,994)</b>	<b>(91,136)</b>
Net Change in Fund Balance	(3,372,612)	(4,095,428)	46,815	4,142,243
<b>Fund Balance, July 1, 2018</b>	<b>3,372,612</b>	<b>4,095,428</b>	<b>4,095,428</b>	<b>0</b>
<b>Fund Balance, June 30, 2019</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 4,142,243</b>	<b>\$ 4,142,243</b>

See independent auditor's report and accompanying notes to financial statements

NOTE: The on-behalf payments of \$3,252,371 from the state are included in both revenues and expenditures in the actual column. This amount was not required to be included in the budget; however, the district included a budgeted amount in the state revenues, but did not budget the expenditures on the specific line item for on-behalf. That causes some categories of expenditures to be more than budgeted and others to be less than budgeted by significant amounts although the total expenditures were less than budgeted.

LIVINGSTON COUNTY SCHOOL DISTRICT  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - SPECIAL REVENUE FUND**  
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
From Local Sources:				
Earnings on Investments	\$ 0	\$ 285	\$ 285	\$ 0
Other local revenues	37,600	73,469	106,306	32,837
Intergovernmental - State	577,542	679,795	668,285	(11,510)
Intergovernmental - Indirect federal	1,662,025	1,700,926	1,705,911	4,985
<b>TOTAL REVENUES</b>	<u>2,277,167</u>	<u>2,454,475</u>	<u>2,480,787</u>	<u>26,312</u>
<b>EXPENDITURES:</b>				
Current:				
Instruction	2,075,492	2,206,132	2,212,870	(6,738)
Support Services:				
Student transportation	137,008	157,408	161,707	(4,299)
Community service activities	81,525	112,616	112,616	0
<b>TOTAL EXPENDITURES</b>	<u>2,294,025</u>	<u>2,476,156</u>	<u>2,487,193</u>	<u>(11,037)</u>
Excess (deficit) of revenues over expenditures	<u>(16,858)</u>	<u>(21,681)</u>	<u>(6,406)</u>	<u>15,275</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating transfers in	16,858	21,966	21,966	0
Operating transfers out	0	0	(15,560)	(15,560)
<b>TOTAL OTHER FINANCING     SOURCES (USES)</b>	<u>16,858</u>	<u>21,966</u>	<u>6,406</u>	<u>(15,560)</u>
Net Change in Fund Balance	0	285	0	(285)
<b>Fund Balance, July 1, 2018</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balance, June 30, 2019</b>	<u>\$ 0</u>	<u>\$ 285</u>	<u>\$ 0</u>	<u>\$ (285)</u>

See independent auditor's report and accompanying notes to financial statements



**LIVINGSTON COUNTY SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE  
NET PENSION LIABILITY  
COUNTY EMPLOYEES RETIREMENT SYSTEM (CERS) PENSION FUND  
LAST FIVE FISCAL YEARS\***

	<b>2019</b>
District's proportion of the net pension liability	0.086487%
District's proportionate share of the net pension liability	\$ 5,267,323
District's covered payroll	\$ 2,163,889
District's proportionate share of the net pension liability as a percentage of its covered payroll	243.42%
Plan fiduciary net position as a percentage of the total pension liability	53.54%

**Notes to Schedule**

The total pension liability and net pension liability as of June 30, 2019, is based on the June 30, 2017 actuarial valuation as rolled forward to the plan's fiscal year end of June 30, 2018 using generally accepted actuarial principles. The financial reporting actuarial valuation used the following actuarial methods and assumptions, applied to all prior periods included in the measurement.

Valuation date:	June 30, 2017
Experience study:	July 1, 2008 - June 30, 2013
Actuarial cost method:	Entry age normal
Amortization method:	Level percent of pay
Remaining amortization period:	25 years, closed
Asset valuation method:	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Inflation:	2.30%
Payroll growth rate:	2.00%
Salary increase:	3.05%, average
Investment rate of return:	6.25%, net of pension plan investment expense, including inflation
Mortality:	For active members: RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries: RP-2000 Combined Mortality Table projected with Scale BB to 2013 (female mortality rates are set back one year). For disabled members: RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (male mortality rates are set back four years).
Change of benefit terms:	House Bill 185 updated the provisions for active members who die in the line of duty. Benefits paid to spouses of deceased members increased from 25% of the member's final rate of pay to 75% of the member's average pay. If no surviving spouse, benefits to surviving dependent children increased from 10% of the member's final pay to 50% of average pay for one child, 65% of average pay for two children, or 75% of average pay for three children
Change of assumptions:	None

See Notes to Financial Statements

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
0.083891%	0.077957%	0.077963%	0.071141%
\$ 4,910,398	\$ 3,838,299	\$ 3,352,046	\$ 2,308,070
\$ 2,044,242	\$ 1,893,178	\$ 1,749,365	\$ 1,628,396
240.21%	202.74%	191.62%	141.74%
53.32%	55.50%	59.97%	66.80%

\* The amounts presented for each fiscal year were determined as of June 30 of the prior year. Until a full ten year trend is compiled, governments will present information only for those years for which information is available.

NOTE: This schedule is based on the last measurement date of the net pension liability.

**LIVINGSTON COUNTY SCHOOL DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
COUNTY EMPLOYEES RETIREMENT SYSTEM (CERS) PENSION FUND  
LAST SIX FISCAL YEARS\***

	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 387,685	\$ 312,705
Contributions in relation to the contractually required contribution	<u>387,685</u>	<u>312,705</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>
District's covered payroll	\$ 2,390,161	\$ 2,163,889
Contributions as a percentage of covered payroll	16.22%	14.45%

\* The amounts presented for each fiscal year were determined as of June 30. Until a full 10-year trend is compiled, governments will present information only for those years for which information is available.

NOTE: This schedule is determined as of the employer's most recent fiscal year-end.

See Notes to Financial Statements

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 284,760	\$ 235,439	\$ 223,898	\$ 223,742
<u>284,760</u>	<u>235,439</u>	<u>223,898</u>	<u>223,742</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 2,044,242	\$ 1,893,178	\$ 1,749,365	\$ 1,628,396
13.93%	12.44%	12.80%	13.74%

**LIVINGSTON COUNTY SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE  
NET POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) LIABILITY  
COUNTY EMPLOYEES RETIREMENT SYSTEM (CERS) INSURANCE FUND  
LAST TWO FISCAL YEARS\***

	<b>2019</b>	<b>2018</b>
District's proportion of the net OPEB liability	0.086485%	0.083891%
District's proportionate share of the net OPEB liability	\$ 1,535,524	\$ 1,686,496
District's covered payroll	\$ 2,163,889	\$ 2,044,242
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	70.96%	82.50%
Plan fiduciary net position as a percentage of the total OPEB liability	57.62%	52.39%

\* The amounts presented for each fiscal year were determined as of June 30 of the prior year. Until a full ten year trend is compiled, governments will present information only for those years for which information is available.

**Notes to Schedule**

The total OPEB liability and net OPEB liability as of June 30, 2019, is based on the June 30, 2017 actuarial valuation as rolled forward to the plan's fiscal year end of June 30, 2018 using generally accepted actuarial principles. The financial reporting actuarial valuation used the following actuarial methods and assumptions, applied to all prior periods included in the measurement.

Valuation date:	June 30, 2017
Experience study:	July 1, 2008 - June 30, 2013
Actuarial cost method:	Entry age normal
Amortization method:	Level percent of pay
Remaining amortization period:	25 years, closed
Asset valuation method:	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized each year
Inflation:	2.30%
Payroll growth:	2.00%
Salary increase:	3.05%, average
Investment rate of return:	6.25%, net of OPEB plan investment expense, including inflation
Mortality:	For active members: RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries: RP-2000 Combined Mortality Table projected with Scale BB to 2013 (female mortality rates are set back one year). For disabled members: RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (male mortality rates are set back four years).
Healthcare trend rates:	Initial trend starting at 7.00% at January 1, 2020 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years (Pre-65). Initial trend starting at 5.00% at January 1, 2020 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 10 years (Post-65).
Change of benefit terms:	House Bill 185 updated the benefit provisions for active members who die in the line of duty. The system now pays 100% of the insurance premium for spouses and children of all active members who die in the line of duty.
Change of assumptions:	The single discount rate for non-hazardous changed from 5.84% to 5.85%. The municipal bond rate increased from 3.56% to 3.62%.

NOTE: This schedule is based on the last measurement date of the net OPEB liability.

See Notes to Financial Statements

**LIVINGSTON COUNTY SCHOOL DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
COUNTY EMPLOYEES RETIREMENT SYSTEM (CERS) INSURANCE FUND  
LAST THREE FISCAL YEARS\***

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 125,723	\$ 101,499	\$ 96,553
Contributions in relation to the contractually required contribution	<u>125,723</u>	<u>101,499</u>	<u>96,553</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
District's covered payroll	\$ 2,390,161	\$ 2,163,889	\$ 2,044,242
Contributions as a percentage of covered payroll	5.26%	4.69%	4.72%

\* The amounts presented for each fiscal year were determined as of June 30. Until a full 10-year trend is compiled, governments will present information only for those years for which information is available.

NOTE: This schedule is determined as of the employer's most recent fiscal year-end. District contributions do not include the expected implicit subsidy used in calculating the net OPEB liability.

See Notes to Financial Statements

**LIVINGSTON COUNTY SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE  
NET PENSION LIABILITY  
KENTUCKY TEACHERS RETIREMENT SYSTEM (TRS) PENSION FUND  
LAST FIVE FISCAL YEARS\***

	<u>2019</u>	<u>2018</u>
District's proportion of the net pension liability	0%	0%
District's proportionate share of the net pension liability	\$ 0	\$ 0
Commonwealth's proportion of the net pension liability associated with the District	0.172200%	0.174100%
Commonwealth's proportionate share of the net pension liability associated with the District	\$ 22,553,230	\$ 46,984,783
District's covered payroll	\$ 5,873,487	\$ 5,651,737
Commonwealth's proportionate share of the net pension liability as a percentage of District's covered payroll	383.98%	831.33%
Plan fiduciary net position as a percentage of the total pension liability	59.28%	39.83%

\* The amounts presented for each fiscal year were determined as of June 30 of the prior year. Until a full ten year trend is compiled, governments will present information only for those years for which information is available.

The actuarially determined contribution rates in the schedule of district contributions are calculated as of June 30, three years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine contribution rates reported in the most recent year of the schedule:

Valuation date:	June 30, 2017
Experience study:	July 1, 2010 - June 30, 2015
Actuarial cost method:	Entry age
Amortization method:	Level percentage of payroll, open
Remaining amortization period:	30 years
Asset valuation method:	5-year smoothed market
Inflation:	3.00%
Salary increase:	3.5 - 7.3%, including inflation
Investment rate of return:	7.5%, net of pension plan investment expense, including inflation
Mortality:	RP-2000 Combined Mortality Table projected with Scale BB to 2025 (set forward two years for males and one year for females).
Municipal Bond Index Rate	3.89%
Single Equivalent Interest Rate	7.50%
Change of benefit terms:	None
Change of assumptions:	The calculation of the Single Equivalent Rate (SEIR) resulted in an assumption change from 4.49% to 7.50%.

See Notes to Financial Statements

<u>2017</u>	<u>2016</u>	<u>2015</u>
0%	0%	0%
\$ 0	\$ 0	\$ 0
0.186400%	0.185500%	0.182100%
\$ 54,985,251	\$ 43,157,334	\$ 37,415,517
\$ 6,015,123	\$ 5,839,750	\$ 5,701,147
914.12%	739.03%	656.28%
35.22%	42.49%	45.59%



**LIVINGSTON COUNTY SCHOOL DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
KENTUCKY TEACHERS RETIREMENT SYSTEM (TRS) PENSION FUND  
LAST SIX FISCAL YEARS\***

	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 1,732,157	\$ 1,756,963
District's contributions in relation to the contractually required contribution - federal programs	98,008	87,621
Commonwealth's contributions in relation to the contractually required contribution	<u>1,634,149</u>	<u>1,669,342</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>
District's covered payroll	\$ 5,791,693	\$ 5,873,487
Contributions as a percentage of District's covered payroll	29.91%	29.91%

\* The amounts presented for each fiscal year were determined as of June 30.

NOTE: This schedule is determined as of the employer's most recent fiscal year-end.

See Notes to Financial Statements

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 973,322	\$ 974,342	\$ 953,302	\$ 765,256
68,590	81,791	71,595	65,870
<u>904,732</u>	<u>892,551</u>	<u>881,707</u>	<u>699,386</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 5,651,737	\$ 6,015,123	\$ 5,839,750	\$ 5,701,147
17.22%	16.20%	16.32%	13.42%

**LIVINGSTON COUNTY SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE  
NET POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) LIABILITY  
KENTUCKY TEACHERS RETIREMENT SYSTEM (TRS) MEDICAL INSURANCE PLAN  
LAST TWO FISCAL YEARS\***

	<u>2019</u>	<u>2018</u>
District's proportion of the collective net OPEB liability	0.089653%	0.092218%
District's proportionate share of the collective net OPEB liability	\$ 3,111,000	\$ 3,288,000
Commonwealth's proportion of the collective net OPEB liability associated with the District	0.077262%	0.075329%
Commonwealth's proportionate share of the collective net OPEB liability associated with the District	\$ 2,681,000	\$ 2,686,000
District's covered payroll	\$ 5,873,487	\$ 5,651,737
District's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	52.97%	58.18%
Commonwealth's proportionate share of the collective net OPEB liability as a percentage of the District's covered payroll	45.65%	47.53%
Plan fiduciary net position as a percentage of the total OPEB liability	25.54%	21.18%

\* The amounts presented for each fiscal year were determined as of June 30 of the prior year. Until a full ten year trend is compiled, governments will present information only for those years for which information is available.

The actuarially determined contribution rates, as a percentage of payroll, used to determine the actuarially determined contribution amounts in the Schedule of District Contributions are calculated as of the indicated valuation date. The following actuarial methods and assumptions (from the indicated actuarial valuations) were used to determine contribution rates reported in that schedule for the year ended June 30, 2018:

Valuation date:	June 30, 2017
Experience study:	July 1, 2010 - June 30, 2015
Actuarial cost method:	Entry age normal
Amortization method:	Level percentage of payroll
Amortization period:	23 years, closed
Asset valuation method:	5-year smoothed value
Investment rate of return:	8.00%, net of OPEB plan investment expense, including inflation
Projected salary increases:	3.50 - 7.20%, including wage inflation
Inflation rate:	3.00%
Real wage growth:	0.50%
Wage inflation:	3.50%
Municipal Bond Index Rate:	3.89%
Discount rate:	8.00%
Single Equivalent Interest Rate:	8.00%, net of OPEB plan investment expense, including price inflation
Mortality:	Based on the RP-2000 Combined Mortality Table projected with Scale BB to 2025 (set forward two years for males and one year for females) for the period after service retirement and for dependent beneficiaries. Based on the RP-2000 Disabled Mortality Table set forward two years for males and seven years for females used for the period after disability retirement.
Health care cost trends:	
Under 65	7.75% for FY 2018 decreasing to an ultimate rate of 5.00% by FY 2024
Ages 65 and older	5.75% for FY 2018 decreasing to an ultimate rate of 5.00% by FY 2021
Medicare Part B premiums	0.00% for FY 2018 with an ultimate rate of 5.00% by 2030
Under age 65 claims	The current premium charged by KEHP is used as the base cost and is projected forward using only the health care trend assumption (no implicit rate subsidy is recognized).
Change of benefit terms:	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 those KEHP-participating members who retired on or after July 1, 2010.
Change of assumptions:	Updated health care trend rates were implemented.
See Notes to Financial Statements	

**LIVINGSTON COUNTY SCHOOL DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
KENTUCKY TEACHERS RETIREMENT SYSTEM (TRS) MEDICAL INSURANCE PLAN  
LAST TWO FISCAL YEARS\***

	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 297,328	\$ 287,056
District's contributions in relation to the contractually required contribution	159,700	157,996
Commonwealth's contributions in relation to the contractually required contribution	<u>137,628</u>	<u>129,060</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>
District's covered payroll	\$ 5,791,693	\$ 5,873,487
Contributions as a percentage of District's covered payroll	5.13%	4.89%

\* The amounts presented for each fiscal year were determined as of June 30.

NOTE: This schedule is determined as of the employer's most recent fiscal year-end.

See Notes to Financial Statements

**LIVINGSTON COUNTY SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE  
NET POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) LIABILITY  
KENTUCKY TEACHERS RETIREMENT SYSTEM (TRS) LIFE INSURANCE PLAN  
LAST TWO FISCAL YEARS\***

	<u>2019</u>	<u>2018</u>
District's proportion of the collective net OPEB liability	0%	0%
District's proportionate share of the collective net OPEB liability	\$ 0	\$ 0
Commonwealth's proportion of the collective net OPEB liability associated with the District	0.163111%	0.163745%
Commonwealth's proportionate share of the collective net OPEB liability associated with the District	\$ 46,000	\$ 36,000
District's covered payroll	\$ 5,873,487	\$ 5,651,737
District's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	0.00%	0.00%
Commonwealth's proportionate share of the collective net OPEB liability as a percentage of the District's covered payroll	0.78%	0.64%
Plan fiduciary net position as a percentage of the total OPEB liability	74.97%	79.99%

\* The amounts presented for each fiscal year were determined as of June 30 of the prior year. Until a full ten year trend is compiled, governments will present information only for those years for which information is available.

The actuarially determined contribution rates in the schedule of district contributions are calculated as of June 30, three years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine contribution rates reported in the most recent year of the schedule:

Valuation date:	June 30, 2015
Experience study:	July 1, 2010 - June 30, 2015
Actuarial cost method:	Entry age normal
Amortization method:	Level percentage of payroll
Amortization period:	30 years, open
Asset valuation method:	Market value
Annual money weighted rate of return	1.02%, net of investment expense
Projected salary increases:	4.00 - 8.10%, including wage inflation
Inflation rate:	3.50%
Real wage growth:	0.50%
Wage inflation:	4.00%
Discount rate	7.50%
Single Equivalent Interest Rate:	7.50%, net of OPEB plan investment expense, including price inflation
Change of benefit terms:	None
Change of assumptions:	None

**LIVINGSTON COUNTY SCHOOL DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
KENTUCKY TEACHERS RETIREMENT SYSTEM (TRS) LIFE INSURANCE PLAN  
LAST TWO FISCAL YEARS\***

	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 1,597	\$ 1,580
District's contributions in relation to the contractually required contribution -	0	0
Commonwealth's contributions in relation to the contractually required contribution	<u>1,597</u>	<u>1,580</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>
District's covered payroll	\$ 5,791,693	\$ 5,873,487
Contributions as a percentage of District's covered payroll	0.03%	0.03%

\* The amounts presented for each fiscal year were determined as of June 30.

NOTE: This schedule is determined as of the employer's most recent fiscal year-end.

See Notes to Financial Statements

**OTHER SUPPLEMENTARY INFORMATION**

LIVINGSTON COUNTY SCHOOL DISTRICT  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
June 30, 2019

	FSPK Fund	SEEK Capital Outlay Fund	Construction Fund	Debt Service Fund	Total Nonmajor Governmental Funds
<b>ASSETS AND RESOURCES:</b>					
Cash and cash equivalents	\$ 355,934	\$ 105,358	\$ 123,481	\$ 728	\$ 585,501
<b>TOTAL ASSETS AND RESOURCES</b>	<b>\$ 355,934</b>	<b>\$ 105,358</b>	<b>\$ 123,481</b>	<b>\$ 728</b>	<b>\$ 585,501</b>
<b>LIABILITIES AND FUND BALANCE:</b>					
<b>LIABILITIES:</b>					
Accounts payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<b>TOTAL LIABILITIES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>EQUITY AND FUND BALANCES:</b>					
Restricted:					
KSFCC escrow	355,934	105,358	0	0	461,292
Construction projects	0	0	123,481	0	123,481
Debt service	0	0	0	728	728
<b>TOTAL FUND BALANCES</b>	<b>355,934</b>	<b>105,358</b>	<b>123,481</b>	<b>728</b>	<b>585,501</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 355,934</b>	<b>\$ 105,358</b>	<b>\$ 123,481</b>	<b>\$ 728</b>	<b>\$ 585,501</b>

See independent auditor's report and accompanying notes to financial statements



LIVINGSTON COUNTY SCHOOL DISTRICT  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2019

	FSPK Fund	SEEK Capital Outlay Fund	Construction Fund	Debt Service Fund	Total Nonmajor Governmental Funds
<b>REVENUES:</b>					
From Local Sources:					
Taxes:					
Property	\$ 485,081	\$ 0	\$ 0	\$ 0	\$ 485,081
Earnings on Investments	0	0	1,237	899	2,136
Intergovernmental - State	0	104,602	0	594,165	698,767
Intergovernmental - Direct federal	104,399	0	0	0	104,399
<b>TOTAL REVENUES</b>	<b>589,480</b>	<b>104,602</b>	<b>1,237</b>	<b>595,064</b>	<b>1,290,383</b>
<b>EXPENDITURES:</b>					
Debt service	0	0	0	1,154,048	1,154,048
<b>TOTAL EXPENDITURES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,154,048</b>	<b>1,154,048</b>
Excess (deficit) of revenues over expenditures	589,480	104,602	1,237	(558,984)	136,335
<b>OTHER FINANCING SOURCES (USES):</b>					
Operating transfers in	0	0	0	559,185	559,185
Operating transfers out	(454,583)	(104,602)	0	0	(559,185)
<b>TOTAL OTHER FINANCING     SOURCES (USES)</b>	<b>(454,583)</b>	<b>(104,602)</b>	<b>0</b>	<b>559,185</b>	<b>0</b>
Net Change in Fund Balance	134,897	0	1,237	201	136,335
Fund Balance, July 1, 2018	221,037	105,358	122,244	527	449,166
Fund Balance, June 30, 2019	<u>\$ 355,934</u>	<u>\$ 105,358</u>	<u>\$ 123,481</u>	<u>\$ 728</u>	<u>\$ 585,501</u>

See independent auditor's report and accompanying notes to financial statements

LIVINGSTON COUNTY SCHOOL DISTRICT  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES**  
**DEBT SERVICE FUNDS**  
For the Year Ended June 30, 2019

	2009R BONDS FUND	2012R BONDS FUND	2012Q BONDS FUND	2014Q BONDS FUND	Totals Debt service Fund
REVENUES:					
From local sources:					
Earnings on investments	\$ 250	\$ 479	\$ 170	\$ 0	\$ 899
Intergovernmental - State	0	462,261	96,989	34,915	594,165
<b>TOTAL REVENUES</b>	<b>250</b>	<b>462,740</b>	<b>97,159</b>	<b>34,915</b>	<b>595,064</b>
EXPENDITURES:					
Debt Service:					
Principal	130,000	645,000	127,111	30,000	932,111
Interest	3,900	91,787	111,300	14,950	221,937
<b>TOTAL EXPENDITURES</b>	<b>133,900</b>	<b>736,787</b>	<b>238,411</b>	<b>44,950</b>	<b>1,154,048</b>
Excess (deficit) of revenues over expenditures	(133,650)	(274,047)	(141,252)	(10,035)	(558,984)
OTHER FINANCING SOURCES (USES):					
Operating transfers in	133,507	274,221	141,422	10,035	559,185
<b>TOTAL OTHER FINANCING     SOURCES (USES)</b>	<b>133,507</b>	<b>274,221</b>	<b>141,422</b>	<b>10,035</b>	<b>559,185</b>
Net Change in Fund Balance	(143)	174	170	0	201
Fund balance July 1, 2018	143	303	81	0	527
Fund balance June 30, 2019	<u>\$ 0</u>	<u>\$ 477</u>	<u>\$ 251</u>	<u>\$ 0</u>	<u>\$ 728</u>

See independent auditor's report and accompanying notes to financial statements

LIVINGSTON COUNTY SCHOOL DISTRICT  
**COMBINING BALANCE SHEET-SCHOOL ACTIVITY FUNDS**  
 June 30, 2019

	North Livingston Elementary	South Livingston Elementary	Livingston County Middle School	Livingston Central High School	Totals (Memorandum Only)
ASSETS:					
Cash and cash equivalents	\$ 5,094	\$ 40,095	\$ 37,699	\$ 46,024	\$ 128,912
Accounts Receivable	0	0	0	2,650	2,650
<b>TOTAL ASSETS</b>	<b><u>\$ 5,094</u></b>	<b><u>\$ 40,095</u></b>	<b><u>\$ 37,699</u></b>	<b><u>\$ 48,674</u></b>	<b><u>\$ 131,562</u></b>
LIABILITIES:					
Accounts Payable	\$ 0	\$ 0	\$ 2,610	\$ 8,648	\$ 11,258
Due to Board	414	298	1,039	3,552	5,303
Due to Student Groups	4,680	39,797	34,050	36,474	115,001
<b>TOTAL LIABILITIES</b>	<b><u>\$ 5,094</u></b>	<b><u>\$ 40,095</u></b>	<b><u>\$ 37,699</u></b>	<b><u>\$ 48,674</u></b>	<b><u>\$ 131,562</u></b>
<b>NET POSITION HELD IN TRUST</b>	<b><u>\$ 0</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 0</u></b>

See independent auditor's report and accompanying notes to financial statements

**LIVINGSTON COUNTY SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN DUE TO STUDENT GROUPS  
SCHOOL ACTIVITY FUNDS**

For the Year Ended June 30, 2019

	North Livingston Elementary	South Livingston Elementary	Livingston County Middle School	Livingston Central High School	Totals (Memorandum only)
<b>REVENUES:</b>					
From local sources:					
Earnings on Investments	\$ 43	\$ 370	\$ 329	\$ 583	\$ 1,325
Student activities	26,044	36,298	61,584	196,170	320,096
<b>Total Revenues</b>	<u>26,087</u>	<u>36,668</u>	<u>61,913</u>	<u>196,753</u>	<u>321,421</u>
<b>EXPENDITURES</b>					
Student Activities	23,615	46,266	60,611	220,994	351,486
<b>Total expenditures</b>	<u>23,615</u>	<u>46,266</u>	<u>60,611</u>	<u>220,994</u>	<u>351,486</u>
<b>Net Change in Due to Student Groups</b>	2,472	(9,598)	1,302	(24,241)	(30,065)
Due to student groups, July 1, 2018	2,208	49,395	32,748	60,715	145,066
<b>Due to student groups, June 30, 2019</b>	<u>\$ 4,680</u>	<u>\$ 39,797</u>	<u>\$ 34,050</u>	<u>\$ 36,474</u>	<u>\$ 115,001</u>

See independent auditor's report and accompanying notes to financial statements

LIVINGSTON COUNTY SCHOOL DISTRICT  
**STATEMENT OF RECEIPTS, DISBURSEMENTS & DUE TO STUDENT GROUPS**  
**LIVINGSTON CENTRAL HIGH SCHOOL**  
For the Year Ended June 30, 2019

	<u>Cash Balance</u> <u>July 1, 2018</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>
District Tournament	\$ 0.00	\$ 13,036.30	\$ 11,708.48
Volleyball	105.57	4,374.25	3,575.35
Cardinal Café	1,717.95	272.00	160.00
General Fund	1,941.01	2,452.52	4,115.65
Student Emergency	461.82	0.00	0.00
Project Grad	0.00	28,595.81	27,513.21
Textbook	2,335.49	0.00	2,335.49
Library Club	116.01	20.00	32.15
JAG	0.00	1,471.41	1,357.45
Donations	1,396.97	0.00	1,086.14
Staff Account	295.17	823.65	1,048.77
Cell phones & hats	233.71	5.00	234.99
Art Club	390.95	1,195.00	1,579.78
Beta Club	3,017.98	425.00	524.00
FBLA	3,656.51	23,071.60	22,844.99
FCA	1,253.46	80.50	730.50
FFA	2,376.67	21,519.15	20,582.82
Science Club	1,157.34	1,629.00	1,073.83
TLC	3,005.92	996.10	100.00
Spirit Club	395.77	347.70	648.24
Student Council	1,013.19	1,873.00	2,674.73
Skills USA	75.57	45.00	0.00
Spanish Club	984.65	563.96	868.09
Choir & Music	40.43	1,862.00	1,705.18
Drama	116.80	100.00	0.00
Photography Club	1,490.42	1,323.00	1,439.00
STLP	842.10	0.00	739.74
Diesel Mechanics	0.00	0.00	0.00
Family & Consumer Science	1,131.99	0.00	486.55
Signs	1,784.90	282.00	815.90
Math	603.68	4,470.00	4,151.94
Carpentry	1,096.99	570.00	616.00
LCHS Sportsman Club	598.30	0.00	155.61
Chess Club	70.00	100.00	0.00
Athletics	836.80	36,839.54	36,884.28
Golf	759.24	5,167.00	5,275.75
Cheerleaders	11,179.32	2,189.41	11,986.44
Bass Fishing	720.00	895.00	1,173.12
Special Olympics	1,080.84	993.36	532.86
Yearbook	10,856.12	16,129.54	22,539.96
Concessions	0.00	18,550.39	18,550.39
Baseball	395.12	1,958.78	2,353.90
Archery	2,444.85	3,005.00	2,335.44
Track & Field	89.91	687.50	777.41
Boys Basketball	470.12	3,752.56	4,222.68
Coffee Shop	0.00	685.00	444.29
Gifted and Talented	0.00	270.28	155.00
Cross Country	471.06	2,190.13	2,661.19
Girls Basketball	628.12	460.96	1,089.08
Class of 2018	201.64	0.00	16.64
Class of 2019	1,387.06	0.00	394.00
Class of 2020	0.00	11,935.21	10,119.83
Subtotal	<u>65,227.52</u>	<u>217,213.61</u>	<u>236,416.84</u>
Less: Interfund Transfers	0.00	22,940.70	22,940.70
Total	<u>\$ 65,227.52</u>	<u>\$ 194,272.91</u>	<u>\$ 213,476.14</u>

See independent auditor's report and accompanying notes to financial statements

	<b>Cash Balance</b>	<b>Accounts</b>	<b>Accounts</b>	<b>Due to</b>
	<b>June 30, 2019</b>	<b>Receivable</b>	<b>Payable</b>	<b>June 30, 2019</b>
District Tournament	\$ 1,327.82	\$ 0.00	\$ 935.82	\$ 392.00
Volleyball	904.47	0.00	0.00	904.47
Cardinal Café	1,829.95	0.00	0.00	1,829.95
General Fund	277.88	2,500.00	2,676.82	101.06
Student Emergency	461.82	0.00	0.00	461.82
Project Grad	1,082.60	0.00	261.37	821.23
Textbook	0.00	0.00	0.00	0.00
Library Club	103.86	0.00	0.00	103.86
JAG	113.96	0.00	87.32	26.64
Donations	310.83	0.00	0.00	310.83
Staff Account	70.05	0.00	0.00	70.05
Cell phones & hats	3.72	0.00	0.00	3.72
Art Club	6.17	0.00	0.00	6.17
Beta Club	2,918.98	150.00	0.00	3,068.98
FBLA	3,883.12	0.00	3,644.20	238.92
FCA	603.46	0.00	0.00	603.46
FFA	3,313.00	0.00	2,338.76	974.24
Science Club	1,712.51	0.00	286.54	1,425.97
TLC	3,902.02	0.00	0.00	3,902.02
Spirit Club	95.23	0.00	0.00	95.23
Student Council	211.46	0.00	0.00	211.46
Skills USA	120.57	0.00	0.00	120.57
Spanish Club	680.52	0.00	0.00	680.52
Choir & Music	197.25	0.00	0.00	197.25
Drama	216.80	0.00	0.00	216.80
Photography Club	1,374.42	0.00	0.00	1,374.42
STLP	102.36	0.00	0.00	102.36
Diesel Mechanics	0.00	0.00	0.00	0.00
Family & Consumer Science	645.44	0.00	0.00	645.44
Signs	1,251.00	0.00	0.00	1,251.00
Math	921.74	0.00	0.00	921.74
Carpentry	1,050.99	0.00	0.00	1,050.99
LCHS Sportsman Club	442.69	0.00	0.00	442.69
Chess Club	170.00	0.00	0.00	170.00
Athletics	792.06	0.00	219.56	572.50
Golf	650.49	0.00	0.00	650.49
Cheerleaders	1,382.29	0.00	0.00	1,382.29
Bass Fishing	441.88	0.00	0.00	441.88
Special Olympics	1,541.34	0.00	0.00	1,541.34
Yearbook	4,445.70	0.00	906.53	3,539.17
Concessions	0.00	0.00	0.00	0.00
Baseball	0.00	0.00	0.00	0.00
Archery	3,114.41	0.00	0.00	3,114.41
Track & Field	0.00	0.00	0.00	0.00
Boys Basketball	0.00	0.00	0.00	0.00
Coffee Shop	240.71	0.00	0.00	240.71
Gifted and Talented	115.28	0.00	0.00	115.28
Cross Country	0.00	0.00	0.00	0.00
Girls Basketball	0.00	0.00	0.00	0.00
Class of 2018	185.00	0.00	185.00	0.00
Class of 2019	993.06	0.00	658.30	334.76
Class of 2020	1,815.38	0.00	0.00	1,815.38
Subtotal	<u>46,024.29</u>	<u>2,650.00</u>	<u>12,200.22</u>	<u>36,474.07</u>
Less: Interfund Transfers	0.00	0.00	0.00	0.00
Total	<u>\$ 46,024.29</u>	<u>\$ 2,650.00</u>	<u>\$ 12,200.22</u>	<u>\$ 36,474.07</u>

LIVINGSTON COUNTY SCHOOL DISTRICT  
**COMBINING STATEMENT OF NET POSITION-ALL PRIVATE PURPOSE TRUST FUNDS**  
 June 30, 2019

	Dallas & Emma Maxfield	Mamie T. Ferguson	J Preston Dabney	Ashley Boone
ASSETS:				
Cash and cash equivalents	\$ 63,039	\$ 14	\$ 8,213	\$ 410
Interest receivable	443	0	0	0
 TOTAL ASSETS	 \$ 63,482	 \$ 14	 \$ 8,213	 \$ 410
 NET POSITION HELD IN TRUST	 \$ 63,482	 \$ 14	 \$ 8,213	 \$ 410

See independent auditor's report and accompanying notes to financial statements

<u>George &amp; Opal Pullen</u>	<u>Robert &amp; Margaret Shelby</u>	<u>Lillian Boswell</u>	<u>Ledbetter SBDM</u>	<u>Totals (Memorandum Only)</u>
\$ 17,508 122	\$ 50,555 375	\$ 3,515 0	\$ (166) 0	\$ 143,088 940
<u>\$ 17,630</u>	<u>\$ 50,930</u>	<u>\$ 3,515</u>	<u>\$ (166)</u>	<u>\$ 144,028</u>
<u>\$ 17,630</u>	<u>\$ 50,930</u>	<u>\$ 3,515</u>	<u>\$ (166)</u>	<u>\$ 144,028</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, 2019

	Dallas & Emma Maxfield	Mamie T. Ferguson	J Preston Dabney	Ashley Boone
REVENUES:				
From local sources:				
Earnings on Investments	\$ 443	\$ 0	\$ 11	\$ 0
Total Revenues	<u>443</u>	<u>0</u>	<u>11</u>	<u>0</u>
EXPENDITURES				
Scholarships paid	<u>1,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total expenditures	<u>1,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Change in Position Held in Trust	(557)	0	11	0
Net Position Held in Trust at July 1, 2018	64,039	14	8,202	410
Net Position Held in Trust at June 30, 2019	<u>\$ 63,482</u>	<u>\$ 14</u>	<u>\$ 8,213</u>	<u>\$ 410</u>

See independent auditor's report and accompanying notes to financial statements

<u>George &amp; Opal Pullen</u>	<u>Robert &amp; Margaret Shelby</u>	<u>Lillian Boswell</u>	<u>Ledbetter SBDM</u>	<u>Totals (Memorandum Only)</u>
<u>\$ 122</u>	<u>\$ 375</u>	<u>\$ 10</u>	<u>\$ 0</u>	<u>\$ 961</u>
<u>122</u>	<u>375</u>	<u>10</u>	<u>0</u>	<u>961</u>
<u>250</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,250</u>
<u>250</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,250</u>
(128)	375	10	0	(289)
17,758	50,555	3,505	(166)	144,317
<u><u>\$ 17,630</u></u>	<u><u>\$ 50,930</u></u>	<u><u>\$ 3,515</u></u>	<u><u>\$ (166)</u></u>	<u><u>\$ 144,028</u></u>

LIVINGSTON COUNTY SCHOOL DISTRICT  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For the Year Ended June 30, 2019

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass- Through Grantor's Number	Passed Through to Subrecipients	Federal Expenditures
<b><u>U.S. Department of Education:</u></b>				
Passed Through State Dept. of Education:				
Special Education Grants to States	84.027	3810002-18 & 17	\$ 0	\$ 269,274
Special Education Preschool Grants	84.173	3800002-18	0	16,933
<b>Total Special Education Cluster</b>			<u>0</u>	<u>286,207</u>
Title I Grants to Local Educational Agencies	84.010	3100002-18 & 17, 3100202-16, 3220001-17, & 3220002-17	0	515,349
Supporting Effective Instruction State Grants	84.367	3230002-18	0	57,378
Rural Education	84.358	3140002-18	0	21,768
Student Support and Academic Enrichment Program	84.424	3420002-18 & 17	0	27,901
Career and Technical Education Basic Grants to States	84.048	3710002-18 & 17	0	15,936
Twenty-First Century Community Learning Centers	84.287	3400002-17 & 16	0	635,677
School Improvement Grants	84.377	3100302-16	0	131,935
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<u><b>0</b></u>	<u><b>1,692,151</b></u>
<b><u>U.S. Department of Agriculture:</u></b>				
Passed through State Dept. of Education:				
National School Lunch Program - cash	10.555	7750002-19 & 18	0	521,286
National School Lunch Program - donated foods (Note B)	10.555	N/A	0	53,856
Summer Food Service Program for Children	10.559	7690024-18 & 7740023-18	0	9,228
School Breakfast Program	10.553	7760005-19 & 18	0	246,398
<b>Total Child Nutrition Cluster</b>			<u>0</u>	<u>830,768</u>
Child Nutrition Discretionary Grants Limited Availability	10.579	7840027-17	0	15,560
Child and Adult Care Food Program	10.558	7790021-18, 7800016-18	0	489
Total passed through State Dept. of Education			<u>0</u>	<u>846,817</u>
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<u><b>0</b></u>	<u><b>846,817</b></u>
<b>TOTAL FEDERAL ASSISTANCE</b>			<u><b>\$ 0</b></u>	<u><b>\$ 2,538,968</b></u>

See accompanying notes to schedule  
of expenditures of federal awards

**LIVINGSTON COUNTY SCHOOL DISTRICT**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For the year ended June 30, 2019

**NOTE A – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Livingston County School District under programs of the federal government for the year ended June 30, 2019. 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 Livingston County School District, it is not intended to and does not present the financial position or changes in financial position of the Livingston County School District.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE C – FOOD DISTRIBUTION**

Nonmonetary assistance is reported in the schedule at the fair value of the commodities disbursed. Per USDA instructions, commodities expended are recorded at an amount equal to commodities received and the inventory at June 30, 2019 is combined with purchased food inventory. The pass-through number for the commodities program was not available for the Schedule of Expenditures of Federal Awards.

**NOTE D – RECONCILIATION OF SCHEDULE TO FINANCIAL STATEMENTS**

The following is a reconciliation of the total in the schedule of expenditures of federal awards to the total federal revenue included in the statement of revenues, expenditures and changes in fund balances – governmental funds on page 13 of the audit report and in the statement of revenues, expenses, and changes in net position – proprietary funds on page 16 of the audit report:

Total intergovernmental – indirect federal from page 13	\$ 1,725,573
Total federal grants from page 16	777,401
Donated commodities from page 16	53,856
Plus: Federal reimbursement coded as a negative expenditure	1,800
Less: Medicaid funds received	<u>(19,662)</u>
Total on page 70	<u>\$ 2,538,968</u>

**REPORTS REQUIRED BY THE SINGLE AUDIT ACT**

75 Vine Street  
Benton, KY 42025

(270) 527-3628  
(270) 527-2261 fax

kimhamcpa@hotmail.com

---

---

**KIM HAM**  
**CERTIFIED PUBLIC ACCOUNTANT**

---

---

MEMBER,  
American Institute  
of CPA's

◆  
MEMBER,  
Kentucky Society  
of CPA's

**INDEPENDENT AUDITOR'S 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  
and Members of the Board of Education  
Livingston County School District  
Smithland, Kentucky

I have audited, in accordance with the 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 prescribed by the Kentucky State Committee for School District Audits in the *Kentucky Public School Districts' Independent Auditor's Contract*, including *Appendix I to the Independent Auditor's Contract – Audit Extension Request and Appendix II to the Independent Auditor's Contract – Submission Instructions*, the 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, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Livingston County School District's basic financial statements, and have issued my report thereon dated October 30, 2019.

**Internal Control Over Financial Reporting**

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

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

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Livingston County School District's financial statements are free from material misstatement, I 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. In addition, the results of my tests disclosed no instances of material noncompliance of specific state statutes or regulations identified in the *Kentucky Public School District's Independent Auditor's Contract*.

I noted certain matters that I reported to management of the Livingston County School District in a separate letter dated October 30, 2019.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of my 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.

A handwritten signature in black ink, appearing to read "Kim Glavin". The signature is written in a cursive, somewhat stylized font.

Benton, Kentucky  
October 30, 2019

75 Vine Street  
Benton, KY 42025

(270) 527-3628  
(270) 527-2261 fax

kimhamcpa@hotmail.com

---

---

**KIM HAM**  
**CERTIFIED PUBLIC ACCOUNTANT**

---

---

MEMBER,  
American Institute  
of CPA's

MEMBER,  
Kentucky Society  
of CPA's

**INDEPENDENT AUDITOR'S 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  
and Members of the Board of Education  
Livingston County School District  
Smithland, Kentucky

**Report on Compliance for Each Major Federal Program**

I have audited the Livingston County School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Livingston County School District's major federal programs for the year ended June 30, 2019. Livingston County School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

My responsibility is to express an opinion on compliance for each of the Livingston County School District's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my 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, 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), and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Kentucky Public School Districts' Independent Auditor's Contract*, including *Appendix I to the Independent Auditor's Contract – Audit Extension Request* and *Appendix II to the Independent Auditor's Contract – Submission Instructions*. Those standards and the Uniform Guidance require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Livingston County School District's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of the Livingston County School District's compliance.

***Opinion on Each Major Federal Program***

In my opinion, Livingston County School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.



## Report on Internal Control Over Compliance

Management of the Livingston County School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the Livingston County School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Livingston County School District's 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.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of my 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.



Benton, Kentucky  
October 30, 2019

**LIVINGSTON COUNTY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2019**

**I. SUMMARY OF AUDITOR'S RESULTS:**

1. The auditor's report expresses an unmodified opinion on the financial statements of the Livingston County School District.
2. No material weaknesses or significant deficiencies in internal control over financial reporting were disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of Livingston County School District were disclosed during the audit.
4. No material weaknesses or significant deficiencies in internal control over the major federal award program were disclosed during the audit.
5. The auditor's report on compliance for the major federal award program for Livingston County School District expresses an unmodified opinion on the major federal program.
6. There were no audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a).
7. The programs tested as major programs included:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
Title I Grants to Local Educational Agencies	84.010

8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Livingston County School District was determined to be a low-risk auditee.

**II. FINDINGS – FINANCIAL STATEMENT AUDIT**

There were no findings in the current year required to be reported in this schedule.

**III. FINDINGS – MAJOR FEDERAL AWARD PROGRAMS AUDIT**

There were no findings in the current year required to be reported in this schedule.

**LIVINGSTON COUNTY SCHOOL DISTRICT  
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
For the Year Ended June 30, 2019**

**I. FINDINGS – FINANCIAL STATEMENT AUDIT**

There were no findings in the prior year required to be reported in this schedule.

**II. FINDINGS – MAJOR FEDERAL AWARD PROGRAMS AUDIT**

There were no findings in the prior year required to be reported in this schedule.

**MANAGEMENT LETTER POINTS**

75 Vine Street  
Benton, KY 42025

(270) 527-3628  
(270) 527-2261 fax

kimhamcpa@hotmail.com

---

---

**KIM HAM**  
**CERTIFIED PUBLIC ACCOUNTANT**

---

---

**MEMBER,**  
*American Institute  
of CPA's*

◆  
**MEMBER,**  
*Kentucky Society  
of CPA's*

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

I have audited the financial statements of the Livingston County School District for the year ended June 30, 2019, and have issued my report thereon dated October 30, 2019. In planning and performing my audit of the financial statements of Livingston County School District, I considered the District's internal control to determine my auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control.

However, during my audit, I became aware of several matters that are opportunities for strengthening internal controls or operating efficiency. These comments and recommendations have been discussed with the appropriate members of management and are intended to help the District comply with applicable laws and regulations, improve the internal control, or result in other operational efficiencies. These comments are summarized on the following pages.

This report is intended solely for the Board, management, and others within the organization as deemed appropriate.

Respectfully,



Benton, Kentucky  
October 30, 2019

**LIVINGSTON COUNTY SCHOOL DISTRICT  
MANAGEMENT LETTER COMMENTS**

June 30, 2019

**UNCORRECTED PRIOR YEAR COMMENTS**

None

**CORRECTED PRIOR YEAR COMMENTS**

**District Central Office**

In our test of the existence of fixed assets in the prior year, we noted several technology related items that were tagged and recorded in MUNIS as being at one location, but when we attempted to examine the assets, they were in a different location, including some that were at a different school. In the current year, the assets that were on the list we obtained for a particular location were at that location, with the exception of one item that had been sold, but was still on the list, as discussed in the current year comments.

In our test of payroll documentation in the prior year, we noted that documentation was not obtained to substantiate the amount of pay to some employees who are not under contract. These included student workers whose pay depends on certain factors, such as whether they are in high school or in college; however, no proof of their classification was retained. In the current year, documentation was retained to substantiate how the pay rate was determined.

**North Livingston Elementary School Activity Fund**

In a random sample of 45 disbursements in the prior year, we noted three checks for which the purchase order was dated after the invoice date. In the current year, purchase orders were properly dated in our sample of disbursements.

**South Livingston Elementary School Activity Fund**

In a random sample of 30 cash disbursements in the prior year, we noted one purchase order that was not dated and another that was dated after the date the service was performed. In the current year sample of disbursements, purchase orders were properly dated.

**Livingston County Middle School Activity Fund**

In a random sample of 50 cash receipts in the prior year, we noted two multiple receipt forms (F-SA-6), one sales from concessions/bookstore/pencil machine form (F-SA-17), and two requisition and report of ticket sales forms (F-SA-1) that were not signed by the treasurer. There were three multiple receipt forms on which the "student signature" section was not properly completed by either listing a total only or by having the same person sign each line. In the current year, the only multiple receipt forms that were improper were before we covered the FY 18 exceptions with the bookkeeper. After the date of our exit conference with her regarding the prior year comments, the multiple receipt forms were properly completed.

When examining inventory control worksheets in the prior year, we noted the only parts completed were the beginning inventory and ending inventory sections. The forms did not include items such as the general information in the top section, delivery information, or collections. Also, the ending inventory on the form did not agree with the beginning inventory on the next form. Because of this, items were not reconciled and differences were not calculated or explained. In the current year, the forms included all necessary information that had been omitted in the prior year; however, as discussed in the current year comments, the explanation for the overage/shortage was not logical.

**LIVINGSTON COUNTY SCHOOL DISTRICT  
MANAGEMENT LETTER COMMENTS**

June 30, 2019

**CORRECTED PRIOR YEAR COMMENTS (Continued)**

**Livingston County Middle School Activity Fund (Continued)**

In our examination of documentation for fundraisers in the prior year, we noted that a form F-SA-2B was not completed for a candy sale fundraiser. In the current year, forms were completed and appeared to accurately account for funds deposited.

In a random sample of 50 cash disbursements in the prior year, there were three checks that were not signed by anyone. We also noted that standard invoices are not usually dated. In our test of disbursements in the current year, all checks examined were signed by two authorized individuals and standard invoices were properly dated.

**Livingston Central High School Activity Fund**

In the prior year, we could not locate fundraiser worksheets for three fundraisers. In the current year, fundraiser worksheets were used for all fundraisers and were properly completed.

In a random sample of 60 cash receipts in the prior year, we could not locate supporting documentation for 15 of them, such as multiple receipt forms or copies of checks received. We also noted four multiple receipt forms where the students remitting the money were not signing their own names to the form. Also, nine deposits were not made timely, with the longest time from receipt to deposit being three working days. In the current year sample of receipts, we noted proper supporting documentation, signatures, and timely deposits for items tested after the new bookkeeper was hired and trained.

In a random sample of 60 cash disbursements in the prior year, we noted three for which there were no supporting documentation, eighteen payments to referees that did not include a purchase order, nine purchase orders that were dated after the invoice date, one that did not include an approved dollar amount on the purchase order, and one that was a reimbursement to an individual for a purchase, but the invoice for the item purchased was not included with the standard invoice. In the current year test of disbursements, we noted proper supporting documentation, including purchase orders that were properly dated with approved dollar amounts, for items tested after the new bookkeeper was hired and trained.

**CURRENT YEAR COMMENTS**

**District Central Office**

**Fixed Assets**

In our test of the existence of fixed assets, we noted several assets that had been sold or junked in either the current or a prior year, but were still listed as active in MUNIS. We examined a sample of items on the maintenance asset list and noted a mower on the list that the maintenance supervisor stated had been sold during the fiscal year. We were able to trace the mower to bids that were taken, as well as to the deposit of funds from the winning bid. However, a fixed asset disposal sheet had not been completed so that the asset could be removed in MUNIS. We also noted some fixed asset information forms in the disposal section of the fixed asset notebook that were incomplete or not timely. Several did not have the initials or signature of the person approving the disposal of the asset. Some did not name the reason for disposing of the asset. Others noted that the item should be deleted from MUNIS inventory as the item was possibly damaged and disposed without tech knowledge, but it had been verified that the item was not in the district. These included several iPads purchased in 2011. Several others had notes indicating the assets were retired in FY 17 and that MUNIS needed to be updated to delete them. All employees need to be aware of the proper procedures for disposing of a fixed asset in order to better track existing assets. The completion of disposal sections of the fixed asset information forms should be completed with enough information to know why the asset is being removed from use, the person who authorized the removal, and whether the item was sold at surplus auction, sold through bids, junked because it was no longer in working order, damaged, or possible theft. If a tag was on the asset, it should be removed and attached on the sheet in the section provided. When the inventory is done at each location during the year, the inventory should be compared to the MUNIS list for additional or missing items and follow up should be done to reconcile the lists.

**LIVINGSTON COUNTY SCHOOL DISTRICT  
MANAGEMENT LETTER COMMENTS**

June 30, 2019

**CURRENT YEAR COMMENTS (Continued)**

**District Central Office (Continued)**

**Fixed Assets (Continued)**

**Management's Response:**

1. A Fixed Asset Information form will be completed at the time a fixed asset becomes junked, damaged or no longer needed or useable. The form will be signed and dated by the person approving the disposal of the necessary asset and turned in to the FA Coordinator at the Central Office. A copy of the FA Information form will be sent to the Superintendent for board approval of the surplus item.
2. Once the Fixed Asset is retired in MUNIS, the item can then be put out for bid and/or sold.
3. When the item is sold, a copy of the completed FA information form showing the MUNIS retirement date will be attached to any receipts/paperwork regarding the fixed asset.
4. In the past the inventory has been sent to the principals and the individual department heads for reconciliation. The new recommendation is to assign one district person to conduct most of the Fixed Asset Inventory. The technology inventory will continue to be conducted by the Technology Department.
5. The Fixed Asset Information form will be fully completed and turned in to the FA Coordinator at the Central Office for any changes in location or FA updates in MUNIS.
6. All completed inventory lists will be signed and dated by the individual completing the check and turned in to the FA Coordinator to file for audit purposes.
7. A Fixed Asset procedure for all staff will be put in place for fixed asset items.

Mary Dunning (Finance Office) and Jill Duncan (Accounting Supervisor), attended the Redbook training held at Hopkins County on August 28<sup>th</sup>. The presenters were Eydie Tate and Amber Minor. These attendees will also act as train-the-trainers for others within the district.

**South Livingston Elementary School Activity Fund**

**Cash Deposits**

In a random sample of 30 cash receipts, we noted four deposits that were not made within the time frame allowed by the Redbook. The Redbook states that when funds received exceed \$100, the deposit should be made by the next business day. Even when funds received in total are less than \$100, a deposit should be made at least once a week. Two of the amounts noted were received on Monday and deposited on Friday of that week. Another was received on Friday and deposited the following Wednesday. Another one was not deposited until 15 days after receipt.

**Management's Response:**

School personnel, the finance administrative assistant and building principal, have reviewed these findings and the Redbook procedures relating to timelines for making deposits. We will follow the timelines from Redbook which states that when funds received exceed \$100, the deposit will be made no later than the next business day. Even if the funds received total less than \$100, a deposit will be made at least once a week. The school finance administrative assistant and building principal have received Redbook training this school year. Our school finance administrative assistant will take deposits herself unless she is absolutely unable to do so. If she cannot take the deposit, she will notify the building principal who will then make the deposit. If the principal cannot take the deposit, she will contact the District Food Service Director and/or Finance Officer to arrange for the deposit to be taken to the bank. To ensure that the building principal knows when a deposit needs to be taken to the bank, the finance administrative assistant will present the paperwork created to prepare the deposit to the principal the day it is created, and the principal will initial that paperwork. This will ensure that the principal knows when a deposit must be taken.

Rebecca Dunning (Principal) and Katie Walker (School Treasurer) attended a Redbook training held at Hopkins County on August 28<sup>th</sup>. The presenters were Eydie Tate and Amber Minor. Attendees will also act as train-the-trainers for others within the district.



**LIVINGSTON COUNTY SCHOOL DISTRICT  
MANAGEMENT LETTER COMMENTS - CONTINUED**

June 30, 2019

**CURRENT YEAR COMMENTS (Continued)**

**Livingston County Middle School Activity Fund**

**Inventory Control Worksheet**

When examining one inventory control worksheet in the current year, we noted the total of beginning inventory plus deliveries was \$3,150.00. The total of collections plus ending inventory was \$3,464.45, which would indicate an overage. The explanation for the difference was that announcers, referees, gate and concession workers receive free food and drinks. This explanation would only be plausible if there was a shortage. The notes at the bottom of the form as to how to know if there is an overage or a shortage should be pointed out to the person who completes the form. It is possible that some numbers are incorrect in some sections of the form and if the person had realized that there was an overage at the time, the amounts and number of items could have been double checked at that time.

**Management's Response:**

Bobby Love (Principal) and Gail Anderson (School Treasurer) attended the Redbook training held at Hopkins County on August 28<sup>th</sup>. The presenters were Eydie Tate and Amber Minor. These attendees will also act as train-the-trainers for others within the district.

Notes indicated at the bottom of the inventory control worksheet as to how to know if there is an overage or a shortage should be pointed out to the person who completes the form.

**Concession Cash Receipts**

In our sample of 50 cash receipts, we noted one concession reconciliation form that indicated the total deposit should be \$452.95; however only \$232.95 was actually deposited. The bookkeeper has stated that she believes the second office staff person may have counted some money twice when she completed the concession form. She also stated that concession workers have not been completing the form and would leave it for the morning office people to do. The concession workers should be counting the money and completing the form after closing the concession stand. The office workers would then count the money the next morning to verify the amount is correct.

**Management's Response:**

The game administrator will verify that concession workers are properly filling out the concession reconciliation forms properly. On the morning after a ballgame, the concession reconciliation form will be taken by two people to a separate room to be counted and receipted.

Bobby Love (Principal) and Gail Anderson (School Secretary) attended the Redbook training held at Hopkins County on August 28<sup>th</sup>. The presenters were Eydie Tate and Amber Minor. These attendees will also act as train-the-trainers for others within the district.

**LIVINGSTON COUNTY SCHOOL DISTRICT  
MANAGEMENT LETTER COMMENTS - CONTINUED**

June 30, 2019

**CURRENT YEAR COMMENTS (Continued)**

**Livingston Central High School Activity Fund**

**Cash Disbursements Documentation**

In the current year test of disbursements, we noted checks that were written to students in the amount of \$210 each. The documentation indicated that money was collected from donations and various fundraisers and after all other expenses the remainder was split between each member of the graduating class. On page 17 of the 2013 Redbook, the list under "Disallowed Expenditures" includes cash awards, gift cards, or prepaid credit cards. Question 13 on page 10 of the "Redbook: Frequently Asked Questions" asks if a business donates a sum of money to the school with the stipulation that the funds be split equally among graduates in the form of cash, is this allowed. The answer is no, once the donation is deposited into the school account it becomes school activity funds and cannot be used to distribute cash or purchase gift cards despite the donor's request. Donations made with restrictions contradicting the Redbook shall not be accepted by the school. Page 9 of the Q & A states the donor can purchase and give out gift cards. Also, question 10 on page 9 of the Q & A asks if district funds may be used to purchase gift cards. The answer is the Redbook only applies to school activity funds, not funds in the district bank account. Gift cards can very easily be used for a purpose, and by an individual, other than what was intended. The purchase of gift cards with district funds is strongly discouraged.

**Management's Response:**

In an effort to monitor fiscal activities of all activity accounts, the booster organization for Project Graduation was encouraged by the administration to bring their accounts in house and in lieu of maintaining external accounts. This was done after the school year began and with the intent of being able to conduct all of their activities as they were accustomed. It was the understanding of the group that all funds had to be spent on those students that it was raised for during that school year. The group paid all expenses and there were funds remaining. In previous years, the organization gave a check to the students in an effort to zero out the accounts and this was what the organizers expected to still be able to do. Upon consultation with the leaders of the booster club as well as the finance department it was determined that it was acceptable to write checks to each of the students not to directly defy Redbook protocols but out of our misinterpretation of the rules.

Moving forward we will instruct the boosters that all funds MUST be spent on products or services associated with the activities and no cash awards, gift cards, or prepaid credit cards will be allowed. Further, it will not be our practice for any donor to purchase and give out gift cards even though it is allowable. Gift cards can very easily be used for a purpose, and by an individual, other than what was intended. The purchase of gift cards with district funds is strongly discouraged and it will be our practice to keep this practice to a minimum if at all. As it relates to this particular activity any funds remaining will be spent on items that could be used to purchase items that could aid in the college, career, and/or life transition after graduation. This finding, as a matter of public record, will be shared with the Project graduation boosters in order to provide clarity for this change in practice. Lastly, a plan will be developed to insure all funds are spent in an allowable way. Our treasurer also attended a Regional Redbook Training on August 28, 2019 for additional training over new Redbook policies. The Redbook training was held at Hopkins County on August 28<sup>th</sup>. The presenters were Eydie Tate and Amber Minor. She will also act as train-the-trainers for others within the district.