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KENTUCKY DEPARTMENT OF EDUCATION

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April 3, 2018

David Kitchens, Chairman
Livingston County Board of Education
123 West Lion Drive
Salem, KY 42078

Superintendent Victor Zimmerman
Livingston County Schools
127 E. Adair Street
Smithland, KY 42081

RE: Onsite Review

Dear Chairman Kitchens and Superintendent Zimmerman;

By letter dated February 19, 2018, the Kentucky Department of Education (KDE) advised the Livingston County School District pursuant to KRS 158.785 and 703 KAR 3:205, the KDE would be conducting an onsite review of the Livingston County School District. This letter is to provide follow-up information as a result of that review.

The onsite review was initiated in response to multiple communications from various sources regarding issues that may indicate significant deficiencies in the operation of the Livingston County School District. As a result, KDE deployed Kay Kennedy and Jackie Chism to make an on-site visit to the Livingston County Schools to conduct a review of issues related to governance, fiscal management, and data security. The purpose of the visit was to determine if there are significant deficiencies in the district that require the in-depth analysis of a formal state management audit.

The visit was conducted from February 19-21, 2018, and consisted of interviews with Superintendent Victor Zimmerman, central office staff including both certified and classified, Livingston County Central High School Principal Scott Gray, South Livingston Elementary Principal Becky Dunning, and several school staff members including both certified and classified levels who wished to offer comments.

Also interviewed, were all current members of the Livingston County Board of Education, and current board attorney, Stuart Peek. The immediate past board attorney, William Magee, was not available for interview due to prior commitments. Former board member, Kathleen Sullivan Cockrel, was interviewed. She provided a copy of her letter to the Office of Education Accountability and to the Education Professional Standards Board describing

her concerns about the Livingston County district. It is noted that although this report does identify some of the issues addressed in the letter, this report is not intended to be a formal investigation of the concerns of Ms. Cockrel.

Observations

During the interviews, district staff were asked about the operational areas of district governance, financial management, food service, facilities, transportation, personnel management, and data security.

District Governance – Interviews indicated that Superintendent Victor Zimmerman is generally identified as the leader in the district. At the January 22 regular meeting of the Livingston County Board of Education, the board unanimously approved the renewal of Superintendent Zimmerman's contract through June 30, 2022. The Board of Education meets monthly on the second Monday of the month. The board utilizes the eMeeting service provided by the Kentucky School Boards Association (KSBA) to publish meeting agendas, supporting documents, and meeting minutes. The district also subscribes to the KSBA Policy and Procedure Service although it appears that most staff rely on institutional knowledge rather than a documented policy/procedure to get work accomplished. It was generally stated in the interviews that communication is a big challenge for the district. Communication issues have led to mistrust between stakeholders. The interviews given for this report did not indicate issues of governance that warrant a state management audit.

Financial Management – Interviews indicated concern about the Finance Officer position that had recently been vacated due to a retirement. The Superintendent assumed the role of Finance Officer for a couple of months, but the district recently hired a new Finance Officer who satisfies the requirements for provisional certification per 702 KAR 3:320. A mentor who will support the new finance officer in the process for full certification has been engaged. There is no evidence that the transition to the new finance officer is a cause for concern. A second observation is related to the almost \$4,000,000 Fund Balance in the General Fund. Although this amount is far more than the 2% contingency amount required of school districts, it appears that the board and superintendent are reluctant to create additional fixed costs, which may not be sustainable in the long term. Although there is no evidence of a long-term strategic plan for the use of these excess funds, past financial concerns and the relative inexperience of the board may contribute to a conservative approach in growing and protecting the wealth of the district. The minutes of the December, 2017, Special Meeting of the Board of Education indicate the board approved a one-time bonus for staff, instead of a raise that would be a recurring cost. Finally, it was observed that the most recent Independent Auditor's report was satisfactory, with no material findings at the district level. Although there were findings related to school level activity funds, the nature and scope of the findings do not indicate a need for a state management audit.

Food Service – The district underwent a food service review in September 2017. There were seven findings at the high school and they are mainly administrative in nature. The KDE Division of School and Community Nutrition is monitoring the required corrective action. There were no findings with respect to the financial management of the food service program. The interviews conducted for this report did not identify any additional issues that warrant further review in a formal state management audit.

Facilities – The District Facility Plan was approved by the Kentucky Board of Education in June 2016. The Plan of School Organization indicates that the Livingston County Middle School will become a 6-8 center, and both North Livingston Elementary and South Livingston Elementary will become PS-5 centers. This plan has been implemented. Although there were some complaints about the transition, the interviews conducted for this report did not identify any specific issues with the plan of school organization. Interviews were conducted at Livingston County Central High School and South Livingston Elementary School. Both schools appear to be clean and well

kept. The interviews conducted for this report did not identify any issues with the maintenance and repair of the physical plant.

Transportation – Based on information from the district's financial information, SEEK transportation funding provides approximately 40% of the total transportation cost. It appears that the district suspended the bus replacement schedule for several years, as there are now 22 of 34 buses over 14 years old. The district did purchase three new buses last year, and is planning to purchase additional buses in the coming year. The last transportation review of Livingston County was conducted in October 2017, and there were no findings of concern. The interviews conducted for this report, do not indicate that further review through a state management audit is needed.

HR/Personnel Management – Based on interviews conducted with central office and school administrators, the district appears to follow policy in hiring staff. School-Based Decision Making Councils are appropriately engaged in the interview and selection process at the school level. At the Central Office, there appears to be sufficient segregation of duties in the payroll process from the initial hire through termination. Although the interviews indicated there have been some unpopular employee hiring decisions, those decisions appear to be procedurally correct, and there is no indication that a state management audit is needed.

Data Security – Interviews indicated that some staff members are not satisfied with the district's response to a public exposure on the internet of Personally Identifiable Information that was discovered in February. A technical engineer from the KDE Office of Education Technology has provided support to the district CIO to ensure the proper protocol is followed to comply with statutory requirements. The engineer has provided information on third-party resources who can provide the district with investigative service in this matter. In addition, the district has provided identity theft protection to staff for a term of one year. The data breach is a serious matter for the district, and the district appears to be taking appropriate steps. The interviews and observations in relation to this issue do not indicate a state management audit is necessary.

Areas of Concern

The interviews did reveal some areas of concern. It is recommended that the district develop and implement steps to improve these areas.

Communication

a. Policy/Procedures

- i. Field trip requests must be submitted to the board for approval, but the resulting decision is not consistently communicated back to the requestor in a timely manner.
- ii. Expectations regarding funding of athletic trips are not clear to stakeholders. Also, the district should review its policy for dealing with providers of athletic equipment to ensure the best deal for the district.
- iii. There is concern over the late fees assessments for copier lease payments that result from invoices not received in time for the board approval at the regular monthly meeting.

b. Organization Chart/Chain of Command

- i. There is some confusion with school staff regarding whether the principal or the superintendent authorizes school level purchases.
- ii. Changes in the organization chart are not clearly communicated or understood by stakeholders. For example, if a position is eliminated, it is not clear to stakeholders if specific duties have been eliminated or reassigned.

c. Financial status

- i. The investment policy of the district reflects a risk-averse approach and maintains maximum liquidity using money market accounts in the district's bank. There does not appear to be a clear understanding of terms such as 'contingency', 'carry forward', and 'cash balance' so that the board and superintendent can effectively communicate the financial status of the district and financial strategy going forward.
- ii. As a steward of the district's finances, the Superintendent has questioned the tax collection fee charged by the Sheriff's Office. There does not appear to be a clear understanding of the true cost of resources to do the tax collection, and a fair pricing rate for the service. The controversy has been heightened by the Sheriff's request for additional funding for the School Resource Officer position.

Superintendent Feedback

- a. There is concern the superintendent does not utilize expertise on staff for program development.
- b. Some in the district describe the superintendent's style of leadership as autocratic, with a top-down approach. Evidence of an email, referred to as the "Dead Horse Email", was provided and characterized as a negative impact to the morale of the staff. There is a perception that the superintendent does not give credit to the staff for school improvements. There is a sense among staff that classified personnel are not valued employees.
- c. The superintendent has suspended the scheduled communication opportunities (such as the Snack-n-Chat sessions) to meet with staff on a more informal basis. The transparency initiatives of the superintendent are viewed as insincere.
- d. Communication from the superintendent has been described as "after the fact" and "reactive" to crisis situations, rather than proactive.

Board Member Training

- a. There is a perception that some board members have not attended annual professional development conferences that the district has paid for their attendance.
- b. Two board members have less than one year of experience, two members are completing their first term, and one member is in his second term. This inexperience has led to a perception among some stakeholders that board members are simply 'yes men' to the Superintendent, and do not represent their constituents.
- c. There is consternation the board members do not adequately prepare for the scheduled or unscheduled board meetings due to their perceived lack of knowledge on the issues discussed, and/or the appearance of an uncaring attitude believed by the community in the open sessions.
- d. Although the board has reviewed and approved the Comprehensive District Improvement Plan (CDIP), there does not appear to be any long-term strategy with goals and measurable objectives to ensure success.

Data Security

- a. The Personally Identifiable Information exposed in the recent Data Breach, has generated much concern and anxiety in the district. Interviews indicated the communication about the initial incident and subsequent follow-up, has been characterized as weak and uncaring.
- b. Interviews indicated that there is concern whether the district has the necessary processes to prevent another data breach through the exposure of data, whether unknowingly committed or incognizant.

Conclusion

Interviews with staff indicated that basic operational areas are functioning as expected. District governance is executed according to policy and procedure, albeit unwittingly at times. Students are being transported on safe buses. The school facilities are in relatively good shape and there are no hazards to the staff and students in the buildings. The district participates in the Community Eligibility Program to ensure all students have access to nutritious meals. The district financial statements are in order – specifically, bills are being paid and employees are being compensated. Operationally, there are no identified concerns that merit a state management audit.

The interviews also brought to light that the biggest concern in the district is communication. Clear and concise communication must be a consistent practice. Communication must occur on many levels – between staff in central office, between staff in the schools, between central office and the schools, between the principals and the superintendent, between the superintendent and the board, between the board and the community, to name a few areas. Communication directly impacts morale, communication directly impacts trust, and both morale and trust appear to be at low levels in the district.

Based upon the above, it is determined that a formal management audit consistent with KRS 158.785 and 703 KAR 3:205, Section 2 is not merited at this time. However, this should not be construed that the above concerns do not require further action on the part of the Board and the Superintendent. There exist many opportunities for improvement towards creating a successful and thriving learning environment for students. As such, the Board and the Superintendent are encouraged to work together towards improving the overall culture and climate of the district.

You may direct any questions to Robin Kinney, KDE Associate Commissioner at 502-564-1976.

Sincerely,



Stephen L. Pruitt, Ph.D.
Commissioner of Education

cc: Kevin C. Brown, KDE General Counsel and Associate Commissioner
Kelly Foster, KDE Associate Commissioner
Robin Kinney, KDE Associate Commissioner
Donna Duncan, KDE Director
Kay Kennedy
Jackie Chism