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

November 6, 2018

To the Board of Directors
Trigg County School District
202 Main Street
Cadiz KY 42211

We have audited the financial statements of the Trigg County School District for the year ended June 30, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 5, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Trigg County School District are described in Note 1 to the financial statements. As discussed in Note 17 to the financial statements, Trigg County School District adopted the following policies –

- GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions (OPEB)* which had a significant impact on the District's financial position
- GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, issued March 2016 (no impact)
- GASB Statement No. 85, *Omnibus 2017*, issued March 2017 (no impact)
- GASB Statement No. 86, *Certain Debt Extinguishment Issues*, issued May 2017 (no impact)

We noted no transactions entered into by Trigg County School District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District's financial statements were:

Management's estimate of the depreciable lives of fixed assets is based on the average useful life, manufacturer's guidelines and experience. The estimate of compensated absences is based on a formula designed using historical experience. The net pension liability of the CERS pension plan, and deferred outflows and inflows related to the pension plan are based on an actuarial valuation. The net OPEB liability of the CERS postemployment plan, and deferred outflows and inflows related to the postemployment plan are based on an actuarial valuation. We evaluated the key factors and assumptions used to develop the valuation of depreciable lives of fixed assets, compensated absences, and pension and other post-employment benefit costs in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following material misstatements detected as a result of audit procedures were corrected by management.

Proprietary Funds:

Food Service:

- To record GASB 68 adjustments (pension) – net income effect of (\$97,863)

Daycare

- To record GASB 68 adjustments (pension) – net income effect of (\$31,866)

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 6, 2018.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the management's discussion and analysis, budgetary comparison information, Schedules of Proportionate Share of Net Pension Liability, Schedules of Employer Contributions to Pension Plan, Notes Required to Supplementary Information – Pension, Schedules of Proportionate Share of Net OPEB liability, Schedules of Employer OPEB contribution and Notes to Required Supplementary Information – OPEB which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the following supplementary information schedules which accompany the financial statements but are not RSI. The supplementary information consists of the following:

- Combining Balance Sheet – Nonmajor Governmental Funds
- Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds
- Combining Statement of Receipts, Disbursements and Due to Student Groups – School Activity Funds
- Schedule of Expenditures of Federal Awards

- Notes to the Schedule of Expenditures of Federal Awards

With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the Board of Directors and management of Trigg County School District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Duguid, Gentry & Associates, PSC

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