

DAVIESS COUNTY SCHOOL DISTRICT
BASIC FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION
Year Ended June 30, 2024

(With Independent Auditor's Report Thereon)

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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Education
Daviness County School District
Owensboro, Kentucky

Kentucky State Committee for School District Audits
Frankfort, Kentucky

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Daviness County School District (District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Kentucky Public School Districts' Audit Contract and Requirements* prescribed by the Kentucky State Committee for School District Audits. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not absolute assurance, and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements, Continued

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-11, the budgetary comparison schedules on pages 60-61, and the pension and other postemployment benefits schedules on pages 62-72 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying nonmajor governmental funds combining financial statements, the school activity fund schedules, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the nonmajor governmental funds combining financial statements, the school activity fund schedules, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Daviess County School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024

The discussion and analysis of Daviess County School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2024. The intent of this discussion and analysis is to review the School District's financial performance as a whole. Readers should also review the basic financial statements and the notes to the financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

- In total, net position increased \$14,602,248. Net position of governmental activities increased by \$14,772,265, while net position of business-type activities decreased by \$170,017.
- General revenues accounted for \$131,231,419 in revenue or 82.1% of all governmental revenues. Program specific revenues in the form of charges for services, grants, and contributions accounted for \$28,579,157 or 17.9% of total governmental revenues of \$159,810,576.
- Total assets of governmental activities increased by \$9,352,058. For governmental activities, capital assets increased by \$11,627,944, while cash and investments decreased by \$1,396,724.
- The School District had \$145,038,311 in expenses related to governmental activities; only \$28,579,157 of these expenses were offset by program specific charges for services, grants, and contributions. General revenues (primarily local taxes and state SEEK allocations) were adequate to provide for these programs.
- Construction continued during fiscal year 2024. Projects that were in progress at year end include a HVAC projects at various schools, improvements to various athletic fields, and the renovations at Apollo High school.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Daviess County School District as a financial whole. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The **Statement of Net Position** and the **Statement of Activities** provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term, as well as what remains for future spending. The fund financial statements also look at the School District's major funds with all other non-major funds presented in total in one column. The major funds for the Daviess County School District are the General Fund, Special Revenue Fund, and Construction Fund.

Daviess County School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024

Reporting the School District as a Whole

One of the most important questions asked about the School District is “how did we do financially during 2024?” The **Statement of Net Position** and the **Statement of Activities**, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received and paid.

These two statements report the School District's net position and changes in that position. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the School District's property tax base, current property tax laws in Kentucky restricting revenue growth, required educational programs and other factors.

In the **Statement of Net Position** and the **Statement of Activities**, the School District is divided into two distinct kinds of activities:

Governmental Activities – most of the School District's programs and services are reported here, including instruction, support services, operation and maintenance of plant, pupil transportation, and other activities.

Business-Type Activities – these services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The School District's food service and after school programs are reported as business activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 14. Fund financial statements provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's major funds.

Governmental Funds – most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end available for spending in future periods. These funds are reported using an accounting method called modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance

Daviess County School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024

Reporting the School District's Most Significant Funds, Continued

Governmental Funds, Continued

educational programs. The relationship (or difference) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Funds – proprietary funds use the same basis of accounting as business-type activities; therefore, the statements for the proprietary fund will essentially match.

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 21-59 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 \$50,538,343 for governmental activities, and liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$992,968 for business-type activities as of June 30, 2024.

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. Included for June 30, 2024 is the district's liability for the net pension obligation and the liability for other postemployment benefits.

Daviess County School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024

Reporting the School District's Most Significant Funds, Continued

Government-Wide Financial Analysis, Continued

(Table 1)
Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Assets						
Current and other assets	\$60,230,174	\$62,506,060	\$5,293,250	\$6,221,703	\$65,523,424	\$68,727,763
Capital assets	<u>186,887,615</u>	<u>175,259,671</u>	<u>1,313,574</u>	<u>979,033</u>	<u>188,201,189</u>	<u>176,238,704</u>
Total assets	<u>247,117,789</u>	<u>237,765,731</u>	<u>6,606,824</u>	<u>7,200,736</u>	<u>253,724,613</u>	<u>244,966,467</u>
Deferred Outflows of Resources						
Deferred charges on refunding	442,576	612,987	-	-	442,576	612,987
Pension deferred outflows	7,075,732	6,232,365	1,229,432	1,103,412	8,305,164	7,335,777
OPEB deferred outflows	<u>16,694,035</u>	<u>22,678,241</u>	<u>549,501</u>	<u>787,310</u>	<u>17,243,536</u>	<u>23,465,551</u>
Total deferred outflows of resources	<u>24,212,343</u>	<u>29,523,593</u>	<u>1,778,933</u>	<u>1,890,722</u>	<u>25,991,276</u>	<u>31,414,315</u>
Liabilities						
Long-term liabilities	175,859,621	201,615,681	6,725,521	8,979,720	182,585,142	210,595,401
Other liabilities	<u>12,449,675</u>	<u>12,023,757</u>	<u>105,422</u>	<u>109,883</u>	<u>12,555,097</u>	<u>12,133,640</u>
Total liabilities	<u>188,309,296</u>	<u>213,639,438</u>	<u>6,830,943</u>	<u>9,089,603</u>	<u>195,140,239</u>	<u>222,729,041</u>
Deferred Inflows of Resources						
Pension deferred inflows	4,019,992	921,216	599,672	136,637	4,619,664	1,057,853
OPEB deferred inflows	<u>28,462,501</u>	<u>16,962,592</u>	<u>1,948,110</u>	<u>688,169</u>	<u>30,410,611</u>	<u>17,650,761</u>
Total deferred inflows of resources	<u>32,482,493</u>	<u>17,883,808</u>	<u>2,547,782</u>	<u>824,806</u>	<u>35,030,275</u>	<u>18,708,614</u>
Net Position						
Net investment in capital assets	71,778,059	57,574,643	1,313,574	979,033	73,091,633	58,553,676
Restricted	10,950,412	19,577,283	-	-	10,950,412	19,577,283
Unrestricted	<u>(32,190,128)</u>	<u>(41,385,848)</u>	<u>(2,306,542)</u>	<u>(1,801,984)</u>	<u>(34,496,670)</u>	<u>(43,187,832)</u>
Total net position	<u>\$50,538,343</u>	<u>\$35,766,078</u>	<u>(\$992,968)</u>	<u>(\$822,951)</u>	<u>\$49,545,375</u>	<u>\$34,943,127</u>

Total assets increased \$8,758,146. Total net position increased by \$14,602,248.

Daviess County School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024

Reporting the School District's Most Significant Funds, Continued

Government-Wide Financial Analysis, Continued

(Table 2)
Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Program revenues:						
Charges for services	\$4,533,757	\$4,434,246	\$2,390,703	\$3,068,485	\$6,924,460	\$7,502,731
Operating grants and contributions	18,427,067	23,038,549	7,156,139	6,857,538	25,583,206	29,896,087
Capital grants and contributions	5,618,333	6,886,674	-	-	5,618,333	6,886,674
General revenues:						
Taxes	57,536,577	55,664,181	-	-	57,536,577	55,664,181
State aid formula grants	37,012,044	39,416,164	-	-	37,012,044	39,416,164
Investment earnings	3,217,511	2,319,123	282,979	210,530	3,500,490	2,529,653
Gain on sale of capital assets	44,539	-	-	1,035	44,539	1,035
Miscellaneous	427,836	398,379	-	-	427,836	398,379
State on behalf payments	32,796,467	39,558,580	-	-	32,796,467	39,558,580
Transfers:	<u>196,445</u>	<u>(331,634)</u>	<u>(196,445)</u>	<u>331,634</u>	<u>-</u>	<u>-</u>
Total revenues and transfers	<u>159,810,576</u>	<u>171,384,262</u>	<u>9,633,376</u>	<u>10,469,222</u>	<u>169,443,952</u>	<u>181,853,484</u>
Program expenses:						
Instruction	91,767,505	102,095,687	-	-	91,767,505	102,095,687
Support services:						
Student	7,034,959	7,969,318	-	-	7,034,959	7,969,318
Instructional staff	4,542,854	4,642,647	-	-	4,542,854	4,642,647
District administration	1,384,746	1,289,189	-	-	1,384,746	1,289,189
School administration	9,341,785	9,998,226	-	-	9,341,785	9,998,226
Business	3,175,164	2,999,384	-	-	3,175,164	2,999,384
Facility operations/maintenance	13,746,327	13,802,252	-	-	13,746,327	13,802,252
Student transportation	8,501,538	9,439,595	-	-	8,501,538	9,439,595
Non-instructional	1,284,390	1,166,638	-	-	1,284,390	1,166,638
Facility acquisition/construction	236,106	682,721	-	-	236,106	682,721
After school program	598,114	734,008	1,046,329	849,553	1,644,443	1,583,561
Interest on long-term debt	3,424,823	3,570,524	-	-	3,424,823	3,570,524
Food service	-	-	8,757,064	8,457,746	8,757,064	8,457,746
Total expenses	<u>145,038,311</u>	<u>158,390,189</u>	<u>9,803,393</u>	<u>9,307,299</u>	<u>154,841,704</u>	<u>167,697,488</u>
Increase/decrease in net position	<u>\$14,772,265</u>	<u>\$12,994,073</u>	<u>(\$170,017)</u>	<u>\$1,161,923</u>	<u>\$14,602,248</u>	<u>\$14,155,996</u>

Daviess County School District
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2024

Reporting the School District’s Most Significant Funds, Continued

Governmental Activities

Instruction comprises 63.3% of governmental program expenses. Support services expenses make up 33.3% of governmental expenses. Non-instructional expenses for community services total .9% of governmental expenses. Facilities acquisition/construction and interest accounts for the remaining 2.5% of the total governmental expense.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted state entitlements. The total cost of services includes state on-behalf payments in the amount of \$32,796,467 for 2024.

(Table 3)
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Instruction	\$91,767,505	\$102,095,687	\$73,503,178	\$79,338,878
Support services	48,325,487	50,874,619	44,960,271	47,330,273
Non-instructional	1,284,390	1,166,638	(46,891)	(5,002)
Facilities acquisition/construction	236,106	682,721	(5,382,227)	(6,203,953)
Interest on long-term debt	<u>3,424,823</u>	<u>3,570,524</u>	<u>3,424,823</u>	<u>3,570,524</u>
Total expenses	<u>\$145,038,311</u>	<u>\$158,390,189</u>	<u>\$116,459,154</u>	<u>\$124,030,720</u>

Business-Type Activities

The business-type activities are food service and after school programs. These programs had revenues of \$9,829,821 and expenses of \$9,803,393 for fiscal year 2024. Of the revenues, \$2,390,703 was charges for services, \$7,156,139 was from state and federal grants, and \$282,979 was from investment earnings. Indirect cost transfers and other transfers totaled \$196,445. Business activities receive no support from tax revenues. The School District will continue to monitor the charges and costs of these activities. If it becomes necessary, the School District will increase the charges for these activities.

The School District’s Funds

Information about the School District’s major funds begins on page 14. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$164,885,686 and expenditures of \$168,758,647. The General Fund’s fund balance increased by \$4,753,910.

Daviess County School District
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2024

Reporting the School District’s Most Significant Funds, Continued

General Fund-Budget Highlights

The School District’s budget is prepared according to Kentucky law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund. The Kentucky Department of Education requires a zero-based budget with any budgeted remaining fund balance shown as a contingency expense in the budget process.

A variance comparison is presented on page 60 between the final budgeted amounts and the actual (GAAP Basis) amounts. The General Fund revenues were budgeted at \$121,958,816 with actual amounts of \$119,903,634. Budgeted expenditures of \$140,590,111 compare with actual expenditures of \$118,546,429, a difference of \$22,043,682. The source of the expense budget variances is related to amounts budgeted for contingencies. Budgeted other financing uses was \$529,590, with actual financing sources of \$3,396,705. The net increase in the General Fund balance is \$4,753,910.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2024, the School District had \$188,201,189 invested in land, buildings, equipment, and construction in progress, \$186,887,615 in governmental activities, and \$1,313,574 in business-type activities. Table 4 shows fiscal year 2024 balances compared to 2023.

(Table 4)
Capital Assets at June 30
(Net of Depreciation)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Land	\$12,679,647	\$10,169,490	-	-	\$12,679,647	\$10,169,490
Land improvements	760,571	859,344	773	1,542	760,930	860,886
Buildings and improvements	137,282,315	136,582,209	-	-	137,282,315	136,582,209
Technology equipment	256,277	356,326	-	1,742	256,277	358,068
Vehicles	4,137,426	3,729,485	45,700	4,911	4,183,126	3,734,396
General equipment	2,366,248	1,542,420	1,267,101	970,838	3,633,349	2,513,258
Construction in progress	<u>29,405,545</u>	<u>22,020,397</u>	<u>-</u>	<u>-</u>	<u>29,405,545</u>	<u>22,020,397</u>
Total	<u>\$186,887,615</u>	<u>\$175,259,671</u>	<u>\$1,313,574</u>	<u>\$979,033</u>	<u>\$188,201,189</u>	<u>\$176,238,704</u>

The increase in net capital assets is primarily due to ongoing construction.

Daviess County School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024

Debt

At June 30, 2024, the School District had \$111,006,000 in bonds outstanding, of which \$1,496,625 are to be paid from the KSFCC funding provided by the state of Kentucky. A total of \$7,862,000 is due within one year.

At June 30, 2023, the School District had \$113,703,000 in bonds outstanding, of which \$1,593,339 were to be paid from the KSFCC funding provided by the state of Kentucky.

District Challenges for the Future

Daviess County School District's overall financial status remains in a safe financial position. The District is financially stable, but at risk due to continued inadequate state funding. This is the result of three factors: the general decrease in the percentage of state funding for K-12 public education; the rising cost of employer retirement expense; and the related state pension fund financial challenge.

A challenge facing our School District is that of inadequate state funding. In recent years, the state has placed an assortment of mandates on Kentucky school districts, yet adequate funding for those mandates has not been provided. This practice, over time, will place a severe strain on the District's resources. The District maintains a contingency plan to deal with state funding shortfalls, but this will only be effective for the short-term. A long-term solution at the state level must be determined and enacted by the state legislature to ensure adequate funding for Kentucky's public school districts. To balance state funding shortfalls, increased pressure has been placed on local boards of education to increase taxes, placing a hardship on local school districts and local taxpayers.

Kentucky's constitution clearly directs public education as the state's responsibility. Fiscally speaking, the state must address inadequate school funding on multiple fronts that include operational costs, transportation, and capital infrastructure needs. Should the state fail to proactively respond to this issue, the potential exists for a state-wide lawsuit as evidenced by the Kentucky Education Reform Act (KERA) that occurred in 1990. While KERA ushered in sweeping reform for school accountability, the lawsuit was based on the premise of inadequate state funding for Kentucky's public schools. The Kentucky Supreme Court sided with the school districts in that case, ordering the Legislature to remedy inadequate and inequitable school funding.

A second financial risk facing Daviess County Public Schools is the rising retirement/pension costs and also the financial instability in the state pension funds. The CERS employer matching percentage has more than doubled over the last seven-year period for the support personnel. Additionally, Kentucky school boards now contribute 3.0% to stabilize the TRS medical fund. This cost has been 100% the obligation of local taxpayers with no state assistance. Legislation was approved in the General Assembly that forbids the state from continuing to borrow from the TRS pension fund to meet the state's pension obligation. No additional state funding has been appropriated to offset this rising cost and the District has been forced to increase local funding to provide the necessary revenue to offset the unavoidable, mandated cost increases.

Daviess County School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024

District Challenges for the Future, Continued

Further, instability in the state pension funds is a large financial concern for the state's budget and if left unresolved, could result in negative financial consequences to Kentucky's public school districts.

With careful planning and monitoring of our finances, the Daviess County School District's goals are to continue to provide a quality education for our students and to secure a positive financial future for the School District.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information, contact Sara Harley, Director of Finance, at Daviess County Public Schools, 1622 Southeastern Parkway, P.O. Box 21510, Owensboro, KY 42304-1510, or email at sara.harley@daviess.kyschools.us.

DAVISS COUNTY SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2024

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 48,515,234	\$ 4,821,615	\$ 53,336,849
Investments	5,616,820	-	5,616,820
Accounts receivable:			
Taxes	1,709,450	-	1,709,450
Other	291,629	18,740	310,369
Due from other governments	1,818,573	213,244	2,031,817
Inventory	392,606	239,651	632,257
Prepays and other current assets	758,385	-	758,385
Net other postemployment benefits asset	1,127,477	-	1,127,477
Capital assets, net	186,887,615	1,313,574	188,201,189
Total assets	247,117,789	6,606,824	253,724,613
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refunding	442,576	-	442,576
Pension deferred outflows	7,075,732	1,229,432	8,305,164
Other postemployment benefits deferred outflows	16,694,035	549,501	17,243,536
Total deferred outflows of resources	24,212,343	1,778,933	25,991,276
LIABILITIES			
Accounts payable	3,411,616	1,088	3,412,704
Accrued salaries and benefits	5,106,496	-	5,106,496
Payroll withholdings	824,620	-	824,620
Accrued interest payable	446,160	-	446,160
Unearned revenue	2,660,783	104,334	2,765,117
Long-term liabilities:			
Due within one year	8,400,265	-	8,400,265
Due in more than one year	111,161,056	-	111,161,056
Other liabilities due in more than one year:			
Net pension liability	35,873,300	6,509,984	42,383,284
Net other postemployment benefits liabilities	20,425,000	215,537	20,640,537
Total liabilities	188,309,296	6,830,943	195,140,239
DEFERRED INFLOWS OF RESOURCES			
Pension deferred inflows	4,019,992	599,672	4,619,664
Other postemployment benefits deferred inflows	28,462,501	1,948,110	30,410,611
Total deferred inflows of resources	32,482,493	2,547,782	35,030,275
NET POSITION			
Net investment in capital assets	71,778,059	1,313,574	73,091,633
Restricted for:			
Capital projects	1,892,588	-	1,892,588
Other	8,850,196	-	8,850,196
Technology	207,628	-	207,628
Unrestricted	(32,190,128)	(2,306,542)	(34,496,670)
Total net position	\$ 50,538,343	\$ (992,968)	\$ 49,545,375

DAVIESS COUNTY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

Year Ended June 30, 2024

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
Instruction	\$ 91,767,505	\$ 4,141,166	\$ 14,123,161	\$ -	\$ (73,503,178)		\$ (73,503,178)
Support services:							
Student	7,034,959	14,532	1,527,155	-	(5,493,272)		(5,493,272)
Instructional staff	4,542,854	20,084	560,650	-	(3,962,120)		(3,962,120)
District administration	1,384,746	-	-	-	(1,384,746)		(1,384,746)
School administration	9,341,785	-	11,882	-	(9,329,903)		(9,329,903)
Business	3,175,164	-	-	-	(3,175,164)		(3,175,164)
Plant operation and maintenance	13,746,327	41,224	22,652	-	(13,682,451)		(13,682,451)
Student transportation	8,501,538	316,751	233,564	-	(7,951,223)		(7,951,223)
After school	598,114	-	616,722	-	18,608		18,608
Community services	1,284,390	-	1,331,281	-	46,891		46,891
New building construction	95,058	-	-	-	(95,058)		(95,058)
Building renovations / additions	141,048	-	-	5,618,333	5,477,285		5,477,285
Interest on long-term liabilities	3,424,823	-	-	-	(3,424,823)		(3,424,823)
Total governmental activities	<u>145,038,311</u>	<u>4,533,757</u>	<u>18,427,067</u>	<u>5,618,333</u>	<u>(116,459,154)</u>		<u>(116,459,154)</u>
Business-type activities:							
Food service	8,757,064	1,302,326	7,134,473	-	-	\$ (320,265)	(320,265)
After school	1,046,329	1,088,377	21,666	-	-	63,714	63,714
Total business-type activities	<u>9,803,393</u>	<u>2,390,703</u>	<u>7,156,139</u>	<u>-</u>	<u>-</u>	<u>(256,551)</u>	<u>(256,551)</u>
Total district	<u>\$ 154,841,704</u>	<u>\$ 6,924,460</u>	<u>\$ 25,583,206</u>	<u>\$ 5,618,333</u>	<u>(116,459,154)</u>	<u>(256,551)</u>	<u>(116,715,705)</u>
General revenues:							
Property taxes					52,238,166	-	52,238,166
Utility taxes					5,298,411	-	5,298,411
State aid formula grants					37,012,044	-	37,012,044
On-behalf payments					32,796,467	-	32,796,467
Investment earnings					3,217,511	282,979	3,500,490
Gain (loss) on disposition of capital assets					44,539	-	44,539
Miscellaneous					427,836	-	427,836
Transfers					196,445	(196,445)	-
Total general revenues and transfers					<u>131,231,419</u>	<u>86,534</u>	<u>131,317,953</u>
Change in net position					14,772,265	(170,017)	14,602,248
Net position, June 30, 2023					<u>35,766,078</u>	<u>(822,951)</u>	<u>34,943,127</u>
Net position, June 30, 2024					<u>\$ 50,538,343</u>	<u>\$ (992,968)</u>	<u>\$ 49,545,375</u>

DAVISS COUNTY SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2024

	General Fund	Special Revenue Fund	Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 33,514,929	\$ 929,972	\$ 11,238,722	\$ 2,831,611	\$ 48,515,234
Investments	5,616,820	-	-	-	5,616,820
Accounts receivable:					
Taxes	1,709,450	-	-	-	1,709,450
Other	121,009	169,045	-	1,575	291,629
Due from other governments	41,768	1,776,805	-	-	1,818,573
Due from other funds	-	-	-	-	-
Inventory	350,468	-	-	42,138	392,606
Prepaid expenses	653,470	-	-	-	653,470
Total assets	\$ 42,007,914	\$ 2,875,822	\$ 11,238,722	\$ 2,875,324	\$ 58,997,782
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 32,943	\$ 7,411	\$ 3,365,193	\$ 6,069	\$ 3,411,616
Due to other funds	-	-	-	-	-
Accrued salaries and benefits	5,106,496	-	-	-	5,106,496
Payroll withholdings	824,620	-	-	-	824,620
Unearned revenue	-	2,660,783	-	-	2,660,783
Total liabilities	5,964,059	2,668,194	3,365,193	6,069	12,003,515
Deferred inflows of resources:					
Unavailable revenue - delinquent property taxes	303,103	-	-	-	303,103
Fund balances:					
Nonspendable	1,003,938	-	-	-	1,003,938
Restricted	-	360,824	7,873,529	2,869,255	11,103,608
Committed	368,803	-	-	-	368,803
Assigned	3,179,421	-	-	-	3,179,421
Unassigned	31,188,590	(153,196)	-	-	31,035,394
Total fund balances	35,740,752	207,628	7,873,529	2,869,255	46,691,164
Total liabilities, deferred inflows of resources, and fund balances	\$ 42,007,914	\$ 2,875,822	\$ 11,238,722	\$ 2,875,324	\$ 58,997,782

DAVISS COUNTY SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION

June 30, 2024

Total fund balances - governmental funds	\$	46,691,164
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 in the governmental funds.		
		186,887,615
Certain assets are not available to pay for current period expenditures:		
Accrued interest receivable	\$ 50,605	
Prepaid expenses	54,310	
Taxes receivable	<u>303,103</u>	408,018
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds:		
Bonds payable	\$ (111,006,000)	
Issuance premiums	(4,762,180)	
Issuance discounts	216,048	
Deferred charges on refunding	442,576	
Compensated absences	(4,009,189)	
Net pension liability - CERS	(35,873,300)	
Net OPEB asset - CERS	1,127,477	
Net OPEB liability - TRS	(20,425,000)	
Accrued interest payable	<u>(446,160)</u>	(174,735,728)
Certain amounts related to the net pension and OPEB liabilities are not reported in the governmental funds, but are deferred in the statement of net position:		
Pension and OPEB deferred outflows	\$ 23,769,767	
Pension and OPEB deferred inflows	<u>(32,482,493)</u>	<u>(8,712,726)</u>
Net position of governmental activities	\$	<u><u>50,538,343</u></u>

DAVIESS COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

Year Ended June 30, 2024

	General Fund	Special Revenue Fund	Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 40,717,844	\$ -	\$ -	\$ 11,433,419	\$ 52,151,263
Utility taxes	5,298,411	-	-	-	5,298,411
Tuition and fees	64,570	-	-	-	64,570
Earnings on investments	2,472,795	-	585,022	146,059	3,203,876
Other local revenue	749,158	764,876	-	4,022,506	5,536,540
State aid	69,903,154	4,475,400	-	5,071,310	79,449,864
Federal aid	697,702	13,066,828	-	-	13,764,530
Total revenues	119,903,634	18,307,104	585,022	20,673,294	159,469,054
Expenditures:					
Instruction	73,443,326	15,095,934	-	3,779,251	92,318,511
Support services:					
Student	6,475,130	829,453	-	14,532	7,319,115
Instructional staff	4,503,719	33,488	-	109,511	4,646,718
District administration	1,346,092	-	-	-	1,346,092
School administration	9,655,033	11,882	-	-	9,666,915
Business	3,287,865	-	-	-	3,287,865
Plant operation and maintenance	10,749,541	22,652	-	-	10,772,193
Student transportation	9,085,723	223,479	-	6,970	9,316,172
After school	-	616,722	-	-	616,722
Community services	-	1,331,281	-	-	1,331,281
New building construction	-	-	5,015,053	-	5,015,053
Building renovations / additions	-	-	11,885,244	-	11,885,244
Debt service:					
Principal	-	-	-	7,612,000	7,612,000
Interest	-	-	-	3,575,856	3,575,856
Bond issuance costs	-	-	48,910	-	48,910
Total expenditures	118,546,429	18,164,891	16,949,207	15,098,120	168,758,647
Excess (deficiency) of revenues over expenditures	1,357,205	142,213	(16,364,185)	5,575,174	(9,289,593)
Other financing sources (uses):					
Proceeds from the issuance of bonds	-	-	4,915,000	-	4,915,000
Premium on bonds issued	-	-	267,412	-	267,412
Proceeds from sale of capital assets	37,775	-	-	-	37,775
Operating transfers in	3,562,537	203,607	2,356,503	11,237,419	17,360,066
Operating transfers out	(203,607)	(400,722)	-	(16,559,292)	(17,163,621)
Total other financing sources (uses)	3,396,705	(197,115)	7,538,915	(5,321,873)	5,416,632
Net change in fund balances	4,753,910	(54,902)	(8,825,270)	253,301	(3,872,961)
Fund balance, June 30, 2023	30,986,842	262,530	16,698,799	2,615,954	50,564,125
Fund balance, June 30, 2024	\$ 35,740,752	\$ 207,628	\$ 7,873,529	\$ 2,869,255	\$ 46,691,164

DAVISS COUNTY SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2024

Net change in fund balances - total governmental funds \$ (3,872,961)

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

Governmental funds report capital outlays as expenditures. However,
in the statement of activities, the cost of those assets is allocated
over their estimated useful lives and reported as depreciation expense:

Capital outlays	\$ 18,603,004	
Depreciation expense	(6,929,094)	11,673,910

Governmental funds report the disposal of capital assets to the extent
proceeds are received. However, the statement of activities
reports the gain or loss. (45,966)

Revenues in the statement of activities that do not provide current
financial resources are not reported as revenues in the governmental
funds:

Increase in accrued interest receivable	\$ 13,635	
Increase in taxes receivable	86,903	100,538

The issuance of long-term debt provides current financial resources
to governmental funds, while the repayment of the principal of
long-term debt consumes the current financial resources of
governmental funds. Neither transaction, however, has any effect
on net position. Also, governmental funds report the effect of
certain items when debt is first issued, whereas these amounts
are deferred and amortized in the statement of activities:

Principal payments on bonds	\$ 7,612,000	
Proceeds from issuance of bonds	(4,915,000)	
Premium on bonds issued	(267,412)	
Amortization of premiums on bonds	344,811	
Amortization of discounts on bonds	(28,516)	
Amortization of deferred charges on refunding	(170,411)	2,575,472

Certain expenses reported in the statement of activities do not require
the use of current financial resources and, therefore, are not
reported as expenditures in governmental funds:

Increase in prepaid expense	\$ (62,007)	
Increase in compensated absences liability	(176,135)	
Decrease in pension expense - CERS	1,065,741	
Decrease in OPEB expense - CERS	1,741,239	
Decrease in OPEB expense - TRS	1,767,285	
Decrease in accrued interest payable	5,149	4,341,272

Change in net position of governmental activities \$ 14,772,265

DAVIESS COUNTY SCHOOL DISTRICT

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

June 30, 2024

	Enterprise Funds		
	Food Service Fund	After School Fund	Total
ASSETS			
Current assets:			
Cash	\$ 3,513,371	\$ 1,308,244	\$ 4,821,615
Accounts receivable:			
Operating	-	18,740	18,740
Due from other governments	213,244	-	213,244
Inventory	239,651	-	239,651
Total current assets	3,966,266	1,326,984	5,293,250
Noncurrent assets:			
Capital assets	2,599,019	334,614	2,933,633
Less accumulated depreciation	(1,516,948)	(103,111)	(1,620,059)
Total noncurrent assets	1,082,071	231,503	1,313,574
Total assets	5,048,337	1,558,487	6,606,824
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferred outflows	1,072,007	157,425	1,229,432
Other postemployment benefits deferred outflows	452,847	96,654	549,501
Total deferred outflows of resources	1,524,854	254,079	1,778,933
LIABILITIES			
Current liabilities:			
Accounts payable	1,088	-	1,088
Unearned revenue	94,083	10,251	104,334
Total current liabilities	95,171	10,251	105,422
Non-current liabilities:			
Net pension liability	5,598,763	911,221	6,509,984
Net other postemployment benefits liability	71,259	144,278	215,537
Total liabilities	5,765,193	1,065,750	6,830,943
DEFERRED INFLOWS OF RESOURCES			
Pension deferred inflows	550,287	49,385	599,672
Other postemployment benefits deferred inflows	1,772,365	175,745	1,948,110
Total deferred inflows of resources	2,322,652	225,130	2,547,782
NET POSITION			
Net investment in capital assets	1,082,071	231,503	1,313,574
Unrestricted	(2,596,725)	290,183	(2,306,542)
Total net position	\$ (1,514,654)	\$ 521,686	\$ (992,968)

DAVISS COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

PROPRIETARY FUNDS

Year Ended June 30, 2024

	Enterprise Funds		
	Food Service Fund	After School Fund	Total
Operating revenues:			
Charges for services	\$ 1,302,125	\$ 1,088,377	\$ 2,390,502
Other operating revenues	201	-	201
Total operating revenues	1,302,326	1,088,377	2,390,703
Operating expenses:			
Salaries and wages	2,408,672	645,545	3,054,217
Employee benefits	341,694	76,083	417,777
Professional and technical services	49,145	29,811	78,956
Property services	165,206	52,543	217,749
Other purchased services	208,313	1,506	209,819
Supplies and materials	5,211,381	195,337	5,406,718
Property	187,953	16,130	204,083
Miscellaneous	18,450	-	18,450
Depreciation	166,250	29,374	195,624
Total operating expenses	8,757,064	1,046,329	9,803,393
Operating income (loss)	(7,454,738)	42,048	(7,412,690)
Nonoperating revenues (expenses):			
Federal government grants	6,575,638	21,666	6,597,304
State government grants	94,539	-	94,539
Donated commodities	464,296	-	464,296
Interest income	210,972	72,007	282,979
Total nonoperating revenues (expenses)	7,345,445	93,673	7,439,118
Income (loss) before transfers	(109,293)	135,721	26,428
Transfers out	(196,445)	-	(196,445)
Change in net position	(305,738)	135,721	(170,017)
Net position, June 30, 2023	(1,208,916)	385,965	(822,951)
Net position, June 30, 2024	\$ (1,514,654)	\$ 521,686	\$ (992,968)

See Notes to Financial Statements

DAVISS COUNTY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

Year Ended June 30, 2024

	Enterprise Funds		
	Food Service Fund	After School Fund	Total
Cash flows from operating activities:			
Cash received from:			
Charges for services	\$ 1,296,879	\$ 1,088,976	\$ 2,385,855
Other operating revenues	201	-	201
Cash paid to / for:			
Employees	(3,137,536)	(753,892)	(3,891,428)
Supplies	(4,741,927)	(195,337)	(4,937,264)
Other services	(629,067)	(99,990)	(729,057)
Net cash provided by (used in) operating activities	(7,211,450)	39,757	(7,171,693)
Cash flows from noncapital financing activities:			
Federal government grants	6,527,948	-	6,527,948
State government grants	94,539	21,666	116,205
Transfers out	(196,445)	-	(196,445)
Net cash provided by noncapital financing activities	6,426,042	21,666	6,447,708
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(368,809)	(161,356)	(530,165)
Proceeds from sale of capital assets	-	-	-
Net cash used in capital and related financing activities	(368,809)	(161,356)	(530,165)
Cash flows from investing activities:			
Interest income	210,972	72,007	282,979
Net cash provided by investing activities	210,972	72,007	282,979
Net change in cash and cash equivalents	(943,245)	(27,926)	(971,171)
Cash and cash equivalents:			
Beginning of year	4,456,616	1,336,170	5,792,786
End of year	\$ 3,513,371	\$ 1,308,244	\$ 4,821,615
Reconciliation of operating loss to net cash used in operating activities:			
Operating income (loss)	\$ (7,454,738)	\$ 42,048	\$ (7,412,690)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation expense	166,250	29,374	195,624
Commodities used	464,296	-	464,296
Changes in assets and liabilities:			
Accounts receivable - operating	-	198	198
Inventory	4,774	-	4,774
Accounts payable	384	-	384
Net other postemployment benefits liability and deferrals	(240,171)	(20,014)	(260,185)
Net pension liability and deferrals	(146,999)	(12,250)	(159,249)
Unearned revenue	(5,246)	401	(4,845)
Net cash provided by (used in) operating activities	\$ (7,211,450)	\$ 39,757	\$ (7,171,693)
Noncash noncapital financing activities:			
Food commodities from the U.S. Department of Agriculture	\$ 464,296		

DAVISS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2024

1. Reporting Entity

The Daviess County Board of Education (Board) 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 Daviess County School District (District). Board members are elected by the public and have decision making authority for the District.

The financial statements of the District include the financial activities of the Board and its blended component unit in accordance with principles defining the governmental reporting entity adopted by the Governmental Accounting Standards Board, as described below.

Daviess County School District Finance Corporation – The Daviess County School District Finance Corporation (Corporation) serves as an agent of the Board in financing the acquisition, construction, and equipping of school buildings and related facilities, including the issuance of bonds. Members of the Board serve as the board of directors for the Corporation. The Corporation has no financial activity, and transactions related to bond issues in which the Corporation acts as an agent are recorded in the District’s government-wide financial statements.

2. Summary of Significant Accounting Policies

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 the financial activities of the primary government. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. 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 reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for 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

DAVISS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2024

2. Summary of Significant Accounting Policies, Continued

Basis of Presentation, Continued

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.

Fund Financial Statements – Fund financial statements report detailed information about the District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

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 and the modified accrual basis of accounting. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures, and changes in fund balances, which reports on the changes in net total assets.

Proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The statement of cash flows provides information about how the District finances the cash flow needs of its proprietary activities.

The District reports the following funds:

Governmental Funds:

General Fund:

The General Fund is the main operating fund of the District. It accounts for financial resources used for general types of operations. This is a budgeted fund, and any fund balances are considered as resources available for use. This is a major fund of the District.

Special Revenue Funds:

Special Revenue Fund:

The Special Revenue Fund accounts for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances may be returned to the grantor at the close of the specified project periods, as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally-funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report. This is a major fund of the District.

DAVISS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2024

2. Summary of Significant Accounting Policies, Continued

Basis of Presentation, Continued

District Activity Fund:

The District Activity Fund is used to account for funds to support co-curricular and extra-curricular activities not raised or expended by student groups.

Student Activity Fund:

The Student Activity Fund is used to account for funds raised and expended by student groups for co-curricular and extra-curricular activities.

Capital Projects Funds:

Capital project funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment (other than those financed by proprietary funds).

SEEK Capital Outlay Fund:

The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund receives funds designated by the state as Capital Outlay Funds and is restricted for use in financing projects identified in the District's facility plan.

FSPK Building Fund:

The Facility Support Program of Kentucky (FSPK) Building Fund accounts for funds generated by the building tax levy required to participate in the Kentucky 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.

Construction Fund:

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

Debt Service Fund:

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal and interest.

Proprietary Funds (Enterprise):

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that costs of providing goods or services be financed or recovered primarily through user charges.

DAVISS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2024

2. Summary of Significant Accounting Policies, Continued

Basis of Presentation, Continued

Food Service Fund:

The Food Service Fund 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). Revenues are primarily charges for meals. Amounts have been recorded for in-kind contributions of commodities from the USDA. This is a major fund of the District.

After School Fund:

The After School Fund is used to account for after school programs established to provide supervised activities for students after dismissal. Revenues are primarily charges for childcare. This is a major fund of the District.

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.

Revenues – Exchange and Non-Exchange Transactions:

Revenues resulting from exchange transactions, in which each party receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a 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 expected to be received within 60 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 a modified accrual basis, revenues from Non-Exchange Transactions must also be available before they can be recognized.

DAVISS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2024

2. Summary of Significant Accounting Policies, Continued

Basis of Accounting, Continued

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

Expenses/Expenditures – 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 fund net position as an expense with a like amount reported as donated commodities revenue. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the District’s policy is to first apply restricted resources.

The measurement focus of governmental fund accounting is on changes in net financial resources (expenditures) rather than revenues (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.

Budgetary Principles

The District’s budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP). The major differences between the budgetary basis and the GAAP basis are:

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

Expenditures are recorded when paid in cash (budgetary), as opposed to when the obligation is incurred (GAAP).

Encumbrance Accounting

Encumbrance accounting is employed in the governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are included in assigned fund balance. For budgetary purposes, appropriations lapse at fiscal year-end and do not constitute expenditures or liabilities because the commitments will be reappropriated in the next year.

Cash and Cash Equivalents

The District considers bank demand deposit accounts to be cash equivalents.

DAVISS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2024

2. Summary of Significant Accounting Policies, Continued

Investments

Investments are measured at fair value on a recurring basis.

Accounts Receivable

Receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include federal and state funding and taxes. Balances deemed uncollectible are written off; therefore, the District does not record an allowance for doubtful accounts.

Inventory

Inventory in the General Fund consists of maintenance, instructional, and transportation supplies, stated at cost which approximates market, using the first-in, first-out (FIFO) method. Inventory in the School Activity Fund consists of PE uniforms, spirit store attire and concession items stated at market value, using the FIFO method. Inventory in the Food Service Fund consists of purchased food valued at cost, and donated commodities valued by the U.S. Department of Agriculture at fair value on the date of donation, using the FIFO method.

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds and 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 fair market value as of the date received. The District maintains a capitalization threshold of five thousand dollars. The District does not possess any infrastructure. Improvements 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 reported capital assets 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 general capital assets and proprietary fund assets per Kentucky Department of Education Guidelines:

DAVISS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2024

2. Summary of Significant Accounting Policies, Continued

Capital Assets, Continued

<u>Description</u>	<u>Estimated Lives</u>
Land improvements	20 years
Buildings and improvements	25-50 years
Technology equipment	5 years
Vehicles	5-10 years
General equipment	10-20 years
Food service equipment	12 years

Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and personal property in the District. Taxes are due in one installment on December 1 and become delinquent by January 1 following the levy date.

The assessed value of the tax roll on January 1, 2023, on which the levy for the 2024 fiscal year was based, totaled \$7,622,279,618. Property taxes collected are recorded as revenues in the fiscal year for which they were levied. All taxes collected are initially deposited into the General Fund and then transferred to the appropriate fund.

The tax rates assessed for the year ended June 30, 2024, to finance General Fund and FSPK Building Fund operations were 53.6 cents and 17.4 cents per \$100 valuation, respectively, for a total of 71.0 cents per \$100 valuation. In addition, the tax rate assessed for motor vehicles totaled 49.0 cents per \$100 valuation.

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

Unearned Revenue

The District reports unearned revenue on its government-wide and fund financial statements. Unearned revenues arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period (fund financial statements). Unearned revenues also arise when resources are unearned by the District and received before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures (fund financial statements and government-wide financial statements). In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the applicable financial statement and revenue is recognized.

DAVISS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2024

2. Summary of Significant Accounting Policies, Continued

Interfund Receivables, Payables, and Transfers

Each fund is a distinct fiscal and accounting entity, and thus interfund transactions are recorded in each fund affected by a transaction. These types of transactions are classified as due from and due to other funds. During the year, the General Fund receives and disburses funds that relate to other funds or activities. Transfers are then made between the various funds to more properly reflect the nature of the transactions.

Bonds and Related Premiums, Discounts, and Issuance Costs

In the government-wide financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premiums or discounts. Bond issuance costs are expensed when bonds are issued.

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs, are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Discounts related to debt issuance are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Pension and Other Postemployment Benefits

For purposes of measuring the net liabilities or assets, the deferred outflows of resources and deferred inflows of resources, and expense related to pensions and other postemployment benefits (OPEB), information about the fiduciary net position of the pension / OPEB plans, and additions to/deductions from the pension / OPEB plans' fiduciary net position have been determined on the same basis as they are reported by the pension / OPEB plans. For this purpose, revenues are recognized when earned. Contributions are recognized when due, pursuant to legal (or statutory) requirements. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The primary government's proportionate share of pension amounts were further allocated to proprietary funds based on the salaries paid by each proprietary fund. Plan investments are reported at fair value.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time.

DAVISS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2024

2. Summary of Significant Accounting Policies, Continued

Deferred Outflows/Inflows of Resources, Continued

In addition to liabilities, the statement of financial position and/or balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Net Position

The District classifies net position in the government-wide financial statements as follows:

- Net investment in capital assets includes the District's capital assets (net of accumulated depreciation) reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net position includes assets that have third-party (statutory, bond covenant, or granting agency) limitations on their use. The District typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a future project.
- Unrestricted net position typically includes unrestricted liquid assets. The Board has the authority to revisit or alter this designation.

Fund Balance Classification

The District reports fund balances in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance—amounts that are not in spendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance—amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., Board). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest-level action to remove or change the constraint.

DAVISS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2024

2. Summary of Significant Accounting Policies, Continued

Fund Balance Classification, Continued

- Assigned fund balance—amounts the District intends to use for a specific purpose. Intent can be expressed by the District or by an official or body to which the Board of Education delegates the authority.
- Unassigned fund balance—amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

The Board establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Board through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

The District would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

3. Deposits and Investments

Kentucky Revised Statutes (KRS) permit the District to invest money subject to its control in obligations of the United States and its agencies, certificates of deposit or other interest-bearing accounts, bankers acceptances, commercial paper, bonds of the commonwealth of Kentucky and its agencies, securities issued by a state or local government, mutual funds, exchange-traded funds, individual equity securities, and individual corporate bonds, as more fully described in Kentucky Revised Statute (KRS) KRS 66.480.

Deposits

The District's deposits (demand deposit accounts) are carried at cost, which approximates fair value. At June 30, 2024, the book balance of the District's bank deposits was \$53,336,849 and the bank balances were \$51,822,215. Of the bank balances, \$250,000 was covered by federal depository insurance, \$50,000,000 was covered by a letter of credit and \$1,572,215 was collateralized by securities held by the pledging financial institution. There were no uninsured or uncollateralized balances.

Due to the nature of the accounts and limitations imposed for the purposes of the various funds, all cash balances are considered to be restricted except for the General Fund.

DAVISS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2024

3. Deposits and Investments, Continued

Investments

At June 30, 2024, the District had the following investments and maturities:

Type	Fair Value	Maturities in Years				
		Less Than 1	1-5	6-10	10+	None
Cash equivalents	\$ 37,595	\$ -	\$ -	\$ -	\$ -	\$ 37,595
Fixed income:						
Bank certificates of deposit	668,872	383,104	285,768	-	-	-
Corporate bonds and notes	744,679	-	98,220	394,585	251,874	-
U.S. government agency obligations	3,683,894	392,794	1,106,306	1,377,006	807,788	-
U.S Treasury bonds and notes	224,169	149,426	74,743	-	-	-
Exchange traded funds	57,680	-	-	-	-	57,680
Mutual funds	199,931	-	-	-	-	199,931
Total investments	\$ <u>5,616,820</u>	\$ <u>925,324</u>	\$ <u>1,565,037</u>	\$ <u>1,771,591</u>	\$ <u>1,059,662</u>	\$ <u>295,206</u>

Credit Risk

The risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's policy complies with KRS 66.480, which requires that investments be rated in one of the three highest categories by a competent rating agency. U.S. Government securities or obligations carry the explicit guarantee of the U.S. government and, therefore, are not considered to have credit risk exposure.

Custodial Credit Risk

The risk that an entity will not be able to recover the value of its investments that are in the possession of an outside party if the counterparty fails. The District averts this risk by maintaining all investments in the entity's name.

Interest Rate Risk

The risk that changes in market interest rates will adversely affect the fair value of an investment. The District's policy provides for coordinating investment maturities to closely match cash flow needs, and complies with KRS 66.480, which requires that corporate bonds have a maturity of no more than 10 years.

Concentration of Credit Risk

The risk of loss attributed to an over concentration in the portfolio of a security type or issuer. The District's policy complies with KRS 66.480, which requires that amounts invested in individual equity securities may not exceed 25% of total equity securities in the portfolio; amounts invested in any one type of investment may not exceed 20% of the total portfolio;

DAVISS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2024

3. Deposits and Investments, Continued

Concentration of Credit Risk, Continued

amounts invested in mutual funds, exchange traded funds, individual equity securities, and corporate bonds may not aggregately exceed 40% of the total portfolio; and amounts invested in any one issuer may not exceed 5% of the portfolio.

Fair Value Measurements

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District does not have any investments that are measured using Level 3 inputs. The fair value measurements of the District's investments at June 30, 2024, are as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Cash equivalents	\$ 37,595	\$ 37,595	\$ -
Fixed income:			
Bank certificates of deposit	668,872	668,872	-
Corporate bonds and notes	744,679	-	744,679
U.S. government agency obligations	3,683,894	-	3,683,894
U.S. Treasury bonds and notes	224,169	-	224,169
Exchange traded funds	57,680	57,680	-
Mutual funds	199,931	199,931	-
Total investments	\$ 5,616,820	\$ 964,078	\$ 4,652,742

The following is a description of the valuation methodologies used for the Level 2 fair value measurements. There have been no changes in the methodologies used since the prior fiscal year.

Corporate bonds, and U.S. government and Treasury securities: Valued using pricing models that incorporate market observable data such as reported sales of similar securities, broker quotes, yields, bids, offers, and reference data.

DAVISS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2024

3. Deposits and Investments, Continued

Investment Earnings

Investment earnings for the year ended June 30, 2024, consisted of:

Governmental activities:	
Interest and dividend income	\$ 3,131,184
Unrealized gain (loss)	101,692
Realized gain (loss) on sale of investments	876
Investment expenses	<u>(16,241)</u>
	3,217,511
Business-type activities:	
Interest income	<u>282,979</u>
	\$ <u><u>3,500,490</u></u>

Realized gains or losses on investments that had been held in more than one fiscal year and sold in the current year were included as a net change in the fair value of investments reported in prior years and the current year.

DAVISS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2024

4. Capital Assets

Capital asset activity for the year ended June 30, 2024, was as follows:

	<u>Balance</u> <u>June 30, 2023</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2024</u>
<u>Governmental activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 10,169,490	\$ 2,510,157	\$ -	\$ 12,679,647
Construction in progress	<u>22,020,397</u>	<u>16,664,191</u>	<u>(9,279,043)</u>	<u>29,405,545</u>
Total capital assets, not being depreciated	<u>32,189,887</u>	<u>19,174,348</u>	<u>(9,279,043)</u>	<u>42,085,192</u>
Capital assets, being depreciated:				
Land improvements	3,555,492	-	-	3,555,492
Buildings and improvements	221,493,170	6,311,399	-	227,804,569
Technology equipment	795,166	-	(295,975)	499,191
Vehicles	11,435,513	1,289,921	(52,730)	12,672,704
General equipment	<u>2,998,970</u>	<u>1,106,379</u>	<u>(30,379)</u>	<u>4,074,970</u>
Totals capital assets, being depreciated	<u>240,278,311</u>	<u>8,707,699</u>	<u>(379,084)</u>	<u>248,606,926</u>
Less accumulated depreciation:				
Land improvements	(2,696,148)	(99,187)	-	(2,795,335)
Buildings and improvements	(84,910,961)	(5,611,293)	-	(90,522,254)
Technology equipment	(438,840)	(100,049)	295,975	(242,914)
Vehicles	(7,706,028)	(836,280)	7,030	(8,535,278)
General equipment	<u>(1,456,550)</u>	<u>(282,285)</u>	<u>30,113</u>	<u>(1,708,722)</u>
Total accumulated depreciation	<u>(97,208,527)</u>	<u>(6,929,094)</u>	<u>333,118</u>	<u>(103,804,503)</u>
Total capital assets, being depreciated, net	<u>143,069,784</u>	<u>1,778,605</u>	<u>(45,966)</u>	<u>144,802,423</u>
Governmental activities:				
Capital assets, net	<u>\$ 175,259,671</u>	<u>\$ 20,952,953</u>	<u>\$ (9,325,009)</u>	<u>\$ 186,887,615</u>
<u>Business-type activities:</u>				
Capital assets, being depreciated:				
Land improvements	\$ 15,452	\$ -	\$ -	\$ 15,452
Technology equipment	18,485	-	(18,485)	-
Vehicles	26,786	52,730	-	79,516
General equipment	<u>2,361,230</u>	<u>477,435</u>	<u>-</u>	<u>2,838,665</u>
Total capital assets, being depreciated	<u>2,421,953</u>	<u>530,165</u>	<u>(18,485)</u>	<u>2,838,665</u>
Less accumulated depreciation:				
Land improvements	(13,910)	(769)	-	(14,679)
Technology equipment	(16,743)	(1,742)	18,485	-
Vehicles	(21,875)	(11,941)	-	(33,816)
General equipment	<u>(1,390,392)</u>	<u>(181,172)</u>	<u>-</u>	<u>(1,571,564)</u>
Total accumulated depreciation	<u>(1,442,920)</u>	<u>(195,624)</u>	<u>18,485</u>	<u>(1,620,059)</u>
Business-type activities:				
Capital assets, net	<u>\$ 979,033</u>	<u>\$ 334,541</u>	<u>\$ -</u>	<u>\$ 1,313,574</u>

DAVISS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2024

4. Capital Assets, Continued

Depreciation expense was charged to governmental functions as follows:

Instructional	\$ 2,372,576
Support services:	
Student	965
Instructional staff	31,823
District administration	1,700
Plant operations and maintenance	3,809,259
Student transportation	<u>712,771</u>
Total depreciation expense	<u>\$ 6,929,094</u>

5. Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2024, was as follows:

	Balance June 30, 2023	Additions	Deductions	Balance June 30, 2024	Due Within One Year
Governmental activities:					
Long-term debt:					
School building revenue bonds	\$ 113,703,000	\$ 4,915,000	\$ (7,612,000)	\$ 111,006,000	\$ 7,862,000
Deferred amounts:					
For issuance premiums	4,839,579	267,412	(344,811)	4,762,180	-
For issuance discounts	<u>(244,564)</u>	<u>-</u>	<u>28,516</u>	<u>(216,048)</u>	<u>-</u>
Total long-term debt	118,298,015	5,182,412	(7,928,295)	115,552,132	7,862,000
Compensated absences:					
Accrued sick leave	<u>3,833,054</u>	<u>610,157</u>	<u>(434,022)</u>	<u>4,009,189</u>	<u>538,265</u>
Total governmental activities	<u>\$ 122,131,069</u>	<u>\$ 5,792,569</u>	<u>\$ (8,362,317)</u>	<u>\$ 119,561,321</u>	<u>\$ 8,400,265</u>

Compensated absences are expected to be liquidated by the funds which incurred the related salary and wage costs.

School Building Revenue Bonds

The District is obligated to make payments in amounts equal to annual debt service requirements on bonds issued by the Daviess County School District Finance Corporation and the Kentucky School Facilities Construction Commission (Commission) to construct or renovate school facilities. The District has an option to purchase the properties at any time by retiring the bonds outstanding. These payments are recorded in the Debt Service Fund.

DAVISS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2024

5. Long-Term Liabilities, Continued

School Building Revenue Bonds, Continued

In addition, the District has entered into participation agreements with the Commission. The Commission was created by the Kentucky Legislature for the purpose of assisting local school districts in meeting school construction needs.

A summary of District and Commission bond activity for the year ended June 30, 2024, is as follows:

		<u>District</u>	<u>Commission</u>	<u>Total</u>
Balance, June 30, 2023	\$	112,109,661	\$ 1,593,339	\$ 113,703,000
Issued		4,915,000	-	4,915,000
Retired		<u>(7,515,286)</u>	<u>(96,714)</u>	<u>(7,612,000)</u>
Balance, June 30, 2024	\$	<u>109,509,375</u>	\$ <u>1,496,625</u>	\$ <u>111,006,000</u>

A summary of the interest rates, maturities, and balances is as follows:

			<u>Balance, June 30, 2024</u>		
	<u>Range of Interest Rates</u>	<u>Final Maturity</u>	<u>District</u>	<u>Commission</u>	<u>Total</u>
2013A Issue	1.50 – 3.250%	2033	1,035,000	-	1,035,000
2013B Issue	1.00 – 2.000%	2026	620,000	-	620,000
2014 Issue	0.35 – 3.625%	2034	5,260,000	-	5,260,000
2014B Issue	1.35 – 3.750%	2035	411,000	-	411,000
2014C Issue	1.50 – 3.600%	2027	1,130,000	-	1,130,000
2015A Issue	2.00 – 3.625%	2035	7,222,022	752,978	7,975,000
2015B Issue	2.00 – 3.000%	2030	4,505,000	-	4,505,000
2015C Issue	2.00 – 3.000%	2027	3,295,000	-	3,295,000
2016A Issue	1.00 – 3.000%	2027	785,000	-	785,000
2016B Issue	1.00 – 3.000%	2030	850,000	-	850,000
2016C Issue	2.00 – 3.000%	2036	3,840,000	-	3,840,000
2017A Issue	3.00%	2028	1,560,000	-	1,560,000
2017B Issue	2.00 – 3.000%	2037	1,199,177	430,823	1,630,000
2018 Issue	3.00 – 4.000%	2039	6,635,000	-	6,635,000
2019 Issue	3.00 – 5.000%	2039	4,820,000	-	4,820,000
2020 Issue	2.00 – 5.000%	2040	39,112,176	312,824	39,425,000
2021 Issue	2.00 – 5.000%	2039	22,315,000	-	22,315,000
2023 Issue	5.00%	2032	4,915,000	-	4,915,000
			<u>\$ 109,509,375</u>	<u>\$ 1,496,625</u>	<u>\$ 111,006,000</u>

DAVIESS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2024

5. Long-Term Liabilities, Continued

School Building Revenue Bonds, Continued

The bonds may be called prior to maturity and redemption premiums are specified in each issue. Assuming no bonds are called prior to scheduled maturity, the minimum obligations of the District and amounts to be paid by the Commission, at June 30, 2024, for debt service (principal and interest) are as follows:

Year Ending June 30,	Daviess County School District			Kentucky School Facility Construction Commission			
	Principal	Interest	District Total	Principal	Interest	Commission Total	Total
2025	\$ 7,762,104	\$ 3,426,770	\$ 11,188,874	\$ 99,896	\$ 48,820	\$ 148,716	\$ 11,337,590
2026	8,054,235	3,134,148	11,188,383	103,765	44,951	148,716	11,337,099
2027	8,361,813	2,825,093	11,186,906	107,187	41,529	148,716	11,335,622
2028	8,674,272	2,513,967	11,188,239	110,728	37,988	148,716	11,336,955
2029	8,926,450	2,141,951	11,068,401	114,550	34,165	148,715	11,217,116
2030- 2034	46,665,642	6,029,486	52,695,128	631,358	112,217	743,575	53,438,703
2035- 2039	20,158,189	1,212,384	21,370,573	305,811	21,198	327,009	21,697,582
2040	906,670	21,534	928,204	23,330	554	23,884	952,088
	<u>\$ 109,509,375</u>	<u>\$ 21,305,333</u>	<u>\$ 130,814,708</u>	<u>\$ 1,496,625</u>	<u>\$ 341,422</u>	<u>\$ 1,838,047</u>	<u>\$ 132,652,755</u>

Generally, all bonds issued are secured by a statutory mortgage lien on the respective school buildings and appurtenant properties, including any subsequent additions thereto. The agreements contain a provision that in the event of default, action can be taken to compel specific performance. The amount of interest expense on bonds for the year ended June 30, 2024, totaled \$3,424,823, of which \$3,372,821 was incurred by the District, and \$52,002 was paid by the Commission.

The District defeased various revenue bonds in prior years by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments on old bonds. Accordingly, the trust account assets and the liabilities relating to all of these defeased bonds are not included in the District’s financial statements. On June 30, 2024, \$12,240,000 of bonds outstanding are considered defeased.

Compensated Absences

Upon retirement, as defined by the Teachers' Retirement System of the State of Kentucky or the County Employees Retirement System, certified and classified employees received an amount equal to 30% of the value of accumulated sick leave based on the individual final salary. This

DAVISS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2024

5. Long-Term Liabilities, Continued

Compensated Absences, Continued

liability totaled \$4,009,189 at June 30, 2024, and is recorded as a long-term liability in the district-wide financial statements. Unused accumulated vacation leave does not vest and, therefore, is not recorded as a liability in the financial statements.

For governmental fund financial statements, the amount of compensated absences recorded as a liability would be the amount expected to be paid using expendable available resources. These obligations for June 30, 2024, were paid prior to fiscal year end and, therefore, no amount has been accrued in the governmental fund financial statements.

6. Pension Benefits – Teachers’ Retirement System of the State of Kentucky

Plan Description

Teaching-certified employees of the Kentucky School 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 state. TRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the Kentucky Revised Statutes (KRS). TRS is a blended component unit of the Commonwealth of Kentucky and, therefore, is included in the Commonwealth’s financial statements. TRS issues a publicly available financial report that can be obtained at <https://trs.ky.gov/financial-reports-information>.

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

DAVISS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2024

6. Pension Benefits – Teachers’ Retirement System of the State of Kentucky, Continued

Benefits Provided, Continued

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. Effective January 1, 2022, the System again amended 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. Members in tiers 1, 2 and 3 are required to contribute 12.855% of their salaries to TRS for the year ended June 30, 2024. Beginning January 1, 2022, members in tier 4 are required to contribute 14.75% of their salaries. The State, as a non-employer contributing entity, contributes 13.105% of the salaries of school district members who joined before July 1, 2008, 14.105 % for those who joined between July 1, 2008 and December 31, 2021, and 10.75% for those joining thereafter. For local school district TRS members whose salaries are federally funded, the District contributes the applicable percentage of salaries based on the employee’s tier.

If an employee leaves covered employment before accumulating five (5) years of credited service, accumulated employee pension contributions plus interest are refunded to the employee upon the member’s request.

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

Because the State, as a non-employer contributing entity, is required by Kentucky Revised Statutes to contribute 100% of the District’s contractually required contributions, the District reports no pension liabilities, pension expenses, deferred outflows of resources, or deferred inflows of resources related to TRS.

DAVISS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2024

6. Pension Benefits – Teachers’ Retirement System of the State of Kentucky, Continued

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

The portion of the TRS net pension liability that was associated with the District recognized at June 30, 2024, was as follows:

District’s proportionate share of the net pension liability	\$	-
State’s proportionate share of the net pension liability associated with the District		270,919,811
Total	\$	270,919,811

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. The net pension liability associated with the District was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2023, the measurement date, the District’s proportion of the TRS net pension liability was 1.5900%, an decrease of .0563% from its proportion measured as of June 30, 2022, of 1.6463%.

For the year ended June 30, 2024, the District recognized on-behalf pension expense and revenue of \$16,296,154 for contributions provided by the State.

Actuarial Assumptions

The total pension liability in the actuarial valuation dated June 30, 2021, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases, including inflation	3.00 to 7.50%
Long-term investment rate of return, net of pension plan investment expense, including inflation	7.10%
Municipal Bond Index Rate:	
Prior Measurement Date	3.37%
Measurement Date	3.66%
Single Equivalent Interest Rate, net of pension plan investment expense, including inflation:	
Prior Measurement Date	7.10%
Measurement Date	7.10%
Post-Retirement Benefit Increases	1.50% annually

DAVISS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2024

6. Pension Benefits – Teachers’ Retirement System of the State of Kentucky, Continued

Actuarial Assumptions, Continued

Mortality rates were based on the Pub2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each of the groups; service, retirees, contingent annuitants, disabled retirees, and active members.

The actuarial assumptions used were based on the results of an actuarial experience study for the 5-year period ending June 30, 2020, adopted by the board on September 20, 2021.

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap U.S. equity	35.4%	5.0%
Small Cap U.S. equity	2.6	5.5%
Developed International Equity	15.7	5.5%
Emerging Markets Equity	5.3	6.1%
Fixed income	15.0	1.9%
High Yield Bonds	5.0	3.8%
Other additional categories	5.0	3.6%
Real estate	7.0	3.2%
Private equity	7.0	8.0%
Cash	<u>2.0</u>	1.6%
	<u>100%</u>	

DAVISS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2024

6. Pension Benefits – Teachers’ Retirement System of the State of Kentucky, Continued

Discount Rate

The discount rate used to measure the total pension liability (TPL) as of the Measurement Date was 7.10%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 67. TRS assumed that Plan member contributions will be made at the current contribution rates and that employer contributions will be made at the actuarially determined contribution rates for all fiscal years in the future. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the State’s Proportionate Share of the District’s Net Pension Liability to Changes in the Discount Rate

The following presents the State’s proportionate share of the net pension liability associated with the District using the discount rate of 7.10%, as well as what the State’s proportionate share of the net pension liability associated with the District would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10%) or 1-percentage-point higher (8.10%) than the current rate:

	<u>Discount rate</u>	<u>State’s proportionate share of net pension liability associated with the District</u>
1% decrease	6.10%	\$348,104,860
Current discount rate	7.10%	\$270,919,811
1% increase	8.10%	\$206,615,916

Plan Fiduciary Net Position

Detailed information about the TRS fiduciary net position is available in the publicly available financial report.

Payable to the Pension Plan

Because the State is required by statute to contribute 100% of the District’s contractually required pension contributions, the District reports no payable for such pension contributions at June 30, 2024.

DAVISS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2024

7. Other Postemployment Benefits – Teachers’ Retirement System of the State of Kentucky

Medical Insurance Plan (MIP)

Plan description – In addition to the pension benefits described in Note 6, Kentucky Revised Statute 161.675 requires TRS to provide post-employment healthcare benefits to eligible members and dependents. The MIP is a cost-sharing multiple employer defined benefit plan with a special funding situation. Changes made to the medical plan may be made by the TRS Board of Trustees, the Kentucky Department of Employee Insurance and the General Assembly.

Benefits provided – To be eligible for medical benefits, the member must have retired either for service or disability. The MIP offers coverage to members under the age of 65 through the Kentucky Employees Health Plan administered by the Kentucky Department of Employee Insurance. TRS retired members are given a supplement to be used for payment of their health insurance premium. The amount of the member’s supplement is based on a contribution supplement table approved by the TRS Board of Trustees. The retired member pays premiums in excess of the monthly supplement. Once retired members and eligible spouses attain age 65 and are Medicare eligible, coverage is obtained through the TRS Medicare Eligible Health Plan.

Contributions – In order to fund the post-retirement healthcare benefit, seven and one-half percent (7.50%) of the gross annual payroll of members is contributed. Three percent (3.75%) is paid by member contributions and three quarters percent (.75%) from State appropriation and three percent (3.00%) from the employer. The State contributes the net cost of health insurance premiums for members who retired on or after July 1, 2010, who are in the non-Medicare eligible group. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan.

At June 30, 2024, the District reported a liability for its proportionate share of the collective net OPEB MIP liability and the related deferred outflows or deferred inflows.

Life Insurance Plan (LIP)

Plan description – TRS also administers a life insurance plan as provided by Kentucky Revised Statute 161.655 to eligible active and retired members. The LIP is a cost-sharing multiple employer defined benefit plan with a special funding situation. Changes made to the life insurance plan may be made by the TRS Board of Trustees and the General Assembly.

Benefits provided – TRS provides a life insurance benefit of five thousand dollars payable for members who retire based on service or disability. TRS provides a life insurance benefit of two thousand dollars payable for its active contributing members. The life insurance benefit is payable upon the death of the member to the member’s estate or to a party designated by the member.

DAVISS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2024

7. Other Postemployment Benefits – Teachers’ Retirement System of the State of Kentucky, Continued

Life Insurance Plan (LIP), Continued

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. Employers do not contribute to the LIP.

At June 30, 2024, the District did not report a liability for a proportionate share of the collective net OPEB LIP liability, nor any related deferred outflows or deferred inflows, because the State of Kentucky provides the OPEB LIP support directly to TRS on behalf of the District, and the District does not contribute to the LIP.

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

At June 30, 2024, the District reported a liability of \$20,425,000 for its proportionate share of the collective net MIP OPEB liability that reflected a reduction for state MIP OPEB support provided to the District. The collective net MIP OPEB liability was measured as of June 30, 2023, and the total MIP OPEB liability used to calculate the collective net MIP OPEB liability was based on a projection of the District’s long-term share of contributions to the MIP OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At the June 30, 2023, measurement date, the District’s proportion was 0.838591 %, a decrease of 0.355877% from its proportion measured as of June 30, 2022, of 1.194468%.

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

	MIP	LIP
District’s proportionate share of the net OPEB liability	\$ 20,425,000	\$ -
State’s proportionate share of the net OPEB liability associated with the District	17,215,000	426,000
Total	\$ 37,640,000	\$ 426,000

DAVISS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2024

7. Other Postemployment Benefits – Teachers’ Retirement System of the State of Kentucky, Continued

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

For the year ended June 30, 2024, the District recognized MIP OPEB expense (credit) of \$(4,735). In addition, on-behalf MIP and LIP OPEB revenue and expense for support provided by the State totaled \$1,339,301 and \$42,373 for the year ended June 30, 2024. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to the MIP OPEB from the following sources:

	MIP	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 6,923,000
Changes of assumptions	4,643,000	-
Net difference between projected and actual earnings on plan investments	382,000	-
Changes in proportion and differences between contributions and proportionate share of contributions	7,528,000	8,777,000
District contributions subsequent to the measurement date	1,603,523	-
Total	\$ 14,156,523	\$ 15,700,000

Of the total amount reported as deferred outflows of resources related to the MIP OPEB, \$1,603,523 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 MIP OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to MIP OPEB will be recognized in the District’s MIP OPEB expense as follows:

DAVISS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2024

7. Other Postemployment Benefits – Teachers’ Retirement System of the State of Kentucky, Continued

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

Year ended June 30,	
2025	\$ (1,010,000)
2026	(887,000)
2027	310,000
2028	58,000
2029	(750,000)
Thereafter	<u>(868,000)</u>
	<u>\$ 3,147,000</u>

Actuarial assumptions – The total MIP and LIP OPEB liabilities in the June 30, 2022, actuarial valuation were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Real Wage Growth	0.25%
Wage Inflation	2.75%
Salary increases, including wage inflation	3.00 – 7.50%
Long-term Investment Rate of Return, net of OPEB plan investment expense, including inflation:	
MIP	7.10%
LIP	7.10%
Municipal Bond Index Rate	3.66%
Single Equivalent Interest Rate, net of OPEB plan investment expense, including inflation (Discount rate):	
MIP	7.10%
LIP	7.10%
MIP Health Care Cost Trends:	
Medical Trend	6.75% for FY 2023 decreasing to an ultimate rate of 4.50% by FY 2032
Medicare Part B Premiums	1.55% for FY 2023 with an ultimate rate of 4.50% by 2034

DAVISS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2024

7. Other Postemployment Benefits – Teachers’ Retirement System of the State of Kentucky, Continued

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

Mortality rates were based on the Pub2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each of the groups; service, retirees, contingent annuitants, disabled retirees, deferred vested retirees, and active members.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation, and rates of plan election used in the June 30, 2022 valuation were based on the results of the most recent actuarial experience studies for the System, which covered the five-year period ending June 30, 2020, adopted by the Board on September 20, 2021.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends) used in the June 30, 2022 valuation of the Health Trust were based on a review of recent plan experience done concurrently with the June 30, 2022 valuation. The health care cost trend assumption was updated for the June 30, 2022 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.

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class, as provided by TRS’s investment consultant, are summarized in the following table:

DAVISS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2024

7. Other Postemployment Benefits – Teachers’ Retirement System of the State of Kentucky, Continued

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

Asset Class	Target Allocation		30 Year Expected Geometric Real Rate of Return	
	MIP	LIP	MIP	LIP
U.S. Equity	38.0%	40.0%	10.5%	5.2%
International Equity	15.0	15.0	5.5%	5.5%
Emerging Markets Equity	5.0	5.0	6.1%	6.1%
Fixed Income	9.0	21.0	1.9%	1.9%
Real Estate	6.5	7.0	3.2%	3.2%
Private Equity	8.5	5.0	8.0%	8.0%
High Yield	8.0	-	3.8%	-
Additional Categories	9.0	5.0	3.7%	4.0%
Cash	1.0	2.0	1.6%	1.6%
Total	<u>100%</u>	<u>100%</u>		

Discount rate - The discount rate used to measure the total MIP and LIP OPEB liabilities was 7.10%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the MIP employer contributions will be made at statutorily required rates. Based on those assumptions, the OPEB plans’ fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liabilities.

The following table presents the District’s proportionate share of the collective net MIP OPEB liability, calculated using the discount rate of 7.10%, as well as what the District’s proportionate share of the collective net MIP OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10%) or 1-percentage-point higher (8.10%) than the current rate:

DAVISS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2024

7. Other Postemployment Benefits – Teachers’ Retirement System of the State of Kentucky, Continued

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

	1% decrease (6.10%)	Current discount rate (7.10%)	1% increase (8.10%)
Net MIP OPEB liability	\$ 26,271,000	\$ 20,425,000	\$ 15,593,000

Sensitivity of the District’s proportionate share of the collective net MIP OPEB liability to changes in the healthcare cost trend rates – The following presents the District’s proportionate share of the collective net MIP OPEB liability, as well as what the District’s proportionate share of the collective net MIP 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:

	1% decrease	Current trend rate	1% increase
Net MIP OPEB liability	\$ 14,704,000	\$ 20,425,000	\$ 27,548,000

OPEB plans’ fiduciary net position – Detailed information about the OPEB plans’ fiduciary net position is available in the separately issued TRS financial report.

Payable to the OPEB Plans

The District reported payables of \$0 for the outstanding amount of MIP and LIP OPEB contributions due to the Plans at June 30, 2024.

8. Pension and Other Postemployment Benefits – County Employees Retirement System

Plan Description

The District contributes to the County Employees Retirement System (CERS), which is a cost-sharing multiple-employer defined benefit pension/OPEB plan administered by the Kentucky Public Pensions Authority (KPPA) that covers members employed in positions of each participating county, city, and school board, and any additional eligible local agencies electing to participate in CERS. KPPA issues a publicly available financial report that can be obtained at www.kyret.ky.gov.

DAVISS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2024

8. Pension and Other Postemployment Benefits – County Employees Retirement System, Continued

Benefits Provided

CERS provides for retirement, disability, and death benefits to system members through its Pension Fund, as well as other postemployment benefits (OPEB) for hospital and medical insurance through its Insurance Fund.

Retirement benefits may be extended to beneficiaries of members under certain circumstances. Retirement benefits are determined using a formula which considers the member's final compensation; benefit factors set by statute which vary depending upon the type/amount of service, participation date, and retirement date; and years of service as fully described in the plan documents.

Other postemployment benefits provided by CERS consist of prescribed contributions for whole or partial payments of required premiums to purchase hospital and medical insurance.

Contributions

State statute requires active members to contribute 5% of creditable compensation. For members participating on or after September 1, 2008, an additional 1% of creditable compensation is required. This amount is credited to the Insurance Fund and is non-refundable to the member. Employers contribute at the rate determined by the KPPA Board to be necessary for the actuarial soundness of the systems, as required by KRS 61.565 and KRS 78.635.

The District's actuarially determined contribution rates and contribution amounts applicable to fiscal year 2024 were based on annual creditable compensation for the year ended June 30, 2023, were as follows:

	<u>Contribution Rates</u>	<u>Contributions</u>
Pension	23.34%	\$ 4,453,847
OPEB	-	-
Total	<u>23.34%</u>	<u>\$ 4,453,847</u>

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

The net pension liability and OPEB liability (asset) reported as of June 30, 2024, were measured as of June 30, 2023, and the total pension liability and OPEB liability (asset) used to calculate

DAVISS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2024

8. Pension and Other Postemployment Benefits – County Employees Retirement System, Continued

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

the net pension liability and OPEB liability (asset) was determined by an actuarial valuation as of June 30, 2022. The District’s proportion of the asset and liability was based on a projection of the District’s long-term share of contributions to the plan relative to the projected contributions of all participating entities, actuarially determined. Changes in the District’s pension and OPEB proportions as of the measurement dates were as follows:

	Pension	OPEB
June 30, 2022	0.639101%	0.638994%
Increase	0.021434	0.021513
June 30, 2023	0.660535%	0.660507%

The District’s pension liability and OPEB liability (asset) and expense as of and for the year ended June 30, 2024, were as follows:

	Net Pension Liability	Net OPEB Liability (Asset)
Proportionate Share	\$ 42,383,284	\$ (911,940)
Pension/OPEB Expense	\$ 5,678,837	\$ (2,001,424)

The OPEB liability (asset) is recorded as follows:

Governmental Assets	\$ (1,127,477)
Food Service Fund Liability	71,259
After School Fund Liability	144,278
Total Net OPEB Liability (Asset)	\$ (911,940)

At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

DAVISS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2024

8. Pension and Other Postemployment Benefits – County Employees Retirement System, Continued

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

	Pension		OPEB	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,194,101	\$ 115,168	\$ 635,760	\$ 12,948,640
Changes of assumptions	-	3,884,457	1,794,635	1,250,680
Net difference between projected and actual earnings on plan investments	-	578,131	-	211,645
Changes in proportion and differences between contributions and proportionate share of contributions	1,657,216	41,908	656,618	299,646
Contributions subsequent to the measurement date	4,453,847	-	-	-
Total	\$ 8,305,164	\$ 4,619,664	\$ 3,087,013	\$ 14,710,611

The \$4,453,847 and \$0 of deferred outflows of resources resulting from the District’s pension and OPEB contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability and increase in OPEB liability (asset) in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension and OPEB expense as follows:

	Pension	OPEB
Year ending June 30,		
2025	\$ (133,557)	\$ (2,931,423)
2026	(1,170,647)	(3,602,259)
2027	946,166	(2,665,227)
2028	(410,309)	(2,424,689)
	\$ (768,347)	\$ (11,623,598)

Actuarial Assumptions

The total pension liability and OPEB liability (asset) in the June 30, 2022, actuarial valuation were determined using the following actuarial assumptions, applied to all periods included in the measurement:

DAVISS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2024

8. Pension and Other Postemployment Benefits – County Employees Retirement System, Continued

Actuarial Assumptions, Continued

Inflation	2.50%
Payroll growth rate	2.00%
Salary increases	3.30% to 10.30%, varies by service
Net investment rate	6.50%
Healthcare trend rates (OPEB)	Pre-65: Initial trend starting at 6.80% at January 1, 2025, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. Post-65: Initial trend starting at 8.50% in 2025, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.

Pension and OPEB: The mortality table used for active members was a PUB-2010 General Mortality table, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010. The mortality table used for nondisabled retired members was a system-specific mortality table based on mortality experience from 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023. The mortality table used for the disabled retired members was PUB-2010 Disabled Mortality table, with rates multiplied by 150% for both male and female rates, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010.

The long-term expected rate of return was determined by using a building-block method in which best-estimate ranges of expected future real rate of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized in the following table:

DAVISS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2024

8. Pension and Other Postemployment Benefits – County Employees Retirement System, Continued

Actuarial Assumptions, Continued

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity		
Public equity	50.00%	5.90%
Private equity	10.00	11.73%
	60.00	
Fixed income		
Core fixed income	10.00	2.45%
Specialty credit	10.00	3.65%
Cash	-	1.39%
	20.00	
Inflation protected		
Real estate	7.00	4.99%
Real return	13.00	5.15%
	20.00	
Total	100.00%	

Discount Rate

The discount rates used to measure the total pension liability and OPEB liability (asset) at the measurement dates and changes since the prior year were as follows:

	Pension	OPEB
Discount rate, June 30, 2022	6.25%	5.70%
Increase	0.25	0.23
Discount rate, June 30, 2023	6.50%	5.93%

The discount rate of 6.50% used to measure the total pension liability was based on the expected rate of return on pension plan investments. The discount rate of 5.93% used to measure the total OPEB liability (asset) was based on the expected rate of return on OPEB plan investments of 6.50% and a municipal bond rate of 3.86% as reported in Fidelity Index’s “20-Year Municipal GO AA Index” as of June 30, 2023.

DAVISS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2024

8. Pension and Other Postemployment Benefits – County Employees Retirement System, Continued

Discount Rate, Continued

The projection of cash flows used to determine the pension discount rate assumed that the funds would receive the required employer contributions in each future year, as determined by the current funding policy established in Statute last amended by House Bill 362 (passed in 2018). The projection of cash flows used to determine the OPEB discount rate assumed that employers would contribute the actuarially determined employer contribution each future year calculated in accordance with the current funding policy.

Sensitivity of the District’s Proportionate Share of the Liabilities to Changes in the Discount Rate

The following presents the District’s proportionate share of the net pension liability and OPEB liability (asset), as well as what the District’s proportionate share of the net pension liability and OPEB liability (asset) would be if they were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	District’s Proportionate Share			
	Discount Rate	Net pension Liability	Discount Rate	Net OPEB Liability (Asset)
1% decrease	5.50%	\$ 53,511,457	4.93%	\$ 1,711,362
Current discount rate	6.50%	\$ 42,383,284	5.93%	\$ (911,940)
1% increase	7.50%	\$ 33,135,354	6.93%	\$ (3,108,636)

Sensitivity of the District’s Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rates

The following presents the District’s proportionate share of the net OPEB liability (asset), as well as what the District’s proportionate share of the net OPEB liability (asset) 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 rate:

DAVISS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2024

8. Pension and Other Postemployment Benefits – County Employees Retirement System, Continued

Sensitivity of the District’s Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rates, Continued

	Healthcare Cost Trend Rates	District’s Proportionate Share of Net OPEB Liability (Asset)
1% decrease	5.80% Pre-65 and 7.50 %Post-65	\$ (2,922,927)
Current healthcare cost trend rates	6.80% Pre-65 and 8.50% Post-65	\$ (911,940)
1% increase	7.80% Pre-65 and 9.50% Post-65	\$ 1,558,368

Plan Fiduciary Net Position

Detailed information about the CERS fiduciary net position is available in the separately issued KPPA Annual Comprehensive Financial Report.

Payables to the Pension/OPEB Plans

The District reported the following payables for the outstanding amount of pension/OPEB contributions due to CERS for the year ended June 30, 2024.

	Pension	OPEB
\$	-	-

9. On-Behalf Payments

Payments are made by the Commonwealth of Kentucky for various purposes on behalf of the District. These on-behalf payments are budgeted and recorded as revenue and expense in the governmental funds of the District, and are comprised of the following for the year ended June 30, 2024:

KTRS:	
Pension	\$ 16,296,154
Retiree health insurance	1,339,301
Retiree life insurance	42,373
Health insurance	13,986,471
HRA and administrative fees	771,140
State life insurance	19,424
Technology	192,888
KSFCC debt service	148,716
	\$ 32,796,467

DAVISS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2024

10. Deferred Compensation

The District offers its employees participation in a deferred compensation program administered by the Kentucky Public Employees' Deferred Compensation Authority. This program offers a plan authorized by Section 457(b) of the Internal Revenue Code and a plan authorized by Section 401(k) of the Internal Revenue Code. Both plans are available to all employees and permit them to defer up to 25% of their compensation (subject to limits) until future years. The District makes no contributions to these plans.

11. Fund Balance Classification

The composition of the fund balance classifications at June 30, 2024, is as follows:

	Major Governmental Funds			Nonmajor Governmental Funds				Total
	General Fund	Special Revenue Fund	Construction Fund	District Activity Fund	School Activity Fund	FSPK Building Fund	Total Nonmajor Governmental Funds	
Fund balances:								
Nonspendable:								
Inventory	\$ 350,468	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 350,468
Prepaid expenses	653,470	-	-	-	-	-	-	653,470
	1,003,938	-	-	-	-	-	-	1,003,938
Restricted for:								
Future capital needs	-	-	1,892,588	-	-	-	-	1,892,588
Other	-	153,196	5,980,941	304,438	2,564,817	-	2,869,255	9,003,392
Technology	-	207,628	-	-	-	-	-	207,628
	-	360,824	7,873,529	304,438	2,564,817	-	2,869,255	11,103,608
Committed:								
Site-based carryforward	368,803	-	-	-	-	-	-	368,803
Assigned:								
Future construction project	2,200,000	-	-	-	-	-	-	2,200,000
Purchase obligations	979,421	-	-	-	-	-	-	979,421
	3,179,421	-	-	-	-	-	-	3,179,421
Unassigned	31,188,590	(153,196)	-	-	-	-	-	31,035,394
Total fund balances	\$ 35,740,752	\$ 207,628	\$ 7,873,529	\$ 304,438	\$ 2,564,817	\$ -	\$ 2,869,255	\$ 46,691,164

The District has \$8,370,946 of encumbrances of operating funds in major and nonmajor funds at June 30, 2024, rolled over into the next fiscal year.

12. Net Position Deficit

The net position deficit reported by the Food Service Fund in the amount of \$(1,514,654) resulted from the recording of the net pension and other postemployment benefits liabilities.

DAVISS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2024

13. Transfers

Interfund transfers for the year ended June 30, 2024, consisted of the following:

		Transfers in:					
		Major Governmental Funds			Nonmajor Governmental Funds		
		General Fund	Special Revenue Fund	Construction Fund	District Activity Fund	Debt Service Fund	Total
<u>Transfers out:</u>							
Major Governmental Funds:							
General Fund	\$	-	\$ 203,607	\$ -	\$ -	\$ -	\$ 203,607
Special Revenue Fund		400,722	-	-	-	-	<u>400,722</u>
							<u>604,329</u>
Nonmajor Governmental Funds:							
School Activity Funds		-	-	-	198,279	-	198,279
SEEK Capital Outlay Fund		1,007,144	-	-	-	-	1,007,144
FSPK Building Fund		1,958,226	-	2,356,503	-	11,039,140	<u>15,353,869</u>
							<u>16,559,292</u>
Major Enterprise Fund:							
Food Service Fund		<u>196,445</u>	-	-	-	-	<u>196,445</u>
	\$	<u>3,562,537</u>	\$ <u>203,607</u>	\$ <u>2,356,503</u>	\$ <u>198,279</u>	\$ <u>11,039,140</u>	\$ <u>17,360,066</u>

Transfers are used to: 1) move revenues from the funds with collection authorization to the funds where budgetary authorizations exist for disbursement; 2) reimburse the General Fund for costs incurred to support proprietary fund activity; and 3) to move unrestricted General Fund revenues to programs accounted for in other funds for which the General Fund provides subsidies or matching funds.

14. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. 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.

DAVISS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2024

15. Contingencies

The District receives funding from Federal, state and local government agencies and from private contributions. These funds are to be used for designated purposes only. For government agency grants, if based upon the grantors' review, the funds are considered not to have been used for the intended purpose, the grantors 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.

16. Commitments

During fiscal year 2024, the District entered into construction contracts totaling \$58,515,220 for various facility improvements. Remaining commitments under these contracts totaled \$11,615,608 at June 30, 2024, of which \$3,365,192 was included in accounts payable in the Construction Fund.

17. Accounting Standard Effective in Future Period

The following recently issued accounting standard is expected to impact the financial statements of the District in future periods:

GASBS No. 101 Compensated Absences

In June 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 101, *Compensated Absences*. The Statement was issued to update the recognition and measurement guidance for compensated absences. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The District is currently evaluating the impact that the Statement will have on its financial statements.

18. Impact of COVID-19

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic. The District provided in-person instruction, nontraditional instruction, and hybrid in-person instruction throughout the next two school years. The District was awarded significant federal funds to address the needs and extra costs of the pandemic. Although the District is now back to regular operations, the additional federal funds are still being expended.

DAVISS COUNTY SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended June 30, 2024

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Property taxes	\$ 40,272,984	\$ 40,272,984	\$ 40,717,844	\$ 444,860
Utility taxes	4,250,000	4,250,000	5,298,411	1,048,411
Tuition and fees	70,000	70,000	64,570	(5,430)
Earnings on investments	150,000	150,000	2,472,795	2,322,795
Other local revenue	675,500	675,500	749,158	73,658
State aid	76,315,332	76,315,332	69,903,154	(6,412,178)
Federal aid	225,000	225,000	697,702	472,702
Total revenues	121,958,816	121,958,816	119,903,634	(2,055,182)
Expenditures:				
Instruction	86,529,589	86,459,488	73,443,326	13,016,162
Support services:				
Student	6,161,660	6,186,660	6,475,130	(288,470)
Instructional staff	4,736,807	4,736,807	4,503,719	233,088
District administration	10,870,511	10,931,112	1,346,092	9,585,020
School administration	10,537,772	10,521,186	9,655,033	866,153
Business	2,865,741	2,865,741	3,287,865	(422,124)
Plant operation and maintenance	9,978,997	9,980,082	10,749,541	(769,459)
Student transportation	8,909,035	8,909,035	9,085,723	(176,688)
Community services	-	-	-	-
Building renovations / additions	-	-	-	-
Total expenditures	140,590,112	140,590,111	118,546,429	22,043,682
Excess (deficiency) of revenues over expenditures	(18,631,296)	(18,631,295)	1,357,205	19,988,500
Other financing sources (uses):				
Proceeds from sale of capital assets	15,000	15,000	37,775	22,775
Operating transfers in	49,467	49,467	3,562,537	3,513,070
Operating transfers out	(594,057)	(594,057)	(203,607)	390,450
Total other financing sources (uses)	(529,590)	(529,590)	3,396,705	3,926,295
Net change in fund balance	(19,160,886)	(19,160,885)	4,753,910	23,914,795
Fund balance, June 30, 2023	30,986,842	30,986,842	30,986,842	-
Fund balance, June 30, 2024	\$ 11,825,956	\$ 11,825,957	\$ 35,740,752	\$ 23,914,795

DAVIESS COUNTY SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

SPECIAL REVENUE FUND

Year Ended June 30, 2024

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Other local revenue	\$ 40,000	\$ 192,886	\$ 764,876	\$ 571,990
State aid	4,299,894	4,125,960	4,475,400	349,440
Federal aid	6,443,681	7,069,842	13,066,828	5,996,986
Total revenues	<u>10,783,575</u>	<u>11,388,688</u>	<u>18,307,104</u>	<u>6,918,416</u>
Expenditures:				
Instruction	9,165,822	9,578,226	15,095,934	(5,517,708)
Support services:				
Student	312,632	312,632	829,453	(516,821)
Instructional staff	35,993	35,993	33,488	2,505
School administration	10,278	11,211	11,882	(671)
Plant operation and maintenance	2,067	2,789	22,652	(19,863)
Student transportation	141,371	122,367	223,479	(101,112)
After school	-	-	616,722	(616,722)
Community services	1,113,810	1,321,575	1,331,281	(9,706)
Total expenditures	<u>10,781,973</u>	<u>11,384,793</u>	<u>18,164,891</u>	<u>(6,780,098)</u>
Excess (deficiency) of revenues over expenditures	<u>1,602</u>	<u>3,895</u>	<u>142,213</u>	<u>138,318</u>
Other financing sources (uses):				
Operating transfers in	-	-	203,607	203,607
Operating transfers out	(1,662)	(3,895)	(400,722)	(396,827)
Total other financing sources (uses)	<u>(1,662)</u>	<u>(3,895)</u>	<u>(197,115)</u>	<u>(193,220)</u>
Net change in fund balance	(60)	-	(54,902)	(54,902)
Fund balance, June 30, 2023	<u>262,530</u>	<u>262,530</u>	<u>262,530</u>	<u>-</u>
Fund balance, June 30, 2024	<u>\$ 262,470</u>	<u>\$ 262,530</u>	<u>\$ 207,628</u>	<u>\$ (54,902)</u>

DAVIESS COUNTY SCHOOL DISTRICT

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF KENTUCKY**

Last 10 Fiscal Years

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the plan total net pension liability	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
District's proportionate share of the net pension liability associated with the District	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the District	<u>270,919,811</u>	<u>278,916,004</u>	<u>209,985,157</u>	<u>226,176,171</u>	<u>218,463,948</u>	<u>206,836,340</u>	<u>427,477,363</u>	<u>465,688,704</u>	<u>360,367,617</u>	<u>318,464,968</u>
Total	<u>\$ 270,919,811</u>	<u>\$ 278,916,004</u>	<u>\$ 209,985,157</u>	<u>\$ 226,176,171</u>	<u>\$ 218,463,948</u>	<u>\$ 206,836,340</u>	<u>\$ 427,477,363</u>	<u>\$ 465,688,704</u>	<u>\$ 360,367,617</u>	<u>\$ 318,464,968</u>
District's covered payroll	\$ 53,005,936	\$ 52,823,632	\$ 51,203,338	\$ 50,574,405	\$ 49,755,274	\$ 48,545,737	\$ 47,896,500	\$ 47,282,367	\$ 45,537,911	\$ 45,654,333
District's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	57.68%	56.41%	65.59%	58.27%	58.80%	59.30%	39.83%	35.22%	42.49%	45.59%

DAVIESS COUNTY SCHOOL DISTRICT
SCHEDULE OF PENSION CONTRIBUTIONS
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF KENTUCKY

Last 10 Fiscal Years

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's contractually required contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's contributions in relation to the contractually required contributions	-	-	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 53,461,876	\$ 53,005,936	\$ 52,823,632	\$ 51,203,338	\$ 50,574,405	\$ 49,755,274	\$ 48,545,737	\$ 47,896,500	\$ 47,282,367	\$ 45,537,911
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

DAVISS COUNTY SCHOOL DISTRICT

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITIES
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF KENTUCKY**

	Last 10 Fiscal Years *						
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>MEDICAL INSURANCE PLAN (MIP)</u>							
District's proportion of the plan total net MIP OPEB liability	0.838591%	1.194468%	0.864805%	0.859095%	0.857001%	0.817452%	0.838680%
District's proportionate share of the net MIP OPEB liability associated with the District	\$ 20,425,000	\$ 29,653,000	\$ 18,556,000	\$ 21,681,000	\$ 25,083,000	\$ 28,363,000	\$ 29,906,000
State's proportionate share of the net MIP OPEB liability associated with the District	<u>17,215,000</u>	<u>9,741,000</u>	<u>15,070,000</u>	<u>17,368,000</u>	<u>20,256,000</u>	<u>24,443,000</u>	<u>24,428,000</u>
Total	<u>\$ 37,640,000</u>	<u>\$ 39,394,000</u>	<u>\$ 33,626,000</u>	<u>\$ 39,049,000</u>	<u>\$ 45,339,000</u>	<u>\$ 52,806,000</u>	<u>\$ 54,334,000</u>
District's covered payroll	\$ 53,005,936	\$ 52,823,632	\$ 51,203,338	\$ 50,574,405	\$ 49,755,274	\$ 48,545,737	\$ 47,896,500
District's proportionate share of the net MIP OPEB liability as a percentage of its covered payroll	38.53%	56.14%	36.24%	42.87%	50.41%	58.43%	62.44%
Plan fiduciary net position as a percentage of the total MIP OPEB liability	52.97%	47.75%	51.74%	39.05%	32.58%	25.50%	21.18%
<u>LIFE INSURANCE PLAN (LIP)</u>							
District's proportion of the plan total net LIP OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
District's proportionate share of the net LIP OPEB liability associated with the District	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net LIP OPEB liability associated with the District	<u>426,000</u>	<u>485,000</u>	<u>200,000</u>	<u>525,000</u>	<u>471,000</u>	<u>419,000</u>	<u>327,000</u>
Total	<u>\$ 426,000</u>	<u>\$ 485,000</u>	<u>\$ 200,000</u>	<u>\$ 525,000</u>	<u>\$ 471,000</u>	<u>\$ 419,000</u>	<u>\$ 327,000</u>
District's covered payroll	\$ 53,005,936	\$ 52,823,632	\$ 51,203,338	\$ 50,574,405	\$ 49,755,274	\$ 48,545,737	\$ 47,896,500
District's proportionate share of the net LIP OPEB liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total LIP OPEB liability	76.91%	73.97%	89.15%	71.57%	73.40%	75.00%	79.99%

* Presented for those years for which the information is available.

DAVIESS COUNTY SCHOOL DISTRICT
SCHEDULE OF OPEB CONTRIBUTIONS
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF KENTUCKY

Last 10 Fiscal Years *

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>MEDICAL INSURANCE PLAN (MIP)</u>							
District's contractually required contributions	\$ 1,603,708	\$ 1,590,149	\$ 1,584,721	\$ 1,536,041	\$ 1,517,222	\$ 1,492,651	\$ 1,456,375
District's contributions in relation to the contractually required contributions	<u>(1,603,708)</u>	<u>(1,590,149)</u>	<u>(1,584,721)</u>	<u>(1,536,041)</u>	<u>(1,517,222)</u>	<u>(1,492,651)</u>	<u>(1,456,375)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 53,461,876	\$ 53,005,936	\$ 52,823,632	\$ 51,203,338	\$ 50,574,405	\$ 49,755,274	\$ 48,545,737
Contributions as a percentage of covered payroll	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
<u>LIFE INSURANCE PLAN (LIP)</u>							
District's contractually required contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's contributions in relation to the contractually required contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 53,461,876	\$ 53,005,936	\$ 52,823,632	\$ 51,203,338	\$ 50,574,405	\$ 49,755,274	\$ 48,545,737
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

* Presented for those years for which the information is available.

DAVISS COUNTY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION TEACHERS' RETIREMENT SYSTEM OF THE STATE OF KENTUCKY

Year Ended June 30, 2024

PENSION

Changes of Benefit Terms

2016-2024 None

Changes of Assumptions

2024 The municipal bond index rate decreased from 3.37% to 3.66%.
2023 The municipal bond index rate increased from 2.13% to 3.37%.
2022 The inflation rate decreased from 3.00% to 2.50%.
The salary increases changed from 3.50%-7.30% to 3.00%-7.50%.
The long-term investment rate of return decreased from 7.50% to 7.10%.
The municipal bond index rate decreased from 2.19% to 2.13%.
The discount rate decreased from 7.50% to 7.10%.
2021 The municipal bond index rate decreased from 3.50% to 2.19%.
2020 The municipal bond index rate decreased from 3.89% to 3.50%.
2019 The municipal bond index rate increased from 3.56% to 3.89%.
The discount rate increased from 4.49% to 7.50%.
2018 None
2017 The municipal bond index rate decreased from 3.82% to 3.01%.
The discount rate decreased from 4.88% to 4.20%.
2016 None

MEDICAL INSURANCE PLAN (MIP)

Changes of Benefit Terms

2019-2024 None

2018 With the passage of Kentucky 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" calculations, the costs of the NSS related to those KEHP-participating members who retired on or after July 1, 2010.

Changes of Assumptions

2024 The municipal bond index rate increased from 3.37% to 3.66%.
Health Care Cost Trends increased from 5.125% to 6.75%.
Health Care Cost Trends for Medicare Part B Premiums increased from 6.97% to 1.55%.
2023 The municipal bond index rate increased from 2.13% to 3.37%.
Health Care Cost Trends for Ages 65 and Older increased from 5.0% to 5.125%.
Health Care Cost Trends for Medicare Part B Premiums increased from 4.40% to 6.97%.
2022 The inflation rate decreased from 3.00% to 2.50%.
The real wage growth rate decreased from .50% to .25%.
The wage inflation rate decreased from 3.50% to 2.75%.
The salary increases changed from 3.50%-7.20% to 3.00%-7.50%.
The long-term investment rate of return decreased from 8.00% to 7.10%.
The municipal bond index rate decreased from 2.19% to 2.13%.
The discount rate decreased from 8.00% to 7.10%.
Health Care Cost Trends for Under Age 65 decreased from 7.25% to 7.00%.
Health Care Cost Trends for Ages 65 and Older decreased from 5.25% to 5.00%.
Health Care Cost Trends for Medicare Part B Premiums decreased from 6.49% to 4.40%.

DAVIESS COUNTY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF KENTUCKY , CONTINUED

Year Ended June 30, 2024

Changes of Assumptions, Continued

2021	The municipal bond index rate decreased from 3.50% to 2.19%. Health Care Cost Trends for Under Age 65 decreased from 7.50% to 7.25%. Health Care Cost Trends for Ages 65 and Older decreased from 5.50% to 5.25%. Health Care Cost Trends for Medicare Part B Premiums increased from 2.63% to 6.49%.
2020	The municipal bond index rate decreased from 3.89% to 3.50%. Health Care Cost Trends for Under Age 65 decreased from 7.75% to 7.50%. Health Care Cost Trends for Ages 65 and Older decreased from 5.75% to 5.50%. Health Care Cost Trends for Medicare Part B Premiums increased from 0.00% to 2.63%.
2019	The municipal bond index rate increased from 3.56% to 3.89%. Health Care Cost Trends for Medicare Part B Premiums decreased from 1.02% to 0.00%.
2018	None

LIFE INSURANCE PLAN (LIP)

Changes of Benefit Terms

2018-2024 None

Changes of Assumptions

2024	The municipal bond index rate increased from 3.37% to 3.66%.
2023	The municipal bond index rate increased from 2.13% to 3.37%.
2022	The inflation rate decreased from 3.00% to 2.50%. The real wage growth rate decreased from .50% to .25%. The wage inflation rate decreased from 3.50% to 2.75%. The salary increases changed from 3.50%-7.20% to 3.00%-7.50%. The long-term investment rate of return decreased from 7.50% to 7.10%. The municipal bond index rate decreased from 2.19% to 2.13%. The discount rate decreased from 7.50% to 7.10%.
2021	The municipal bond index rate decreased from 3.50% to 2.19%.
2020	The municipal bond index rate decreased from 3.89% to 3.50%.
2019	The municipal bond index rate increased from 3.56% to 3.89%.
2018	None

DAVIESS COUNTY SCHOOL DISTRICT

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
COUNTY EMPLOYEES RETIREMENT SYSTEM
PENSION FUND

Last 10 Fiscal Years

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.660535%	0.639101%	0.607346%	0.635454%	0.639446%	0.651517%	0.637435%	0.643869%	0.646961%	0.651196%
District's proportionate share of the net pension liability	\$ 42,383,284	\$ 46,200,698	\$ 38,723,071	\$ 48,738,796	\$ 44,972,522	\$ 39,679,371	\$ 37,311,030	\$ 31,701,652	\$ 27,816,268	\$ 21,127,000
District's covered payroll	\$ 19,325,121	\$ 17,848,831	\$ 15,584,081	\$ 16,411,233	\$ 16,230,111	\$ 16,229,838	\$ 15,605,728	\$ 15,449,693	\$ 15,032,371	\$ 14,894,473
District's proportionate share of the net pension liability as a percentage of its covered payroll	219.32%	258.84%	248.48%	296.98%	277.09%	244.48%	239.09%	205.19%	185.04%	141.84%
Plan fiduciary net position as a percentage of the total pension liability	57.48%	52.42%	57.33%	47.81%	50.45%	53.54%	55.30%	55.50%	59.97%	66.80%

DAVIESS COUNTY SCHOOL DISTRICT
SCHEDULE OF CONTRIBUTIONS
COUNTY EMPLOYEES RETIREMENT SYSTEM
PENSION FUND

Last 10 Fiscal Years

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 4,453,847	\$ 4,522,078	\$ 3,778,598	\$ 3,007,728	\$ 3,167,368	\$ 2,632,524	\$ 2,350,081	\$ 2,176,999	\$ 1,918,883	\$ 1,916,627
Contributions in relation to the contractually required contributions	<u>(4,453,847)</u>	<u>(4,522,078)</u>	<u>(3,778,598)</u>	<u>(3,007,728)</u>	<u>(3,167,368)</u>	<u>(2,632,524)</u>	<u>(2,350,081)</u>	<u>(2,176,999)</u>	<u>(1,918,883)</u>	<u>(1,916,627)</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
District's covered payroll	\$ 19,082,466	\$ 19,325,121	\$ 17,848,831	\$ 15,584,081	\$ 16,411,233	\$ 16,230,111	\$ 16,229,838	\$ 15,605,728	\$ 15,449,693	\$ 15,032,371
Contributions as a percentage of covered payroll	23.34%	23.40%	21.17%	19.30%	19.30%	16.22%	14.48%	13.95%	12.42%	12.75%

DAVISS COUNTY SCHOOL DISTRICT

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)
 COUNTY EMPLOYEES RETIREMENT SYSTEM
 INSURANCE FUND

Last 10 Fiscal Years *

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net OPEB liability (asset)	0.660507%	0.638994%	0.607837%	0.635270%	0.639330%	0.651496%	0.637435%
District's proportionate share of the net OPEB liability (asset)	\$ (911,940)	\$ 12,610,634	\$ 11,636,735	\$ 15,339,839	\$ 10,753,243	\$ 11,567,182	\$ 12,814,624
District's covered payroll	\$ 19,325,121	\$ 17,848,831	\$ 15,584,081	\$ 16,411,233	\$ 16,230,111	\$ 16,229,838	\$ 15,605,728
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-4.72%	70.65%	74.67%	93.47%	66.25%	71.27%	82.11%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	104.23%	60.95%	62.91%	51.67%	60.44%	57.62%	52.40%

* Presented for those years for which the information is available.

DAVISS COUNTY SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS
COUNTY EMPLOYEES RETIREMENT SYSTEM
INSURANCE FUND

Last 10 Fiscal Years *

		<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contributions	\$	-	\$ 655,122	\$ 1,031,662	\$ 741,802	\$ 781,175	\$ 853,704	\$ 762,802
Contributions in relation to the contractually required contributions		<u>-</u>	<u>(655,122)</u>	<u>(1,031,662)</u>	<u>(741,802)</u>	<u>(781,175)</u>	<u>(853,704)</u>	<u>(762,802)</u>
Contribution deficiency (excess)	\$	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered payroll	\$	19,082,466	\$ 19,325,121	\$ 17,848,831	\$ 15,584,081	\$ 16,411,233	\$ 16,230,111	\$ 16,229,838
Contributions as a percentage of covered payroll		0.00%	3.39%	5.78%	4.76%	4.76%	5.26%	4.70%

* Presented for those years for which the information is available.

DAVIESS COUNTY SCHOOL DISTRICT

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
COUNTY EMPLOYEES RETIREMENT SYSTEM**

Year Ended June 30, 2024

Changes of Benefit Terms

2016-2024 None

Changes of Assumptions

2024 Pension and OPEB:

The assumed rate of inflation was increased from 2.30% to 2.50%.
The assumed investment return was changed from 6.25% to 6.50%.
The single discount rate changed from 6.25% to 6.50% for pension and from 5.70% to 5.93% for OPEB.

OPEB:

Healthcare Trend Rates for Pre - 65 increased from 6.20% to 6.80%.
Healthcare Trend Rates for Post - 65 decreased from 9.00% to 8.50%.

2023 OPEB:

The single discount rate changed from 5.20% to 5.70%.
Healthcare Trend Rates for Pre - 65 decreased from 6.30% to 6.20%.
Healthcare Trend Rates for Post - 65 increased from 6.30% to 9.00%.

2022 OPEB:

The single discount rate changed from 5.34% to 5.20%.

2021 OPEB:

The single discount rate changed from 5.68% to 5.34%.

2020 Pension and OPEB:

The salary increases assumption was changed from 3.05% to 3.30% - 10.30%.

OPEB:

The single discount rate changed from 5.85% to 5.68%.

2019 Pension and OPEB:

The salary increases assumption was changed from 2.00% to 3.05%.

OPEB:

The single discount rate changed from 5.84% to 5.85%.

2018 Pension and OPEB:

The assumed investment return was changed from 7.50% to 6.25%.
The price inflation assumption was changed from 3.25% to 2.30%, which also resulted in a 0.95% decrease in the salary increase assumption at all years of service.
The payroll growth assumption (applicable for the amortization of unfunded actuarial accrued liabilities) was changed from 4.00% to 2.00%.

OPEB:

The single discount rate changed from 6.89% to 5.84%.

2017 None

2016 Pension:

The assumed investment rate of return was decreased from 7.75% to 7.50%.
The assumed rate of inflation was reduced from 3.50% to 3.25%.
The assumed rate of wage inflation was reduced from 1.00% to 0.75%.
Payroll growth assumption was reduced from 4.50% to 4.00%.
The assumed rates of Retirement, Withdrawal, and Disability were updated to more accurately reflect experience.

DAVIESS COUNTY SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

June 30, 2024

	Special Revenue		Capital Projects			Total Nonmajor Governmental Funds
	District Activity Fund	School Activity Fund	SEEK Capital Outlay Fund	FSPK Building Fund	Debt Service Fund	
ASSETS						
Cash and cash equivalents	\$ 304,438	\$ 2,527,173	\$ -	\$ -	\$ -	\$ 2,831,611
Accounts receivable:						
Other	-	1,575	-	-	-	1,575
Due from other funds	-	-	-	-	-	-
Inventory	-	42,138	-	-	-	42,138
Total assets	<u>\$ 304,438</u>	<u>\$ 2,570,886</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,875,324</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ -	\$ 6,069	\$ -	\$ -	\$ -	\$ 6,069
Due to other funds	-	-	-	-	-	-
Total liabilities	-	6,069	-	-	-	6,069
Deferred inflows of resources	-	-	-	-	-	-
Fund balances:						
Restricted	304,438	2,564,817	-	-	-	2,869,255
Total fund balances	304,438	2,564,817	-	-	-	2,869,255
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 304,438</u>	<u>\$ 2,570,886</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,875,324</u>

DAVIESS COUNTY SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

Year Ended June 30, 2024

	Special Revenue		Capital Projects			Total Nonmajor Governmental Funds
	District Activity Fund	School Activity Fund	SEEK Capital Outlay Fund	FSPK Building Fund	Debt Service Fund	
Revenues:						
Property taxes	\$ -	\$ -	\$ -	\$ 11,433,419	\$ -	\$ 11,433,419
Earnings on investments	-	141,059	-	5,000	-	146,059
Other local revenue	79,382	3,943,124	-	-	-	4,022,506
State aid	-	-	1,007,144	3,915,450	148,716	5,071,310
Federal aid	-	-	-	-	-	-
Total revenues	79,382	4,084,183	1,007,144	15,353,869	148,716	20,673,294
Expenditures:						
Instruction	167,543	3,611,708	-	-	-	3,779,251
Support services:						
Student	-	14,532	-	-	-	14,532
Instructional staff	89,427	20,084	-	-	-	109,511
District administration	-	-	-	-	-	-
School administration	-	-	-	-	-	-
Business	-	-	-	-	-	-
Plant operation and maintenance	-	-	-	-	-	-
Student transportation	-	6,970	-	-	-	6,970
Community services	-	-	-	-	-	-
New building construction	-	-	-	-	-	-
Building renovations / additions	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	7,612,000	7,612,000
Interest	-	-	-	-	3,575,856	3,575,856
Bond issuance costs	-	-	-	-	-	-
Total expenditures	256,970	3,653,294	-	-	11,187,856	15,098,120
Excess (deficiency) of revenues over expenditures	(177,588)	430,889	1,007,144	15,353,869	(11,039,140)	5,575,174
Other financing sources (uses):						
Operating transfers in	198,279	-	-	-	11,039,140	11,237,419
Operating transfers out	-	(198,279)	(1,007,144)	(15,353,869)	-	(16,559,292)
Total other financing sources (uses)	198,279	(198,279)	(1,007,144)	(15,353,869)	11,039,140	(5,321,873)
Net change in fund balances	20,691	232,610	-	-	-	253,301
Fund balances, June 30, 2023	283,747	2,332,207	-	-	-	2,615,954
Fund balances, June 30, 2024	\$ 304,438	\$ 2,564,817	\$ -	\$ -	\$ -	\$ 2,869,255

DAVIESS COUNTY SCHOOL DISTRICT

COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, ACCRUALS, AND FUND BALANCE

SCHOOL ACTIVITY FUND

Year Ended June 30, 2024

	Cash June 30, 2023	Receipts	Disbursements	Cash June 30, 2024	Accounts Receivable	Inventory	Accounts Payable	Fund Balance June 30, 2024
Apollo High	\$ 484,872	\$ 889,582	\$ 816,348	\$ 558,106	\$ -	\$ 39,289	\$ 6,069	\$ 591,326
Audubon Elementary	39,315	76,928	76,824	39,419	-	-	-	39,419
Burns Elementary	94,545	74,589	90,263	78,871	-	-	-	78,871
Burns Middle	155,626	248,156	215,150	188,632	-	-	-	188,632
College View Middle	201,155	329,882	301,749	229,288	-	-	-	229,288
Country Heights Elementary	25,569	101,776	82,180	45,165	-	-	-	45,165
Daviess County High	667,618	1,345,313	1,269,113	743,818	1,575	2,849	-	748,242
Daviess County Middle	102,059	228,950	254,546	76,463	-	-	-	76,463
Deer Park Elementary	76,339	59,954	56,035	80,258	-	-	-	80,258
East View Elementary	56,681	86,882	81,498	62,065	-	-	-	62,065
Heritage Park High	20,559	4,320	5,103	19,776	-	-	-	19,776
Highland Elementary	89,306	89,543	91,893	86,956	-	-	-	86,956
Meadow Lands Elementary	36,382	75,173	60,126	51,429	-	-	-	51,429
Sorgho Elementary	64,494	84,926	92,465	56,955	-	-	-	56,955
Southern Oaks Elementary	29,094	77,464	59,356	47,202	-	-	-	47,202
Tamarack Elementary	35,042	129,353	104,695	59,700	-	-	-	59,700
West Louisville Elementary	86,569	68,497	68,511	86,555	-	-	-	86,555
Whitesville Elementary	39,313	114,427	137,225	16,515	-	-	-	16,515
	<u>\$ 2,304,538</u>	<u>\$ 4,085,715</u>	<u>\$ 3,863,080</u>	<u>\$ 2,527,173</u>	<u>\$ 1,575</u>	<u>\$ 42,138</u>	<u>\$ 6,069</u>	<u>\$ 2,564,817</u>

DAVISS COUNTY SCHOOL DISTRICT

SCHEDULE OF RECEIPTS, DISBURSEMENTS, ACCRUALS, AND FUND BALANCE

APOLLO HIGH SCHOOL

Year Ended June 30, 2024

	Cash June 30, 2023	Receipts	Disbursements	Transfers	Cash June 30, 2024	Accounts Receivable	Inventory	Accounts Payable	Fund Balance June 30, 2024
GENERAL	\$ 10,077	\$ 7,323	\$ 15,158	\$ 32,882	\$ 35,124	\$ -	\$ -	\$ -	\$ 35,124
OFFICE	2,000	558	4,028	1,470	-	-	-	-	-
DRIVERS ED FEES	-	1,485	-	(1,485)	-	-	-	-	-
GUIDANCE	1,070	-	13	(228)	829	-	-	-	829
LAPTOP FEES	-	2,820	-	(2,820)	-	-	-	-	-
YEARBOOK	14,410	8,888	3,128	218	20,388	-	-	-	20,388
FLOWER FUND	-	-	-	-	-	-	-	-	-
STUDENT FEES	-	88,034	6,175	(81,859)	-	-	-	-	-
NEWSPAPER CHALLENGER	5,179	-	-	-	5,179	-	-	-	5,179
KYA AND KUNA	-	1,340	5,944	4,604	-	-	-	-	-
ADULT VENDING	-	2,704	2,513	-	191	-	-	-	191
CARING AND SHARING	2,530	817	4,156	1,309	500	-	-	-	500
ATHLETICS - GENERAL	27,929	10,996	28,502	19,654	30,077	-	8,401	-	38,478
BASKETBALL - BOYS	252	-	193	-	59	-	-	-	59
ATHLETIC BOOSTERS	1,000	77,037	52,622	(24,415)	1,000	-	-	-	1,000
BASEBALL	2,323	-	983	2,000	3,340	-	-	-	3,340
CROSS COUNTRY - BOYS	-	-	740	922	182	-	-	-	182
DANCE TEAM	1,200	-	2,850	1,650	-	-	-	-	-
CROSS COUNTRY - GIRLS	-	-	360	360	-	-	-	-	-
TRACK - GIRLS	-	-	3,029	4,022	993	-	-	-	993
BOWLING	-	-	1,221	1,221	-	-	-	-	-
CHEERLEADERS	-	-	1,055	1,200	145	-	-	-	145
TRACK - BOYS	-	-	2,954	6,522	3,568	-	-	-	3,568
FOOTBALL	-	-	14,173	14,173	-	-	-	5,325	(5,325)
BASKETBALL - GIRLS	454	-	75	1,100	1,479	-	-	-	1,479
GOLF - BOYS	-	-	555	555	-	-	-	-	-
GOLF - GIRLS	-	-	730	800	70	-	-	-	70
SOCCER - GIRLS	-	-	2,347	2,347	-	-	-	-	-
SOCCER - BOYS	-	400	1,090	1,870	1,180	-	-	-	1,180
SWIMMING	2,385	-	324	(1,025)	1,036	-	-	700	336
TENNIS - BOYS	4,172	-	718	955	4,409	-	-	-	4,409
TENNIS - GIRLS	-	-	45	45	-	-	-	-	-
VOLLEYBALL	1,270	-	-	(1,270)	-	-	-	-	-
WRESTLING - BOYS	-	-	1,158	1,158	-	-	-	-	-
WRESTLING - GIRLS	364	-	1,592	1,228	-	-	-	-	-
BETA CLUB	2,733	460	1,131	-	2,062	-	-	-	2,062
ROBOTICS	9,279	6,341	3,574	-	12,046	-	-	-	12,046
ARCHERY	1,354	-	746	500	1,108	-	-	-	1,108
DRAMA	1,475	2,002	3,187	(3)	287	-	-	-	287
THESPIAN SOCIETY	710	6,623	5,400	-	1,933	-	-	-	1,933
FBLA	1,793	6,088	8,611	730	-	-	-	-	-
FCA	51	980	1,181	150	-	-	-	-	-
FFA	10,528	49,003	54,591	(139)	4,801	-	-	-	4,801
FUTURE EDUCATORS	193	-	-	-	193	-	-	-	193
ACADEMIC TEAM	1,918	-	2,097	1,566	1,387	-	-	-	1,387

DAVISS COUNTY SCHOOL DISTRICT

SCHEDULE OF RECEIPTS, DISBURSEMENTS, ACCRUALS, AND FUND BALANCE

APOLLO HIGH SCHOOL

Year Ended June 30, 2024

	Cash June 30, 2023	Receipts	Disbursements	Transfers	Cash June 30, 2024	Accounts Receivable	Inventory	Accounts Payable	Fund Balance June 30, 2024
KEY CLUB	190	-	-	-	190	-	-	-	190
NATIONAL HONOR SOCIETY	125	1,675	1,307	-	493	-	-	-	493
STUDENT COUNCIL	5,493	5,343	7,010	1,008	4,834	-	-	-	4,834
STLP	833	-	190	170	813	-	-	-	813
AG	1,349	-	6,459	5,576	466	-	-	44	422
ART	-	-	3,110	3,127	17	-	-	-	17
BUSINESS	8,666	18	2,687	770	6,767	-	-	-	6,767
ENGLISH	6,344	263	507	1,456	7,556	-	-	-	7,556
HEALTH/PE	546	10,440	10,963	945	968	-	-	-	968
FINE ARTS	2,657	1,250	1,441	(2,466)	-	-	-	-	-
LIBRARY	3,073	994	317	3,708	7,458	-	-	-	7,458
SCIENCE	2,709	-	5,662	3,825	872	-	-	-	872
MATH	6,371	-	3,957	1,738	4,152	-	-	-	4,152
ORCHESTRA	2,658	561	592	545	3,172	-	-	-	3,172
CHORUS	1,062	4,669	8,956	3,225	-	-	-	-	-
SPECIAL ED	1,568	-	386	653	1,835	-	-	-	1,835
SOCIAL STUDIES	12,700	-	40	549	13,209	-	-	-	13,209
BAND	51	9,240	13,963	4,672	-	-	-	-	-
District Activity Fund	-	10,484	11,607	1,123	-	-	-	-	-
AP EXAMS	6,414	1,950	4,162	-	4,202	-	-	-	4,202
PSAT TESTS	4,782	306	321	-	4,767	-	-	-	4,767
BAND UNIFORMS	106	-	-	-	106	-	-	-	106
GRADUATION	-	207	9,936	9,729	-	-	-	-	-
PROM	-	12,225	11,386	-	839	-	-	-	839
INTRAMURAL	332	-	-	-	332	-	-	-	332
INTEREST	3,249	28,933	-	(32,182)	-	-	-	-	-
LOCKS	5	-	-	-	5	-	-	-	5
OVER YOUR HEAD	189	-	-	-	189	-	-	-	189
PROJECT GRADUATION	815	4,180	4,687	-	308	-	-	-	308
ENL EAGLES NEST NEWS	2,310	-	473	550	2,387	-	-	-	2,387
SPANISH HONORS SOCIETY	817	-	-	(817)	-	-	-	-	-
TEACHER OF THE YEAR AWARD	1,000	-	-	-	1,000	-	-	-	1,000
YOUNG FOUNDATION SLG	250	-	-	-	250	-	-	-	250
APOLLO ABA BASKETBALL	5,094	17,802	4,896	(627)	17,373	-	-	-	17,373
BASKETBALL - BOYS L/T	12,553	7,273	14,729	-	5,097	-	-	-	5,097
ATHLETIC AWARDS	12,395	-	110	2,500	14,785	-	-	-	14,785
ATHLETIC TRAINER SUPPLIES	2,068	-	2,273	3,000	2,795	-	-	-	2,795
ATHLETIC WEIGHT TRAINING	901	-	-	500	1,401	-	-	-	1,401
BASEBALL L/T	13,326	29,960	27,124	(65)	16,097	-	-	-	16,097
ATHLETIC SECURITY	-	-	13,521	13,521	-	-	-	-	-
CROSS COUNTRY BOYS L/T	-	393	1,731	1,338	-	-	-	-	-
CROSS COUNTRY GIRLS L/T	-	707	1,560	853	-	-	-	-	-
CHEERLEADING L/T	40	81,269	83,432	2,123	-	-	-	-	-
ATHLETIC EMERGENCY SERVICES	5,688	-	2,063	3,500	7,125	-	-	-	7,125
EAGLETTES L/T	139	24,810	23,448	(450)	1,051	-	-	-	1,051
BASS FISHING	1,694	750	665	1,000	2,779	-	-	-	2,779

DAVIESS COUNTY SCHOOL DISTRICT

SCHEDULE OF RECEIPTS, DISBURSEMENTS, ACCRUALS, AND FUND BALANCE

APOLLO HIGH SCHOOL

Year Ended June 30, 2024

	Cash June 30, 2023	Receipts	Disbursements	Transfers	Cash June 30, 2024	Accounts Receivable	Inventory	Accounts Payable	Fund Balance June 30, 2024
FOOTBALL L/T	4,843	13,323	14,116	1,275	5,325	-	-	-	5,325
BASS FISHING L/T	2,035	7,460	5,005	-	4,490	-	-	-	4,490
ATHLETIC GAME OFFICIALS	13,899	586	33,790	29,925	10,620	-	-	-	10,620
BASKETBALL - GIRLS L/T	12,902	4,637	9,485	-	8,054	-	-	-	8,054
BASKETBALL -APOLLO YOUTH GIRI	-	2,354	1,281	-	1,073	-	-	-	1,073
GOLF - GIRLS L/T	2,846	502	714	(40)	2,594	-	-	-	2,594
GOLF - BOYS L/T	2,914	3,731	2,840	(96)	3,709	-	-	-	3,709
GATE	-	95,727	5,575	(90,152)	-	-	-	-	-
ATHLETIC GATE WORKERS	6,607	900	5,542	6,000	7,965	-	-	-	7,965
TRACK - GIRLS L/T	-	7,331	6,007	2,307	3,631	-	-	-	3,631
SOFTBALL L/T	-	21,497	15,342	(139)	6,016	-	-	-	6,016
SOCCER - GIRLS L/T	2,723	4,190	1,935	(477)	4,501	-	-	-	4,501
SOCCER - BOYS L/T	4,169	11,274	7,619	-	7,824	-	-	-	7,824
SPORTS PROGRAMS SALES	-	-	151	151	-	-	-	-	-
SWIM TEAM/ GB L/T	-	590	2,681	2,791	700	-	-	-	700
TENNIS BG L/T	2,066	4,640	4,976	-	1,730	-	-	-	1,730
DISTRICT TOURNEY GIRLS	1,424	9,060	6,060	(4,424)	-	-	-	-	-
DISTRICT TOURNEY BOYS	-	17,145	13,027	(4,118)	-	-	-	-	-
TRACK - BOYS L/T	-	7,331	6,078	3,886	5,139	-	-	-	5,139
VOLLEYBALL L/T	4,200	13,897	20,751	6,329	3,675	-	-	-	3,675
WRESTLING GIRLS L/T	-	9,855	11,575	1,720	-	-	-	-	-
VB SLAMDOWN TOURNEY	2,125	15,962	11,023	(4,939)	2,125	-	-	-	2,125
WRESTLING BOYS L/T	-	4,743	6,665	1,922	-	-	-	-	-
ATHLETIC UNIFORM ACCOUNT	19,278	-	-	(1,600)	17,678	-	-	-	17,678
REGION TOURNEY GIRLS	1	-	-	(1)	-	-	-	-	-
BOWLING L/T	2,867	5,478	5,806	469	3,008	-	-	-	3,008
ARCHERY L/T	1,251	830	553	-	1,528	-	-	-	1,528
ATHLETIC CHILI SUPPER	-	15,721	2,389	(1,000)	12,332	-	-	-	12,332
ART CLUB	970	-	-	(970)	-	-	-	-	-
SPIRIT STORE	2,600	2,154	4,068	(550)	136	-	17,258	-	17,394
DANCE BLUE	616	30,968	28,420	324	3,488	-	-	-	3,488
COUNCIL FOR EX CHILDREN	1,872	345	896	500	1,821	-	-	-	1,821
JUNIOR CIVITAN	541	-	-	-	541	-	-	-	541
FFA ALUMNI	2,600	1,945	773	-	3,772	-	-	-	3,772
STRATEGIC GAMING CLUB	463	-	-	-	463	-	-	-	463
MUSICAL CHORUS/DRAMA	7,121	5,645	4,968	-	7,798	-	-	-	7,798
AYL ACADEMY YOUNG LEADERS	240	-	-	-	240	-	-	-	240
INTERNATIONAL CLUB	98	-	59	817	856	-	-	-	856
STAND	301	-	-	-	301	-	-	-	301
DEBATE TEAM	-	-	100	500	400	-	-	-	400
SPIRIT CLUB	-	180	-	(180)	-	-	-	-	-
KYA AND KUNA	-	3,929	90	(3,839)	-	-	-	-	-
AFJROTC ACTIVITIES	5,005	12,598	11,237	-	6,366	-	-	-	6,366
GS ALLIANCE	114	-	-	-	114	-	-	-	114
STRENGTH AND CONDITIONING	1,074	-	-	-	1,074	-	-	-	1,074
PBIS - POSITIVE BEHAVIOR I SUP	1,276	2,075	2,170	(44)	1,137	-	-	-	1,137

DAVISS COUNTY SCHOOL DISTRICT

SCHEDULE OF RECEIPTS, DISBURSEMENTS, ACCRUALS, AND FUND BALANCE

APOLLO HIGH SCHOOL

Year Ended June 30, 2024

	Cash June 30, 2023	Receipts	Disbursements	Transfers	Cash June 30, 2024	Accounts Receivable	Inventory	Accounts Payable	Fund Balance June 30, 2024
APOLLOS OBORO SAVING GRACE	386	-	-	-	386	-	-	-	386
GIRLS WHO CODE	235	-	(25)	-	260	-	-	-	260
JAG CAREER ASSOCIATION	1	1,957	6,634	4,706	30	-	-	-	30
CAREER TRANSITION	779	-	-	199	978	-	-	-	978
FRESHMAN TEAM	-	-	1,766	1,766	-	-	-	-	-
SOPHOMORE TEAM	-	-	1,745	1,745	-	-	-	-	-
JUNIOR TEAM	-	-	2,278	2,278	-	-	-	-	-
SENIOR TEAM	-	-	1,787	1,787	-	-	-	-	-
WORLD LANGUAGE	7,226	-	(92)	1,346	8,664	-	-	-	8,664
SS CHRISTMAS PLAY	32	-	-	-	32	-	-	-	32
GREENHOUSE	16,513	11,352	6,358	-	21,507	-	-	-	21,507
SCU JACKSON	463	-	718	400	145	-	-	-	145
SCU WINFIELD	230	-	271	400	359	-	-	-	359
AFJROTC SCHOOL BUDGET	700	-	-	675	1,375	-	-	-	1,375
COLLEGE TRANSITION FAIR IEP	-	400	163	-	237	-	-	-	237
SCU EWING	-	-	277	400	123	-	-	-	123
ENGINEERING	7,201	342	240	1,062	8,365	-	-	-	8,365
PE UNIFORMS	10,702	2,840	9,839	6,860	10,563	-	13,630	-	24,193
ANIMAL SCIENCE	-	50	-	-	50	-	-	-	50
LIBRARY FINES	184	382	-	(499)	67	-	-	-	67
POSTER PRINTER	1,377	35	-	(1,377)	35	-	-	-	35
STEWART EAGLE FAMILY SCHOLAR	1,266	2,570	1,000	123	2,959	-	-	-	2,959
COKE SCHOLARSHIP	25,759	-	1,501	1,326	25,584	-	-	-	25,584
PRUDEN SCHOLARSHIP	30,123	-	-	1,646	31,769	-	-	-	31,769
SATTERLY SCHOLARSHIP	24,917	-	1,001	1,353	25,269	-	-	-	25,269
STEFANIE MATTHEWS SCHOLARSHI	2,213	-	-	121	2,334	-	-	-	2,334
MURPHY FAMILY SCHOLARSHIP	-	500	500	-	-	-	-	-	-
JOHNATHAN GRAY VOC SCHOLARS	1,000	-	500	-	500	-	-	-	500
HUMANITARIAN SCHOLARSHIP RL	500	500	1,000	-	-	-	-	-	-
MARK FULLER SCHOLARSHIP	4,813	450	500	272	5,035	-	-	-	5,035
	<u>\$ 484,872</u>	<u>\$ 889,582</u>	<u>\$ 816,348</u>	<u>\$ -</u>	<u>\$ 558,106</u>	<u>\$ -</u>	<u>\$ 39,289</u>	<u>\$ 6,069</u>	<u>\$ 591,326</u>

DAVIESS COUNTY SCHOOL DISTRICT

SCHEDULE OF RECEIPTS, DISBURSEMENTS, ACCRUALS, AND FUND BALANCE

DAVIESS COUNTY HIGH SCHOOL

Year Ended June 30, 2024

	Cash June 30, 2023	Receipts	Disbursements	Transfers	Cash June 30, 2024	Accounts Receivable	Inventory	Accounts Payable	Fund Balance June 30, 2024
General	\$ 155,560	\$ 52,227	\$ 11,536	\$ 20,298	\$ 216,549	\$ -	\$ -	\$ -	\$ 216,549
OFFICE	8,877	824	2,332	5,000	12,369	-	-	-	12,369
DRIVERS ED FEES	-	5,295	5,295	-	-	-	-	-	-
GUIDANCE	5,728	8,344	12,441	(319)	1,312	-	-	-	1,312
LAPTOP FEES	-	3,810	3,850	40	-	-	-	-	-
YEARBOOK	12,484	6,495	10,450	-	8,529	-	-	-	8,529
FLOWER FUND	747	4,636	4,099	(365)	919	-	-	-	919
STUDENT FEES	54,825	-	-	14,875	69,700	-	-	-	69,700
TEXTBOOK FEES	-	200	183	-	17	-	-	-	17
KYA AND KUNA	425	38,826	39,368	572	455	-	-	-	455
ADULT VENDING	464	286	135	-	615	-	-	-	615
ATHLETICS - GENERAL	24,318	104,333	49,696	(68,484)	10,471	-	-	-	10,471
BASKETBALL - BOYS	21,643	16,213	26,522	2,283	13,617	-	-	-	13,617
ATHLETIC BOOSTERS	3,000	74,606	45,515	(29,091)	3,000	-	2,849	-	5,849
BASEBALL	-	20,209	23,413	3,204	-	-	-	-	-
CROSS COUNTRY - BOYS	4,521	16,025	18,339	2,930	5,137	500	-	-	5,637
DANCE TEAM	9,842	62,481	66,117	1,652	7,858	-	-	-	7,858
CROSS COUNTRY - GIRLS	4,913	15,380	17,927	2,930	5,296	250	-	-	5,546
TRACK - GIRLS	1,407	544	1,912	1,868	1,907	-	-	-	1,907
BOWLING	2,390	1,095	3,025	1,965	2,425	-	-	-	2,425
CHEERLEADERS	14,197	76,316	68,210	(538)	21,765	-	-	-	21,765
TRACK - BOYS	-	834	3,108	2,274	-	-	-	-	-
FOOTBALL	8,148	23,216	51,800	20,456	20	25	-	-	45
BASKETBALL - GIRLS	1,901	26,294	20,740	3,817	11,272	-	-	-	11,272
GOLF - BOYS	3,851	16,015	17,855	1,319	3,330	-	-	-	3,330
GOLF - GIRLS	1,141	7,249	7,553	1,364	2,201	-	-	-	2,201
SOCCER - GIRLS	-	43,102	49,423	6,321	-	-	-	-	-
SOCCER - BOYS	789	13,569	20,267	7,581	1,672	300	-	-	1,972
SOFTBALL	2,040	13,843	14,206	2,844	4,521	-	-	-	4,521
SWIMMING	5,568	2,020	4,764	2,276	5,100	-	-	-	5,100
TENNIS - BOYS	6,115	50	216	993	6,942	-	-	-	6,942
TENNIS - GIRLS	3,563	-	216	993	4,340	-	-	-	4,340
VOLLEYBALL	5,501	5,235	11,002	1,255	989	-	-	-	989
WRESTLING - BOYS	1,370	10,253	11,613	1,065	1,075	-	-	-	1,075
WRESTLING - GIRLS	-	3,844	4,524	1,415	735	-	-	-	735
BETA CLUB	5,291	-	-	-	5,291	-	-	-	5,291
CHESS CLUB	1,829	-	30	-	1,799	-	-	-	1,799
ROBOTICS	1,812	-	-	-	1,812	-	-	-	1,812
ARCHERY	4,357	-	-	-	4,357	-	-	-	4,357
DRAMA	6,193	6,212	8,086	750	5,069	-	-	-	5,069

DAVISS COUNTY SCHOOL DISTRICT

SCHEDULE OF RECEIPTS, DISBURSEMENTS, ACCRUALS, AND FUND BALANCE

DAVISS COUNTY HIGH SCHOOL

Year Ended June 30, 2024

	Cash June 30, 2023	Receipts	Disbursements	Transfers	Cash June 30, 2024	Accounts Receivable	Inventory	Accounts Payable	Fund Balance June 30, 2024
THESPIAN SOCIETY	2,930	2,952	1,680	-	4,202	-	-	-	4,202
FBLA/DECA	241	3,977	3,006	1,380	2,592	-	-	-	2,592
FFA	15,861	112,686	96,547	(1,260)	30,740	500	-	-	31,240
FUTURE EDUCATORS	7	-	-	-	7	-	-	-	7
ACADEMIC TEAM	6,379	380	1,273	2,500	7,986	-	-	-	7,986
KEY CLUB	791	583	697	(425)	252	-	-	-	252
NATIONAL HONOR SOCIETY	638	1,855	1,927	-	566	-	-	-	566
STUDENT COUNCIL	699	-	-	-	699	-	-	-	699
STLP	663	80	200	-	543	-	-	-	543
AG	1,985	-	4,824	5,185	2,346	-	-	-	2,346
BUSINESS	1,618	26	787	1,883	2,740	-	-	-	2,740
ENGLISH	222	-	-	-	222	-	-	-	222
HEALTH/PE	4,399	4,317	1,061	(3,120)	4,535	-	-	-	4,535
FINE ARTS	3,250	196	15,149	11,703	-	-	-	-	-
LIBRARY	869	-	-	(15)	854	-	-	-	854
SCIENCE	7,050	500	2,494	5,228	10,284	-	-	-	10,284
MATH	1,280	-	-	-	1,280	-	-	-	1,280
ORCHESTRA	1,286	1,903	4,584	1,395	-	-	-	-	-
SPECIAL ED	42	-	-	-	42	-	-	-	42
District Activity Fund	-	56,431	56,513	82	-	-	-	-	-
STUDENT ID'S	1,288	480	600	1,527	2,695	-	-	-	2,695
NURSE OFFICE	388	-	2,077	1,689	-	-	-	-	-
ACTIVITY FEES	43	132,248	33,716	(98,295)	280	-	-	-	280
MISC MAINTENANCE SUPPLIES	-	-	223	1,500	1,277	-	-	-	1,277
PICTURE COMMISSION	107	6,331	5,799	700	1,339	-	-	-	1,339
NICKEL WAR	11,996	2,809	3,433	(1,488)	9,884	-	-	-	9,884
TEACHER OF THE YEAR	1,000	1,000	287	-	1,713	-	-	-	1,713
ATHLETIC TRAINING	-	51	2,469	3,759	1,341	-	-	-	1,341
BASEBALL-DISTRICT TOURNAMENT	-	3,975	3,594	(381)	-	-	-	-	-
CC/TRACK INVITATIONALS	513	-	230	-	283	-	-	-	283
FOOTBALL PLAYOFF	-	-	632	632	-	-	-	-	-
FOOTBALL LOCKER ROOM	-	-	8,631	8,631	-	-	-	-	-
INTRAMURAL SPORTS	3	890	270	(550)	73	-	-	-	73
ELLIOTT WELLS CLASSIC	-	1,220	-	(1,220)	-	-	-	-	-
GIRLS SOCCER TOURNAMENT	-	2,975	210	(2,765)	-	-	-	-	-
SOCCER DISTRICT TOURNAMENT	-	4,229	1,627	(2,602)	-	-	-	-	-
STATE TOURNAMENT EXPENSE	-	2,776	22,245	19,469	-	-	-	-	-
TEAM LAUREN	1,706	7,918	1,000	(339)	8,285	-	-	-	8,285
TENNIS REGIONALS	-	-	581	581	-	-	-	-	-
MICHAEL CABLE FUND	593	14	254	-	353	-	-	-	353
VOLLEYBALL DISTRICT TOURNAMENT	-	-	-	-	-	-	-	-	-

DAVISS COUNTY SCHOOL DISTRICT

SCHEDULE OF RECEIPTS, DISBURSEMENTS, ACCRUALS, AND FUND BALANCE

DAVISS COUNTY HIGH SCHOOL

Year Ended June 30, 2024

	Cash June 30, 2023	Receipts	Disbursements	Transfers	Cash June 30, 2024	Accounts Receivable	Inventory	Accounts Payable	Fund Balance June 30, 2024
ANIME CLUB	45	30	60	-	15	-	-	-	15
FINE ARTS SOCIETY	547	497	174	(250)	620	-	-	-	620
VOLLEYBALL CLUB- BOYS	-	793	270	-	523	-	-	-	523
FCCLA	2,042	-	406	-	1,636	-	-	-	1,636
CHRISTIAN STUDENT UNION	-	130	-	(82)	48	-	-	-	48
FRENCH CLUB	94	-	-	-	94	-	-	-	94
CEC	10	1,458	1,355	-	113	-	-	-	113
JUNTOS/AMIGOS	-	894	894	-	-	-	-	-	-
HABITAT HELPERS	409	90	194	-	305	-	-	-	305
JUNIOR CLASSICAL LEAGUE	-	1,018	1,218	200	-	-	-	-	-
LIFESAVERS CLUB	44	-	-	-	44	-	-	-	44
PEP CLUB	1,051	1,865	1,336	-	1,580	-	-	-	1,580
DISC GOLF CLUB	-	106	-	-	106	-	-	-	106
QUIZ BOWL RECYCLE CLUB	237	-	-	-	237	-	-	-	237
SPANISH NATIONAL HONOR SOCIETY	810	-	808	-	2	-	-	-	2
YOUNG DEMOCRATS	83	-	-	-	83	-	-	-	83
TEENAGE REPUBLICANS	509	-	-	-	509	-	-	-	509
WISE GUYS	120	-	-	-	120	-	-	-	120
AOK CLUB	236	-	-	-	236	-	-	-	236
AG MECHANICS	1,349	1,100	9,697	7,248	-	-	-	-	-
MULTIMEDIA PUBLISHING	986	-	-	-	986	-	-	-	986
WEIGHT ROOM	1,467	-	-	412	1,879	-	-	-	1,879
HORTICULTURE	5,623	10,102	7,351	(480)	7,894	-	-	-	7,894
FAMILY AND CONSUMER SCIENCE	1,828	1,192	4,779	3,032	1,273	-	-	-	1,273
WILLIAMS MSD	-	422	422	-	-	-	-	-	-
LOUCKS MSD	-	849	656	(178)	15	-	-	-	15
ALLEN MMD	-	117	110	-	7	-	-	-	7
JRROTC UNIT SUPPORT MAINT	7,488	11,900	2,850	-	16,538	-	-	-	16,538
JRROTC BOOSTERS	15,961	11,095	10,711	360	16,705	-	-	-	16,705
JRROTC USM STEM	6,930	-	1,120	(12)	5,798	-	-	-	5,798
BAND BOOSTERS	16,373	127,496	129,183	(6,709)	7,977	-	-	-	7,977
BAND WINTERGUARD	3,275	13,098	16,521	2,490	2,342	-	-	-	2,342
INDOOR WINDS	3,732	24,451	29,910	5,510	3,783	-	-	-	3,783
DRAMA MUSICAL	4,973	28,588	23,926	(271)	9,364	-	-	-	9,364
GRADUATION/SENIOR ACTIVITIES	4,899	1,140	18,312	12,273	-	-	-	-	-
PANTHER PLACE	-	210	150	(60)	-	-	-	-	-
CHAMBER CHOIR	2,211	10,417	12,120	670	1,178	-	-	-	1,178
PROM	15,436	12,781	10,766	(450)	17,001	-	-	-	17,001
CATW	1,972	16,495	11,679	310	7,098	-	-	-	7,098
RENAISSANCE REWARDS	38	1,121	1,156	5	8	-	-	-	8
FCS BUSINESS	2,009	938	1,785	90	1,252	-	-	-	1,252

DAVIESS COUNTY SCHOOL DISTRICT

SCHEDULE OF RECEIPTS, DISBURSEMENTS, ACCRUALS, AND FUND BALANCE

DAVIESS COUNTY HIGH SCHOOL

Year Ended June 30, 2024

	Cash June 30, 2023	Receipts	Disbursements	Transfers	Cash June 30, 2024	Accounts Receivable	Inventory	Accounts Payable	Fund Balance June 30, 2024
RAISE RED	12,694	14,475	26,506	(216)	447	-	-	-	447
DC PRINTING/T SHIRTS	2,537	12,112	23,700	11,196	2,145	-	-	-	2,145
FULKERSON SCHOLARSHIP	250	-	500	500	250	-	-	-	250
ROBIN SWEENEY SCHOLARSHIP	5,273	-	-	-	5,273	-	-	-	5,273
JACOB CRABTREE SCHOLARSHIP	11	-	-	-	11	-	-	-	11
WETZEL MEMORIAL SCHOLARSHIP	2,515	-	-	(2,515)	-	-	-	-	-
ELLIOTT WELLS SCHOLARSHIP	10,034	2,550	1,000	(2,000)	9,584	-	-	-	9,584
JOYCE ASKINS SCHOLARSHIP	1,750	-	-	-	1,750	-	-	-	1,750
CONTINGENCY FUND	74,010	-	-	-	74,010	-	-	-	74,010
PETTY CASH	100	100	100	-	100	-	-	-	100
ATHLETIC CASH BOXES	3,000	3,000	3,000	-	3,000	-	-	-	3,000
	<u>\$ 667,618</u>	<u>\$ 1,345,313</u>	<u>\$ 1,269,113</u>	<u>\$ -</u>	<u>\$ 743,818</u>	<u>\$ 1,575</u>	<u>\$ 2,849</u>	<u>\$ -</u>	<u>\$ 748,242</u>

DAVISS COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2024

<u>Grantor / Program Title</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Fund Number</u>	<u>Project Number</u>	<u>Federal Expenditures</u>	<u>Expenditures to Subrecipients</u>
U.S. Department of Agriculture						
Passed through Kentucky Department of Agriculture:						
Food Donation	10.550	057502-15	51	-	\$ 464,296	\$ -
Child Nutrition Cluster:						
School Breakfast Program	10.553	7760005-15	51	-	1,725,780	-
National School Lunch Program	10.555	7750002-15	51	-	4,156,895	-
Supply Chain Assistance (COVID-19)	10.555	-	51	220I	333,059	-
Child and Adult Care Food Program	10.558	-	51	-	3,636	-
Summer Food Service Program for Children	10.559	7740023-15	51	209BI	346,406	-
Total Child Nutrition Cluster					<u>6,565,776</u>	<u>-</u>
Passed through Kentucky Department of Education:						
Warehouse and Storage and Distribution (COVID-19)	10.560	-	51	-	9,862	-
Total U.S. Department of Agriculture					<u>\$ 7,039,934</u>	<u>\$ -</u>
U. S. Department of Defense						
Direct Program:						
ROTC	12.000	504K	2	504K	\$ 146,157	\$ -
Total U. S. Department of Defense					<u>\$ 146,157</u>	<u>\$ -</u>
U. S. Department of the Treasury						
Direct Program						
Emergency Connectivity Fund Program (COVID-19)	32.009	-	2	559K	\$ 41,786	\$ -
Total U. S. Department of the Treasury					<u>\$ 41,786</u>	<u>\$ -</u>
U. S. Department of Education						
Passed through Kentucky Department of Education:						
Title I Grants to Local Educational Agencies:						
Title 1 - Local Educational Agencies	84.010A	3100002-21	2	310I/IM/IN/IP	\$ 3,225	\$ -
Title 1 - Local Educational Agencies	84.010A	3100002-22	2	310J/JM/JN/JP	321,034	-
Title 1 - Local Educational Agencies	84.010A	3100002-23	2	310K/KM/KN/KP	2,086,551	-
Title 1 - Part D, Subpart 2	84.010A	3100102-23	2	314K	12,212	-
					<u>2,423,022</u>	<u>-</u>
Migrant Education - State Grant Program	84.011A	3110002-22	2	311J	55,308	-
Migrant Education - State Grant Program	84.011A	3110002-23	2	311K	240,415	-
					<u>295,723</u>	<u>-</u>
Special Education Cluster:						
Special Education - Grants to States:						
IDEA, Part B	84.027A	3810002-21	2	337I/IP	106,446	-
IDEA, Part B	84.027A	3810002-22	2	337J/JP	2,579,229	-
IDEA, Part B	84.027A	3810002-23	2	337K/KP	201,832	-
ARPA IDEA, Part B (COVID-19)	84.027X	4910002-21	2	478I/IP	166,861	-
					<u>3,054,368</u>	<u>-</u>
Special Education - Preschool Grants:						
IDEA Preschool	84.173A	3800002-21	2	343I/IP	443	-
IDEA Preschool	84.173A	3800002-22	2	343J/JP	15,316	-
IDEA Preschool	84.173A	3800002-23	2	343K/KP	96,667	-
ARPA IDEA Preschool (COVID-19)	84.173X	4900002-21	2	488I/488IP	200	-
					<u>112,626</u>	<u>-</u>
Total Special Ed Cluster					<u>3,166,994</u>	<u>-</u>
Career and Technical Education - Basic Grants to States:						
Perkins - Part C (Carry-over)	84.048	3710002-23	2	348JA	10,043	-
Perkins - Part C	84.048	3710002-23	2	348K	121,424	-
					<u>131,467</u>	<u>-</u>
English Language Acquisition Grants:						
Title III English Language Learners	84.365A	3300002-21	2	345I	46,753	-
Title III English Language Learners	84.365A	3300002-22	2	345J	83,618	-
Title III Immigrant	84.365A	3300002-22	2	345JI	4,465	-
Title III English Language Learners	84.365A	3300002-23	2	345K	1,654	-
Title III Immigrant	84.365A	3300002-23	2	345KI	-	-
					<u>136,490</u>	<u>-</u>

DAVISS COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED

Year Ended June 30, 2024

<u>Grantor / Program Title</u>	Assistance	Pass-Through	Fund	Project	Federal	Expenditures
	Listing	Entity Identifying				
	Number	Number	Number	Number		
<u>U. S. Department of Education, Continued</u>						
Passed through Kentucky Department of Education, Continued:						
Improving Teacher Quality State Grants:						
Title II	84.367A	3230002-21	2	401I/IP	322	-
Title II	84.367A	3230002-23	2	401J/JP	310,103	-
Title II	84.367A	3230002-22	2	401K/KP	81,298	-
					<u>391,723</u>	<u>-</u>
Student Support and Academic Enrichment Program:						
Title IV, Part A	84.424A	3420002-21	2	552I/IA/IP/IS/IT/IW	1,306	-
Title IV, Part A	84.424A	3420002-22	2	552J/JA/JP/JS/JT/JW	35,354	-
Title IV, Part A	84.424A	3420002-23	2	552K/KA/KP/KS/KT/KW	121,559	-
					<u>158,219</u>	<u>-</u>
Education Stabilization Fund (COVID -19):						
FY21 American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	4300002-21	2	473G/GL/GJ/GW	5,065,883	-
FY22 American Relief Plan Elementary and Secondary School Emergency Relief Fund - Homeless Children and Youth	84.425W	4980002-21	2	476IC	19,722	-
					<u>5,085,605</u>	<u>-</u>
Passed through Kentucky Department of Juvenile Justice:						
Title I Program for Neglected and Delinquent Children:						
Title I Part D Subpart 1	84.013	313J	2	313J	2,255	-
Title I Part D Subpart 1	84.013	313K	2	313K	39,231	-
					<u>41,486</u>	<u>-</u>
Passed through Kentucky Council on Postsecondary Education:						
Education Stabilization Fund (COVID -19):						
FY21 American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	4300003-21	2	564GC	113,059	-
Passed through Green River Regional Educational Cooperative:						
School Safety National Activities:						
Project Prevent	84.184M	-	2	534FM	90,708	-
Education Stabilization Fund (COVID -19):						
FY21 American Rescue Plan Elementary and Secondary School Emergency Relief Fund - Deeper Learning	84.425U	-	2	563J	7,114	-
Passed through The Prichard Committee:						
Full-Service Community Schools	84.215J	-	2	518KJ	195,730	-
Total U. S. Department of Education					<u>\$ 12,237,340</u>	<u>\$ -</u>
<u>U.S. Department of Health and Human Services</u>						
Passed through Kentucky Cabinet for Health and Family Services:						
Child Care and Development Block Grant:						
Child Care and Development Block Grant	93.575	-	52	N/A	\$ 21,666	\$ -
ARPA Child Care Sustainment (COVID-19)	93.575	576I	2	576I	477,303	-
CRRSA Child Care Aid (COVID-19)	93.575	672G	2	672G	23,769	-
					<u>522,738</u>	<u>-</u>
Passed through Catholic Charities of Louisville, KY:						
Refugee and Entrant Assistance State/Replacement Designee Administered Programs:						
Refugee School Impact	93.566	420K	2	420K	47,853	-
Afghan Refugee School Impact	93.566	420KA	2	420KA	23,325	-
Early Refugee School Impact	93.566	420KE	2	420KE	43,999	-
Afghan Early Refugee School Impact	93.566	420KF	2	420KF	25,296	-
					<u>\$ 140,473</u>	<u>\$ -</u>
Total U. S. Department of Health and Human Services					<u>\$ 663,211</u>	<u>\$ -</u>
Total Federal Awards					<u>\$ 20,128,428</u>	<u>\$ -</u>

DAVIESS COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED

Year Ended June 30, 2024

Notes to Schedule of Expenditures of Federal Awards

Note A: Basis of Presentation

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of the Daviess County School District (District) under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to, and does not, present the financial position, changes in net assets or cash flows of the District.

Note B: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note C: Indirect Cost Rate

The District has elected not to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.

Note D: Nonmonetary assistance for the Food Distribution Program is reported in the Schedule at the fair value of the commodities received.



**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**

Members of the Board of Education
Daviess County School District
Owensboro, Kentucky

Kentucky State Committee for School District Audits
Frankfort, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Daviess County School District (District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 1, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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.

Internal Control Over Financial Reporting, Continued

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

In addition, the results of our tests disclosed no material instances of noncompliance with specific statutes or regulations identified in the *Kentucky Public School District's Audit Contract and Requirements* prescribed by the Kentucky State Committee for School District Audits.

We noted certain matters other than significant deficiencies and material weaknesses that we reported to management of the District in a separate letter dated October 1, 2024.

Purpose of this Report

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

Owensboro, Kentucky
October 1, 2024





**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE**

Members of the Board of Education
Daviness County School District
Owensboro, Kentucky

Kentucky State Committee for School District Audits
Frankfort, Kentucky

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Daviness County School District’s (District) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District’s major federal programs for the year ended June 30, 2024. The District’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide legal determination of the District’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District’s federal programs.

Auditor’s Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District’s compliance based on our audit. Reasonable assurance is a high level of assurance, but is not absolute assurance, and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the

Auditor’s Responsibilities for the Audit of Compliance, Continued

Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District’s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District’s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District’s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance


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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor’s Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Owensboro, Kentucky
October 1, 2024



DAVIESS COUNTY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2024

A. Summary of Auditor’s Results

1. The auditor’s report expresses an unmodified opinion on whether the financial statements of the Daviess County School District (District) were prepared in accordance with GAAP.
2. No significant deficiencies relating to the audit of the financial statements are reported in the 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*. No material weaknesses were reported.
3. No instances of noncompliance material to the financial statements of the District, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs were reported in the Independent Auditor’s Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance. No material weaknesses were reported.
5. The auditor’s report on compliance for the major federal award programs for the District expresses an unmodified opinion on all major federal programs.
6. The audit did not disclose any findings that are required to be reported in accordance with 2 CFR section 200.516(a).
7. The program tested as the major program were:
 - Education Stabilization Fund:
 - 84.425U – American Rescue Plan Elementary and Secondary School Emergency Relief Fund
 - 84.425W – American Rescue Plan Elementary and Secondary School Emergency Relief Fund – Homeless Children and Youth
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. The District was determined to be a low-risk auditee.

B. Findings - Financial Statements Audit

None

C. Findings and Questioned Costs - Major Federal Award Programs Audit

None



Daviness County Public Schools

“Together for Kids!”

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2024

No audit findings were reported in the schedule of findings and questioned costs for the year ended June 30, 2023.

Superintendent – Charles Broughton
Daviness County Board of Education

James Morgan - Chair Dr. Tom Payne - Vice Chair Mr. Frank Riney III Dale Stewart Todd Anderson

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