

DAYTON INDEPENDENT SCHOOL DISTRICT
FINANCIAL STATEMENTS
JUNE 30, 2024

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INDEPENDENT AUDITOR'S REPORT

Kentucky State Committee for School District Audits
Members of the Board of Education
Dayton Independent School District
Dayton, Kentucky

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Dayton Independent 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 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 of Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 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 auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgement 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 judgement, 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, budgetary comparison information, pension schedules, and OPEB schedules as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements,

and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 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.

Maddox & Associates CPAs Inc.

Fort Thomas, Kentucky

November 4, 2024

As management of the Dayton Independent School District (District) we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information found within the body of this report.

FINANCIAL HIGHLIGHTS

The assets and deferred outflows of the District were less than its liabilities and deferred outflows at the close of the most recent fiscal year by \$(2,999,736) (net deficit). The unrestricted net position, which represents the amounts available to meet the District's ongoing obligations to citizens and creditors, was a deficit of \$(2,299,832). The District is committed to provide postemployment benefits to its employees. As a result, the District has recognized substantial liabilities in the financial statements for these benefits. As of year-end, the District has liabilities of for postemployment benefits of \$5,017,433 which caused the deficit balance in net position. The District's total net position decreased by \$931,132.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis provided here are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) the notes to the financial statements.

Government-wide Financial Statements

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

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

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

The government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, district and school administration, business and plant operations, student transportation, and operation of non-instructional services. Fixed assets and debt is also supported by taxes and intergovernmental revenues. The government-wide financial statements can be found on pages 9-10 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. This is the state mandated accounting system including a chart of accounts for all Kentucky public school districts utilizing the MUNIS administrative software. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. The proprietary fund is for food service operations. The fiduciary fund is a trust fund established by benefactors to aid in student education, welfare, and teacher support. All other activities of the District are included in the governmental funds. The basic governmental fund financial statements can be found on pages 11-18 of this report.

Notes to the Financial Statements

The notes provide additional information that is necessary to acquire 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 19-50 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position presents financial information on all of the District’s assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

Net Position

| | Governmental Activities | | Business-Type Activities | |
|----------------------------------|-------------------------|-----------------------|--------------------------|---------------------|
| | June 30, 2024 | June 30, 2023 | June 30, 2024 | June 30, 2023 |
| Assets | | | | |
| Current assets | \$ 4,378,186 | \$ 5,333,001 | \$ 110,458 | \$ 122,525 |
| Noncurrent assets | 7,281,152 | 7,803,669 | 97,079 | 144,760 |
| Total assets | 11,659,338 | 13,136,670 | 207,537 | 267,285 |
| Deferred outflows | 2,000,601 | 2,433,922 | 168,529 | 188,867 |
| Liabilities | | | | |
| Current liabilities | 1,439,904 | 586,734 | - | 7,025 |
| Noncurrent liabilities | 12,150,196 | 15,041,043 | 636,287 | 867,921 |
| Total liabilities | 13,590,100 | 15,627,777 | 636,287 | 874,946 |
| Deferred inflows | 2,518,683 | 1,494,003 | 290,671 | 98,622 |
| Net position | | | | |
| Net investment in capital assets | (862,888) | (536,017) | 83,388 | 144,760 |
| Restricted | 713,876 | 474,731 | (634,280) | (662,176) |
| Unrestricted | (2,299,832) | (1,489,902) | - | - |
| Total net position | \$ (2,448,844) | \$ (1,551,188) | \$ (550,892) | \$ (517,416) |

Change in Net Position

| | Governmental Activities | | Business-Type Activities | |
|-------------------------------|-------------------------|---------------------|--------------------------|---------------------|
| | June 30, 2024 | June 30, 2023 | June 30, 2024 | June 30, 2023 |
| Revenues: | | | | |
| Local revenue | \$ 4,483,982 | \$ 4,076,024 | \$ 125,394 | \$ 121,410 |
| State revenue | 7,887,820 | 8,513,463 | 127,751 | 171,393 |
| Federal revenue | 3,338,425 | 2,815,905 | 752,376 | 653,409 |
| Total revenues | 15,710,227 | 15,405,392 | 1,005,521 | 946,212 |
| Expenses: | | | | |
| Instruction | 8,038,354 | 8,329,554 | - | - |
| Student support | 1,507,095 | 1,327,421 | - | - |
| Instruction staff | 1,275,570 | 882,759 | - | - |
| District administrative | 691,661 | 635,938 | - | - |
| School administrative | 821,203 | 890,364 | - | - |
| Business support | 472,801 | 599,807 | - | - |
| Plant operations | 1,389,759 | 1,376,694 | - | - |
| Student transportation | 291,258 | 230,113 | - | - |
| Food service | 22,253 | 8,174 | 902,279 | 946,736 |
| Day care services | 14,341 | 8,219 | 113,496 | 107,122 |
| Community services | 257,728 | 244,837 | - | - |
| Land/site acquisition | 1,282,853 | 828,760 | - | - |
| Land improvements | 48,296 | - | - | - |
| Building improvements | 230,027 | 552,094 | - | - |
| Interest on long-term debt | 287,906 | 259,609 | - | - |
| Total expenditures | 16,631,105 | 16,174,343 | 1,015,775 | 1,053,858 |
| Transfers | 23,222 | 62,699 | (23,222) | (62,699) |
| Change in net position | \$ (897,656) | \$ (706,252) | \$ (33,476) | \$ (170,345) |

GOVERNMENTAL FUND FINANCIAL ANALYSIS

Governmental Funds

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

At the end of the current fiscal year, the District's government funds reported combined fund balances of \$3,511,662, a decrease of \$ 1,289,409 in comparison with the prior year.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$2,764,247. The total general fund balance increased \$83,535.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year, the District had \$7,181,104 in capital assets net of depreciation. Net capital assets decreased \$767,325.

| | Governmental Activities | | Business-Type Activities | |
|-----------------------------|-------------------------|---------------------|--------------------------|-------------------|
| | June 30, 2024 | June 30, 2023 | June 30, 2024 | June 30, 2023 |
| Land and land improvements | \$ 1,242,598 | \$ 1,236,704 | \$ - | \$ - |
| Buildings and improvements | 5,035,923 | 5,885,348 | - | 9,957 |
| Technology equipment | 89,378 | 237,355 | 3,696 | 5,332 |
| Vehicles | 119,750 | 21,724 | 12,780 | 20,678 |
| General equipment | 576,173 | 388,644 | 66,912 | 108,793 |
| Construction in progress | 33,894 | 33,894 | - | - |
| Total capital assets | \$ 7,097,716 | \$ 7,803,669 | \$ 83,388 | \$ 144,760 |

Long-Term Obligations

At the end of the fiscal year, the District had \$13,303,725 in long-term liabilities. Long-term liabilities decreased \$2,605,567.

| | June 30, 2024 | June 30, 2023 | June 30, 2024 | June 30, 2023 |
|------------------------------------|----------------------|----------------------|-------------------|-------------------|
| Bonds payable | \$ 7,960,604 | \$ 8,339,686 | \$ - | \$ - |
| Operating leases | 128,674 | - | - | - |
| Compensated absences | 197,014 | 485,641 | - | - |
| Net OPEB liability | 1,836,000 | 3,363,970 | - | 198,993 |
| Net pension liability | 2,545,146 | 2,852,074 | 636,287 | 668,928 |
| Total long-term liabilities | \$ 12,667,438 | \$ 15,041,371 | \$ 636,287 | \$ 867,921 |

GENERAL FUND BUDGET

Kentucky state statutes and the Kentucky Department of Education require school districts to adopt a budget that has a minimum 2% contingency. The District adopted a general fund budget that had a contingency of 17%.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

General fund revenue for the District is expected to decrease approximately \$960,000 due mainly to lower tax revenue, investment income, and state support. Expenditures are expected to increase approximately \$530,000 due mainly to higher personnel costs. The 2025 budget has a contingency of 10%.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Finance Officer, Anthony Hughey, 200 Clay St., Dayton, KY 41054.

Dayton Independent School District
Statement of Net Position
June 30, 2024

| | Governmental Activities | Business-Type Activities | Total |
|---|----------------------------|-----------------------------|-----------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | \$ 3,976,764 | \$ 101,895 | \$ 4,078,659 |
| Receivables | 401,422 | 7,647 | 409,069 |
| Noncurrent assets | | | |
| Right of use assets, net | 128,674 | - | 128,674 |
| Net OPEB asset - CERS | 54,762 | 13,691 | 68,453 |
| Capital assets, net | 7,097,716 | 83,388 | 7,181,104 |
| Total assets | 11,659,338 | 207,537 | 11,866,875 |
| Deferred outflows of resources | | | |
| OPEB related | 1,507,030 | 44,472 | 1,551,502 |
| Pension related | 493,571 | 124,057 | 617,628 |
| Total deferred outflows of resources | 2,000,601 | 168,529 | 2,169,130 |
| Liabilities | | | |
| Current liabilities | | | |
| Accounts payable | 196,759 | - | 196,759 |
| Unearned revenue | 669,765 | - | 669,765 |
| Accrued interest payable | 56,138 | - | 56,138 |
| Operating lease | 23,160 | - | 23,160 |
| Bonds payable | 494,082 | - | 494,082 |
| Noncurrent liabilities | | | |
| Compensated absences | 197,014 | - | 197,014 |
| Operating lease | 105,514 | - | 105,514 |
| Bonds payable | 7,466,522 | - | 7,466,522 |
| Net OPEB liability - TRS | 1,836,000 | - | 1,836,000 |
| Net pension liability | 2,545,146 | 636,287 | 3,181,433 |
| Total liabilities | 13,590,100 | 636,287 | 14,226,387 |
| Deferred inflows of resources | | | |
| OPEB related | 2,240,248 | 221,062 | 2,461,310 |
| Pension related | 278,435 | 69,609 | 348,044 |
| Total deferred inflows of resources | 2,518,683 | 290,671 | 2,809,354 |
| Net position | | | |
| Net investment in capital assets | (862,888) | 83,388 | (779,500) |
| Restricted (deficit) | 713,876 | (634,280) | 79,596 |
| Unrestricted (deficit) | (2,299,832) | - | (2,299,832) |
| Total net position (deficit) | \$ (2,448,844) | \$ (550,892) | \$ (2,999,736) |

The notes to the financial statements are an integral part of this statement.

Dayton Independent School District
Statement of Activities
Year Ended June 30, 2024

| | Expenses | Charges for Services | Operating Grants and Contribution | Capital Grants and Contributions | Revenue over Expenses |
|--|----------------------|-------------------------|---|--|-----------------------------|
| Governmental Activities | | | | | |
| Instruction | \$ 8,038,354 | \$ 2,528 | \$ 3,679,920 | \$ - | \$ (4,355,906) |
| Support services: | | | | | |
| Student | 1,507,095 | - | 522,995 | - | (984,100) |
| Instructional staff | 1,275,570 | - | 923,091 | - | (352,479) |
| District administration | 691,661 | - | 115,717 | - | (575,944) |
| School administration | 821,203 | - | 253,225 | - | (567,978) |
| Business | 472,801 | - | 166,959 | - | (305,842) |
| Plant operation | 1,389,759 | - | 154,137 | - | (1,235,622) |
| Student transportation | 291,258 | - | 157,809 | - | (133,449) |
| Food service | 22,253 | - | - | - | (22,253) |
| Day care operations | 14,341 | - | - | - | (14,341) |
| Community service | 257,728 | - | 218,219 | - | (39,509) |
| Land/site acquisition | 1,282,853 | - | - | - | (1,282,853) |
| Land improvements | 48,296 | - | - | - | (48,296) |
| Building improvements | 230,027 | - | - | - | (230,027) |
| Interest on long-term debt | 287,906 | - | - | 85,644 | (202,262) |
| Total governmental activities | 16,631,105 | 2,528 | 6,192,072 | 85,644 | (10,350,861) |
| Business-Type Activities | | | | | |
| Food service | 1,015,775 | 119,573 | 880,127 | - | (16,075) |
| Total business-type activities | 1,015,775 | 119,573 | 880,127 | - | (16,075) |
| Total school district | \$ 17,646,880 | \$ 122,101 | \$ 7,072,199 | \$ 85,644 | (10,366,936) |
| | | | Governmental Activities | Business-Type Activities | Total |
| Revenue over expenses | | | \$ (10,350,861) | \$ (16,075) | \$ (10,366,936) |
| General Revenues | | | | | |
| Property taxes | | | 3,298,602 | - | 3,298,602 |
| Motor vehicle taxes | | | 307,174 | - | 307,174 |
| State aid | | | 55,673 | - | 55,673 |
| SEEK | | | 4,668,764 | - | 4,668,764 |
| Federal direct revenue | | | 224,092 | - | 224,092 |
| Investment earnings | | | 275,824 | 3,190 | 279,014 |
| Other | | | 599,854 | 2,631 | 602,485 |
| Transfers | | | 23,222 | (23,222) | - |
| Total general revenues | | | 9,453,205 | (17,401) | 9,435,804 |
| Change in net position | | | (897,656) | (33,476) | (931,132) |
| Net position (deficit) - beginning of year | | | (1,551,188) | (517,416) | (2,068,604) |
| Net position (deficit) - end of year | | | \$ (2,448,844) | \$ (550,892) | \$ (2,999,736) |

The notes to the financial statements are an integral part of this statement.

Dayton Independent School District
Balance Sheet – Governmental Funds
June 30, 2024

| | General Fund | Special Revenue Fund | Construction Fund | Non-Major Governmental Funds | Total Governmental Funds |
|--|---------------------|----------------------------|----------------------|------------------------------------|--------------------------------|
| Assets | | | | | |
| Cash and cash equivalents | \$ 2,706,660 | \$ 341,250 | \$ 164,926 | \$ 763,928 | \$ 3,976,764 |
| Receivables | 66,319 | 335,103 | - | - | 401,422 |
| Total assets | \$ 2,772,979 | \$ 676,353 | \$ 164,926 | \$ 763,928 | \$ 4,378,186 |
| Liabilities | | | | | |
| Accounts payable | 8,732 | 6,432 | 143,775 | \$ 37,820 | \$ 196,759 |
| Unearned revenue | - | 669,765 | - | - | 669,765 |
| Total liabilities | 8,732 | 676,197 | 143,775 | 37,820 | 866,524 |
| Fund balances | | | | | |
| Restricted | - | (32,932) | 21,151 | 725,657 | 713,876 |
| Assigned | 21,888 | 33,088 | - | 451 | 55,427 |
| Unassigned | 2,742,359 | - | - | - | 2,742,359 |
| Total fund balances | 2,764,247 | 156 | 21,151 | 726,108 | 3,511,662 |
| Total liabilities and fund balances | \$ 2,772,979 | \$ 676,353 | \$ 164,926 | \$ 763,928 | \$ 4,378,186 |

The notes to the financial statements are an integral part of this statement.

Dayton Independent School District
 Reconciliation of the Balance Sheet – Governmental Funds
 to the Statement of Net Position
 June 30, 2024

| | |
|--|--------------|
| Total fund balances - governmental funds | \$ 3,511,662 |
|--|--------------|

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 funds. | 7,097,716 |
|---|-----------|

Deferred outflow and inflow of resources are applicable to future periods and, therefore, are not reported in the funds.

| | |
|------------------------------|-------------|
| Deferred outflows - OPEB | 1,507,030 |
| Deferred outflows - pensions | 493,571 |
| Deferred inflows - OPEB | (2,240,248) |
| Deferred inflows - pension | (278,435) |

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

| | |
|----------------------------|-------------|
| Accrued interest payable | (56,138) |
| Bonds payable | (7,960,604) |
| Compensated absences | (197,014) |
| Net OPEB liability (asset) | (1,781,238) |
| Net pension liability | (2,545,146) |

| | |
|---|----------------|
| Net position of governmental activities | \$ (2,448,844) |
|---|----------------|

The notes to the financial statements are an integral part of this statement.

Dayton Independent 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 | Non-Major Governmental Funds | Total Governmental Funds |
|------------------------------|-------------------|----------------------------|----------------------|------------------------------------|--------------------------------|
| Revenues | | | | | |
| From local sources: | | | | | |
| Property taxes | \$ 2,728,642 | \$ - | \$ - | \$ 569,960 | \$ 3,298,602 |
| Motor vehicle taxes | 307,174 | - | - | - | 307,174 |
| Earnings on investments | 262,511 | 13,313 | - | - | 275,824 |
| Tuition | 2,528 | - | - | - | 2,528 |
| Other local revenue | 77,272 | 184,501 | - | 338,081 | 599,854 |
| Intergovernmental state: | | | | | |
| SEEK | 4,167,993 | - | - | 500,771 | 4,668,764 |
| On-behalf | 2,665,859 | - | - | 85,644 | 2,751,503 |
| Other | 41,277 | 426,276 | - | - | 467,553 |
| Intergovernmental federal | 30,842 | 3,083,491 | - | - | 3,114,333 |
| Federal direct reimbursement | 224,092 | - | - | - | 224,092 |
| Total revenues | 10,508,190 | 3,707,581 | - | 1,494,456 | 15,710,227 |

Dayton Independent School District
Statement of Revenues, Expenditures and Changes in Fund
Balances – Governmental Funds - Continued
Year Ended June 30, 2024

| | General | Special | Construction | Non-Major | Total |
|--|---------------------|------------------|------------------|-------------------|---------------------|
| | Fund | Revenue | Fund | Governmental | Governmental |
| Expenditures | Fund | Fund | Fund | Funds | Funds |
| Instruction | 5,381,204 | 2,058,808 | - | 322,377 | 7,762,389 |
| Support services: | | | | | |
| Student | 1,310,066 | 150,975 | - | 1,013 | 1,462,054 |
| Instruction staff | 538,224 | 753,741 | - | 962 | 1,292,927 |
| District administrative | 695,028 | - | - | - | 695,028 |
| School administrative | 853,367 | - | - | - | 853,367 |
| Business | 398,359 | 110,334 | - | - | 508,693 |
| Plant operation | 995,228 | 99,751 | - | 55,930 | 1,150,909 |
| Student transportation | 291,760 | 134,385 | - | 989 | 427,134 |
| Other instructional | - | - | - | - | - |
| Food service | 22,253 | - | - | - | 22,253 |
| Day care operations | 8,895 | 5,446 | - | - | 14,341 |
| Community services | 33,276 | 218,219 | - | 9,960 | 261,455 |
| Land/site acquisition | 63,050 | - | 1,565,281 | - | 1,628,331 |
| Land improvements | - | - | - | 48,296 | 48,296 |
| Building improvements | - | - | 230,027 | - | 230,027 |
| Debt service | | | | - | |
| Principal | - | - | - | 375,000 | 375,000 |
| Interest | - | - | - | 290,654 | 290,654 |
| Total expenditures | 10,590,710 | 3,531,659 | 1,795,308 | 1,105,181 | 17,022,858 |
| Excess of revenues over (under) expenditures | (82,520) | 175,922 | (1,795,308) | 389,275 | (1,312,631) |
| Other financing sources (uses) | | | | | |
| Transfers in | 181,000 | 14,945 | - | 580,010 | 775,955 |
| Transfers out | (14,945) | (157,778) | - | (580,010) | (752,733) |
| Total other financing sources (uses) | 166,055 | (142,833) | - | - | 23,222 |
| Net change in fund balances | 83,535 | 33,089 | (1,795,308) | 389,275 | (1,289,409) |
| Fund balances - beginning | 2,680,712 | (32,933) | 1,816,459 | 336,833 | 4,801,071 |
| Fund balances - end of year | \$ 2,764,247 | \$ 156 | \$ 21,151 | \$ 726,108 | \$ 3,511,662 |

The notes to the financial statements are an integral part of this statement.

Dayton Independent School District
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes in Fund Balances – Governmental Funds
 to the Statement of Activities
 Year Ended June 30, 2024

| | |
|---|---------------------------|
| <hr/> | |
| Net change in fund balances - total governmental funds | \$ (1,289,409) |
| | |
| 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 asset is allocated over their estimated useful lives and reported as depreciation expense. | |
| Capital outlay | 479,863 |
| Depreciation expense | (1,185,816) |
| | |
| Repayment of long-term debt are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. | 375,000 |
| | |
| Some expenses reported in the statement of activities do not require current financial resources and, therefore, are not reported as expenditures in the funds. | |
| Amortization of bond premium | 4,082 |
| Change in accrued interest payable | (1,334) |
| Change in compensated absences | 288,627 |
| Change in OPEB liabilities and deferred amounts | 263,178 |
| Change in pension liabilities and deferred amounts | 168,153 |
| | |
| <hr/> <u>Change in net position of governmental activities</u> | <hr/> <u>\$ (897,656)</u> |

The notes to the financial statements are an integral part of this statement.

Dayton Independent School District
Statement of Net Position – Proprietary Fund
June 30, 2024

| | Food Service | Day Care | Total |
|---|---------------------|-----------------|---------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | \$ 101,505 | \$ 390 | \$ 101,895 |
| Accounts receivable | - | 7,647 | 7,647 |
| Inventories for consumption | 916 | - | 916 |
| Total current assets | 102,421 | 8,037 | 110,458 |
| Noncurrent assets | | | |
| Net OPEB asset | 13,691 | - | 13,691 |
| Capital assets, net | 83,388 | - | 83,388 |
| Total noncurrent assets | 97,079 | - | 97,079 |
| Total assets | 199,500 | 8,037 | 207,537 |
| Deferred outflows of resources | | | |
| OPEB related | 44,472 | - | 44,472 |
| Pension related | 124,057 | - | 124,057 |
| Total deferred outflows of resources | 168,529 | - | 168,529 |
| Liabilities | | | |
| Long-term liabilities | | | |
| Net pension liability | 636,287 | - | 636,287 |
| Total long-term liabilities | 636,287 | - | 636,287 |
| Total liabilities | 636,287 | - | 636,287 |
| Deferred inflows of resources | | | |
| OPEB related | 221,062 | - | 221,062 |
| Pension related | 69,609 | - | 69,609 |
| Total deferred inflow of resources | 290,671 | - | 290,671 |
| Net position | | | |
| Net investment in capital assets | 83,388 | - | 83,388 |
| Restricted | (642,317) | 8,037 | (634,280) |
| Tota net position (deficit) | \$ (558,929) | \$ 8,037 | \$ (550,892) |

The notes to the financial statements are an integral part of this statement.

Dayton Independent School District
Statement of Revenue, Expenses, and Changes
In Fund Net Position – Proprietary Fund
Year Ended June 30, 2024

| | Food Service | Day Care | Total |
|---|---------------------|-----------------|---------------------|
| Operating revenues | | | |
| Food service | \$ 35,519 | \$ - | \$ 35,519 |
| Tuition | - | 84,054 | 84,054 |
| Other operating revenue | 2,631 | - | 2,631 |
| Total operating revenues | 38,150 | 84,054 | 122,204 |
| Operating expenses | | | |
| Salaries and wages | 273,683 | 71,251 | 344,934 |
| Employee benefits | 125,753 | 36,253 | 162,006 |
| Purchased services | 40,248 | 250 | 40,498 |
| Materials and supplies | 357,528 | 5,742 | 363,270 |
| Other operating expenses | 645 | - | 645 |
| Depreciation | 104,422 | - | 104,422 |
| Total operating expenses | 902,279 | 113,496 | 1,015,775 |
| Operating loss | (864,129) | (29,442) | (893,571) |
| Non operating revenues | | | |
| Operating grants - state | 27,808 | 4,690 | 32,498 |
| On-behalf revenue | 82,153 | 13,100 | 95,253 |
| Operating grants - federal | 734,687 | - | 734,687 |
| Donated commodities | 17,689 | - | 17,689 |
| Transfers out | (23,222) | - | (23,222) |
| Interest income | 3,190 | - | 3,190 |
| Total other financing sources (uses) | 842,305 | 17,790 | 860,095 |
| Net change in fund balances | (21,824) | (11,652) | (33,476) |
| Fund balances - beginning of year | (537,105) | 19,689 | (517,416) |
| Fund balances - end of year | \$ (558,929) | \$ 8,037 | \$ (550,892) |

The notes to the financial statements are an integral part of this statement.

Dayton Independent School District
Statement of Cash Flows – Proprietary Fund
Year Ended June 30, 2024

| Cash flows from operating activities | Food Service | Day Care | Total |
|--|--------------|-------------|--------------|
| Cash received: | | | |
| From food service sales | \$ 35,519 | \$ - | \$ 35,519 |
| From tuition | - | 84,054 | 84,054 |
| From other activities | 872 | - | 872 |
| Cash paid: | | | - |
| To employees | (432,374) | (107,504) | (539,878) |
| To suppliers | (363,207) | (7,499) | (370,706) |
| For operating expenses | (40,893) | (250) | (41,143) |
| Cash transfer | (23,222) | - | (23,222) |
| Net cash used in operating activities | (823,305) | (31,199) | (854,504) |
| Cash flows from noncapital financing activities | | | |
| Operating grants | 862,337 | 17,790 | 880,127 |
| Net cash provided by noncapital financing activities | 862,337 | 17,790 | 880,127 |
| Cash flows from investing activities | | | |
| Purchases of equipment | (39,183) | - | (39,183) |
| Interest on investments | 3,190 | - | 3,190 |
| Net cash provided by investing activities | (35,993) | - | (35,993) |
| Net increase in cash | 3,039 | (13,409) | (10,370) |
| Cash - beginning of year | 98,466 | 13,799 | 112,265 |
| Cash - end of year | \$ 101,505 | \$ 390 | \$ 101,895 |
| Reconciliation of operating loss to net cash used in operating activities | | | |
| Operating loss | \$ (867,996) | \$ (29,442) | \$ (897,438) |
| Adjustments to reconcile operating loss to net cash in operating activities | | | |
| Depreciation | 104,422 | - | 104,422 |
| Transfers out | (23,222) | - | (23,222) |
| Changes in: | | | - |
| Inventory | 3,474 | - | 3,474 |
| Receivables | - | (1,757) | (1,757) |
| Payables | (7,025) | - | (7,025) |
| Deferred outflows | 119,380 | - | 119,380 |
| Deferred inflows | 92,987 | - | 92,987 |
| Net OPEB liability (asset) | (212,684) | - | (212,684) |
| Net pension liability | (32,641) | - | (32,641) |
| Net cash used in operating activities | \$ (823,305) | \$ (31,199) | \$ (854,504) |
| Noncash activities | | | |
| Commodities received from federal | \$ 17,689 | \$ - | \$ 17,689 |
| On-behalf payments received state | \$ 95,253 | \$ 13,100 | \$ 108,353 |

The notes to the financial statements are an integral part of this statement.

NOTE 1: ACCOUNTING POLICIES

Reporting Entity

The Dayton Independent Board of Education (Board), a five-member group, is the level of government which has oversight responsibilities over all activities related to public elementary and secondary education within the jurisdiction of Dayton Independent School District (District). The District receives funding from local, state and federal government sources and must comply with the commitment requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards. Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to develop policies which may influence operations, and primary accountability for fiscal matters.

The District, for financial purposes, includes all of the funds and account groups relevant to the operation of the Board. The financial statements presented herein do not include funds of groups or organizations, which although associated with the school system, have not originated with the Board; such as Band Boosters, Parent-Teacher Associations, and others.

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

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

Dayton Independent Board of Education Finance Corporation – The Board authorized the establishment of the Dayton Independent Board of Education Finance Corporation (Corporation), (a non-profit, non-stock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS 58.180) as an agency of the District for financing the costs of school building facilities. The members of the Board also comprise the Corporation’s Board of Directors.

Basis of Presentation

The District’s basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide 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 statement of net position presents the financial condition of the District as a whole. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function.

NOTE 1: ACCOUNTING POLICIES (CONTINUED)

Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to determine legal compliance. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental and proprietary fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds, if any, are presented in a single column.

Governmental Fund Types

The *General Fund* is the primary operating fund of the District. This used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Kentucky. This is a major fund of the District.

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 are returned to the grantor at the close of the specified project periods as well as state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally-funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report. This is a major fund of the District.

The *District Activity Fund* is a special revenue fund that accounts for funds received at the school level.

The *School Activity Fund* is a special revenue fund that accounts for activities of student groups and other types of activities requiring clearing accounts. These funds are accounted for in accordance with the *Uniform Program of Accounting for School Activity Funds*.

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

The *Building Fund* is the Facility Support Program of Kentucky (FSPK) fund and accounts for funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable. Funds may be used for projects identified in the District's facility plan.

NOTE 1: ACCOUNTING POLICIES (CONTINUED)

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

The *Debt Service Fund* is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest and related cost, as required by state law.

Proprietary Fund Types (Enterprise Funds)

The *Food Service Fund* accounts for school food service activities, including the National School Lunch Program, which is conducted in cooperation with the U.S. Department of Agriculture (USDA). Amounts have been recorded for in-kind contribution of commodities from the USDA. This is a major fund of the District.

The *Day Care Fund* accounts for the school-based day care activities. The District chooses to report this a major fund

Measurement Focus and Basis of Accounting

Government-wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The District also reports a fiduciary fund which focuses on net position and changes in net position.

Fund Financial Statements

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. The District considers revenues to be available if they are collected within sixty days of year end. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

However, debt service expenditures as well as expenditures related to long-term compensated absences and postemployment benefits are recorded only when payment is due.

Assets, Liabilities, Deferred Inflows/Outflows, and Net Position/Fund Balance

Cash and Cash Equivalent

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with an initial maturity date of ninety days or less.

NOTE 1: ACCOUNTING POLICIES (CONTINUED)

The District is authorized by state statute to invest in the following subject to additional requirements of KRS 66.480:

- Obligations of the United States and of its Agencies and instrumentalities
- Certificates of Deposit
- Bankers Acceptances
- Commercial Paper
- Bonds and Securities of other State and Local Governments
- Mutual Funds, Exchange Traded Funds, Individual Equity Securities and High-quality Corporate bonds managed by a professional investment manager

Investments

Investments with a maturity of less than one year are stated at cost. Investments with a maturity greater than one year are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

Receivables

Accounts receivables are presented, when necessary, net of an allowance for doubtful accounts. No allowance has been recorded for the current fiscal year.

Capital Assets

General capital and leased assets are those assets that 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 in both 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 disposals during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$5,000. 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 except for land. 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:

| <u>Description</u> | <u>Estimated Lives</u> |
|--------------------|------------------------|
| Buildings | 50 Years |
| Improvements | 20 Years |
| Infrastructure | 40 Years |
| Vehicles | 7 Years |
| General equipment | 7 Years |

NOTE 1: ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows

Deferred outflows of resources represent a consumption of net position that applies to a future period, and therefore, are deferred until that time. The District recognized deferred outflows of resources related to pensions and other postemployment benefits on the government-wide financial statements.

Payables and Accrued Liabilities

All payables and accrued liabilities are reported on the government-wide financial statements and fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences, contractually required pension and OPEB contributions that will be paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current fiscal year. Bonds and other long-term obligations are recognized as a liability on the governmental fund financial statements when due.

Compensated Absences

Compensated absences are payments to employees for accumulated sick leave. These amounts also include the related employer's share of applicable taxes and retirement contributions. District employees may accumulate unused sick leave up to a specified amount depending on their date of hire. Sick leave is payable to employees upon termination or retirement at 30.00% of the current rate of pay on the date of termination or retirement. The District uses the termination method to calculate the compensated absences amounts. The entire compensated absence liability is reported on the government-wide financial statements. The current portion is the amount estimated to be used in the following year. An expenditure is recognized in the governmental fund as payments come due each period, for example, as a result of employee resignations and retirements. Compensated absences not recorded at the fund level represent a reconciling item between the fund level and government-wide presentations.

Long-Term Obligations

All long-term debt to be repaid from governmental resources is reported as liabilities in the government-wide statements. Long-term debt consists of bonds, notes, and lease liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds. Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as an other financing source and payment of principal and interest are reported as expenditures.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County Employee Retirement System (CERS) and additions to/deductions from CERS' fiduciary net position have been determined on the same basis of as they are reported by CERS. For this purpose, benefit payments are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

NOTE 1: ACCOUNTING POLICIES (CONTINUED)

Other Post Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the County Employee Retirement System (CERS) and additions to/deductions from CERS' fiduciary net position have been determined on the same basis of as they are reported by CERS. For this purpose, benefit payments are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Deferred Inflows

Deferred inflows of resources represent an acquisition of net position that applies to a future period and, are therefore, deferred until that time. The District recognized deferred inflows of resources related to pension and other postemployment benefits on the government-wide financial statements. In the governmental funds, certain revenue transactions have been reported as unavailable revenue. Revenue that is earned but not available is reported as a deferred inflow of resources until such time as the revenue becomes available.

Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

Restricted net position consists of restricted net assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use by external parties or by law through enabling legislation.

Unrestricted net position is the amount of net amount of assets, deferred outflows, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable. Amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

NOTE 1: ACCOUNTING POLICIES (CONTINUED)

Restricted. Amounts that can be spent only for specific purposes because of constitutional provisions, enabling legislation, state or federal laws, or externally imposed conditions by grantors or creditors.

Committed. Amounts that can be used only for specific purposes determined by a formal action by District Council ordinance.

Assigned. Amounts that are designated for a specific purpose but are not spendable until a budget ordinance is passed or a there is majority passed vote by District Council.

Unassigned. All amounts not included in other spendable classifications.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the District's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the District's policy is to first apply the expenditure toward restricted fund balance, and then to committed, assigned, and unassigned fund balances in that order.

Revenues and Expenditures/Expenses

Property Taxes

Property taxes are levied in September on the assessed value listed as of the prior January 1 for all the real and personal property in the county. The billings are considered due upon receipt by the taxpayer; however, the actual date is based on a period ending 30 days after the tax bill mailing. 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 District levies a utility gross receipts license tax on telephone communication services, cablevision services, electric power, water, and gas furnished within the District's boundaries.

Revenues

Amounts reported as program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided or fines imposed by a given function or segment, and (2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Expenses/Expenditures

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

NOTE 1: ACCOUNTING POLICIES (CONTINUED)

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the basic financial statements.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, where are presented as internal balances.

Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the District administration and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the fiscal year.

Estimates

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

Budgetary Process

An annual budget is adopted for each governmental fund by ordinance prior to July 1. The budget can be amended by a subsequent ordinance. Expenditures may not legally exceed budgeted appropriations at the function level.

Subsequent Events

The District evaluated subsequent events for potential recognition and disclosure through November 4, 2024 the date the financial statements were available to be issued.

NOTE 2: CASH AND INVESTMENTS

Custodial credit risk. This is the risk that, in the event of a bank failure, the District’s deposits may not be returned to it. The District’s deposit policy for custodial credit risk requires compliance with state statute depository restrictions.

At year end, the District’s bank balance was \$4,416,200 and the carrying amount was \$4,078,659. The bank balance was fully covered by FDIC insurance and collateralized securities held by the financial institution, but not in the name of the District.

NOTE 3: CAPITAL ASSETS

Capital assets activity for the year is summarized below:

| | Balance July 1, 2023 | Additions | Disposals | Balance June 30, 2024 |
|---------------------------------------|-------------------------|---------------------|-------------|--------------------------|
| Governmental Activities | | | | |
| Land and land improvements | \$ 1,331,728 | \$ 63,050 | \$ - | \$ 1,394,778 |
| Buildings and improvements | 14,108,120 | 17,387 | - | 14,125,507 |
| Technology equipmenmt | 1,060,315 | - | - | 1,060,315 |
| Vehicles | 442,151 | 134,385 | - | 576,536 |
| General equipment | 684,116 | 265,041 | - | 949,157 |
| Construction in progress | 33,894 | - | - | 33,894 |
| Total at historical cost | 17,660,324 | 479,863 | - | 18,140,187 |
| Less accumulated depreciation | | | | |
| Land improvements | 95,024 | 57,156 | - | 152,180 |
| Buildings and improvements | 8,222,772 | 866,812 | - | 9,089,584 |
| Technology equipmenmt | 822,960 | 147,977 | - | 970,937 |
| Vehicles | 420,427 | 36,359 | - | 456,786 |
| General equipment | 295,472 | 77,512 | - | 372,984 |
| Total accumulated depreciation | 9,856,655 | 1,185,816 | - | 11,042,471 |
| Capital assets - net | \$ 7,803,669 | \$ (705,953) | \$ - | \$ 7,097,716 |

NOTE 3: CAPITAL ASSETS - CONTINUED

| | Balance July 1, 2023 | Additions | Disposals | Balance June 30, 2024 |
|---------------------------------------|-------------------------|--------------------|-----------------|--------------------------|
| Business-type Activities | | | | |
| Buildings and improvements | \$ 165,279 | \$ - | \$ - | \$ 165,279 |
| Technology equipmenmt | 9,332 | - | - | 9,332 |
| Vehicles | 41,156 | - | - | 41,156 |
| General equipment | 308,798 | 44,809 | 14,982 | 338,625 |
| Total at historical cost | 524,565 | 44,809 | 14,982 | 554,392 |
| Less accumulated depreciation | | | | |
| Buildings and improvements | 155,322 | 12,170 | - | 167,492 |
| Technology equipmenmt | 4,000 | 1,636 | - | 5,636 |
| Vehicles | 20,478 | 7,898 | - | 28,376 |
| General equipment | 200,005 | 82,718 | 13,223 | 269,500 |
| Total accumulated depreciation | 379,805 | 104,422 | 13,223 | 471,004 |
| Capital assets - net | \$ 144,760 | \$ (59,613) | \$ 1,759 | \$ 83,388 |

Depreciation was charged to following government functions:

| | Governmental | Business-type |
|-------------------------|---------------------|-------------------|
| Instruction | \$ 745,614 | \$ - |
| Student support | 85,127 | - |
| Instructional staff | 412 | - |
| District administration | 11,354 | - |
| School administration | 326 | - |
| Business support | 1,942 | - |
| Plant operations | 311,987 | - |
| Student transportation | 28,982 | - |
| Community service | 72 | - |
| Food service | - | 104,422 |
| | \$ 1,185,816 | \$ 104,422 |

NOTE 4: LONG-TERM LIABILITIES

Long-term liability activity for the year is summarized below:

| Governmental Activities | Balance | | | Balance June 30, 2024 | Amount | |
|------------------------------------|----------------------|-------------------|---------------------|--------------------------|------------------------|----------------------|
| | July 1, 2023 | Additions | Reductions | | Due Within One Year | Long- Term |
| Bonds payable | \$ 8,339,686 | \$ - | \$ 379,082 | \$ 7,960,604 | \$ 494,082 | \$ 7,466,522 |
| Operating leases | - | 128,674 | - | 128,674 | 23,160 | 105,514 |
| Compensated absences | 485,641 | - | 288,627 | 197,014 | - | 197,014 |
| Net OPEB liability | 3,363,970 | - | 1,527,970 | 1,836,000 | - | 1,836,000 |
| Net pension liability | 2,851,746 | - | 306,600 | 2,545,146 | - | 2,545,146 |
| Total long-term liabilities | \$ 15,041,043 | \$ 128,674 | \$ 2,502,279 | \$ 12,667,438 | \$ 517,242 | \$ 12,150,196 |

| Business-type Activities | Balance | | | Balance June 30, 2024 | Amount | |
|------------------------------------|-------------------|-------------|-------------------|--------------------------|------------------------|-------------------|
| | July 1, 2023 | Additions | Reductions | | Due Within One Year | Long- Term |
| Net OPEB liability | 198,993 | \$ - | \$ 198,993 | \$ - | \$ - | \$ - |
| Net pension liability | 668,928 | - | 32,641 | 636,287 | - | 636,287 |
| Total long-term liabilities | \$ 867,921 | \$ - | \$ 231,634 | \$ 636,287 | \$ - | \$ 636,287 |

NOTE 5: BONDS PAYABLE

The District issues general obligations bonds to provide funds for the acquisition of equipment and the construction of facilities. The bonds are direct obligations and pledge the full faith and credit of the District. General obligations outstanding at year end are as follows:

| Issue | Proceeds | Rates | Balance June 30, 2024 |
|-----------------|--------------|-----------------|--------------------------|
| Series 2013 | \$ 1,735,000 | 1.250% - 3.000% | \$ 1,175,000 |
| Series 2016 | \$ 1,645,000 | 2.000% - 3.125% | 1,380,000 |
| Series 2019 REF | \$ 990,000 | 1.800% - 3.100% | 695,000 |
| Series 2019 ECB | \$ 1,320,000 | 1.600% - 2.400% | 835,000 |
| Series 2021 REF | \$ 730,000 | 2.000% | 525,000 |
| Series 2022 | \$ 3,500,000 | 4.000% - 5.000% | 3,285,000 |
| Total bonds | | | 7,895,000 |
| Bond premium | | | 65,604 |
| Total | | | \$ 7,960,604 |

NOTE 5: BONDS PAYABLE - CONTINUED

Bond activity for the year is summarized below:

| Issue | Balance | | | Balance June 30, 2024 | Amount | |
|-------------------------|---------------------|-------------|-------------------|--------------------------|------------------------|---------------------|
| | July 1, 2023 | Additions | Reductions | | Due Within One Year | Long- Term |
| Series 2013 | \$ 1,265,000 | \$ - | \$ 90,000 | \$ 1,175,000 | \$ 90,000 | \$ 1,085,000 |
| Series 2016 | 1,420,000 | - | 40,000 | 1,380,000 | 40,000 | 1,340,000 |
| Series 2019 REF | 825,000 | - | 130,000 | 695,000 | 135,000 | 560,000 |
| Series 2019 ECB | 870,000 | - | 35,000 | 835,000 | 40,000 | 795,000 |
| Series 2021 REF | 595,000 | - | 70,000 | 525,000 | 70,000 | 455,000 |
| Series 2022 | 3,295,000 | - | 10,000 | 3,285,000 | 115,000 | 3,170,000 |
| Total bonds payable | 8,270,000 | - | 375,000 | 7,895,000 | 490,000 | 7,405,000 |
| Bond premium | 69,686 | - | 4,082 | 65,604 | 4,082 | 61,522 |
| Total bonds, net | \$ 8,339,686 | \$ - | \$ 379,082 | \$ 7,960,604 | \$ 494,082 | \$ 7,466,522 |

Debt service requirements for the District's general obligation bonds are as follows:

| Year End June 30 | Dayton Independent School District | | School Facility Construction Commission | | Total Debt Service |
|---------------------------|---------------------------------------|---------------------|--|------------------|-----------------------|
| | Principal | Interest | Principal | Interest | |
| 2025 | 421,837 | 264,730 | 68,163 | 17,483 | 772,213 |
| 2026 | 434,928 | 251,240 | 70,072 | 15,573 | 771,813 |
| 2027 | 452,892 | 236,802 | 72,108 | 13,536 | 775,338 |
| 2028 | 470,795 | 221,698 | 74,205 | 11,440 | 778,138 |
| 2029 | 488,600 | 205,942 | 76,400 | 9,243 | 780,185 |
| 2030-2034 | 2,404,357 | 764,719 | 170,643 | 23,625 | 3,363,344 |
| 2035-2039 | 1,874,452 | 369,429 | 65,548 | 2,982 | 2,312,411 |
| 2040-2042 | 750,000 | 69,999 | - | - | 819,999 |
| Total | \$ 7,297,861 | \$ 2,384,559 | \$ 597,139 | \$ 93,882 | \$ 10,373,441 |
| Total principal | | | | | \$ 7,895,000 |
| Total interest | | | | | 2,478,441 |
| Total debt service | | | | | \$ 10,373,441 |

NOTE 6: OPERATING LEASES

The District entered into as lease are classified as an operating lease – Type B.

Lease activity for the year is as follows:

| Lease | Balance | | | Amount | | |
|------------------------|--------------|------------|------------|---------------|---------------------|------------|
| | July 1, 2023 | Additions | Reductions | June 30, 2024 | Due Within One Year | Long-Term |
| US Bank 2024 | \$ - | \$ 128,674 | \$ - | \$ 128,674 | \$ 23,160 | \$ 105,514 |
| Total operating leases | \$ - | \$ 128,674 | \$ - | \$ 128,674 | \$ 23,160 | \$ 105,514 |

Lease contract payment requirements for the District are as follows:

| June 30 | |
|--------------------------|-------------------|
| 2025 | \$ 28,944 |
| 2026 | 28,944 |
| 2027 | 28,944 |
| 2028 | 28,944 |
| 2029 | 28,944 |
| Total remaining payments | 144,720 |
| Less interest component | 16,046 |
| | <u>\$ 128,674</u> |

Right-of-use assets related to the lease are as follows:

| | |
|--------------------------|-------------------|
| Right-of-use equipment | \$ 128,674 |
| Accumulated amortization | - |
| | <u>\$ 128,674</u> |

A summary of lease costs and other lease information is as follows:

Operating lease cost \$ -

Cash paid for amounts included in the measurement of lease liabilities:

Operating leases \$ -

Weighted-average remaining lease term:

Years 5

Weighted-average discount rate:

Rate 5.00%

NOTE 7: COMPENSATED ABSENCES

Upon retirement from the school system, employees will receive from the District an amount equal to 30.00% of the value of accumulated sick leave. The compensated absences at year end is \$197,014.

NOTE 8: PENSION PLANS

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

General Information about the CERS Pension Plan

Plan Description

CERS is a cost-sharing multi-employer public employee retirement system which covers substantially all regular full-time employees of each county, city, and school board and any additional eligible local agencies electing to participate in the Plan. The Plan is administered by the CERS Board of Trustees and is divided into a divided into non-hazardous duty and hazardous duty classifications.

Benefits Provided

CERS provides retirement, death, and disability benefits to plan members. Retirement benefits maybe extended to beneficiaries under certain circumstances. Employees are vested in the plan after five years of service.

For retirement purposes, non-hazardous employees are grouped into three tiers based on hire date:

| | | |
|--------|--|---|
| Tier 1 | Participation date Unreduced retirement Reduced retirement | Before September 1, 2008 27 years service or 65 years old At least 5 years service and 55 years old, or 25 years service and any age |
| Tier 2 | Participation date Unreduced retirement Reduced retirement | September 1, 2008 to December 31, 2013 At least 5 years service and 65 years old, or age 57+ with sum of service years plus age equal At least 10 years service and 60 years old |
| Tier 3 | Participation date Unreduced retirement Reduced retirement | On or after January 1, 2014 At least 5 years service and 65 years old, or age 57+ with sum of service years plus age equal Not available |

Prior to July 1, 2009, cost-of-living adjustments (COLA) were provided annually equal to the percentage increase in the annual average of the consumer price index for all urban consumers for the most recent calendar year, not to exceed 5% in any plan year. Effective July 2, 2009, and on July 1 of each year thereafter, the COLA is limited to 1.5% provided the recipient has been receiving a benefit for at least 12 months prior to the effective date of the COLA. If the recipient has been receiving a benefit for less than 12 months prior to the effective date of the COLA, the increase shall be reduced on a pro-rata basis for each month the recipient has not been receiving benefits in the 12 months preceding the effective date of the COLA. The Kentucky General Assembly reserves the right to suspend or reduce cost-of-living adjustments if, in its judgment, the welfare of the Commonwealth so demands.

NOTE 8: PENSION PLANS – CONTINUED

Contributions

Employees – Tier 1 plan members are required to contribute 5% of their creditable compensation. Employees who begin participation on or after September 1, 2008 (Tier 2 and Tier 3) are required to contribute an additional 1%.

Employers – The contribution rate for the current year was 23.34%. The District made all required contributions for fiscal year in the amount of \$375,654

General Information about the TRS Pension Plan

Plan Description

Teaching certified employees of the District and other employees whose positions require at least a college degree are provided pensions through the Teachers' Retirement System of the State of Kentucky (KTRS)—a cost-sharing multiple-employer defined benefit pension plan with a special funding situation established to provide retirement annuity plan coverage for local school districts and other public educational agencies in the Commonwealth. KTRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the KRS. KTRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth's financial statements. KTRS issues a publicly available financial report that can be obtained at http://www.ktrs.ky.gov/05_publications/index.htm.

Benefits Provided

For employees who have established an account in a retirement system administered by the Commonwealth prior to July 1, 2008, employees become vested when they complete five (5) years of credited service. To qualify for monthly retirement benefits, payable for life, employees must either:

- 1.) Attain age fifty-five (55) and complete five (5) years of Kentucky service, or
- 2.) Complete 27 years of Kentucky service.

Participants that retire before age 60 with less than 27 years of service receive reduced retirement benefits. Non-university employees with an account established prior to July 1, 2002 receive monthly payments equal to 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 employees (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 less than ten years. New employees after July 1, 2002 who retire with ten or more years of total service will receive monthly benefits equal to 2.5% of their final average salary for each year of service, including the first ten years. In addition, employees 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 employees hired on or after that date.

NOTE 8: PENSION PLANS – CONTINUED

Benefits Provided - Continued

Final average salary is defined as the member's five (5) highest annual salaries for those with less than 27 years of service. Employees 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. KTRS also provides disability benefits for vested employees 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 employees and \$5,000 for retired or disabled employees.

Cost of living increases are one and one-half (1.5) percent annually. Additional ad hoc increases and any other benefit amendments must be authorized by the General Assembly.

Contributions

Contribution rates are established by Kentucky Revised Statutes (KRS). Non-university employees are required to contribute 12.855% of their salaries to the System. University employees are required to contribute 10.400% of their salaries. KRS 161.580 allows each university to reduce the contribution of its employees by 2.215%; therefore, university employees contribute 8.185% of their salary to KTRS.

The Commonwealth of Kentucky, as a non-employer contributing entity, pays matching contributions at the rate of 13.105% of salaries for local school district and regional cooperative employees hired before July 1, 2008 and 14.105% for those hired after July 1, 2008. For local school district and regional cooperative employees whose salaries are federally funded, the employer contributes 16.105% of salaries. 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

CERS

At June 30, 2024, the District reported a liability of \$3,181,433 for its proportionate share of the net pension liability for CERS. The net pension liability for the plan 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 that date.

The District's proportion of the net pension liability for CERS was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2022, the District's proportion was 0.04958%.

For the year ended June 30, 2024, the District recognized pension expense of \$204,620 related to CERS.

NOTE 8: PENSION PLANS – CONTINUED

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

TRS

The District did not report a liability for the District’s proportionate share of the net pension liability for TRS because the Commonwealth of Kentucky provides the pension support directly to TRS on behalf of the District. The State’s proportionate share of the TRS net pension liability associated with the district is \$24,422,033.

For the year ended June 30, 2024, the District recognized pension expense of \$1,593,213 related to TRS. The District also recognized revenue of \$1,593,213 for TRS support provided by the Commonwealth.

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

| | Deferred Outflow | Deferred Inflow | Net Deferral |
|--|---------------------|--------------------|---------------------|
| Change in liability experience | \$ 164,697 | \$ 8,645 | |
| Change of assumptions | - | 291,581 | |
| Change in investment experience | - | 43,396 | |
| Change in proportionate share of contributions | 77,277 | 4,422 | |
| | <u>241,974</u> | <u>\$ 348,044</u> | <u>\$ (106,070)</u> |
| Subsequent contributions | <u>375,654</u> | | |
| Total | <u>\$ 617,628</u> | | |

The contributions subsequent to the measurement date of \$375,654 will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. The net deferral of \$(106,070) will be recognized in pension expense as follows:

| Year ending June 30 | Net Deferral |
|------------------------|---------------------|
| 2025 | \$ (42,985) |
| 2026 | (103,309) |
| 2027 | 71,022 |
| 2028 | <u>(30,798)</u> |
| | <u>\$ (106,070)</u> |

NOTE 8: PENSION PLAN (CONTINUED)

Actuarial assumptions

CERS

The total pension liability, net pension liability, and sensitivity information as of June 30, 2023 were based on an actuarial valuation date of June 30, 2021. The total pension liability was rolled forward from the valuation date to the plan’s fiscal year ending June 30, 2023, using generally accepted actuarial principles

There was a change in the investment return assumption from 6.25% to 6.50%. The total pension liability as of June 30, 2023 was determined using these updated assumptions.

The actuarial assumptions are:

| | |
|--------------------------------|---|
| Employer fiscal year end | 2024 |
| Plan year end | 2023 |
| Actuarial valuation date | June 30, 2021 |
| Actuarial cost method | Entry age normal |
| Asset valuation method | 20% of the difference between the market value of assets and the expected actuarial value of assets is recognized |
| Amortization method | Level percent of pay |
| Amortization period | 30-year closed period at June 30, 2019 |
| Payroll growth rate | 2.00% |
| Investment return | 6.25% |
| Inflation | 2.30% |
| Salary increase - nonhazardous | 3.30% to 10.30% |
| Salary increase - hazardous | 3.55% to 19.05% |
| Mortality | System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from P-2014 mortality improvement scale using a base year of 2019 |
| Phase-in provision | Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018 |

TRS

The total pension liability, net pension liability, and sensitivity information as of June 30, 2023 were based on an actuarial valuation date of June 30, 2022. The total pension liability was rolled forward from the valuation date to the plan’s fiscal year ending June 30, 2023, using generally accepted actuarial principles

There were no changes in the assumptions effecting the total pension liability as of June 30, 2023.

NOTE 8: PENSION PLAN (CONTINUED)

Actuarial assumptions - Continued

TRS - Continued

The actuarial assumptions are:

| | |
|---------------------------------------|--|
| Employer fiscal year end | 2024 |
| Plan year end | 2023 |
| Actuarial valuation date | June 30, 2022 |
| Inflation | 2.50% |
| Salary increases, including inflation | 3.00% - 7.50% |
| Investment return | 7.10% |
| Municipal bond index rate: | |
| Prior measurement date | 3.37% |
| Measurement date | 3.66% |
| Year FNP is expected to be depleted | NA |
| Single equivalent interest rate: | |
| Prior measurement date | 7.10% |
| Measurement date | 7.10% |
| Post-retirement benefit increases | 1.50% annually |
| Mortality | Rates 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 Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index. |

Long-term expected rate of return

The long-term expected rate of return was determined by using a building block method in which best estimate ranges of expected future real rates 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 is summarized in the tables below.

NOTE 8: PENSION PLAN (CONTINUED)

Long-term expected rate of return – continued

CERS

| Asset Class | Target Allocation | Long-term Expected Nominal Return |
|--------------------------------|----------------------|---|
| Public equity | 50.00% | 5.90% |
| Private Equity | 10.00% | 11.73% |
| Core bonds | 10.00% | 2.45% |
| Specialty credit/high yield | 10.00% | 3.65% |
| Cash | 0.00% | 1.39% |
| Real estate | 7.00% | 4.99% |
| Real return | 13.00% | 5.15% |
| Expected real return | 100.00% | 5.75% |
| | | |
| Long-term inflation assumption | | 2.50% |

TRS

| Asset Class | Target Allocation | Long-term Expected Nominal Return |
|--------------------------------|----------------------|---|
| Large Cap US Equity | 35.40% | 5.00% |
| Small Cap US Equity | 2.60% | 5.50% |
| Developed International Equity | 15.70% | 5.50% |
| Emerging Markets Equity | 5.30% | 6.10% |
| Fixed Income | 15.00% | 1.90% |
| High Yield Bonds | 5.00% | 3.80% |
| Additional categories | 5.00% | 3.60% |
| Real Estate | 7.00% | 3.20% |
| Private Equity | 7.00% | 8.00% |
| Cash | 2.00% | 1.60% |
| Expected real return | 100.00% | 7.10% |
| | | |
| Long-term inflation assumption | | 2.50% |

NOTE 8: PENSION PLAN (CONTINUED)

Discount rate

A single discount rate of 6.50% and 7.10% was used to measure the total pension liability for CERS and TRS, respectively, for the fiscal year ending June 30, 2023. The single discount rate is based on the expected rate of return on pension plan investments for each plan. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the non-hazardous and hazardous pension plans' fiduciary net position and future contributions were separately projected and were each sufficient to finance all the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability for each plan.

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

The following table presents the District's proportionate share of the net pension liability calculated using the discount rate as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

| | 1% Decrease | Current Discount Rate | 1% Increase |
|--|--------------------|----------------------------------|--------------------|
| | 5.50% | 6.50% | 7.50% |
| District's proportionate share of the CERS net pension liability | \$ 4,016,752 | \$ 3,181,433 | \$ 2,487,252 |

Pension plan fiduciary net position

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

NOTE 9: OPEB PLAN

General Information about the CERS Plan

Plan Description

The CERS Insurance fund is a cost-sharing, multiple-employer defined benefit OPEB plan which provides group health insurance benefits for plan members that are regular full-time members employed in positions of each participating county, District, and school board, and any additional eligible local agencies electing to participate in the System. OPEB benefits may be extended to beneficiaries of plan members under certain circumstances. The Plan is administered by the CERS Board of Trustees and is divided into a divided into non-hazardous duty and hazardous duty classifications.

Benefits Provided

The CERS Insurance hospital and medical benefits to eligible plan members receiving benefits from CERS. The eligible non-Medicare retirees are covered by the Department of Employee Insurance (DEI) plans. Premium payments are submitted to DEI. The KRS board contracts with Humana to provide health care benefits to the eligible Medicare retirees. The CERS Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance.

For health insurance purposes, employees are grouped into three tiers based on hire date:

| | |
|-----------------------|--|
| Tier 1 | |
| Participation date | Before July 1, 2003 |
| Insurance eligibility | 10 years of service credit required |
| Benefit | Set percentage of single coverage health insurance based on service credit accrued at retirement |
| | |
| Tier 2 | |
| Participation date | After September 1, 2008 and before December 31, 2013 |
| Insurance eligibility | 15 years of service credit required |
| Benefit | Set dollar amount based on service credit accrued, increased annually |
| | |
| Tier 3 | |
| Participation date | After December 31, 2013 |
| Insurance eligibility | 15 years of service credit required |
| Benefit | Set dollar amount based on service credit accrued, increased annually |

Contributions

Employee Contributions. Tier 1 plan members are not required to contribute. Employees who begin participation on or after September 1, 2008 (Tier 2 and Tier 3) are required to contribute 1.0% of creditable compensation to an account created for payment of health insurance benefits.

Employer Contributions – The contribution rate for the current year was 0.00%. The District made all required contributions for the fiscal year in the amount of \$0.

NOTE 9: OPEB PLAN (CONTINUED)

General Information about the TRS Plan

Plan Description

Teaching certified employees of the District and other employees whose positions require at least a college degree are provided OPEBs through the Teachers' Retirement System of the State of Kentucky (KTRS)—a cost-sharing multiple-employer defined OPEB pension plan with a special funding situation established to provide retirement annuity plan coverage for local school districts and other public educational agencies in the Commonwealth. KTRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the KRS. KTRS is a blended component unit of the Commonwealth of Kentucky and therefore is included in the Commonwealth's financial statements. KTRS issues a publicly available financial report that can be obtained at http://www.ktrs.ky.gov/05_publications/index.htm.

Benefits Provided

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

Contributions

In order to fund the post-retirement healthcare benefit, six percent (6%) of the gross annual payroll of employees before July 1, 2008 is contributed. Three percent (3%) is paid by member contributions and three quarters percent (.75%) from Commonwealth appropriation and two and one quarter percent (2.25%) from the employer. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan. The District made all required contributions for the fiscal year in the amount of \$173,144.

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

CERS

At June 30, 2024, the District reported an asset of \$68,453 for its proportionate share of the net OPEB asset for CERS. The net OPEB asset for the plan was measured as of June 30, 2023, and the total OPEB asset used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

The District's proportion of the net OPEB liability was based on the District's share of 2023 contributions to the OPEB plan relative to the 2023 contributions of all participating employers, actuarially determined. At June 30, 2023 the District's proportionate share was 0.04958%.

For the year ended June 30, 2024, the District recognized OPEB expense of \$(145,897) related to CERS.

NOTE 9: OPEB PLAN (CONTINUED)

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

TRS

At June 30, 2024, the District reported a liability of \$1,836,000 for its proportionate share of the net OPEB liability for TRS . The net OPEB liability for the plan was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

The District’s proportion of the net OPEB liability was based on the District’s share of 2023 contributions to the OPEB plan relative to the 2023 contributions of all participating employers, actuarially determined. At June 30, 2023 the District’s proportionate share was 0.07538%.

For the year ended June 30, 2024, the District recognized OPEB expense of \$25,806 related to TRS.

CERS and TRS

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

| | CERS | | |
|--|---------------------|--------------------|-----------------|
| | Deferred Outflow | Deferred Inflow | Net Deferral |
| Change in liability experience | \$ 47,722 | \$ 971,971 | |
| Change of assumptions | 134,712 | 93,881 | |
| Change in investment experience | - | 15,887 | |
| Change in proportionate share of contributions | 39,924 | 23,571 | |
| | 222,358 | \$ 1,105,310 | \$ (882,952) |
| Subsequent contributions | - | | |
| Total | \$ 222,358 | | |
| | | TRS | |
| | Deferred Outflow | Deferred Inflow | Net Deferral |
| Change in liability experience | \$ - | \$ 622,000 | |
| Change of assumptions | 417,000 | - | |
| Change in investment experience | 34,000 | - | |
| Change in proportionate share of contributions | 705,000 | 734,000 | |
| | 1,156,000 | \$ 1,356,000 | \$ (200,000) |
| Subsequent contributions | 173,144 | | |
| Total | \$ 1,329,144 | | |

NOTE 9: OPEB PLAN (CONTINUED)

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

| | Total | | |
|--|---------------------|---------------------|-----------------------|
| | Deferred Outflow | Deferred Inflow | Net Deferral |
| Change in liability experience | \$ 47,722 | \$ 1,593,971 | |
| Change of assumptions | 551,712 | 93,881 | |
| Change in investment experience | 34,000 | 15,887 | |
| Change in proportionate share of contributions | 744,924 | 757,571 | |
| | <u>1,378,358</u> | <u>\$ 2,461,310</u> | <u>\$ (1,082,952)</u> |
| Subsequent contributions | 173,144 | | |
| Total | <u>\$ 1,551,502</u> | | |

The contributions subsequent to the measurement date of \$173,144 will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. The net deferral of \$(1,082,952) will be recognized as pension expense as follows:

| Year ending June 30 | Net Deferral |
|------------------------|-----------------------|
| 2025 | \$ (296,040) |
| 2026 | (343,117) |
| 2027 | (148,120) |
| 2028 | (171,675) |
| 2029 | (52,000) |
| Thereafter | <u>(72,000)</u> |
| | <u>\$ (1,082,952)</u> |

Implicit Subsidy

The fully-insured premiums paid for the Kentucky Employees' Health plan are blended rates based on the combined experience of active and retired members. Because the average cost of providing health care benefits to retirees under age 65 is higher than the average cost of providing health care benefits to active employees, there is an implicit employer subsidy for the non-Medicare eligible retirees. This implicit subsidy is included in the calculation of the total OPEB liability.

NOTE 9: OPEB PLAN (CONTINUED)

Actuarial assumptions

CERS

The total OPEB liability, net OPEB liability, and sensitivity information as of June 30, 2023 were based on an actuarial valuation date of June 30, 2021. The total OPEB liability was rolled forward from the valuation date to the plan’s fiscal year ending June 30, 2023, using generally accepted actuarial principles

There was a change in the investment return assumption from 5.70% to 5.93%. The total pension liability as of June 30, 2023 was determined using these updated assumptions.

| | |
|--------------------------------|--|
| Employer fiscal year end | 2024 |
| Plan year end | 2023 |
| Actuarial valuation date | June 30, 2021 |
| Actuarial cost method | Entry age normal |
| Asset valuation method | 20% of the difference between the market value of assets and the expected actuarial value of assets is recognized |
| Amortization method | Level percent of pay |
| Amortization period | 30-year closed period at June 30, 2019 |
| Payroll growth rate | 2.00% |
| Investment return | 6.25% |
| Inflation | 2.30% |
| Salary increase - nonhazardous | 3.30% to 10.30% |
| Salary increase - hazardous | 3.55% to 19.05% |
| Mortality | System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates form P-2014 mortality improvement scale using a base year of 2019 |
| Healthcare trend rates: | |
| Pre-65 | Initial trend starting at 6.30% at January 1, 2023, gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2022 premiums were known at the time of the valuation and were incorporated into the liability measurement. |
| Post-65 | Initial trend starting at 6.30% at January 1, 2023, gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2022 premiums were known at the time of the valuation and were incorporated into the liability measurement. |

NOTE 9: OPEB PLAN (CONTINUED)

Actuarial assumptions – continued

TRS

| | |
|---------------------------------------|--|
| Employer fiscal year end | 2024 |
| Plan year end | 2023 |
| Actuarial valuation date | June 30, 2022 |
| Inflation | 2.50% |
| Real wage growth | 0.25% |
| Wage inflation | 2.75% |
| Salary increases, including inflation | 3.00% - 7.50% |
| Investment return | |
| Health trust | 7.10% |
| Life trust | 7.10% |
| Municipal bond index rate: | 3.66% |
| Year FNP is expected to be depleted | |
| Health trust | NA |
| Life trust | NA |
| Single equivalent interest rate: | |
| Health trust | 7.10% |
| Life trust | 7.10% |
| Health trust health care cost trends | |
| Medical trend | 6.75% for FYE 2023 decreasing to an ultimate rate of 4.50% by FYE 2032 |
| Medicare Part B premiums | 1.55% for FYE 2023 with an ultimate rate of 4.50% by FYE 2034 |

Long-term expected rate of return

The long-term expected rate of return was determined by using a building block method in which best estimate ranges of expected future real rates 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 is summarized in the tables below.

NOTE 9: OPEB PLAN (CONTINUED)

Long-term expected rate of return - continued

CERS

| Asset Class | Target Allocation | Long-term Expected Nominal Return |
|---------------------------------------|----------------------|---|
| Public equity | 50.00% | 5.90% |
| Private Equity | 10.00% | 11.73% |
| Core bonds | 10.00% | 2.45% |
| Specialty credit/high yield | 10.00% | 3.65% |
| Cash | 0.00% | 1.39% |
| Real estate | 7.00% | 4.99% |
| Real return | 13.00% | 5.15% |
| <u>Expected real return</u> | <u>100.00%</u> | <u>5.75%</u> |
| <u>Long-term inflation assumption</u> | | <u>2.50%</u> |

TRS - MIF

| Asset Class | Target Allocation | Long-term Expected Nominal Return |
|---------------------------------------|----------------------|---|
| Large Cap US Equity | 35.40% | 5.00% |
| Small Cap US Equity | 2.60% | 5.50% |
| Developed International Equity | 15.00% | 5.50% |
| Emerging Markets Equity | 5.00% | 6.10% |
| Fixed Income | 9.00% | 1.90% |
| High Yield Bonds | 8.00% | 3.80% |
| Additional categories | 9.00% | 3.70% |
| Real Estate | 6.50% | 3.20% |
| Private Equity | 8.50% | 8.00% |
| Cash | 1.00% | 1.60% |
| <u>Expected real return</u> | <u>100.00%</u> | <u>7.10%</u> |
| <u>Long-term inflation assumption</u> | | <u>2.50%</u> |

NOTE 9: OPEB PLAN (CONTINUED)

Long-term expected rate of return - continued

TRS - LIF

| Asset Class | Target Allocation | Long-term Expected Nominal Return |
|---------------------------------------|----------------------|---|
| US Equity | 40.00% | 5.20% |
| Developed International Equity | 15.00% | 5.50% |
| Emerging Markets Equity | 5.00% | 6.10% |
| Fixed Income | 21.00% | 1.90% |
| Additional categories | 5.00% | 4.00% |
| Real Estate | 7.00% | 3.20% |
| Private Equity | 5.00% | 8.00% |
| Cash | 2.00% | 1.60% |
| Expected real return | 100.00% | 7.10% |
| Long-term inflation assumption | | 2.50% |

Discount rate

Single discount rates of (409,890) and (141,145) for CERS and TRS respectively were used to measure the total OPEB liability as of June 30, 2023. The single discount rates are based on the expected rate of return on OPEB plan investments of 5.93%, and a municipal bond rate of (1,060,000), as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2023. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, each plan's fiduciary net position and future contributions were projected separately and were sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the plan. However, the cost associated with the implicit employer subsidy was not included in the calculation of the plans actuarially determined contributions, and any cost associated with the implicit subsidy will not be paid out of the plan trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

The projection of cash flows used to determine the single discount rate must include an assumption regarding future employer contributions made each year. Future contributions are projected assuming that each participating employer in each insurance plan contributes the actuarially determined employer contribution each future year calculated in accordance with the current funding policy.

NOTE 9: OPEB PLAN (CONTINUED)

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

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

| | 1% Decrease | Current | 1% Increase |
|---|---------------------|----------------------|---------------------|
| | 4.93% | Discount Rate | 6.93% |
| | | 5.93% | |
| District's proportionate share of the CERS net OPEB liability (asset) | \$ 128,461 | \$ (68,453) | \$ (233,345) |
| | | | |
| | 1% Decrease | Current | 1% Increase |
| | 6.10% | Discount Rate | 8.10% |
| | | 7.10% | |
| District's proportionate share of the TRS net OPEB liability | \$ 2,361,000 | \$ 1,836,000 | \$ 1,402,000 |
| | | | |
| Total | \$ 2,489,461 | \$ 1,767,547 | \$ 1,168,655 |

Sensitivity of the District’s Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the District’s proportionate share of the net OPEB liability calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

| | 1% Decrease | Current | 1% Increase |
|---|---------------------|---------------------|---------------------|
| | | Trend Rate | |
| District's proportionate share of the CERS net OPEB liability (asset) | \$ (219,405) | \$ (68,453) | \$ 116,977 |
| District's proportionate share of the TRS net OPEB liability | 1,322,000 | 1,836,000 | 2,476,000 |
| Total | \$ 1,102,595 | \$ 1,767,547 | \$ 2,592,977 |

OPEB plan fiduciary net position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued CERS financial report.

NOTE 10: ON-BEHALF

For the year ended June 30, 2024, payments made by the Commonwealth of Kentucky on behalf of the District for insurance benefits, retirement benefits, technology, and debt service. The following amounts were recorded in the Statement of Activities and the Statement of Revenue, Expenditures, and Changes in Fund Balance:

| Fund | |
|--------------|---------------------|
| General | \$ 2,665,859 |
| Debt service | 85,644 |
| Food service | 95,253 |
| | <u>\$ 2,846,756</u> |

| Type | |
|---|---------------------|
| Retirement | \$ 1,593,213 |
| Health insurance less federal reimbursement | 1,067,756 |
| Life insurance | 1,571 |
| Administrative fee | 12,548 |
| HRA/Dental/Vision insurance | 27,125 |
| Technology | 58,899 |
| Debt service | 85,644 |
| | <u>\$ 2,846,756</u> |

NOTE 11: FUND TRANSFERS

The following transfers were made during the year:

| From | To | Purpose | Amount |
|-----------------|-----------------|------------------------|-------------------|
| General fund | Special revenue | Technology Match | \$ 14,945 |
| Special revenue | General fund | Projects | 157,778 |
| Building fund | Debt service | Debt service | 580,010 |
| Food | General fund | Indirect costs | 23,222 |
| | | <u>Total transfers</u> | <u>\$ 775,955</u> |

Transfers are summarized as follows:

| | Transfers In | Transfers Out | Net Transfer |
|--------------------|-------------------|-------------------|--------------|
| Governmental funds | \$ 775,955 | \$ 752,733 | \$ 23,222 |
| Proprietary fund | - | 23,222 | (23,222) |
| <u>Total</u> | <u>\$ 775,955</u> | <u>\$ 775,955</u> | <u>\$ -</u> |

NOTE 12: CONTINGENCIES

Grants. The District receives funding from federal and state agencies in the form of grants. These funds are to be used for designated purposes only. If the federal or state grantor finds that funds have not been used for the intended purposes, the grantor may request a refund of monies advanced or refuse to reimburse the District for its expenditures. The amount of such future refunds and unreimbursed expenditures, if any, is not expected to be significant. Continuation of the District's grant programs is contingent upon the grantors satisfaction that the funds provided are being spent as intended and the grantors intent to continue their programs.

Litigation. The District is party to various legal proceedings which normally occur in governmental operations. It is neither possible to determine the outcome of these proceedings nor possible to estimate the effects adverse decisions may have on the future expenditures or revenue sources of the District. In the opinion of District management and its legal counsel these legal proceedings are not likely to have a material adverse impact on the accompanying financial statements. Therefore, no provision for any liability that may result upon adjudication of any cases has been made in the accompanying financial statements

NOTE 13: RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The District has obtained insurance coverage through a commercial insurance company. In addition, the District has effectively managed risk through various employee education and prevention programs. All risk general liability management activities are accounted for in the General Fund. Expenditures and claims are recognized when probable that a loss has occurred, and the amount of loss can be reasonably estimated.

Management estimates that the amount of actual or potential claims against the District as of June 30, 2024, will not materially affect the financial condition of the District. Therefore, the General Fund contains no provision for estimated claims. No claim has exceeded insurance coverage amounts in the past three fiscal years.

REQUIRED SUPPLEMENTARY INFORMATION

Dayton Independent School District
 Budgetary Comparison Schedule – General Fund
 Year Ended June 30, 2024

| | Budgeted Amounts | | Actual | Variance |
|--|--------------------|--------------------|---------------------|---------------------|
| | Original | Final | | Final to Actual |
| Revenues | | | | |
| Local sources | \$ 3,114,462 | \$ 3,114,462 | \$ 3,378,127 | \$ 263,665 |
| State sources | 6,547,160 | 6,547,160 | 6,875,129 | 327,969 |
| Federal sources | 75,000 | 75,000 | 254,934 | 179,934 |
| Total revenues | 9,736,622 | 9,736,622 | 10,508,190 | 771,568 |
| Expenditures | | | | |
| Instruction | 5,591,942 | 5,591,942 | 5,381,204 | 210,738 |
| Support services: | | | | - |
| Student | 1,226,089 | 1,226,089 | 1,310,066 | (83,977) |
| Instruction staff | 646,074 | 646,074 | 538,224 | 107,850 |
| District administrative | 643,719 | 643,719 | 695,028 | (51,309) |
| School administrative | 834,051 | 834,051 | 853,367 | (19,316) |
| Business | 450,632 | 450,632 | 398,359 | 52,273 |
| Plant operations | 1,118,875 | 1,118,875 | 995,228 | 123,647 |
| Student transportation | 218,848 | 218,848 | 291,760 | (72,912) |
| Food service | 18,941 | 18,941 | 22,253 | (3,312) |
| Day care | 7,550 | 7,550 | 8,895 | (1,345) |
| Community services | 11,240 | 11,240 | 33,276 | (22,036) |
| Land acquisitions | - | - | 63,050 | (63,050) |
| Contingency | 1,675,020 | 1,675,020 | - | 1,675,020 |
| Total expenditures | 12,442,981 | 12,442,981 | 10,590,710 | 1,852,271 |
| Excess (deficiency) of revenues over expenditures | (2,706,359) | (2,706,359) | (82,520) | 2,623,839 |
| Other financing sources (uses) | | | | |
| Transfers in | 56,000 | 56,000 | 181,000 | 125,000 |
| Transfers out | (78,600) | (78,600) | (14,945) | 63,655 |
| Total other financing sources (uses) | (22,600) | (22,600) | 166,055 | 188,655 |
| Net change in fund balances | (2,728,959) | (2,728,959) | 83,535 | 2,812,494 |
| Fund balances - beginning of year | 2,678,405 | 2,678,405 | 2,680,712 | 2,307 |
| Fund balances - end of year | \$ (50,554) | \$ (50,554) | \$ 2,764,247 | \$ 2,814,801 |

Dayton Independent School District
 Budgetary Comparison Schedule – Special Revenue Fund
 Year Ended June 30, 2024

| | Budgeted Amounts | | Actual | Variance |
|--|--------------------|--------------------|------------------|--------------------|
| | Original | Final | | Final to Actual |
| Revenues | | | | |
| Local sources | \$ (5,421) | \$ (5,421) | \$ 197,814 | \$ 203,235 |
| State sources | 513,870 | 513,870 | 426,276 | (87,594) |
| Federal sources | 1,005,078 | 1,005,078 | 3,083,491 | 2,078,413 |
| Total revenues | 1,513,527 | 1,513,527 | 3,707,581 | 2,194,054 |
| Expenditures | | | | |
| Instruction | 1,201,948 | 1,201,948 | 2,058,808 | (856,860) |
| Support services: | | | | |
| Student | 72,739 | 72,739 | 150,975 | (78,236) |
| Instuction staff | 73,497 | 73,497 | 753,741 | (680,244) |
| Business | - | - | 110,334 | (110,334) |
| Plant operations | 38,488 | 38,488 | 99,751 | (61,263) |
| Student transportation | - | - | 134,385 | (134,385) |
| Day care | - | - | 5,446 | (5,446) |
| Community services | 154,513 | 154,513 | 218,219 | (63,706) |
| Total expenditures | 1,541,185 | 1,541,185 | 3,531,659 | (1,990,474) |
| Excess (deficiency) of revenues over expenditures | (27,658) | (27,658) | 175,922 | 203,580 |
| Other financing sources (uses) | | | | |
| Transfers in | 17,500 | 17,500 | 14,945 | (2,555) |
| Transfers out | (54,182) | (54,182) | (157,778) | (103,596) |
| Total other financing sources (uses) | (36,682) | (36,682) | (142,833) | (106,151) |
| Net change in fund balances | (64,340) | (64,340) | 33,089 | 97,429 |
| Fund balances - beginning of year | - | - | (32,933) | (32,933) |
| Fund balances - end of year | \$ (64,340) | \$ (64,340) | \$ 156 | \$ 64,496 |

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

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

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

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

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

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

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

Finally, the District must adopt a final working budget and submit it to the Kentucky Department of Education by September 30 of the current fiscal year.

The Board has the ability to amend the working budget.

Dayton Independent School District
Schedule of District's Share of Net Pension Liability and Contributions – CERS
June 30, 2024

Schedule of District's Proportionate Share of the Net Pension Liability - CERS

| Year ended June 30 | Measurement period June 30 | District's proportion of the net pension liability | District's proportionate share of the net pension liability | District's covered payroll | District's proportionate share of the net pension liability as a percentage covered payroll | Plan fiduciary net position as a percentage of the total pension liability |
|--------------------|----------------------------|--|---|----------------------------|---|--|
| 2024 | 2023 | 0.0496% | \$ 3,181,433 | \$ 1,503,714 | 211.57% | 57.48% |
| 2023 | 2022 | 0.0487% | \$ 3,520,674 | \$ 1,455,904 | 241.82% | 52.42% |
| 2022 | 2021 | 0.0469% | \$ 2,992,283 | \$ 1,312,381 | 228.00% | 55.95% |
| 2021 | 2020 | 0.0498% | \$ 3,823,224 | \$ 1,352,244 | 282.73% | 47.81% |
| 2020 | 2019 | 0.0497% | \$ 3,496,056 | \$ 1,343,179 | 260.28% | 50.45% |
| 2019 | 2018 | 0.0468% | \$ 2,850,872 | \$ 1,243,533 | 229.26% | 53.54% |
| 2018 | 2017 | 0.0461% | \$ 2,696,443 | \$ 1,123,109 | 240.09% | 53.32% |
| 2017 | 2016 | 0.0442% | \$ 2,179,334 | \$ 1,060,537 | 205.49% | 55.50% |
| 2016 | 2015 | 0.0471% | \$ 2,024,238 | \$ 1,052,781 | 192.28% | 59.97% |
| 2015 | 2014 | 0.0446% | \$ 1,449,000 | \$ 2,958,220 | 48.98% | 66.80% |

Schedule of District's Contributions - CERS

| Year ended June 30 | Contractually required contribution | Actual contribution | Contribution deficiency (excess) | District's covered payroll | Contributions as a percentage of covered payroll |
|--------------------|-------------------------------------|---------------------|----------------------------------|----------------------------|--|
| 2024 | \$ 375,654 | \$ 375,654 | \$ - | \$ 1,609,486 | 23.34% |
| 2023 | \$ 351,869 | \$ 351,869 | \$ - | \$ 1,503,714 | 23.40% |
| 2022 | \$ 308,215 | \$ 308,215 | \$ - | \$ 1,455,904 | 21.17% |
| 2021 | \$ 315,518 | \$ 315,518 | \$ - | \$ 1,312,381 | 24.04% |
| 2020 | \$ 325,249 | \$ 325,249 | \$ - | \$ 1,352,244 | 24.05% |
| 2019 | \$ 288,514 | \$ 288,514 | \$ - | \$ 1,343,179 | 21.48% |
| 2018 | \$ 238,509 | \$ 238,509 | \$ - | \$ 1,243,533 | 19.18% |
| 2017 | \$ 209,010 | \$ 209,010 | \$ - | \$ 1,123,109 | 18.61% |
| 2016 | \$ 180,927 | \$ 180,927 | \$ - | \$ 1,060,537 | 17.06% |
| 2015 | \$ 185,267 | \$ 185,267 | \$ - | \$ 1,052,781 | 17.60% |

Dayton Independent School District
Schedule of District's Share of Net Pension Liability and Contributions - TRS
June 30, 2024

Schedule of District's Proportionate Share of the Net Pension Liability - TRS

| Year ended June 30 | Measurement period June 30 | District's proportion of the net pension liability | District's proportionate share of the net pension liability | State's proportionate share of the net pension liability associated with the District | District's covered payroll | District's proportionate share of the net pension liability as a percentage covered payroll | Plan fiduciary net position as a percentage of the total pension liability |
|--------------------|----------------------------|--|---|---|----------------------------|---|--|
| 2024 | 2023 | 0.0000% | \$ - | \$ 24,422,033 | \$ 5,526,867 | 0.00% | 57.62% |
| 2023 | 2022 | 0.0000% | \$ - | \$ 24,787,158 | \$ 4,635,300 | 0.00% | 56.41% |
| 2022 | 2021 | 0.0000% | \$ - | \$ 18,522,407 | \$ 5,141,994 | 0.00% | 65.59% |
| 2021 | 2020 | 0.0000% | \$ - | \$ 19,635,506 | \$ 5,006,400 | 0.00% | 58.27% |
| 2020 | 2019 | 0.0000% | \$ - | \$ 18,173,923 | \$ 4,759,401 | 0.00% | 58.76% |
| 2019 | 2018 | 0.0000% | \$ - | \$ 18,310,857 | \$ 4,803,543 | 0.00% | 59.30% |
| 2018 | 2017 | 0.0000% | \$ - | \$ 37,116,653 | \$ 4,607,500 | 0.00% | 39.83% |
| 2017 | 2016 | 0.0000% | \$ - | \$ 40,720,474 | \$ 4,629,144 | 0.00% | 35.22% |
| 2016 | 2015 | 0.0000% | \$ - | \$ 30,776,138 | \$ 4,544,045 | 0.00% | 42.49% |
| 2015 | 2014 | 0.0000% | \$ - | \$ 29,749,812 | \$ 11,466,263 | 0.00% | 45.59% |

Schedule of District's Contributions - TRS

| Year ended June 30 | Contractually required contribution | Actual contribution | Contribution deficiency (excess) | District's covered payroll | Contributions as a percentage of covered payroll |
|--------------------|-------------------------------------|---------------------|----------------------------------|----------------------------|--|
| 2024 | \$ - | \$ - | \$ - | \$ 5,771,467 | 0.00% |
| 2023 | \$ - | \$ - | \$ - | \$ 5,526,867 | 0.00% |
| 2022 | \$ - | \$ - | \$ - | \$ 4,635,300 | 0.00% |
| 2021 | \$ - | \$ - | \$ - | \$ 5,141,994 | 0.00% |
| 2020 | \$ - | \$ - | \$ - | \$ 5,006,400 | 0.00% |
| 2019 | \$ - | \$ - | \$ - | \$ 4,759,401 | 0.00% |
| 2018 | \$ - | \$ - | \$ - | \$ 4,803,543 | 0.00% |
| 2017 | \$ - | \$ - | \$ - | \$ 4,607,500 | 0.00% |
| 2016 | \$ - | \$ - | \$ - | \$ 4,629,144 | 0.00% |
| 2015 | \$ - | \$ - | \$ - | \$ 4,544,045 | 0.00% |

Dayton Independent School District
Schedule of District's Share of Net OPEB Liability and Contributions - CERS
June 30, 2024

Schedule of District's Proportionate Share of the Net OPEB Liability - CERS

| Year ended June 30 | Measurement period June 30 | District's proportion of the net OPEB liability (asset) | District's proportionate share of the net OPEB liability (asset) | District's covered payroll | District's proportionate share of the net OPEB liability (asset) as a percentage covered payroll | Plan fiduciary net position as a percentage of the total OPEB liability |
|--------------------|----------------------------|---|--|----------------------------|--|---|
| 2024 | 2023 | 0.0496% | \$ (68,453) | \$ 1,503,714 | -4.55% | 104.23% |
| 2023 | 2022 | 0.0487% | \$ 960,963 | \$ 1,455,904 | 66.00% | 60.95% |
| 2022 | 2021 | 0.0498% | \$ 898,279 | \$ 1,312,381 | 68.45% | 58.41% |
| 2021 | 2020 | 0.0498% | \$ 1,203,509 | \$ 1,352,244 | 89.00% | 51.67% |
| 2020 | 2019 | 0.0497% | \$ 835,864 | \$ 1,343,179 | 62.23% | 60.44% |
| 2019 | 2018 | 0.0468% | \$ 831,067 | \$ 1,243,533 | 66.83% | 57.62% |
| 2018 | 2017 | 0.0461% | \$ 926,104 | \$ 1,123,109 | 82.46% | 52.39% |

Schedule of District's Contributions - CERS

| Year ended June 30 | Contractually required contribution | Actual contribution | Contribution deficiency (excess) | District's covered payroll | Contributions as a percentage of covered payroll |
|--------------------|-------------------------------------|---------------------|----------------------------------|----------------------------|--|
| 2024 | \$ - | \$ - | \$ - | \$ 1,609,486 | 0.00% |
| 2023 | \$ 50,975 | \$ 50,975 | \$ - | \$ 1,503,714 | 3.39% |
| 2022 | \$ 84,150 | \$ 84,150 | \$ - | \$ 1,455,904 | 5.78% |
| 2021 | \$ 60,787 | \$ 60,787 | \$ - | \$ 1,312,381 | 4.63% |
| 2020 | \$ 65,953 | \$ 65,953 | \$ - | \$ 1,352,244 | 4.88% |
| 2019 | \$ 54,528 | \$ 54,528 | \$ - | \$ 1,343,179 | 4.06% |
| 2018 | \$ 53,053 | \$ 53,053 | \$ - | \$ 1,243,533 | 4.27% |

Dayton Independent School District
Schedule of District's Share of Net OPEB Liability and Contributions – TRS Medical Insurance Plan
June 30, 2024

Schedule of District's Proportionate Share of the Net OPEB Liability - TRS Medical Insurance Plan

| Year ended June 30 | Measurement period June 30 | District's proportion of the net OPEB liability | District's proportionate share of the net OPEB liability | State's proportionate share of the net OPEB liability associated with the District | District's covered payroll | District's proportionate share of the net OPEB liability as a percentage covered payroll | Plan fiduciary net position as a percentage of the total OPEB liability |
|--------------------|----------------------------|---|--|--|----------------------------|--|---|
| 2024 | 2023 | 0.0754% | \$ 1,836,000 | \$ 1,547,000 | \$ 5,526,867 | 33.22% | 52.97% |
| 2023 | 2022 | 0.1048% | \$ 2,602,000 | \$ 855,000 | \$ 5,583,409 | 46.60% | 47.75% |
| 2022 | 2021 | 0.0753% | \$ 1,616,000 | \$ 2,738,000 | \$ 5,141,994 | 31.43% | 51.47% |
| 2021 | 2020 | 0.0737% | \$ 1,860,000 | \$ 3,350,000 | \$ 5,006,400 | 37.15% | 32.58% |
| 2020 | 2019 | 0.0704% | \$ 2,060,000 | \$ 3,724,000 | \$ 4,759,901 | 43.28% | 32.58% |
| 2019 | 2018 | 0.0178% | \$ 2,481,000 | \$ 4,619,000 | \$ 4,803,543 | 51.65% | 25.54% |
| 2018 | 2017 | 0.0718% | \$ 2,561,000 | \$ 4,653,000 | \$ 4,670,750 | 54.83% | 21.18% |

Schedule of District's Contributions - TRS Medical Insurance Plan

| Year ended June 30 | Contractually required contribution | Actual contribution | Contribution deficiency (excess) | District's covered payroll | Contributions as a percentage of covered payroll |
|--------------------|-------------------------------------|---------------------|----------------------------------|----------------------------|--|
| 2024 | \$ 173,144 | \$ 173,144 | \$ - | \$ 5,771,467 | 3.00% |
| 2023 | \$ 165,806 | \$ 165,806 | \$ - | \$ 5,526,867 | 3.00% |
| 2022 | \$ 139,059 | \$ 139,059 | \$ - | \$ 5,583,409 | 2.49% |
| 2021 | \$ 130,126 | \$ 130,126 | \$ - | \$ 5,141,994 | 2.53% |
| 2020 | \$ 122,561 | \$ 122,561 | \$ - | \$ 5,006,400 | 2.45% |
| 2019 | \$ 127,374 | \$ 127,374 | \$ - | \$ 4,759,901 | 2.68% |
| 2018 | \$ 123,045 | \$ 123,045 | \$ - | \$ 4,803,543 | 2.56% |

Dayton Independent School District
Schedule of District's Share of Net OPEB Liability and Contributions – TRS Life Insurance Plan
June 30, 2024

Schedule of District's Proportionate Share of the Net OPEB Liability - TRS Life Insurance Plan

| Year ended June 30 | Measurement period June 30 | District's proportion of the net OPEB liability | District's proportionate share of the net OPEB liability | State's proportionate share of the net OPEB liability associated with the District | District's covered payroll | District's proportionate share of the net OPEB liability as a percentage of covered payroll | Plan fiduciary net position as a percentage of the total OPEB liability |
|--------------------|----------------------------|---|--|--|----------------------------|---|---|
| 2024 | 2023 | 0.0000% | \$ - | \$ 38,000 | \$ 5,526,867 | 0.00% | 76.91% |
| 2023 | 2022 | 0.0000% | \$ - | \$ 17,000 | \$ 5,583,409 | 0.00% | 73.97% |
| 2022 | 2021 | 0.0000% | \$ - | \$ 45,000 | \$ 5,141,994 | 0.00% | 89.15% |
| 2021 | 2020 | 0.0000% | \$ - | \$ 45,000 | \$ 5,006,400 | 0.00% | 71.57% |
| 2020 | 2019 | 0.0000% | \$ - | \$ 39,000 | \$ 4,759,901 | 0.00% | 73.40% |
| 2019 | 2018 | 0.0000% | \$ - | \$ 37,000 | \$ 4,803,543 | 0.00% | 74.97% |
| 2018 | 2017 | 0.0000% | \$ - | \$ 28,000 | \$ 4,670,750 | 0.00% | 79.99% |

Schedule of District's Contributions - TRS Life Insurance Plan

| Year ended June 30 | Contractually required contribution | Actual contribution | Contribution deficiency (excess) | District's covered payroll | Contributions as a percentage of covered payroll |
|--------------------|-------------------------------------|---------------------|----------------------------------|----------------------------|--|
| 2024 | \$ - | \$ - | \$ - | \$ 5,771,467 | 0.00% |
| 2023 | \$ - | \$ - | \$ - | \$ 5,526,867 | 0.00% |
| 2022 | \$ - | \$ - | \$ - | \$ 5,583,409 | 0.00% |
| 2021 | \$ - | \$ - | \$ - | \$ 5,141,994 | 0.00% |
| 2020 | \$ - | \$ - | \$ - | \$ 5,006,400 | 0.00% |
| 2019 | \$ - | \$ - | \$ - | \$ 4,759,901 | 0.00% |
| 2018 | \$ - | \$ - | \$ - | \$ 4,803,543 | 0.00% |

SUPPLEMENTARY INFORMATION

Dayton Independent School District
Combining Balance Sheet – Nonmajor Funds
June 30, 2024

| | District Activity Fund | School Activity Fund | Capital Outlay Fund | Building Fund | Debt Service Fund | Total Nonmajor Governmental Funds |
|--|------------------------------|----------------------------|---------------------------|-------------------|-------------------------|--|
| Assets | | | | | | |
| Cash and cash equivalents | \$ 23,183 | \$ 140,093 | \$ 83,433 | \$ 517,219 | \$ - | \$ 763,928 |
| Total assets | <u>\$ 23,183</u> | <u>\$ 140,093</u> | <u>\$ 83,433</u> | <u>\$ 517,219</u> | <u>\$ -</u> | <u>\$ 763,928</u> |
| Liabilities | | | | | | |
| Accounts payable | 1,588 | (1,418) | 37,650 | - | - | \$ 37,820 |
| Total liabilities | <u>1,588</u> | <u>(1,418)</u> | <u>37,650</u> | <u>-</u> | <u>-</u> | <u>37,820</u> |
| Fund balances | | | | | | |
| Restricted | 21,595 | 141,060 | 45,783 | 517,219 | - | 725,657 |
| Assigned | - | 451 | - | - | - | 451 |
| Total fund balances | <u>21,595</u> | <u>141,511</u> | <u>45,783.00</u> | <u>517,219</u> | <u>-</u> | <u>726,108</u> |
| Total liabilities and fund balances | <u>\$ 23,183</u> | <u>\$ 140,093</u> | <u>\$ 83,433</u> | <u>\$ 517,219</u> | <u>\$ -</u> | <u>\$ 763,928</u> |

Dayton Independent School District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance – Nonmajor Funds
Year Ended June 30, 2024

| | District Activity Fund | Student Activity Fund | Capital Outlay Fund | Building Fund | Debt Service Fund | Total Nonmajor Governmental Funds |
|---|------------------------------|-----------------------------|---------------------------|-------------------|-------------------------|--|
| Revenues | | | | | | |
| From local sources: | | | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ 569,960 | \$ - | \$ 569,960 |
| Other local revenue | 12,657 | 325,424 | - | - | - | 338,081 |
| Intergovernmental state: | | | | | | |
| SEEK | - | - | 82,889 | 417,882 | - | 500,771 |
| On-behalf | - | - | - | - | 85,644 | 85,644 |
| Total revenues | 12,657 | 325,424 | 82,889 | 987,842 | 85,644 | 1,494,456 |
| Expenditures | | | | | | |
| Instruction | 18,370 | 304,007 | - | - | - | 322,377 |
| Support services: | | | | | | |
| Student | 1,013 | - | - | - | - | 1,013 |
| Instruction staff | 962 | - | - | - | - | 962 |
| Plant operation and maintenance | - | - | 55,930 | - | - | 55,930 |
| Student transportation | 989 | - | - | - | - | 989 |
| Community services | - | 9,960 | - | - | - | 9,960 |
| Land improvements | - | - | - | 48,296 | - | 48,296 |
| Debt service | | | | | | |
| Principal | - | - | - | - | 375,000 | 375,000 |
| Interest | - | - | - | - | 290,654 | 290,654 |
| Total expenditures | 21,334 | 313,967 | 55,930 | 48,296 | 665,654 | 1,105,181 |
| Excess of revenues over (under) expenditures | (8,677) | 11,457 | 26,959 | 939,546 | (580,010) | 389,275 |
| Other financing sources (uses) | | | | | | |
| Transfers in | - | - | - | - | 580,010 | 580,010 |
| Transfers out | - | - | - | (580,010) | - | (580,010) |
| Total other financing sources (uses) | - | - | - | (580,010) | 580,010 | - |
| Net change in fund balances | (8,677) | 11,457 | 26,959 | 359,536 | - | 389,275 |
| Fund balances - beginning | 30,272 | 130,054 | 18,824 | 157,683 | - | 336,833 |
| Fund balances - end of year | \$ 21,595 | \$ 141,511 | \$ 45,783 | \$ 517,219 | \$ - | \$ 726,108 |

Dayton Independent School District
 Combining Statement of School Activity Funds
 Year Ended June 30, 2024

| | Cash Balance | | | Cash Balance |
|--------------------|-------------------|-------------------|-------------------|-------------------|
| | July 1, 2023 | Receipts | Expenditure | June 30, 2024 |
| Dayton High School | \$ 104,175 | \$ 159,492 | \$ 178,216 | \$ 85,451 |
| Lincoln Elementary | 25,879 | 103,132 | 73,969 | 55,042 |
| | <u>\$ 130,054</u> | <u>\$ 262,624</u> | <u>\$ 252,185</u> | <u>\$ 140,493</u> |

Dayton Independent School District
Statement of School Activity Funds
Dayton Independent High School
Year Ended June 30, 2024

| | Cash Balance | | | Cash Balance |
|---------------------------------|--------------|----------|-------------|---------------|
| | July 1, 2023 | Receipts | Expenditure | June 30, 2024 |
| 7TH GRADE | \$ 286 | \$ - | \$ 185 | \$ 101 |
| 8TH GRADE | 161 | - | 125 | 36 |
| ACADEMIC TEAM | 123 | - | - | 123 |
| AFTER PROM | 999 | 2,796 | 827 | 2,968 |
| ALUMNI ASSOCIATION | 4,516 | - | - | 4,516 |
| COMMUNITY BASED | 1,748 | 570 | 1,751 | 567 |
| ANNUAL YEARBOOK | 72 | 780 | - | 852 |
| ART DEPT | 278 | - | - | 278 |
| BOOSTER CLUB | 6,191 | 26,135 | 26,151 | 6,175 |
| ATHLETIC FUNDRAISERS | 35 | - | - | 35 |
| BAND | 1,031 | 2,447 | 1,982 | 1,496 |
| BAND BOOSTERS | 2,120 | - | - | 2,120 |
| BASEBALL FUNDRAISER | 7,335 | - | 5,274 | 2,061 |
| BOWLING FUNDRAISER | 743 | 3,807 | 3,809 | 741 |
| STUDENT GENERATED | 6,690 | 3,305 | 2,195 | 7,800 |
| BOYS BASKETBALL FUNDRAISER | 12 | 7,323 | 5,274 | 2,061 |
| BOYS TRACK | (1) | 1 | - | - |
| CHEER FUNDRAISER | 3,872 | 12,497 | 12,964 | 3,405 |
| CLASS OF 25 | 1,575 | 5,545 | 7,120 | - |
| STAFF GENERATED | 1,738 | 915 | 1,397 | 1,256 |
| COLOR/WINTER GUARD | 17 | - | 17 | - |
| CROSS COUNTRY FUNDRAISERS | 6 | - | - | 6 |
| DAF SWEEP ACCOUNT | 2,711 | 1,133 | 3,737 | 107 |
| DAY TREATMENT | 413 | - | 413 | - |
| DRAMA CLUB | 2,664 | 4,151 | 4,523 | 2,292 |
| ENGLISH DEPT | 55 | - | - | 55 |
| FBLA | - | 1,314 | 1,090 | 224 |
| FELLOWSHIP OF CHRISTIAN ATHLETI | 46 | - | 46 | - |
| FOOTBALL FUNDRAISERS | 1,148 | 19,163 | 19,670 | 641 |
| GOLF OUTING | 1,600 | 14,290 | 15,890 | - |
| GUIDANCE | 186 | - | 186 | - |
| HS FIELD TRIPS | 576 | - | - | 576 |
| STUDENT COUNCIL | 240 | - | - | 240 |
| INSTRUCTIONAL TECHNOLOGY | 1,131 | 294 | - | 1,425 |
| LIBRARY | 60 | 50 | - | 110 |
| MS BASKETBALL FUNDRAISER | 830 | 70 | 866 | 34 |
| MS DANCE | 135 | 170 | 135 | 170 |
| MS FIELD TRIPS | 1,024 | - | - | 1,024 |
| MS ROBOTICS | 402 | - | - | 402 |
| MS SCIENCE CLUB | 56 | - | - | 56 |

Dayton Independent School District
Statement of School Activity Funds - Continued
Dayton Independent High School
Year Ended June 30, 2024

| | Cash Balance | | | Cash Balance |
|-------------------------------|--------------|----------|-------------|---------------|
| | July 1, 2023 | Receipts | Expenditure | June 30, 2024 |
| MS STUDENT COUNCIL | 344 | - | - | 344 |
| NAT'L HONOR SOCIETY | 267 | - | - | 267 |
| NJHS | 909 | - | - | 909 |
| PEP SQUAD FUNDRAISER | 51 | - | 51 | - |
| PRINCIPALS ACCOUNT | 6,963 | 1,745 | 1,695 | 7,013 |
| PROM FUNDRAISER | 804 | - | 804 | - |
| RIDDER/DAPPER SCHOLARSHIP | 250 | 500 | 750 | - |
| SENIOR BANQUET | 487 | 10 | - | 497 |
| SENIOR TRIP | 358 | 3,017 | 929 | 2,446 |
| SOCCER FUNDRAISERS | 2,576 | 910 | 2,526 | 960 |
| GIRLS BASKETBALL FUNDRAISER | 2,507 | 10,854 | 6,811 | 6,550 |
| SOFTBALL FUNDRAISER | 6,258 | 500 | 5,857 | 901 |
| SPEC ED DEPT | 16 | - | 12 | 4 |
| SPIDER/DOYEN SCHOLARSHIP | 1,500 | - | - | 1,500 |
| STUDENT DEVICES | 74 | 25 | - | 99 |
| TCHR/STUDENT INCENTIVES | 341 | - | 341 | - |
| THERAPUTIC RESOURCES | 1 | - | - | 1 |
| TRACK FUNDRAISER | - | 5,873 | 5,056 | 817 |
| TRANSCRIPT FEES | 1,385 | 12 | - | 1,397 |
| VOLLEYBALL FUNDRAISERS | 2,382 | 25,623 | 27,363 | 642 |
| VOLTER MEMORIAL SCHOLARSHIP | - | 750 | - | 750 |
| WASHINGTON DC TRIP | 2,457 | - | 2,457 | - |
| YOUTH LEAGUE | (1) | 1 | - | - |
| YOUTHSERVICE CENTER | 125 | 375 | 462 | 38 |
| WOODEN SCHOLARSHIP | 5 | - | - | 5 |
| VOLTER TRACK SCHOLARSHIP | 500 | 250 | 750 | - |
| SCIENCE SCHOLARSHIP | 200 | - | - | 200 |
| S.WATSON MEMORIAL SCHOLARSHI | 1,375 | 500 | - | 1,875 |
| SCANTRELL MEMORIAL SCHOLARSHI | 1,000 | - | 500 | 500 |
| LINGERFELGER/MCKIERNAN SCHOL | 2,887 | - | 300 | 2,587 |
| MORELAND SCHOLARSHIP | 3,500 | - | 1,000 | 2,500 |
| K.RANKLE SCHOLARSHIP | 300 | 250 | 300 | 250 |
| KROGMAN/MCHALE SCHOLARSHIP | 2,000 | - | 1,000 | 1,000 |
| L.BRANDENBURG SCHOLARSHIP | 150 | - | - | 150 |
| DAYTON ED ASSOC SCHOLARSHIP | 250 | 250 | 250 | 250 |
| DEAD INN SCHOLARSHIP | 250 | - | - | 250 |
| DHS ALUMNI ASSOC SCHOLARSHIP | 1,500 | - | 1,000 | 500 |
| DHS BOOSTER SCHOLARSHIP | 659 | 91 | 250 | 500 |
| DHS SCHOLARSHIP | 1,066 | - | 250 | 816 |

Dayton Independent School District
Statement of School Activity Funds - Continued
Dayton Independent High School
Year Ended June 30, 2024

| | Cash Balance | | | Cash Balance |
|-----------------------------|-------------------|-------------------|-------------------|------------------|
| | July 1, 2023 | Receipts | Expenditure | June 30, 2024 |
| COXPELLMAN SCHOLARSHIP | 2,000 | 1,000 | 1,000 | 2,000 |
| CAMPBELL FAMILY SCHOLARSHIP | 80 | - | - | 80 |
| CAMPOMOR SCHOLARSHIP | 1,450 | 200 | 250 | 1,400 |
| BOYS BB SCHOLARSHIP | 125 | - | 125 | - |
| CC RETIRED TCHR SCHOLARSHIP | 1,000 | - | 500 | 500 |
| BARNES LODGE SCHOLARSHIP | 1,000 | - | - | 1,000 |
| Due to student groups | <u>\$ 104,175</u> | <u>\$ 159,492</u> | <u>\$ 178,216</u> | <u>\$ 85,451</u> |

Dayton Independent School District
 Schedule of Expenditures of Federal Awards - Continued
 Year Ended June 30, 2024

| Federal Grantor/Pass-Through Grantor/ Program or Cluster | Federal Assistanc Listing | Pass Through Grantor's Number | Federal Expenditures for FYE 6/30/2024 | |
|---|--|--|---|------------------|
| U.S. Department of Education | | | | |
| <i>Passed through Kentucky Department of Education</i> | | | | |
| Special Education Cluster (IDEA) | | | | |
| Special Education_Grants to States (IDEA, Part B) | 84.027 | 3810002 22 | 77,661 | |
| | 84.027 | 3810002 23 | 239,827 | |
| | 84.173 | 3800002 23 | 33,235 | 350,723 |
| <hr/> | | | | |
| Title I Grants to Local Educational Agencies | 84.010 | 3100002-22 | 40,584 | |
| | 84.010 | 3100002-23 | 469,148 | 509,732 |
| <hr/> | | | | |
| Perkins Vocational Education | 84.048 | 3710002-23 | 5,402 | 5,402 |
| <hr/> | | | | |
| McKinney Homeless Education | 84.196 | 3990002-21 | 4,329 | |
| | 84.196 | 3990002-22 | 40,945 | |
| | 84.196 | 3990002-23 | 81,899 | 127,173 |
| <hr/> | | | | |
| Student Support and Academic Enrichment | 84.424 | 3420002-22 | 2,422 | |
| | 84.424 | 3420002-23 | 33,572 | 35,994 |
| <hr/> | | | | |
| Education and Stabilization Fund | | | | |
| <i>Passed through Kentucky Department of Education</i> | | | | |
| Governor's Emergency Education Relief Fund | 84.425C | 4200002-21 | 12,322 | |
| Elementary and Secondary Schools Emergency | 84.425D | 4200002-21 | 6,547 | |
| ARP Elementary and Secondary Schools Emergency | 84.425U | 4200002-21 | 1,659,332 | |
| ARP Homeless | 84.425W | 4200002-21 | 26,906 | |
| <i>Passed through NKCES</i> | | | | |
| ARP Elementary and Secondary Schools Emergency | 84.425U | NA | 22,870 | 1,727,977 |
| <hr/> | | | | |
| <i>Passed through The Prichard Committee</i> | | | | |
| Innovative Approaches to Literacy | 84.215 | NA | 54,507 | 54,507 |
| <hr/> | | | | |
| <i>Passed through NKCES</i> | | | | |
| School Based Mental Health | 84.184H | NA | 77,732 | 77,732 |
| <hr/> | | | | |
| Arts in Education | 84.351 | NA | 8,562 | 8,562 |
| <hr/> | | | | |
| Total U.S Department of Education | | | | 2,897,802 |

Dayton Independent School District
 Schedule of Expenditures of Federal Awards - Continued
 Year Ended June 30, 2024

| <u>Federal Grantor/Pass-Through Grantor/ Program or Cluste</u> | <u>Federal Assistanc Listing</u> | <u>Pass Through Grantor's Number</u> | <u>Federal Expenditures for FYE 6/30/2024</u> | |
|---|----------------------------------|--------------------------------------|---|---------------------|
| U.S. Department of Agriculture | | | | |
| <i>Passed through Kentucky Department of Education</i> | | | | |
| Child Nutrition Cluster | | | | |
| School Breakfast Program | 10.553 | 7760005 23 | 29,509 | |
| | 10.553 | 7760002 24 | 123,054 | |
| National School Lunch Program | 10.555 | 7750002-23 | 85,451 | |
| | 10.555 | 7750002-24 | 383,261 | |
| | 10.555 | 9980000-23 | 31,607 | |
| Summer Food Service Program for Children | 10.559 | 7690024-24 | 726 | |
| | 10.559 | 7740023-24 | 7,045 | 660,653 |
| Child and Adult Care Food Program | 10.558 | 7790021 23 | 11,547 | |
| | 10.558 | 7790021 24 | 57,681 | |
| | 10.558 | 7800016 23 | 802 | |
| | 10.558 | 7800016 24 | 3,207 | 73,237 |
| State Administrative Expenses for Child Nutrition | 10.560 | 7700001 23 | 797 | 797 |
| <i>Passed through Kentucky Department of Agriculture</i> | | | | |
| Commodities | 10.565 | Commodities | 17,689 | 17,689 |
| Total U.S. Department of Agriculture | | | | 752,376 |
| U.S. Department of Health and Human Services | | | | |
| <i>Passed through Kentucky Department of Education</i> | | | | |
| State Innovation Waivers | 93.423 | | 3,290 | 3,290 |
| Childcare and Development Block Grant | 93.575 | | 180,624 | 180,624 |
| Total U.S. Department of Health and Human Services | | | | 183,914 |
| Federal Emergency Management Agency | | | | |
| <i>Passed through Commonwealth of Kentucky Emergency Management</i> | | | | |
| Disaster Grants - Public Assistance | 97.036 | 4497-DR-KY | 30,842 | 30,842 |
| Total Federal Emergency Management Agency | | | | 30,842 |
| U.S. Department of Justice | | | | |
| <i>Passed through Kentucky Department of Education</i> | | | | |
| Stop School Violence | 16.839 | NA | 1,775 | 1,775 |
| Total U.S. Department of Justice | | | | 1,775 |
| Total Expenditures of Federal Awards | | | | \$ 3,866,709 |

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal grant activity of Dayton Independent 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* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

NOTE 3: INDIRECT COST RATE

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

NOTE 4: SUBRECIPIENTS

The District did not provide federal funds to subrecipients for the year ended June 30, 2024.

NOTE 5: COMMODITIES

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

NOTE 6: FEDERAL AWARDS RECONCILIATION

| | |
|--|------------------------------|
| Federal revenues reported on the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds | \$ 3,114,333 |
| Federal grants reported on the Statement or Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund | 734,687 |
| Donated commodities reported on the Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund | 17,689 |
| <hr/> Schedule of expenditures of federal awards <hr/> | <hr/> 3,866,709 <hr/> |



Kentucky State Committee for School District Audits
Members of the Board of Education
Dayton Independent School District
Dayton, 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 and each major fund of the Dayton Independent 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 November 4, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit, 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 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 determination of financial statement amounts. 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.

We noted certain matters that we reported to management of the District in a separate letter dated November 4, 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.

Maddox & Associates CPAs Inc.

Fort Thomas, Kentucky

November 4, 2024

Kentucky State Committee for School District Audits
Members of the Board of Education
Dayton Independent School District
Maysville, Kentucky

Report on Compliance for Each Major Federal Program

Opinion on Each Major Program

We have audited Dayton Independent 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 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities of those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will not 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*, the Uniform Guidance and the audit requirements prescribed by the Kentucky State Committee for School District Audits, in the *Auditor Responsibilities and State Compliance Requirements* sections contained in the Kentucky Public School Districts' Audit Contract and Requirements, we:

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

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

Report on Internal Control over Compliance

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

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

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

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

Maddox & Associates CPAs Inc.

Fort Thomas, Kentucky

November 4, 2024

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified?

_____ Yes X None reported

Noncompliance material to financial statements noted?

_____ Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified?

_____ Yes X None reported

Type of report the auditor issued on compliance with major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance (2 CFR 500.516(a))?

_____ Yes X None reported

Identification of Major Programs

| ALN | Name of Federal Program or Cluster |
|---------|--|
| 84.425C | COVID-19 Governor's Education Emergency Relief Fund |
| 84.425D | COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER) |
| 84.425U | COVID-19 American Rescue Plan (ARP) ESSER |
| 84.425W | COVID-19 American Rescue Plan (ARP) ESSER Homeless |

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee

_____ Yes X No

SECTION II - FINANCIAL STATEMENT FINDINGS

None reported

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported

NO PRIOR FINDINGS

Dayton Independent School District
Management Letter
June 30, 2024

Kentucky State Committee for School District Audits
Members of the Board of Education
Dayton Independent School District
Dayton, Kentucky

In planning and performing our audit of the financial statements of Dayton Independent School District (District) for the year ended June 30, 2024, we considered the District's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of matters that our opportunities for strengthening internal controls and operating efficiencies. The memorandum that accompanies this letter summarizes our comments and recommendations regarding these matters. Any uncorrected comments from the prior year have been listed in this letter. A separate report dated November 4, 2024 contains our report on the District's internal control. This letter does not affect our report dated November 4, 2024 on the financial statements of the District.

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

Maddox & Associates CPAs Inc.
November 4, 2024

Dayton High School

2024-01 Several student organizations/clubs had no activity during the fiscal year and, therefore, are considered inactive. *Accounting Procedures for Kentucky School Activity Funds* (Redbook) requires these accounts to be closed and transferred to the organization designated by the inactive account sponsor or transferred to the general activity fund if no designation is made.

2024-02 During testing of student activity fund receipts, we noted instances of receipts that were deposited timely as required by *Accounting Procedures for Kentucky School Activity Funds* (Redbook).

Prior year comments 2023-01, 2023-02, and 2023-03 were not repeated in the current year.

Lincoln Elementary School

2024-03 During testing of student activity fund receipts, we noted instances of receipts that were deposited timely as required by *Accounting Procedures for Kentucky School Activity Funds* (Redbook).

Prior year comment 2023-04 was not repeated in the current year.

District Response

Redbook procedures will be reviewed with the appropriate staff.