

DAVIESS COUNTY SCHOOL DISTRICT

***BASIC FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION***

Year Ended June 30, 2022

(With Independent Auditor's Report Thereon)

CONTENTS

	<u>Pages</u>
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-11
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	12
Statement of Activities	13
Fund Financial Statements:	
Governmental Funds Financial Statements:	
Balance Sheet	14
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	15
Statement of Revenues, Expenditures, and Changes in Fund Balances	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Proprietary Funds Financial Statements:	
Statement of Net Position	18
Statement of Revenues, Expenses, and Changes in Fund Net Position	19
Statement of Cash Flows	20
Notes to Financial Statements	21-59

CONTENTS, CONCLUDED

	<u>Pages</u>
Required Supplementary Information:	
Budgetary Comparison Schedules:	
General Fund	60
Special Revenue Fund	61
Pension and Other Postemployment Benefits Schedules:	
Teachers' Retirement System of the State of Kentucky	62-66
County Employees Retirement System	67-71
Supplementary Information:	
Nonmajor Governmental Funds:	
Combining Financial Statements:	
Combining Balance Sheet	72
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	73
School Activity Fund:	
Combining Schedule of Receipts, Disbursements, Accruals, and Fund Balance	74
Schedules of Receipts, Disbursements, Accruals, and Fund Balance:	
Apollo High School	75-78
Daviness County High School	79-82
Schedule of Expenditures of Federal Awards	83-84
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	85-86
Independent Auditor's Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	87-88
Schedule of Findings and Questioned Costs	89
Summary Schedule of Prior Audit Findings	90



INDEPENDENT AUDITOR'S REPORT

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

Kentucky State Committee for School District Audits
Frankfort, Kentucky

Report on 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 Davies County School District (District) as of and for the year ended June 30, 2022, 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, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-11, the budgetary comparison schedules on pages 60-61, and the pension and other postemployment benefits schedules on pages 62-71 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Daviess County School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022

The discussion and analysis of Daviess County School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2022. The intent of this discussion and analysis is to review the School District's financial performance as a whole. Readers should also review the basic financial statements and the notes to the financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

- In total, net position increased \$15,503,524. Net position of governmental activities increased by \$12,771,910, while net position of business-type activities increased by \$2,731,614.
- General revenues accounted for \$122,464,262 in revenue or 78.7% of all governmental revenues. Program specific revenues in the form of charges for services, grants, and contributions accounted for \$33,179,503 or 21.3% of total governmental revenues of \$155,643,765.
- Total assets of governmental activities increased by \$29,919,468. For governmental activities, capital assets increased by \$26,775,428, while cash and investments increased by \$3,726,013.
- The School District had \$143,056,823 in expenses related to governmental activities; only \$33,179,503 of these expenses were offset by program specific charges for services, grants, and contributions. General revenues (primarily local taxes and state SEEK allocations) were adequate to provide for these programs.
- Construction continued during fiscal year 2022. Projects that were in progress at year end include a flooring project at Burns Middle School, the new middle school and the renovations at Apollo High school.

Using the Basic Financial Statements

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

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

Daviess County School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022

Reporting the School District as a Whole

One of the most important questions asked about the School District is “how did we do financially during 2022?” The **Statement of Net Position** and the **Statement of Activities**, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received and paid.

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

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

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

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

Daviess County School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022

Reporting the School District's Most Significant Funds, Continued

Governmental Funds, Continued

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

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

Notes to the Financial Statements - the notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21-59 of this report.

Government-Wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$22,772,005 for governmental activities, and liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$1,984,874 for business-type activities as of June 30, 2022.

The largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment, and construction in progress) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets. Included for June 30, 2022 is the district's liability for the net pension obligation and the liability for other postemployment benefits.

Daviess County School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022

Reporting the School District's Most Significant Funds, Continued

Government-Wide Financial Analysis, Continued

(Table 1)
Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Assets						
Current and other assets	\$70,303,374	\$67,159,334	\$5,659,590	\$2,944,439	\$ 75,962,964	\$ 70,103,773
Capital assets	<u>165,438,723</u>	<u>138,663,295</u>	<u>415,562</u>	<u>496,495</u>	<u>165,854,285</u>	<u>139,159,790</u>
Total assets	<u>235,742,097</u>	<u>205,822,629</u>	<u>6,075,152</u>	<u>3,440,934</u>	<u>241,817,249</u>	<u>209,263,563</u>
Deferred Outflows of Resources						
Deferred charges on refunding	832,909	1,052,832	-	-	832,909	1,052,832
Pension deferred outflows	3,950,693	6,321,721	792,275	1,115,598	4,742,968	7,437,319
OPEB deferred outflows	<u>12,544,022</u>	<u>10,218,664</u>	<u>918,942</u>	<u>986,758</u>	<u>13,462,964</u>	<u>11,205,422</u>
Total deferred outflows of resources	<u>17,327,624</u>	<u>17,593,217</u>	<u>1,711,217</u>	<u>2,102,356</u>	<u>19,038,841</u>	<u>19,695,573</u>
Liabilities						
Long-term liabilities	190,786,670	188,317,062	7,965,537	9,611,796	198,752,207	197,928,858
Other liabilities	<u>14,983,423</u>	<u>12,745,394</u>	<u>166,152</u>	<u>170,427</u>	<u>15,149,575</u>	<u>12,915,821</u>
Total liabilities	<u>205,770,093</u>	<u>201,062,456</u>	<u>8,131,689</u>	<u>9,782,223</u>	<u>213,901,782</u>	<u>210,844,679</u>
Deferred Inflows of Resources						
Pension deferred inflows	6,052,930	270,966	836,416	47,967	6,889,346	318,933
OPEB deferred inflows	<u>18,474,693</u>	<u>12,082,329</u>	<u>803,138</u>	<u>429,588</u>	<u>19,277,831</u>	<u>12,511,917</u>
Total deferred inflows of resources	<u>24,527,623</u>	<u>12,353,295</u>	<u>1,639,554</u>	<u>477,555</u>	<u>26,167,177</u>	<u>12,830,850</u>
Net Position						
Net investment in capital assets	40,304,386	31,387,604	415,562	496,495	40,719,948	31,884,099
Restricted	33,012,475	35,168,192	-	-	33,012,475	35,168,192
Unrestricted	<u>(50,544,856)</u>	<u>(56,555,701)</u>	<u>(2,400,436)</u>	<u>(5,212,983)</u>	<u>(52,945,292)</u>	<u>(61,768,684)</u>
Total net position	<u>\$ 22,772,005</u>	<u>\$ 10,000,095</u>	<u>\$ (1,984,874)</u>	<u>\$ (4,716,488)</u>	<u>\$ 20,787,131</u>	<u>\$ 5,283,607</u>

Total assets increased \$32,553,686 primarily due to construction. Total net position increased by \$15,503,524.

Daviess County School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022

Reporting the School District's Most Significant Funds, Continued

Government-Wide Financial Analysis, Continued

(Table 2)
Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Program revenues:						
Charges for services	\$4,059,793	\$2,377,901	\$ 1,414,138	\$ 524,376	\$ 5,473,931	\$ 2,902,277
Operating grants and contributions	23,107,078	16,493,895	9,567,401	5,877,100	32,674,479	22,370,995
Capital grants and contributions	6,012,632	6,023,105	-	-	6,012,632	6,023,105
General revenues:						
Taxes	52,411,582	48,941,029	-	-	52,411,582	48,941,029
State aid formula grants	38,206,145	35,696,686	-	-	38,206,145	35,696,686
Investment earnings	126,792	508,364	25,556	16,096	152,348	524,460
Gain on sale of capital assets	56,077	-	-	-	56,077	-
Miscellaneous	419,553	384,667	-	-	419,553	384,667
State on behalf payments	31,244,113	30,395,522	-	-	31,244,113	30,395,522
Transfers:	<u>184,968</u>	<u>199,361</u>	<u>(184,968)</u>	<u>(199,361)</u>	<u>-</u>	<u>-</u>
Total revenues and transfers	<u>155,828,733</u>	<u>141,020,530</u>	<u>10,822,127</u>	<u>6,218,211</u>	<u>166,650,860</u>	<u>147,238,741</u>
Program expenses:						
Instruction	92,989,558	87,443,094	-	-	92,989,558	87,443,094
Support services:						
Student	6,854,109	5,780,422	-	-	6,854,109	5,780,422
Instructional staff	4,287,956	4,377,781	-	-	4,287,956	4,377,781
District administration	1,304,932	1,150,488	-	-	1,304,932	1,150,488
School administration	8,918,413	9,083,549	-	-	8,918,413	9,083,549
Business	2,767,281	2,621,105	-	-	2,767,281	2,621,105
Facility operations/maintenance	11,485,350	11,176,502	-	-	11,485,350	11,176,502
Student transportation	8,108,484	8,865,262	-	-	8,108,484	8,865,262
Non-instructional	913,260	940,149	-	-	913,260	940,149
Facility acquisition/construction	499,480	60,688	-	-	499,480	60,688
After school program	1,221,091	279,521	749,889	813,141	1,970,980	1,092,662
Interest on long-term debt	3,706,909	3,352,461	-	-	3,706,909	3,352,461
Food service	-	16,588	7,340,624	6,581,690	7,340,624	6,598,278
Total expenses	<u>143,056,823</u>	<u>135,147,610</u>	<u>8,090,513</u>	<u>7,394,831</u>	<u>151,147,336</u>	<u>142,542,441</u>
Increase/decrease in net position	<u>\$ 12,771,910</u>	<u>\$ 5,872,920</u>	<u>\$ 2,731,614</u>	<u>\$ (1,176,620)</u>	<u>\$ 15,503,524</u>	<u>\$ 4,696,300</u>

Daviess County School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022

Reporting the School District's Most Significant Funds, Continued

Governmental Activities

Instruction comprises 65.0% of governmental program expenses. Support services expenses make up 31.4% of governmental expenses. Non-instructional expenses for community services total .6% of governmental expenses. Facilities acquisition/construction and interest accounts for the remaining 3.0% of the total governmental expense.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted state entitlements. The total cost of services includes state on-behalf payments in the amount of \$31,244,113 for 2022.

(Table 3)
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Instruction	\$ 92,989,558	\$ 87,443,094	\$70,554,202	\$72,146,669
Support services	44,947,616	43,351,218	41,148,799	40,741,089
Non-instructional	913,260	940,149	(19,438)	(25,093)
Facilities acquisition/construction	499,480	60,688	(5,513,152)	(5,962,417)
Interest on long-term debt	<u>3,706,909</u>	<u>3,352,461</u>	<u>3,706,909</u>	<u>3,352,461</u>
Total expenses	<u>\$143,056,823</u>	<u>\$135,147,610</u>	<u>\$109,877,320</u>	<u>\$110,252,709</u>

Business-Type Activities

The business-type activities are food service and after school programs. These programs had revenues of \$11,007,095 and expenses of \$8,090,513 for fiscal year 2022. Of the revenues, \$1,414,138 was charges for services, \$9,567,401 was from state and federal grants, and \$25,556 was from investment earnings. Indirect cost transfers and other transfers totaled \$184,968. Business activities receive no support from tax revenues. The School District will continue to monitor the charges and costs of these activities. If it becomes necessary, the School District will increase the charges for these activities.

The School District's Funds

Information about the School District's major funds begins on page 16. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$181,065,575 and expenditures of \$180,139,982. The General Fund's fund balance increased by \$925,593.

Daviess County School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022

Reporting the School District's Most Significant Funds, Continued

General Fund-Budget Highlights

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

A variance comparison is presented on page 60 between the final budgeted amounts and the actual (GAAP Basis) amounts. The General Fund revenues were budgeted at \$109,428,295 with actual amounts of \$112,720,740. Budgeted expenditures of \$123,633,209 compare with actual expenditures of \$112,037,639, a difference of \$11,595,570. The source of the expense budget variances is related to amounts budgeted for contingencies. Budgeted other financing uses was \$549,607, with actual financing sources of \$2,398,209. The net increase in the General Fund balance is \$3,081,310.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2022, the School District had \$165,854,285 invested in land, buildings, equipment, and construction in progress, \$165,438,723 in governmental activities, and \$415,562 in business-type activities. Table 4 shows fiscal year 2022 balances compared to 2021.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Land	\$10,169,490	\$10,169,490	\$ -	\$ -	\$10,169,490	\$10,169,490
Land improvements	958,531	947,511	2,315	3,088	960,846	950,599
Buildings and improvements	96,886,410	101,155,941	-	-	96,886,410	101,155,941
Technology equipment	241,968	306,693	3,799	9,440	245,767	316,133
Vehicles	4,150,038	4,081,010	10,268	15,625	4,160,306	4,096,635
General equipment	1,367,869	528,616	399,180	468,342	1,767,049	996,958
Construction in progress	<u>51,664,417</u>	<u>21,474,034</u>	<u>-</u>	<u>-</u>	<u>51,664,417</u>	<u>21,474,034</u>
Total	<u>\$165,438,723</u>	<u>\$138,663,295</u>	<u>\$415,562</u>	<u>\$496,495</u>	<u>\$165,854,285</u>	<u>\$139,159,790</u>

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

Daviess County School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022

Debt

At June 30, 2022, the School District had \$121,103,000 in bonds outstanding, of which \$1,686,976 are to be paid from the KSFCC funding provided by the state of Kentucky. A total of \$7,400,000 is due within one year.

At June 30, 2021, the School District had \$104,852,000 in bonds outstanding, of which \$1,777,638 were to be paid from the KSFCC funding provided by the state of Kentucky.

District Challenges for the Future

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

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

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

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

Daviess County School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022

District Challenges for the Future, Continued

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

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

Contacting the School District's Financial Management

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

DAVISS COUNTY SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2022

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 61,545,126	\$ 4,632,028	\$ 66,177,154
Investments	5,401,364	-	5,401,364
Accounts receivable:			
Taxes	1,550,223	-	1,550,223
Other	215,833	9,013	224,846
Due from other governments	1,045,466	833,108	1,878,574
Inventory	438,462	185,441	623,903
Prepays and other current assets	106,900	-	106,900
Capital assets, net	<u>165,438,723</u>	<u>415,562</u>	<u>165,854,285</u>
Total assets	<u>235,742,097</u>	<u>6,075,152</u>	<u>241,817,249</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refunding	832,909	-	832,909
Pension deferred outflows	3,950,693	792,275	4,742,968
Other postemployment benefits deferred outflows	<u>12,544,022</u>	<u>918,942</u>	<u>13,462,964</u>
Total deferred outflows of resources	<u>17,327,624</u>	<u>1,711,217</u>	<u>19,038,841</u>
LIABILITIES			
Accounts payable	5,302,115	184	5,302,299
Accrued salaries and benefits	4,715,937	-	4,715,937
Payroll withholdings	866,049	-	866,049
Accrued interest payable	493,741	-	493,741
Unearned revenue	3,605,581	165,968	3,771,549
Long-term liabilities:			
Due within one year	7,875,506	-	7,875,506
Due in more than one year	121,960,895	-	121,960,895
Other liabilities due in more than one year:			
Net pension liability	32,614,138	6,108,933	38,723,071
Net other postemployment benefits liabilities	<u>28,336,131</u>	<u>1,856,604</u>	<u>30,192,735</u>
Total liabilities	<u>205,770,093</u>	<u>8,131,689</u>	<u>213,901,782</u>
DEFERRED INFLOWS OF RESOURCES			
Pension deferred inflows	6,052,930	836,416	6,889,346
Other postemployment benefits deferred inflows	<u>18,474,693</u>	<u>803,138</u>	<u>19,277,831</u>
Total deferred inflows of resources	<u>24,527,623</u>	<u>1,639,554</u>	<u>26,167,177</u>
NET POSITION			
Net investment in capital assets	40,304,386	415,562	40,719,948
Restricted for:			
Capital projects	2,307,055	-	2,307,055
Other	30,486,772	-	30,486,772
Technology	218,648	-	218,648
Unrestricted	<u>(50,544,856)</u>	<u>(2,400,436)</u>	<u>(52,945,292)</u>
Total net position	\$ <u>22,772,005</u>	\$ <u>(1,984,874)</u>	\$ <u>20,787,131</u>

See Notes to Financial Statements

DAVISS COUNTY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

Year Ended June 30, 2022

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
Instruction	\$ 92,989,558	\$ 3,727,967	\$ 18,707,389	\$ -	\$ (70,554,202)		\$ (70,554,202)
Support services:							
Student	6,854,109	11,358	1,291,772	-	(5,550,979)		(5,550,979)
Instructional staff	4,287,956	28,620	591,031	-	(3,668,305)		(3,668,305)
District administration	1,304,932	-	-	-	(1,304,932)		(1,304,932)
School administration	8,918,413	-	9,901	-	(8,908,512)		(8,908,512)
Business	2,767,281	-	-	-	(2,767,281)		(2,767,281)
Plant operation and maintenance	11,485,350	47,469	19,187	-	(11,418,694)		(11,418,694)
Student transportation	8,108,484	244,379	327,617	-	(7,536,488)		(7,536,488)
After school	1,221,091	-	1,227,483	-	6,392		6,392
Community services	913,260	-	932,698	-	19,438		19,438
New building construction	187,983	-	-	-	(187,983)		(187,983)
Building renovations / additions	311,497	-	-	6,012,632	5,701,135		5,701,135
Interest on long-term liabilities	3,706,909	-	-	-	(3,706,909)		(3,706,909)
Total governmental activities	143,056,823	4,059,793	23,107,078	6,012,632	(109,877,320)		(109,877,320)
Business-type activities:							
Food service	7,340,624	485,515	9,558,368	-	-	\$ 2,703,259	2,703,259
After school	749,889	928,623	9,033	-	-	187,767	187,767
Total business-type activities	8,090,513	1,414,138	9,567,401	-	-	2,891,026	2,891,026
Total district	\$ 151,147,336	\$ 5,473,931	\$ 32,674,479	\$ 6,012,632	(109,877,320)	2,891,026	(106,986,294)
General revenues:							
Property taxes					46,684,387	-	46,684,387
Utility taxes					5,727,195	-	5,727,195
State aid formula grants					38,206,145	-	38,206,145
On-behalf payments					31,244,113	-	31,244,113
Investment earnings					126,792	25,556	152,348
Gain (loss) on disposition of capital assets					56,077	-	56,077
Miscellaneous					419,553	-	419,553
Transfers					184,968	(184,968)	-
Total general revenues and transfers					122,649,230	(159,412)	122,489,818
Change in net position					12,771,910	2,731,614	15,503,524
Net position, June 30, 2021					10,000,095	(4,716,488)	5,283,607
Net position, June 30, 2022					\$ 22,772,005	\$ (1,984,874)	\$ 20,787,131

DAVISS COUNTY SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2022

	General Fund	Special Revenue Fund	Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 20,955,248	\$ 2,630,810	\$ 32,416,449	\$ 5,542,619	\$ 61,545,126
Investments	5,401,364	-	-	-	5,401,364
Accounts receivable:					
Taxes	1,550,223	-	-	-	1,550,223
Other	135,033	74,924	-	5,876	215,833
Due from other governments	-	1,045,466	-	-	1,045,466
Inventory	403,052	-	-	35,410	438,462
Prepaid expenses	73,294	-	-	-	73,294
Total assets	\$ 28,518,214	\$ 3,751,200	\$ 32,416,449	\$ 5,583,905	\$ 70,269,768
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 82,095	\$ 13,493	\$ 5,181,010	\$ 25,517	\$ 5,302,115
Accrued salaries and benefits	4,715,937	-	-	-	4,715,937
Payroll withholdings	866,049	-	-	-	866,049
Unearned revenue	86,522	3,519,059	-	-	3,605,581
Total liabilities	5,750,603	3,532,552	5,181,010	25,517	14,489,682
Deferred inflows of resources:					
Unavailable revenue - delinquent property taxes	215,364	-	-	-	215,364
Fund balances:					
Nonspendable	476,346	-	-	-	476,346
Restricted	-	273,829	27,235,439	5,558,388	33,067,656
Committed	596,510	-	-	-	596,510
Assigned	2,318,504	-	-	-	2,318,504
Unassigned	19,160,887	(55,181)	-	-	19,105,706
Total fund balances	22,552,247	218,648	27,235,439	5,558,388	55,564,722
Total liabilities, deferred inflows of resources, and fund balances	\$ 28,518,214	\$ 3,751,200	\$ 32,416,449	\$ 5,583,905	\$ 70,269,768

DAVISS COUNTY SCHOOL DISTRICT

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

June 30, 2022

Total fund balances - governmental funds	\$	55,564,722
--	----	------------

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		165,438,723
--	--	-------------

Certain assets are not available to pay for current period expenditures:

Accrued interest receivable	\$	33,606	
Taxes receivable		<u>215,364</u>	248,970

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

Bonds payable	\$	(121,103,000)	
Issuance premiums		(5,152,166)	
Issuance discounts		287,920	
Deferred charges on refunding		832,909	
Compensated absences		(3,869,155)	
Net pension liability - CERS		(32,614,138)	
Net OPEB liability - CERS		(9,780,131)	
Net OPEB liability - TRS		(18,556,000)	
Accrued interest payable		<u>(493,741)</u>	(190,447,502)

Certain amounts related to the net pension and OPEB liabilities are not reported in the governmental funds, but are deferred in the statement of net position:

Pension and OPEB deferred outflows	\$	16,494,715	
Pension and OPEB deferred inflows		<u>(24,527,623)</u>	<u>(8,032,908)</u>

Net position of governmental activities	\$	<u><u>22,772,005</u></u>
---	----	--------------------------

DAVISS COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

Year Ended June 30, 2022

	General Fund	Special Revenue Fund	Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	\$ 36,673,781	\$ -	\$ -	\$ 10,024,564	\$ 46,698,345
Utility taxes	5,727,195	-	-	-	5,727,195
Tuition and fees	52,800	-	-	-	52,800
Earnings on investments	(227,359)	-	320,625	24,488	117,754
Other local revenue	623,442	436,478	-	3,720,884	4,780,804
State aid	69,435,335	3,913,435	-	5,695,222	79,043,992
Federal aid	435,546	18,736,172	-	-	19,171,718
Total revenues	<u>112,720,740</u>	<u>23,086,085</u>	<u>320,625</u>	<u>19,465,158</u>	<u>155,592,608</u>
Expenditures					
Instruction	71,676,891	18,696,602	-	3,315,243	93,688,736
Support services					
Student	6,092,857	856,226	-	11,358	6,960,441
Instructional staff	4,193,662	59,749	-	100,879	4,354,290
District administration	1,188,488	-	-	-	1,188,488
School administration	9,067,731	9,901	-	-	9,077,632
Business	2,801,590	-	-	-	2,801,590
Plant operation and maintenance	9,026,489	19,188	-	5,636	9,051,313
Student transportation	7,989,931	327,617	-	30,901	8,348,449
After school	-	1,227,483	-	-	1,227,483
Community services	-	932,698	-	-	932,698
New building construction	-	-	15,900,341	-	15,900,341
Building renovations / additions	-	-	15,406,899	-	15,406,899
Debt service					
Principal	-	-	-	7,329,000	7,329,000
Interest	-	-	-	3,733,702	3,733,702
Bond issuance costs	-	-	138,920	-	138,920
Total expenditures	<u>112,037,639</u>	<u>22,129,464</u>	<u>31,446,160</u>	<u>14,526,719</u>	<u>180,139,982</u>
Excess (deficiency) of revenues over expenditures	<u>683,101</u>	<u>956,621</u>	<u>(31,125,535)</u>	<u>4,938,439</u>	<u>(24,547,374)</u>
Other financing sources (uses)					
Proceeds from the issuance of bonds	-	-	23,580,000	-	23,580,000
Premium on bonds issued	-	-	1,649,101	-	1,649,101
Proceeds from sale of capital assets	58,898	-	-	-	58,898
Operating transfers in	2,561,151	221,840	2,948,529	11,106,907	16,838,427
Operating transfers out	(221,840)	(1,077,095)	-	(15,354,524)	(16,653,459)
Total other financing sources (uses)	<u>2,398,209</u>	<u>(855,255)</u>	<u>28,177,630</u>	<u>(4,247,617)</u>	<u>25,472,967</u>
Net change in fund balances	<u>3,081,310</u>	<u>101,366</u>	<u>(2,947,905)</u>	<u>690,822</u>	<u>925,593</u>
Fund balance, June 30, 2021	<u>19,470,937</u>	<u>117,282</u>	<u>30,183,344</u>	<u>4,867,566</u>	<u>54,639,129</u>
Fund balance, June 30, 2022	<u>\$ 22,552,247</u>	<u>\$ 218,648</u>	<u>\$ 27,235,439</u>	<u>\$ 5,558,388</u>	<u>\$ 55,564,722</u>

DAVISS COUNTY SCHOOL DISTRICT

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

Year Ended June 30, 2022

Net change in fund balances - total governmental funds	\$	925,593
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:		
Capital outlays	\$ 32,833,041	
Depreciation expense	<u>(6,054,792)</u>	26,778,249
Governmental funds report the disposal of capital assets to the extent proceeds are received. However, the statement of activities reports the gain or loss.		
		(2,821)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds:		
Increase in accrued interest receivable	\$ 9,038	
Decrease in taxes receivable	<u>(13,958)</u>	(4,920)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of certain items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:		
Principal payments on bonds	\$ 7,329,000	
Proceeds from issuance of bonds	(23,580,000)	
Premium on bonds issued	(1,649,101)	
Amortization of premiums on bonds	304,734	
Amortization of discounts on bonds	(43,356)	
Amortization of deferred charges on refunding	<u>(219,923)</u>	(17,858,646)
Certain expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Increase in compensated absences liability	\$ (28,455)	
Decrease in pension expense - CERS	660,846	
Decrease in OPEB expense - CERS	22,046	
Decrease in OPEB expense - TRS	2,294,680	
Increase in accrued interest payable	<u>(14,662)</u>	2,934,455
Change in net position of governmental activities	\$	<u>12,771,910</u>

DAVIESS COUNTY SCHOOL DISTRICT

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

June 30, 2022

	Enterprise Funds		
	Food Service Fund	After School Fund	Total
ASSETS			
Current assets			
Cash	\$ 3,580,507	\$ 1,051,521	\$ 4,632,028
Accounts receivable			
Operating	-	9,013	9,013
Due from other governments	833,108	-	833,108
Inventory	185,441	-	185,441
Total current assets	4,599,056	1,060,534	5,659,590
Noncurrent assets			
Capital assets	1,596,756	151,195	1,747,951
Less accumulated depreciation	(1,242,923)	(89,466)	(1,332,389)
Total noncurrent assets	353,833	61,729	415,562
Total assets	4,952,889	1,122,263	6,075,152
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferred outflows	670,472	121,803	792,275
Other postemployment benefits deferred outflows	793,025	125,917	918,942
Total deferred outflows of resources	1,463,497	247,720	1,711,217
LIABILITIES			
Current liabilities			
Accounts payable	184	-	184
Unearned revenue	155,215	10,753	165,968
Total current liabilities	155,399	10,753	166,152
Non-current liabilities			
Net pension liability	5,234,314	874,619	6,108,933
Net other postemployment benefits liability	1,586,839	269,765	1,856,604
Total liabilities	6,976,552	1,155,137	8,131,689
DEFERRED INFLOWS OF RESOURCES			
Pension deferred inflows	764,334	72,082	836,416
Other postemployment benefits deferred inflows	714,731	88,407	803,138
Total deferred inflows of resources	1,479,065	160,489	1,639,554
NET POSITION			
Net investment in capital assets	353,833	61,729	415,562
Unrestricted	(2,393,064)	(7,372)	(2,400,436)
Total net position	\$ (2,039,231)	\$ 54,357	\$ (1,984,874)

DAVIESS COUNTY SCHOOL DISTRICT

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

PROPRIETARY FUNDS

Year Ended June 30, 2022

	Enterprise Funds		
	Food Service Fund	After School Fund	Total
Operating revenues:			
Charges for services	\$ 472,296	\$ 928,623	\$ 1,400,919
Other operating revenues	13,219	-	13,219
Total operating revenues	<u>485,515</u>	<u>928,623</u>	<u>1,414,138</u>
Operating expenses:			
Salaries and wages	2,130,453	564,815	2,695,268
Employee benefits	629,916	90,353	720,269
Professional and technical services	23,690	230	23,920
Property services	54,538	65	54,603
Other purchased services	171,224	1,544	172,768
Supplies and materials	4,159,507	68,738	4,228,245
Property	40,033	11,502	51,535
Miscellaneous	16,844	-	16,844
Depreciation	114,419	12,642	127,061
Total operating expenses	<u>7,340,624</u>	<u>749,889</u>	<u>8,090,513</u>
Operating income (loss)	<u>(6,855,109)</u>	<u>178,734</u>	<u>(6,676,375)</u>
Nonoperating revenues (expenses):			
Federal government grants	8,908,279	7,995	8,916,274
State government grants	57,009	1,038	58,047
Donated commodities	593,080	-	593,080
Interest income	17,733	7,823	25,556
Total nonoperating revenues (expenses)	<u>9,576,101</u>	<u>16,856</u>	<u>9,592,957</u>
Income (loss) before transfers	2,720,992	195,590	2,916,582
Transfers out	<u>(184,968)</u>	<u>-</u>	<u>(184,968)</u>
Change in net position	2,536,024	195,590	2,731,614
Net position, June 30, 2021	<u>(4,575,255)</u>	<u>(141,233)</u>	<u>(4,716,488)</u>
Net position, June 30, 2022	<u>\$ (2,039,231)</u>	<u>\$ 54,357</u>	<u>\$ (1,984,874)</u>

DAVISS COUNTY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

Year Ended June 30, 2022

	Enterprise Funds		
	Food Service Fund	After School Fund	Total
Cash flows from operating activities:			
Cash received from:			
Charges for services	\$ 502,454	\$ 936,369	\$ 1,438,823
Other operating revenues	13,219	-	13,219
Cash paid to / for:			
Employees	(2,845,730)	(662,928)	(3,508,658)
Supplies	(3,576,361)	(68,738)	(3,645,099)
Other services	(307,678)	(13,341)	(321,019)
Net cash provided by (used in) operating activities	<u>(6,214,096)</u>	<u>191,362</u>	<u>(6,022,734)</u>
Cash flows from noncapital financing activities:			
Federal government grants	8,992,378	1,038	8,993,416
State government grants	57,009	7,995	65,004
Transfers out	(184,968)	-	(184,968)
Net cash provided by noncapital financing activities	<u>8,864,419</u>	<u>9,033</u>	<u>8,873,452</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(9,748)	(36,380)	(46,128)
Net cash used in capital and related financing activities	<u>(9,748)</u>	<u>(36,380)</u>	<u>(46,128)</u>
Cash flows from investing activities:			
Interest income	17,733	7,823	25,556
Net cash provided by investing activities	<u>17,733</u>	<u>7,823</u>	<u>25,556</u>
Net increase in cash and cash equivalents	<u>2,658,308</u>	<u>171,838</u>	<u>2,830,146</u>
Cash and cash equivalents:			
Beginning of year	922,199	879,683	1,801,882
End of year	<u>\$ 3,580,507</u>	<u>\$ 1,051,521</u>	<u>\$ 4,632,028</u>
Reconciliation of operating loss to net cash used in operating activities:			
Operating income (loss)	\$ (6,855,109)	\$ 178,734	\$ (6,676,375)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation expense	114,419	12,642	127,061
Commodities used	593,080	-	593,080
Changes in assets and liabilities:			
Accounts receivable - operating	-	6,824	6,824
Inventory	24,072	-	24,072
Accounts payable	(35,355)	-	(35,355)
Net other postemployment benefits liability and deferrals	(2,755)	(251)	(3,006)
Net pension liability and deferrals	(82,606)	(7,509)	(90,115)
Unearned revenue	30,158	922	31,080
Net cash provided by (used in) operating activities	<u>\$ (6,214,096)</u>	<u>\$ 191,362</u>	<u>\$ (6,022,734)</u>
Noncash noncapital financing activities:			
Food commodities from the U.S. Department of Agriculture	<u>\$ 593,080</u>		

DAVIESS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

1. Reporting Entity

The Daviess County Board of Education (Board) is the level of government which has oversight responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the Daviess County School District (District). Board members are elected by the public and have decision making authority for the District.

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

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

2. Summary of Significant Accounting Policies

Basis of Presentation

Government-Wide Financial Statements – The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not

DAVISS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

2. Summary of Significant Accounting Policies, Continued

Basis of Presentation, Continued

classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

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

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures, and changes in fund balances, which reports on the changes in net total assets.

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

The District reports the following funds:

Governmental Funds:

General Fund:

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

Special Revenue Funds:

Special Revenue Fund:

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

DAVIESS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

2. Summary of Significant Accounting Policies, Continued

Basis of Presentation, Continued

District Activity Fund:

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

Student Activity Fund:

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

Capital Projects Funds:

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

SEEK Capital Outlay Fund:

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

FSPK Building Fund:

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

Construction Fund:

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

Debt Service Fund:

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

Proprietary Funds (Enterprise):

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

DAVISS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

2. Summary of Significant Accounting Policies, Continued

Basis of Presentation, Continued

Food Service Fund:

The Food Service Fund is used to account for school food service activities, including the National School Lunch Program, which is conducted in cooperation with the U.S. Department of Agriculture (USDA). Revenues are primarily charges for meals. Amounts have been recorded for in-kind contributions of commodities from the USDA. This is a major fund of the District.

After School Fund:

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

Basis of Accounting

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

Revenues – Exchange and Non-Exchange Transactions:

Revenues resulting from exchange transactions, in which each party receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within 60 days of the fiscal year end.

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

DAVISS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

2. Summary of Significant Accounting Policies, Continued

Basis of Accounting, Continued

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

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the statement of revenues, expenses, and changes in net position as an expense with a like amount reported as donated commodities revenue. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the District's policy is to first apply restricted resources.

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

Budgetary Principles

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

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

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

Encumbrance Accounting

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

Cash and Cash Equivalents

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

DAVIESS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

2. Summary of Significant Accounting Policies, Continued

Investments

Investments are measured at fair value on a recurring basis.

Accounts Receivable

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

Inventory

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

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds and generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at fair market value as of the date received. The District maintains a capitalization threshold of five thousand dollars. The District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives for both general capital assets and proprietary fund assets per Kentucky Department of Education Guidelines:

DAVIESS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

2. Summary of Significant Accounting Policies, Continued

Capital Assets, Continued

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

Property Taxes

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

The assessed value of the tax roll on January 1, 2021, on which the levy for the 2022 fiscal year was based, totaled \$6,683,042,905. Property taxes collected are recorded as revenues in the fiscal year for which they were levied. All taxes collected are initially deposited into the General Fund and then transferred to the appropriate fund.

The tax rates assessed for the year ended June 30, 2022, to finance General Fund and FSPK Building Fund operations were 53.9 cents and 17.1 cents per \$100 valuation, respectively, for a total of 71.0 cents per \$100 valuation. In addition, the tax rate assessed for motor vehicles totaled 49.0 cents per \$100 valuation.

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

Unearned Revenue

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

DAVISS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

2. Summary of Significant Accounting Policies, Continued

Interfund Receivables, Payables, and Transfers

Each fund is a distinct fiscal and accounting entity, and thus interfund transactions are recorded in each fund affected by a transaction. These types of transactions are classified as due from and due to other funds. During the year, the General Fund receives and disburses funds that relate to other funds or activities. Transfers are then made between the various funds to more properly reflect the nature of the transactions. No amounts were receivable/payable between the funds at fiscal year-end.

Bonds and Related Premiums, Discounts, and Issuance Costs

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

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

Pension and Other Postemployment Benefits

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

Deferred Outflows/Inflows of Resources

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

DAVIESS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

2. Summary of Significant Accounting Policies, Continued

Deferred Outflows/Inflows of Resources, Continued

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

Net Position

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

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

Fund Balance Classification

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

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

DAVIESS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

2. Summary of Significant Accounting Policies, Continued

Fund Balance Classification. Continued

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

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

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

Estimates

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

New Accounting Standard

GASB Statement No. 87, *Leases*, effective for fiscal year 2022, was issued to improve accounting and financial reporting for leases by governments, by establishing standards for leases that were previously classified as operating leases. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset, thus requiring lessees to recognize a lease liability and an intangible right-to-use lease asset, and lessors to recognize a lease receivable and a deferred inflow of resources. The Statement was not implemented by the District because management determined that its effects would be immaterial to the financial statements.

3. Deposits and Investments

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

DAVIESS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

3. Deposits and Investments, Continued

Deposits

The District's deposits (demand deposit accounts) are carried at cost, which approximates fair value. At June 30, 2022, the book balance of the District's bank deposits was \$66,177,154 and the bank balances were \$67,254,565. Of the bank balances, \$250,000 was covered by federal depository insurance, \$50,000,000 was covered by a letter of credit and \$17,004,565 was collateralized by securities held by the pledging financial institution. There were no uninsured or uncollateralized balances.

The District maintains a common checking account for all governmental funds. The Food Service Fund and After School Fund (proprietary funds) each maintain separate bank accounts.

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

Investments

At June 30, 2022, the District had the following investments and maturities:

Type	Fair Value	Maturities in Years					None
		Less Than 1	1-5	6-10	10+		
Cash equivalents	\$ 183,270	\$ -	\$ -	\$ -	\$ -	\$ 183,270	
Fixed income:							
Bank certificates of deposit	1,080,761	334,920	745,841	-	-	-	
Corporate bonds and notes	149,767	-	49,999	99,768	-	-	
U.S. government agency obligations	3,136,504	198,845	939,336	1,391,971	606,352	-	
U.S Treasury bonds and notes	148,008	-	148,008	-	-	-	
Exchange traded funds	172,305	-	-	-	-	172,305	
Mutual funds	530,749	-	-	-	-	530,749	
Total investments	\$ 5,401,364	\$ 533,765	\$ 1,883,184	\$ 1,491,739	\$ 606,352	\$ 886,324	

Credit Risk

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

Custodial Credit Risk

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

DAVIESS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

3. Deposits and Investments, Continued

Interest Rate Risk

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

Concentration of Credit Risk

The risk of loss attributed to an over concentration in the portfolio of a security type or issuer. The District's policy complies with KRS 66.480, which requires that amounts invested in individual equity securities may not exceed 25% of total equity securities in the portfolio; amounts invested in any one type of investment may not exceed 20% of the total portfolio; amounts invested in mutual funds, exchange traded funds, individual equity securities, and corporate bonds may not aggregately exceed 40% of the total portfolio; and amounts invested in any one issuer may not exceed 5% of the portfolio.

Fair Value Measurements

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District does not have any investments that are measured using Level 3 inputs. The fair value measurements of the District's investments at June 30, 2022, are as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Cash equivalents	\$ 183,270	\$ 183,270	\$ -
Fixed income:			
Bank certificates of deposit	1,080,761	1,080,761	-
Corporate bonds and notes	149,767	-	149,767
U.S. government agency obligations	3,136,504	-	3,136,504
U.S. Treasury bonds and notes	148,008	-	148,008
Exchange traded funds	172,305	172,305	-
Mutual funds	530,749	530,749	-
Total investments	\$ 5,401,364	\$ 1,967,085	\$ 3,434,279

DAVISS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

3. Deposits and Investments, Continued

Fair Value Measurements, Continued

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

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

Investment Earnings

Investment earnings for the year ended June 30, 2022, consisted of:

Governmental activities:	
Interest and dividend income	\$ 745,076
Unrealized gain (loss)	(556,699)
Realized gain (loss) on sale of investments	(44,562)
Investment expenses	<u>(17,023)</u>
	126,792
Business-type activities:	
Interest income	<u>25,556</u>
	\$ <u>152,348</u>

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

DAVIESS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

4. Capital Assets

Capital asset activity for the year ended June 30, 2022, was as follows:

	Balance June 30, 2021	Additions	Disposals	Balance June 30, 2022
<u>Governmental activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 10,169,490	\$ -	\$ -	\$ 10,169,490
Construction in progress	21,474,034	30,807,760	(617,377)	51,664,417
Total capital assets, not being depreciated	<u>31,643,524</u>	<u>30,807,760</u>	<u>(617,377)</u>	<u>61,833,907</u>
Capital assets, being depreciated:				
Land improvements	3,491,092	108,400	-	3,599,492
Buildings and improvements	182,337,383	522,646	-	182,860,029
Technology equipment	3,488,733	129,215	(2,370,374)	1,247,574
Vehicles	10,535,457	871,115	(340,300)	11,066,272
General equipment	1,686,841	1,011,282	(25,038)	2,673,085
Totals capital assets, being depreciated	<u>201,539,506</u>	<u>2,642,658</u>	<u>(2,735,712)</u>	<u>201,446,452</u>
Less accumulated depreciation:				
Land improvements	(2,543,581)	(97,380)	-	(2,640,961)
Buildings and improvements	(81,181,442)	(4,792,177)	-	(85,973,619)
Technology equipment	(3,182,040)	(193,933)	2,370,367	(1,005,606)
Vehicles	(6,454,447)	(802,087)	340,300	(6,916,234)
General equipment	(1,158,225)	(169,215)	22,224	(1,305,216)
Total accumulated depreciation	<u>(94,519,735)</u>	<u>(6,054,792)</u>	<u>2,732,891</u>	<u>(97,841,636)</u>
Total capital assets, being depreciated, net	<u>107,019,771</u>	<u>(3,412,134)</u>	<u>(2,821)</u>	<u>103,604,816</u>
Governmental activities: Capital assets, net	<u>\$ 138,663,295</u>	<u>\$ 27,395,626</u>	<u>\$ (620,198)</u>	<u>\$ 165,438,723</u>
<u>Business-type activities:</u>				
Capital assets, being depreciated:				
Land improvements	\$ 15,452	\$ -	\$ -	\$ 15,452
Technology equipment	64,656	-	(14,516)	50,140
Vehicles	26,786	-	-	26,786
General equipment	1,609,445	46,128	-	1,655,573
Total capital assets, being depreciated	<u>1,716,339</u>	<u>46,128</u>	<u>(14,516)</u>	<u>1,747,951</u>
Less accumulated depreciation:				
Land improvements	(12,364)	(773)	-	(13,137)
Technology equipment	(55,216)	(5,641)	14,516	(46,341)
Vehicles	(11,161)	(5,357)	-	(16,518)
General equipment	(1,141,103)	(115,290)	-	(1,256,393)
Total accumulated depreciation	<u>(1,219,844)</u>	<u>(127,061)</u>	<u>14,516</u>	<u>(1,332,389)</u>
Business-type activities: Capital assets, net	<u>\$ 496,495</u>	<u>\$ (80,933)</u>	<u>\$ -</u>	<u>\$ 415,562</u>

DAVIESS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

4. Capital Assets, Continued

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 2,534,495
Support services:	
Student	254
Instructional staff	1,242
District administration	32,109
School administration	2,390
Business	1,463
Plant operations and maintenance	2,713,647
Student transportation	<u>769,192</u>
Total depreciation expense	<u>\$ 6,054,792</u>

5. Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2022, was as follows:

	Balance June 30, 2021	Additions	Deductions	Balance June 30, 2022	Due Within One Year
Governmental activities:					
Long-term debt:					
School building revenue bonds	\$ 104,852,000	\$ 23,580,000	\$ (7,329,000)	\$ 121,103,000	\$ 7,400,000
Deferred amounts:					
For issuance premiums	3,807,799	1,649,101	(304,734)	5,152,166	-
For issuance discounts	<u>(331,276)</u>	<u>-</u>	<u>43,356</u>	<u>(287,920)</u>	<u>-</u>
Total long-term debt	108,328,523	25,229,101	(7,590,378)	125,967,246	7,400,000
Compensated absences:					
Accrued sick leave	<u>3,840,700</u>	<u>575,143</u>	<u>(546,688)</u>	<u>3,869,155</u>	<u>475,506</u>
Total governmental activities	<u>\$ 112,169,223</u>	<u>\$ 25,804,244</u>	<u>\$ (8,137,066)</u>	<u>\$ 129,836,401</u>	<u>\$ 7,875,506</u>

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

School Building Revenue Bonds

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

DAVISS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

5. Long-Term Liabilities, Continued

School Building Revenue Bonds, Continued

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

A summary of District and Commission bond activity for the year ended June 30, 2022, is as follows:

		<u>District</u>		<u>Commission</u>		<u>Total</u>
Balance, June 30, 2021	\$	103,074,362	\$	1,777,638	\$	104,852,000
Issued		23,580,000		-		23,580,000
Retired		<u>(7,238,338)</u>		<u>(90,662)</u>		<u>(7,329,000)</u>
Balance, June 30, 2022	\$	<u>119,416,024</u>	\$	<u>1,686,976</u>	\$	<u>121,103,000</u>

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

			<u>Balance, June 30, 2022</u>					
	Range of Interest Rates	Final Maturity		<u>District</u>		<u>Commission</u>		<u>Total</u>
2011 Issue	0.75 – 2.125%	2023	\$	3,110,000	\$	-	\$	3,110,000
2012 Issue	2.00 – 2.500%	2024		885,000		-		885,000
2013A Issue	1.50 – 3.250%	2033		1,235,000		-		1,235,000
2013B Issue	1.00 – 2.000%	2026		1,400,000		-		1,400,000
2014 Issue	0.35 – 3.625%	2034		6,140,000		-		6,140,000
2014B Issue	1.35 – 3.750%	2035		478,000		-		478,000
2014C Issue	1.50 – 3.600%	2027		1,300,000		-		1,300,000
2015A Issue	2.00 – 3.625%	2035		7,616,578		863,422		8,480,000
2015B Issue	2.00 – 3.000%	2030		5,855,000		-		5,855,000
2015C Issue	2.00 – 3.000%	2027		4,810,000		-		4,810,000
2016A Issue	1.00 – 3.000%	2027		1,280,000		-		1,280,000
2016B Issue	1.00 – 3.000%	2030		1,105,000		-		1,105,000
2016C Issue	2.00 – 3.000%	2036		4,060,000		-		4,060,000
2017A Issue	3.00%	2028		2,275,000		-		2,275,000
2017B Issue	2.00 – 3.000%	2037		1,346,681		483,319		1,830,000
2018 Issue	3.00 – 4.000%	2039		7,295,000		-		7,295,000
2019 Issue	3.00 – 5.000%	2039		5,285,000		-		5,285,000
2020 Issue	2.00 – 5.000%	2040		40,849,765		340,235		41,190,000
2021 Issue	2.00 – 5.000%	2039		<u>23,090,000</u>		<u>-</u>		<u>23,090,000</u>
			\$	<u>119,416,024</u>	\$	<u>1,686,976</u>	\$	<u>121,103,000</u>

DAVIESS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

5. Long-Term Liabilities, Continued

School Building Revenue Bonds, Continued

The bonds may be called prior to maturity and redemption premiums are specified in each issue. Assuming no bonds are called prior to scheduled maturity, the minimum obligations of the District and amounts to be paid by the Commission, at June 30, 2022, for debt service (principal and interest) are as follows:

Year Ending June 30.	Davieess County School District			Kentucky School Facility Construction Commission			
	Principal	Interest	District Total	Principal	Interest	Commission Total	Total
2023	\$ 7,306,363	\$ 3,607,189	\$ 10,913,552	\$ 93,637	\$ 55,079	\$ 148,716	\$ 11,062,268
2024	7,515,286	3,400,297	10,915,583	96,714	52,001	148,715	11,064,298
2025	7,732,104	3,181,770	10,913,874	99,896	48,820	148,716	11,062,590
2026	8,024,235	2,890,648	10,914,883	103,765	44,951	148,716	11,063,599
2027	8,331,813	2,583,093	10,914,906	107,187	41,529	148,716	11,063,622
2028							
2032	41,592,836	8,309,427	49,902,263	592,164	151,412	743,576	50,645,839
2033-							
2037	32,811,821	2,636,470	35,448,291	525,179	51,489	576,668	36,024,959
2038							
2040	6,101,566	239,050	6,340,616	68,434	3,220	71,654	6,412,270
	<u>\$ 119,416,024</u>	<u>\$ 26,847,944</u>	<u>\$ 146,263,968</u>	<u>\$ 1,686,976</u>	<u>\$ 448,501</u>	<u>\$ 2,135,477</u>	<u>\$ 148,399,445</u>

Generally, all bonds issued are secured by a statutory mortgage lien on the respective school buildings and appurtenant properties, including any subsequent additions thereto. The agreements contain a provision that in the event of default, action can be taken to compel specific performance. The amount of interest expense on bonds for the year ended June 30, 2022, totaled \$3,706,909, of which \$3,648,856 was incurred by the District, and \$58,053 was paid by the Commission.

The District defeased various revenue bonds in prior years by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments on old bonds. Accordingly, the trust account assets and the liabilities relating to all of these defeased bonds are not included in the District's financial statements. On June 30, 2022, \$21,355,000 of bonds outstanding are considered defeased.

Compensated Absences

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

DAVIESS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

5. Long-Term Liabilities, Continued

Compensated Absences, Continued

liability totaled \$3,869,155 at June 30, 2022, and is recorded as a long-term liability in the district-wide financial statements. Unused accumulated vacation leave does not vest and, therefore, is not recorded as a liability in the financial statements.

For governmental fund financial statements, the amount of compensated absences recorded as a liability would be the amount expected to be paid using expendable available resources. These obligations for June 30, 2022, were paid prior to fiscal year end and, therefore, no amount has been accrued in the governmental fund financial statements.

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

Plan Description

Teaching-certified employees of the Kentucky School District are provided pensions through the Teachers’ Retirement System of the State of Kentucky (TRS)—a cost-sharing multiple-employer defined benefit pension plan with a special funding situation established to provide retirement annuity plan coverage for local school districts and other public educational agencies in the state. TRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Chapter 161 Section 990 of the Kentucky Revised Statutes (KRS). TRS is a blended component unit of the Commonwealth of Kentucky and, therefore, is included in the Commonwealth’s financial statements. TRS issues a publicly available financial report that can be obtained at <https://trs.ky.gov/financial-reports-information>.

Benefits Provided

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

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

Participants that retire before age 60 with less than 27 years of service receive reduced retirement benefits. Non-university members with an account established prior to July 1, 2002, receive monthly payments equal to two (2) percent (service prior to July 1, 1983) and two and one-half (2.5) percent (service after July 1, 1983) of their final average salaries for each year of credited service. New members (including second retirement accounts) after July 1, 2002, will receive monthly benefits equal to 2% of their final average salary for each year of service if, upon retirement, their total service is less than ten years. New members after July 1, 2002, who

DAVIESS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

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

Benefits Provided, Continued

retire with ten or more years of total service will receive monthly benefits equal to 2.5% of their final average salary for each year of service, including the first ten years. In addition, members who retire July 1, 2004, and later with more than 30 years of service will have their multiplier increased for all years over 30 from 2.5% to 3.0% to be used in their benefit calculation. Effective July 1, 2008, the System has been amended to change the benefit structure for members hired on or after that date.

Final average salary is defined as the member’s five (5) highest annual salaries for those with less than 27 years of service. Members at least age 55 with 27 or more years of service may use their three (3) highest annual salaries to compute the final average salary. TRS also provides disability benefits for vested members at the rate of sixty (60) percent of the final average salary. A life insurance benefit, payable upon the death of a member, is \$2,000 for active contributing members and \$5,000 for retired or disabled members.

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

Contributions

Contribution rates are established by Kentucky Revised Statutes. Members are required to contribute 12.855% of their salaries to TRS for the year ended June 30, 2022. The State, as a non-employer contributing entity, contributes 13.105% of the salaries of school district members who joined before July 1, 2008, and 14.105 % for those who joined thereafter. For local school district TRS members whose salaries are federally funded, the District 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

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

The portion of the TRS net pension liability that was associated with the District recognized at June 30, 2022, was as follows:

DAVIESS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

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

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

District’s proportionate share of the net pension liability	\$ -
State’s proportionate share of the net pension liability associated with the District	209,985,157
Total	<u>\$ 209,985,157</u>

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. The net pension liability associated with the District was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2021, the measurement date, the District’s proportion of the TRS net pension liability was 1.6136%, an increase of .0178% from its proportion measured as of June 30, 2020, of 1.5958%.

For the year ended June 30, 2022, the District recognized on-behalf pension expense and revenue of \$16,761,717 for contributions provided by the State.

Actuarial Assumptions

The total pension liability in the actuarial valuation dated June 30, 2020, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases, including inflation	3.00 to 7.50%
Long-term investment rate of return, net of pension plan investment expense, including inflation	7.10%
Municipal Bond Index Rate:	
Prior Measurement Date	2.19%
Measurement Date	2.13%
Single Equivalent Interest Rate, net of pension plan investment expense, including inflation:	
Prior Measurement Date	7.50%
Measurement Date	7.10%
Post-Retirement Benefit Increases	1.50% annually

DAVIESS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

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

Actuarial Assumptions, Continued

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

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap U.S. equity	37.4%	4.2%
Small Cap U.S. equity	2.6	4.7%
Developed International Equity	16.5	5.3%
Emerging Markets Equity	5.5	5.4%
Fixed income	15.0	(0.1)%
High Yield Bonds	2.0	1.7%
Other Additional Categories	5.0	2.2%
Real estate	7.0	4.0%
Private equity	7.0	6.9%
Cash	<u>2.0</u>	(0.3)%
	<u>100%</u>	

DAVIESS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

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

Discount Rate

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

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

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

	<u>Discount rate</u>	<u>State’s proportionate share of net pension liability associated with the District</u>
1% decrease	6.10%	\$283,823,632
Current discount rate	7.10%	\$209,985,157
1% increase	8.10%	\$148,652,654

Plan Fiduciary Net Position

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

Payable to the Pension Plan

Because the State is required by statute to contribute 100% of the District’s contractually required pension contributions, the District reports no payable for such pension contributions at June 30, 2022.

DAVIESS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

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

Medical Insurance Plan (MIP)

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

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

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

At June 30, 2022, the District reported a liability for its proportionate share of the collective net OPEB MIP liability and the related deferred outflows or deferred inflows.

Life Insurance Plan (LIP)

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

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

DAVIESS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

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

Life Insurance Plan (LIP), Continued

Contributions – In order to fund the post-retirement life insurance benefit, three hundredths of one percent (.03%) of the gross annual payroll of members is contributed by the State. Employers do not contribute to the LIP.

At June 30, 2022, the District did not report a liability for a proportionate share of the collective net OPEB LIP liability, nor any related deferred outflows or deferred inflows, because the State of Kentucky provides the OPEB LIP support directly to TRS on behalf of the District, and the District does not contribute to the LIP.

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

At June 30, 2022, the District reported a liability of \$18,556,000 for its proportionate share of the collective net MIP OPEB liability that reflected a reduction for state MIP OPEB support provided to the District. The collective net MIP OPEB liability was measured as of June 30, 2021, and the total MIP OPEB liability used to calculate the collective net MIP OPEB liability was based on a projection of the District’s long-term share of contributions to the MIP OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At the June 30, 2021, measurement date, the District’s proportion was 0.864805%, an increase of 0.005710% from its proportion measured as of June 30, 2020, of 0.859095%.

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

	MIP	LIP
District’s proportionate share of the net OPEB liability	\$ 18,556,000	\$ -
State’s proportionate share of the net OPEB liability associated with the District	15,070,000	200,000
Total	\$ 33,626,000	\$ 200,000

For the year ended June 30, 2022, the District recognized MIP OPEB expense (credit) of \$(535,548). In addition, on-behalf MIP and LIP OPEB revenue and expense for support provided by the State totaled \$1,246,646 and \$30,701 for the year ended June 30, 2022. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to the MIP OPEB from the following sources:

DAVISS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

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

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

	MIP	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 11,035,000
Changes of assumptions	4,853,000	-
Net difference between projected and actual earnings on plan investments	-	1,980,000
Changes in proportion and differences between contributions and proportionate share of contributions	1,012,000	286,000
District contributions subsequent to the measurement date	1,584,721	-
Total	\$ 7,449,721	\$ 13,301,000

Of the total amount reported as deferred outflows of resources related to the MIP OPEB, \$1,584,721 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net MIP OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to MIP OPEB will be recognized in the District’s MIP OPEB expense, as follows:

Year ended June 30,	
2023	\$ (1,871,000)
2024	(1,882,000)
2025	(1,739,000)
2026	(1,612,000)
2027	(372,000)
2028	40,000
	\$ (7,436,000)

Actuarial assumptions – The total MIP and LIP OPEB liabilities in the June 30, 2020, actuarial valuation were determined using the following actuarial assumptions, applied to all periods included in the measurement:

DAVISS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

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

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

Inflation	2.50 %
Real Wage Growth	0.25%
Wage Inflation	2.75%
Salary increases, including wage inflation	3.00 – 7.50%
Long-term Investment Rate of Return, net of OPEB plan investment expense, including inflation:	
MIP	7.10%
LIP	7.10%
Municipal Bond Index Rate	2.13%
Single Equivalent Interest Rate, net of OPEB plan investment expense, including inflation (Discount rate):	
MIP	7.10%
LIP	7.10%

MIP Health Care Cost Trends:

Under 65	7.00% for FY 2021 decreasing to an ultimate rate of 4.50% by FY 2031
Ages 65 and Older	5.00% for FY 2022 decreasing to an ultimate rate of 4.50% by FY 2024
Medicare Part B Premiums	4.40% for FY 2021 with an ultimate rate of 4.50% by 2034

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

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

DAVISS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

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

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

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends) used in the June 30, 2020 valuation of the Health Trust were based on a review of recent plan experience done concurrently with the June 30, 2020 valuation. The health care cost trend assumption was updated for the June 30, 2020 valuation and was shown as an assumption change in the TOL roll forward, while the change in initial per capita claims costs were included with experience in the TOL roll forward.

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

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

Asset Class	Target Allocation		30 Year Expected Geometric Real Rate of Return	
	MIP	LIP	MIP	LIP
Global Equity	58.0%	-%	5.1%	-
U.S. Equity	-	40.0	-	4.4%
International Equity	-	23.0	-	5.6%
Fixed Income	9.0	18.0	(0.1%)	(0.1%)
Real Estate	6.5	6.0	4.0%	4.0%
Private Equity	8.5	5.0	6.9%	6.9%
High Yield	8.0	-	1.7%	-
Additional Categories	9.0	6.0	2.2%	2.1%
Cash (LIBOR)	1.0	2.0	(0.3)%	(0.3)%
Total	100%	100%		

Discount rate - The discount rate used to measure the total MIP and LIP OPEB liabilities was 7.10%. The projection of cash flows used to determine the discount rate assumed that plan

DAVISS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

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

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

contributions will be made at statutorily required rates. Based on those assumptions, the OPEB plans’ fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liabilities.

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

	1% decrease (6.10%)	Current discount rate (7.10%)	1% increase (8.10%)
Net MIP OPEB liability	\$ 23,757,000	\$ 18,556,000	\$ 14,257,000

Sensitivity of the District’s proportionate share of the collective net MIP OPEB liability to changes in the healthcare cost trend rates – The following presents the District’s proportionate share of the collective net MIP OPEB liability, as well as what the District’s proportionate share of the collective net MIP OPEB liability would be if it were calculated using healthcare cost trend rates that were 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% decrease	Current trend rate	1% increase
Net MIP OPEB liability	\$ 13,481,000	\$ 18,556,000	\$ 24,872,000

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

Payable to the OPEB Plans

The District reported payables of \$0 for the outstanding amount of MIP and LIP OPEB contributions due to the Plans at June 30, 2022.

DAVISS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

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

Plan Description

The District contributes to the County Employees Retirement System (CERS), which is a cost-sharing multiple-employer defined benefit pension/OPEB plan administered by the Kentucky Public Pensions Authority (KPPA) that covers members employed in positions of each participating county, city, and school board, and any additional eligible local agencies electing to participate in CERS. Kentucky Revised Statute (KRS) Section 61.645 assigns the authority to establish and amend benefit provisions to the Board of Trustees of KPPA (Board). KPPA issues a publicly available financial report that can be obtained at www.kyret.ky.gov.

Benefits Provided

CERS provides for retirement, disability, and death benefits to system members through its Pension Fund, as well as other postemployment benefits (OPEB) for hospital and medical insurance through its Insurance Fund. The District participates in the CERS Non-Hazardous plan.

Retirement benefits may be extended to beneficiaries of members under certain circumstances. Retirement benefits are determined using a formula which considers the member's final compensation; benefit factors set by statute which vary depending upon the type/amount of service, participation date, and retirement date; and years of service. Plan members with a participation date prior to September 1, 2008, are eligible to retire with full benefits at any time with 27 or more years of service credit, or at age 65 with at least 4 years of service credit. Plan members with a participation date on or after September 1, 2008, are eligible to retire with full benefits at age 57 if the member's age and years of service equal 87, or at age 65 with at least 5 years of service credit.

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

Contributions

State statute requires active members of the CERS Non-Hazardous plan to contribute 5% of creditable compensation. For members participating on or after September 1, 2008, an additional 1% of creditable compensation is required. This amount is credited to the Insurance Fund and is non-refundable to the member. Employers contribute at the rate determined by the KPPA Board to be necessary for the actuarial soundness of the systems, as required by KRS 61.565 and KRS 61.752.

The District's actuarially determined contribution rates and contribution amounts, based on annual creditable compensation for the year ended June 30, 2021, were as follows:

DAVIESS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

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

Contributions, Continued

	Contribution Rates	Contributions
Pension	21.17%	\$ 3,778,598
OPEB	5.78	1,031,662
Total	26.95%	\$ 4,810,260

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

The net pension and OPEB liabilities reported as of June 30, 2022, were measured as of June 30, 2021, and the total pension and OPEB liabilities used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. The District's proportion of the liabilities was based on a projection of the District's long-term share of contributions to the plan relative to the projected contributions of all participating entities, actuarially determined. Changes in the District's pension and OPEB proportions as of the measurement dates were as follows:

	Pension	OPEB
June 30, 2020	0.635454%	0.635270%
Decrease	(0.028108)	(0.027433)
June 30, 2021	0.607346%	0.607837%

The District's pension and OPEB liabilities and expense as of and for the year ended June 30, 2022, were as follows:

	Net Pension Liability	Net OPEB Liability
Proportionate Share	\$ 38,723,071	\$ 11,636,735
Pension/OPEB Expense	\$ 3,027,637	\$ 1,006,610

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

DAVISS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

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

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

	Pension		OPEB	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 444,660	\$ 375,834	\$ 1,829,880	\$ 3,474,342
Changes of assumptions	519,710	-	3,085,120	10,821
Net difference between projected and actual earnings on plan investments	-	5,161,137	-	1,820,406
Changes in proportion and differences between contributions and proportionate share of contributions	-	1,352,375	66,581	671,262
Contributions subsequent to the measurement date	3,778,598	-	1,031,662	-
Total	\$ 4,742,968	\$ 6,889,346	\$ 6,013,243	\$ 5,976,831

The \$3,778,598 and \$1,031,662 of deferred outflows of resources resulting from the District's pension and OPEB contributions subsequent to the measurement date will be recognized as a reduction of the net pension and OPEB liabilities in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension and OPEB expense as follows:

	Pension	OPEB
Year ending June 30,		
2023	\$ (1,267,804)	\$ 136,371
2024	(1,838,315)	(139,964)
2025	(1,202,655)	(189,278)
2026	(1,616,202)	(802,379)
	\$ (5,924,976)	\$ (995,250)

Actuarial Assumptions

The total pension/OPEB liabilities in the June 30, 2020, actuarial valuation were determined using the following actuarial assumptions, applied to all periods included in the measurement:

DAVISS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

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

Actuarial Assumptions, Continued

Inflation	2.30%
Healthcare payroll growth rate	2.00%
Salary increases	3.30% to 10.30%, varies by service
Net investment rate	6.25%
Healthcare cost trend rates (OPEB)	Pre-65: Initial trend starting at 6.30% at January 1, 2023, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. Post-65: Initial trend starting at 6.30% in 2023, then gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.

Pension and OPEB: The mortality table used for active members was a Pub-2010 General Mortality table, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. The mortality table used for healthy retired members was a system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. The mortality table used for the disabled members was PUB-2010 Disabled Mortality table, with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.

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

DAVISS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

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

Actuarial Assumptions, Continued

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Growth		
US equity	21.75%	5.70%
Non US equity	21.75	6.35%
Private equity	10.00	9.70%
Specialty credit/high yield	15.00	2.80%
	68.50	
Liquidity		
Core bonds	10.00	(0.00)%
Cash	1.50	(0.60)%
	11.50	
Diversifying strategies		
Real estate	10.00	5.40%
Real return	10.00	4.55%
	20.00	
Total	100.00%	

Discount Rate

The discount rates used to measure the total pension/OPEB liabilities at the measurement dates and changes since the prior year were as follows:

	Pension	OPEB
Discount rate, June 30, 2020	6.25%	5.34%
Increase (decrease)	-	(0.14)
Discount rate, June 30, 2021	6.25%	5.20%

The discount rate of 6.25% used to measure the total pension liability was based on the expected rate of return on pension plan investments. The discount rate of 5.20% used to measure the total OPEB liability was based on the expected rate of return on OPEB plan investments of 6.25% and a municipal bond rate of 1.92% as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2021.

DAVISS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

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

Discount Rate, Continued

The projection of cash flows used to determine the pension discount rate assumed that the funds would receive the required employer contributions in each future year, as determined by the current funding policy established in Statute last amended by House Bill 362 (passed in 2018). The projection of cash flows used to determine the OPEB discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation in accordance with the current funding policy, as most recently revised by Kentucky House Bill 8.

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

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

	District’s Proportionate Share			
	Discount Rate	Net pension Liability	Discount Rate	Net OPEB Liability
1% decrease	5.25%	\$ 49,664,176	4.20%	\$ 15,977,150
Current discount rate	6.25%	\$ 38,723,071	5.20%	\$ 11,636,735
1% increase	7.25%	\$ 29,669,564	6.20%	\$ 8,074,705

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

The following presents the District’s proportionate share of the net OPEB liability, as well as what the District’s proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Healthcare Cost Trend Rates	District’s Proportionate Share of Net OPEB Liability
	1% decrease	5.30% Pre-65 and Post-65
Current healthcare cost trend rates	6.30% Pre-65 and Post-65	\$ 11,636,735
1% increase	7.30% Pre-65 and Post-65	\$ 15,571,206

DAVIESS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

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

Plan Fiduciary Net Position

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

Payables to the Pension/OPEB Plans

The District reported the following payables for the outstanding amount of pension/OPEB contributions due to CERS for the year ended June 30, 2022.

<u>Pension</u>	<u>OPEB</u>
\$ -	\$ -

9. On-Behalf Payments

Payments are made by the Commonwealth of Kentucky for various purposes on behalf of the District. These on-behalf payments are budgeted and recorded as revenue and expense in the governmental funds of the District, and are comprised of the following for the year ended June 30, 2022:

KTRS:	
Pension	\$ 16,761,717
Retiree health insurance	1,246,646
Retiree life insurance	30,701
Health insurance	11,961,022
HRA and administrative fees	897,475
State life insurance	19,535
Technology	178,302
KSFCC debt service	148,715
	<u>\$ 31,244,113</u>

10. Deferred Compensation

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

DAVISS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

11. Fund Balance Classification

The composition of the fund balance classifications at June 30, 2022, is as follows:

	Major Governmental Funds			Nonmajor Governmental Funds			Total Nonmajor Governmental Funds	Total
	General Fund	Special Revenue Fund	Construction Fund	District Activity Fund	School Activity Fund	FSPK Building Fund		
Fund balances								
Nonspendable								
Inventory	\$ 403,052	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 403,052
Prepaid expenses	73,294	-	-	-	-	-	-	73,294
	<u>476,346</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>476,346</u>
Restricted for								
Future capital needs	-	-	1,892,588	-	-	414,467	414,467	2,307,055
Other	-	55,181	25,342,851	236,472	2,347,737	2,559,712	5,143,921	30,541,953
Technology	-	218,648	-	-	-	-	-	218,648
	<u>-</u>	<u>273,829</u>	<u>27,235,439</u>	<u>236,472</u>	<u>2,347,737</u>	<u>2,974,179</u>	<u>5,558,388</u>	<u>33,067,656</u>
Committed								
Site-based carry forward	596,510	-	-	-	-	-	-	596,510
Assigned								
Future construction project	2,200,000	-	-	-	-	-	-	2,200,000
Purchase obligations	118,504	-	-	-	-	-	-	118,504
	<u>2,318,504</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,318,504</u>
Unassigned	19,160,887	(55,181)	-	-	-	-	-	19,105,706
Total fund balances	\$ <u>22,552,247</u>	\$ <u>218,648</u>	\$ <u>27,235,439</u>	\$ <u>236,472</u>	\$ <u>2,347,737</u>	\$ <u>2,974,179</u>	\$ <u>5,558,388</u>	\$ <u>55,564,722</u>

The District has \$21,282,444 of encumbrances of operating funds in major and nonmajor funds at June 30, 2022, rolled over into the next fiscal year.

12. Net Position Deficit

The net position deficit reported by the Food Service Fund in the amount of \$(2,039,231) resulted from the recording of the net pension and other postemployment benefits liabilities.

DAVIESS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

13. Transfers

Interfund transfers for the year ended June 30, 2022, consisted of the following:

	Transfers in:					Total
	Major Governmental Funds			Nonmajor Governmental Funds		
	General Fund	Special Revenue Fund	Construction Fund	District Activity Fund	Debt Service Fund	
<u>Transfers out</u>						
Major Governmental Funds:						
General Fund	\$ -	\$ 221,840	\$ -	\$ -	\$ -	\$ 221,840
Special Revenue Fund	1,077,095	-	-	-	-	1,077,095
						<u>1,298,935</u>
Nonmajor Governmental Funds:						
School Activity Fund	-	-	-	193,670	-	193,670
SEEK Capital Outlay Fund	1,056,382	-	-	-	-	1,056,382
FSPK Building Fund	242,706	-	2,948,529	-	10,913,237	14,104,472
						<u>15,354,524</u>
Major Enterprise Fund:						
Food Service Fund	184,968	-	-	-	-	184,968
	<u>\$ 2,561,151</u>	<u>\$ 221,840</u>	<u>\$ 2,948,529</u>	<u>\$ 193,670</u>	<u>\$ 10,913,237</u>	<u>\$ 16,838,427</u>

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

14. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases unemployment insurance through the Kentucky School Boards Insurance Trust Unemployment Compensation Fund; however, risk has not been transferred to such fund. In addition, the District continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

DAVIESS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

15. Contingencies

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

16. Commitments

In March of 2018, the District entered into an agreement for the sale of the Daviess County Middle School property for \$1.5 million on or before June 30, 2021, pending completion of a new middle school facility. An amendment to this agreement was signed in August of 2021 extending the closing date until the new middle school facility is complete. Management anticipates that construction completion and the sale will occur early in fiscal year 2023.

During fiscal year 2022, the District entered into construction contracts totaling \$62,451,248 for various facility improvements. Remaining commitments under these contracts totaled \$24,454,962 at June 30, 2022, of which \$5,092,037 was included in accounts payable in the Construction Fund.

17. Accounting Standard Effective in Future Period

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

GASBS No. 96 Subscription-Based Information Technology Arrangements

In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The Statement was issued to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. The District is currently evaluating the impact that the Statement may have on its financial statements.

DAVIESS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2022

18. Impact of COVID-19

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic. The District provided in-person instruction, nontraditional instruction, and hybrid in-person instruction throughout the school year. The District was awarded significant federal funds to address the needs and extra costs of the pandemic.

DAVIESS COUNTY SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended June 30, 2022

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Property taxes	\$ 35,375,960	\$ 35,555,960	\$ 36,673,781	\$ 1,117,821
Utility taxes	4,250,000	4,250,000	5,727,195	1,477,195
Tuition and fees	70,000	70,000	52,800	(17,200)
Earnings on investments	150,000	150,000	(227,359)	(377,359)
Other local revenue	675,500	675,500	623,442	(52,058)
State aid	68,501,835	68,501,835	69,435,335	933,500
Federal aid	225,000	225,000	435,546	210,546
Total revenues	<u>109,248,295</u>	<u>109,428,295</u>	<u>112,720,740</u>	<u>3,292,445</u>
Expenditures				
Instruction	75,518,938	75,503,603	71,676,891	3,826,712
Support services				
Student	4,423,326	4,433,825	6,092,857	(1,659,032)
Instructional staff	4,237,598	4,237,598	4,193,662	43,936
District administration	10,797,934	10,797,934	1,188,488	9,609,446
School administration	9,599,415	9,604,250	9,067,731	536,519
Business	2,622,750	2,622,750	2,801,590	(178,840)
Plant operation and maintenance	8,654,537	8,654,538	9,026,489	(371,951)
Student transportation	7,778,711	7,778,711	7,989,931	(211,220)
Community services	-	-	-	-
Building renovations / additions	-	-	-	-
Total expenditures	<u>123,633,209</u>	<u>123,633,209</u>	<u>112,037,639</u>	<u>11,595,570</u>
Excess (deficiency) of revenues over expenditures	<u>(14,384,914)</u>	<u>(14,204,914)</u>	<u>683,101</u>	<u>14,888,015</u>
Other financing sources (uses)				
Proceeds from sale of capital assets	-	15,000	58,898	43,898
Operating transfers in	29,450	29,450	2,561,151	2,531,701
Operating transfers out	(594,057)	(594,057)	(221,840)	372,217
Total other financing sources (uses)	<u>(564,607)</u>	<u>(549,607)</u>	<u>2,398,209</u>	<u>2,947,816</u>
Net change in fund balance	(14,949,521)	(14,754,521)	3,081,310	17,835,831
Fund balance, June 30, 2021	<u>19,470,937</u>	<u>19,470,937</u>	<u>19,470,937</u>	<u>-</u>
Fund balance, June 30, 2022	<u>\$ 4,521,416</u>	<u>\$ 4,716,416</u>	<u>\$ 22,552,247</u>	<u>\$ 17,835,831</u>

DAVISS COUNTY SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

SPECIAL REVENUE FUND

Year Ended June 30, 2022

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Other local revenue	\$ 163,868	\$ 50,132	\$ 436,478	\$ 386,346
State aid	4,030,026	4,143,021	3,913,435	(229,586)
Federal aid	12,817,582	31,609,794	18,736,172	(12,873,622)
Total revenues	<u>17,011,476</u>	<u>35,802,947</u>	<u>23,086,085</u>	<u>(12,716,862)</u>
Expenditures:				
Instruction	15,432,917	33,280,100	18,696,602	14,583,498
Support services:				
Student	92,028	333,334	856,226	(522,892)
Instructional staff	35,700	41,241	59,749	(18,508)
School administration	17,323	12,000	9,901	2,099
Plant operation and maintenance	(2,283)	2,067	19,188	(17,121)
Student transportation	384,614	389,265	327,617	61,648
Food service	-	24,389	-	24,389
After school	-	144,205	1,227,483	(1,083,278)
Community services	(16,486)	996,658	932,698	63,960
Total expenditures	<u>15,943,813</u>	<u>35,223,259</u>	<u>22,129,464</u>	<u>13,093,795</u>
Excess (deficiency) of revenues over expenditures	<u>1,067,663</u>	<u>579,688</u>	<u>956,621</u>	<u>376,933</u>
Other financing sources (uses):				
Operating transfers in	(109,061)	221,840	221,840	-
Operating transfers out	-	(2,306,099)	(1,077,095)	1,229,004
Total other financing sources (uses)	<u>(109,061)</u>	<u>(2,084,259)</u>	<u>(855,255)</u>	<u>1,229,004</u>
Net change in fund balance	958,602	(1,504,571)	101,366	1,605,937
Fund balance, June 30, 2021	<u>117,282</u>	<u>117,282</u>	<u>117,282</u>	<u>-</u>
Fund balance, June 30, 2022	<u>\$ 1,075,884</u>	<u>\$ (1,387,289)</u>	<u>\$ 218,648</u>	<u>\$ 1,605,937</u>

DAVIESS COUNTY SCHOOL DISTRICT

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

Last 10 Fiscal Years *

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

* Presented for those years for which the information is available

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

Last 10 Fiscal Years *

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

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

DAVIESS COUNTY SCHOOL DISTRICT

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

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

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

DAVISS COUNTY SCHOOL DISTRICT

SCHEDULE OF OPEB CONTRIBUTIONS
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF KENTUCKY

Last 10 Fiscal Years *

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

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

DAVIESS COUNTY SCHOOL DISTRICT
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 TEACHERS' RETIREMENT SYSTEM OF THE STATE OF KENTUCKY

Year Ended June 30, 2022

PENSION

Changes of Benefit Terms

2022	None
2021	None
2020	None
2019	None
2018	None
2017	None
2016	None

Changes of Assumptions

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

MEDICAL INSURANCE PLAN (MIP)

Changes of Benefit Terms

2022	None
2021	None
2020	None
2019	None
2018	With the passage of Kentucky House bill 471, the eligibility for non-single subsidies (NSS) for the KEHP-participating members who retired prior to July 1, 2010, is restored, but the State will only finance via its KEHP shared responsibility calculations, the costs of the NSS related to those KEHP-participating members who retired on or after July 1, 2010.

Changes of Assumptions

2022	The inflation rate decreased from 3.00% to 2.50% The real wage growth rate decreased from .50% to .25% The wage inflation rate decreased from 3.50% to 2.75% The salary increases changed from 3.50%-7.20% to 3.00%-7.50% The long-term investment rate of return decreased from 8.00% to 7.10% The municipal bond index rate decreased from 2.19% to 2.13% The discount rate decreased from 8.00% to 7.10% Health Care Cost Trends for Under Age 65 decreased from 7.25% to 7.00% Health Care Cost Trends for Ages 65 and Older decreased from 5.25% to 5.00% Health Care Cost Trends for Medicare Part B Premiums decreased from 6.40% to 4.40%
2021	The municipal bond index rate decreased from 3.50% to 2.19% Health Care Cost Trends for Under Age 65 decreased from 7.50% to 7.25% Health Care Cost Trends for Ages 65 and Older decreased from 5.50% to 5.25% Health Care Cost Trends for Medicare Part B Premiums increased from 2.63% to 6.40%
2020	The municipal bond index rate decreased from 3.89% to 3.50% Health Care Cost Trends for Under Age 65 decreased from 7.75% to 7.50% Health Care Cost Trends for Ages 65 and Older decreased from 5.75% to 5.50% Health Care Cost Trends for Medicare Part B Premiums increased from 0.00% to 2.63%
2019	The municipal bond index rate increased from 3.56% to 3.89% Health Care Cost Trends for Medicare Part B Premiums decreased from 1.02% to 0.00%
2018	None

LIFE INSURANCE PLAN (LIP)

Changes of Benefit Terms

2022	None
2021	None
2020	None
2019	None
2018	None

Changes of Assumptions

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

DAVISS COUNTY SCHOOL DISTRICT

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

Last 10 Fiscal Years *

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

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

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

Last 10 Fiscal Years *

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

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

DAVIESS COUNTY SCHOOL DISTRICT

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

Last 10 Fiscal Years *

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net OPEB liability	0.607837%	0.635270%	0.639330%	0.651496%	0.637435%
District's proportionate share of the net OPEB liability	\$ 11,636,735	\$ 15,339,839	\$ 10,753,243	\$ 11,567,182	\$ 12,814,624
District's covered payroll	\$ 15,584,081	\$ 16,411,233	\$ 16,230,111	\$ 16,229,838	\$ 15,605,728
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	74.67%	93.47%	66.25%	71.27%	82.11%
Plan fiduciary net position as a percentage of the total OPEB liability	62.91%	51.67%	60.44%	57.62%	52.4%

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

DAVISS COUNTY SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS
 COUNTY EMPLOYEES RETIREMENT SYSTEM
 INSURANCE FUND

Last 10 Fiscal Years *

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

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

DAVISS COUNTY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
COUNTY EMPLOYEES RETIREMENT SYSTEM

Year Ended June 30, 2022

Changes of Benefit Terms

2022	None
2021	None
2020	None
2019	None
2018	None
2017	None
2016	None

Changes of Assumptions

2022 OPEB:

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

2021 OPEB:

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

2020 Pension and OPEB:

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

OPEB:

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

2019 Pension and OPEB:

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

OPEB:

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

2018 Pension and OPEB:

The assumed investment return was changed from 7.50% to 6.25%.

The price inflation assumption was changed from 3.25% to 2.30%, which also resulted in a 0.95% decrease in the salary increase assumption at all years of service.

The payroll growth assumption (applicable for the amortization of unfunded actuarial accrued liabilities) was changed from 4.00% to 2.00%.

OPEB:

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

2017 None

2016 Pension:

The assumed investment rate of return was decreased from 7.75% to 7.50%.

The assumed rate of inflation was reduced from 3.50% to 3.25%.

The assumed rate of wage inflation was reduced from 1.00% to 0.75%.

Payroll growth assumption was reduced from 4.50% to 4.00%.

The assumed rates of Retirement, Withdrawal, and Disability were updated to more accurately reflect experience.

DAVISS COUNTY SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

June 30, 2022

	Special Revenue		Capital Projects			Total Nonmajor Governmental Funds
	District Activity Fund	School Activity Fund	SEEK Capital Outlay Fund	FSPK Building Fund	Debt Service Fund	
ASSETS						
Cash and cash equivalents	\$ 236,472	\$ 2,331,968	\$ -	\$ 2,974,179	\$ -	\$ 5,542,619
Accounts receivable						
Other	-	5,876	-	-	-	5,876
Due from other funds	-	-	-	-	-	-
Inventory	-	35,410	-	-	-	35,410
Total assets	<u>\$ 236,472</u>	<u>\$ 2,373,254</u>	<u>\$ -</u>	<u>\$ 2,974,179</u>	<u>\$ -</u>	<u>\$ 5,583,905</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities						
Accounts payable	\$ -	\$ 25,517	\$ -	\$ -	\$ -	\$ 25,517
Due to other funds	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>25,517</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,517</u>
Deferred inflows of resources	-	-	-	-	-	-
Fund balances						
Restricted	<u>236,472</u>	<u>2,347,737</u>	<u>-</u>	<u>2,974,179</u>	<u>-</u>	<u>5,558,388</u>
Total fund balances	<u>236,472</u>	<u>2,347,737</u>	<u>-</u>	<u>2,974,179</u>	<u>-</u>	<u>5,558,388</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 236,472</u>	<u>\$ 2,373,254</u>	<u>\$ -</u>	<u>\$ 2,974,179</u>	<u>\$ -</u>	<u>\$ 5,583,905</u>

DAVISS COUNTY SCHOOL DISTRICT

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

NONMAJOR GOVERNMENTAL FUNDS

Year Ended June 30, 2022

	Special Revenue		Capital Projects		Debt Service Fund	Total Nonmajor Governmental Funds
	District Activity Fund	School Activity Fund	SEEK Capital Outlay Fund	FSPK Building Fund		
Revenues						
Property taxes	\$ -	\$ -	\$ -	\$ 10,024,564	\$ -	\$ 10,024,564
Earnings on investments	-	19,488	-	5,000	-	24,488
Other local revenue	101,401	3,619,483	-	-	-	3,720,884
State aid	-	-	1,056,382	4,490,125	148,715	5,695,222
Federal aid	-	-	-	-	-	-
Total revenues	101,401	3,638,971	1,056,382	14,519,689	148,715	19,465,158
Expenditures						
Instruction	180,636	3,134,607	-	-	-	3,315,243
Support services:						
Student	-	11,358	-	-	-	11,358
Instructional staff	72,259	28,620	-	-	-	100,879
District administration	-	-	-	-	-	-
School administration	-	-	-	-	-	-
Business	-	-	-	-	-	-
Plant operation and maintenance	-	5,636	-	-	-	5,636
Student transportation	-	30,901	-	-	-	30,901
Community services	-	-	-	-	-	-
New building construction	-	-	-	-	-	-
Building renovations / additions	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	7,329,000	7,329,000
Interest	-	-	-	750	3,732,952	3,733,702
Bond issuance costs	-	-	-	-	-	-
Total expenditures	252,895	3,211,122	-	750	11,061,952	14,526,719
Excess (deficiency) of revenues over expenditures	(151,494)	427,849	1,056,382	14,518,939	(10,913,237)	4,938,439
Other financing sources (uses)						
Operating transfers in	193,670	-	-	-	10,913,237	11,106,907
Operating transfers out	-	(193,670)	(1,056,382)	(14,104,472)	-	(15,354,524)
Total other financing sources (uses)	193,670	(193,670)	(1,056,382)	(14,104,472)	10,913,237	(4,247,617)
Net change in fund balances	42,176	234,179	-	414,467	-	690,822
Fund balances, June 30, 2021	194,296	2,113,558	-	2,559,712	-	4,867,566
Fund balances, June 30, 2022	\$ 236,472	\$ 2,347,737	\$ -	\$ 2,974,179	\$ -	\$ 5,558,388

DAVIESS COUNTY SCHOOL DISTRICT

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

SCHOOL ACTIVITY FUND

Year Ended June 30, 2022

	Cash June 30, 2021	Receipts	Disbursements	Cash June 30, 2022	Accounts Receivable	Inventory	Accounts Payable	Fund Balance June 30, 2022
Apollo High	\$ 532,869	\$ 883,600	\$ 895,432	\$ 521,037	\$ 110	\$ 33,203	\$ 40	\$ 554,310
Audubon Elementary	31,605	105,186	99,882	36,909	-	-	-	36,909
Burns Elementary	75,988	78,878	67,750	87,116	-	-	-	87,116
Burns Middle	128,144	217,327	165,065	180,406	-	-	-	180,406
College View Middle	157,829	194,463	184,190	168,102	-	-	3,877	164,225
Country Heights Elementary	43,298	58,969	59,044	43,223	-	-	-	43,223
Daviess County High	584,677	1,271,943	1,218,311	638,309	5,766	2,116	21,600	624,591
Daviess County Middle	84,086	169,639	156,159	97,566	-	-	-	97,566
Deer Park Elementary	81,237	47,288	42,424	86,101	-	-	-	86,101
East View Elementary	46,431	94,248	73,303	67,376	-	-	-	67,376
Heritage Park High	16,404	7,209	4,412	19,201	-	-	-	19,201
Highland Elementary	75,004	72,612	62,341	85,275	-	-	-	85,275
Meadow Lands Elementary	14,947	82,040	62,314	34,673	-	-	-	34,673
Sorgho Elementary	57,137	52,870	55,726	54,281	-	-	-	54,281
Southern Oaks Elementary	36,143	56,990	47,303	45,830	-	-	-	45,830
Tamarack Elementary	60,088	103,972	96,284	67,776	-	-	-	67,776
West Louisville Elementary	58,858	56,836	33,768	81,926	-	64	-	81,990
Whitesville Elementary	6,361	89,271	78,771	16,861	-	27	-	16,888
	<u>\$ 2,091,106</u>	<u>\$ 3,643,341</u>	<u>\$ 3,402,479</u>	<u>\$ 2,331,968</u>	<u>\$ 5,876</u>	<u>\$ 35,410</u>	<u>\$ 25,517</u>	<u>\$ 2,347,737</u>

DAVISS COUNTY SCHOOL DISTRICT

SCHEDULE OF RECEIPTS, DISBURSEMENTS, ACCRUALS, AND FUND BALANCE

APOLLO HIGH SCHOOL

Year Ended June 30, 2022

	Cash June 30, 2021	Receipts	Disbursements	Transfers	Cash June 30, 2022	Accounts Receivable	Inventory	Accounts Payable	Fund Balance June 30, 2022
GENERAL FUND	\$ 27,784	\$ 311	\$ 16,077	\$ 21,422	\$ 33,440	\$ -	\$ -	\$ -	\$ 33,440
OFFICE	18,009	130	2,773	(10,366)	5,000	-	-	-	5,000
AP EXAMS	5,360	2,137	2,430	-	5,067	-	-	-	5,067
PSAT TESTS	4,180	1,745	1,153	-	4,772	-	-	-	4,772
BAND UNIFORMS	106	-	-	-	106	-	-	-	106
GRADUATION	-	-	9,370	9,370	-	-	-	-	-
PROM	2,832	11,163	10,843	-	3,152	-	-	-	3,152
FUNDRAISER	120	-	-	(120)	-	-	-	-	-
GUIDANCE	2,720	-	1,022	(8)	1,690	-	-	-	1,690
INTRAMURAL	332	-	-	-	332	-	-	-	332
INTEREST	-	4,518	-	(4,518)	-	-	-	-	-
LOCKS	5	-	-	-	5	-	-	-	5
OVER YOUR HEAD	189	-	-	-	189	-	-	-	189
PROJECT GRADUATION	2,500	2,555	5,043	-	12	-	-	-	12
RENAISSANCE	-	-	3,633	3,633	-	-	-	-	-
CHALLENGER	5,179	-	-	-	5,179	-	-	-	5,179
STUDENT REIMBURSEMENT	15,399	28,062	18,571	-	24,890	-	-	-	24,890
ENL EAGLES NEST NEWS	2,538	1,361	-	-	3,899	-	-	-	3,899
YEARBOOK	13,244	14,034	4,693	218	22,803	-	-	-	22,803
STUDENT ASSISTANCE	1,451	6,579	6,598	-	1,432	-	-	-	1,432
TEACHER OF THE YEAR AWARD	-	1,000	1,000	-	-	-	-	-	-
YOUNG FOUNDATION SLG	1,000	-	750	-	250	-	-	-	250
STUDENT VENDING	-	42	-	(42)	-	-	-	-	-
ADULT VENDING	168	1,165	1,155	(85)	93	-	-	-	93
AA APOLLO ABA BASKETBALL	-	22,837	8,771	(14,066)	-	-	-	-	-
BOYS BASKETBALL	787	-	2,132	1,500	155	-	-	-	155
ATHLETIC BOOSTER	1,000	65,082	45,765	(19,317)	1,000	-	5,720	-	6,720
ATHLETIC AWARDS	9,023	-	1,339	-	2,500	-	-	-	10,184
ATHLETIC BUDGET	-	2,500	-	(2,500)	-	-	-	-	-
ATHLETIC TRAINER SUPPLIES	1,044	-	2,517	3,000	1,527	-	-	-	1,527
ATHLETIC WEIGHT TRAINING	171	4,176	4,302	500	545	-	-	-	545
BASEBALL	1,180	-	3,212	2,355	323	-	-	-	323
ATHLETIC SECURITY	-	-	16,198	16,198	-	-	-	-	-
CROSS COUNTRY	3,400	-	1,439	(1,961)	-	-	-	-	-
CHEERLEADERS	450	951	1,908	519	12	-	-	-	12
ATHLETIC EMERGENCY SERVIC	2,344	-	1,969	3,500	3,875	-	-	-	3,875
EAGLETTES	63	-	3,782	3,719	-	-	-	-	-
BASS FISHING	6	1,446	945	1,000	1,507	-	-	-	1,507
FOOTBALL	4,239	-	7,654	4,003	588	-	-	-	588
ATHLETIC GAME OFFICIALS	22,669	-	32,079	30,000	20,590	-	-	-	20,590
GENERAL ATHLETICS	27,882	2,906	31,870	22,508	21,426	-	-	-	21,426
GIRLS BASKETBALL	306	32	4,071	3,733	-	-	-	-	-
GIRLS GOLF	-	-	1,635	1,635	-	-	-	-	-
BOYS GOLF	80	-	890	810	-	-	-	-	-

DAVISS COUNTY SCHOOL DISTRICT

SCHEDULE OF RECEIPTS, DISBURSEMENTS, ACCRUALS, AND FUND BALANCE

APOLLO HIGH SCHOOL

Year Ended June 30, 2022

	Cash June 30, 2021	Receipts	Disbursements	Transfers	Cash June 30, 2022	Accounts Receivable	Inventory	Accounts Payable	Fund Balance June 30, 2022
GATE	-	97,550	6,138	(91,412)	-	-	-	-	-
ATHLETIC GATEWORKERS	4,618	134	5,802	6,000	4,950	-	-	-	4,950
SOCCER FIELD SOUND SYSTEM	460	-	-	-	460	-	-	-	460
GIRLS SOCCER	2,049	-	2,192	370	227	-	-	-	227
BOYS SOCCER	1,093	-	123	370	1,340	-	-	-	1,340
SPORTS PROGRAMS SALES	-	815	194	(621)	-	-	-	-	-
AA SPORTS PROG. ADS	-	350	17	(333)	-	-	-	-	-
SWIM TEAM/G&B	1,202	-	498	1,000	1,704	-	-	-	1,704
TENNIS/B&G	3,961	-	1,789	1,000	3,172	-	-	-	3,172
DISTRICT TOURNEY BOYS TRACK	-	6,170	4,191	(1,979)	-	-	-	-	-
ATHLETIC VENDING	-	32	-	(32)	-	-	-	-	-
VOLLEYBALL	-	-	201	201	-	-	-	-	-
WRESTLING	2,993	125	2,550	1,500	2,068	-	-	-	2,068
AA V SLAMDOWN TOURNEY PLAYOFF	375	14,355	8,029	(6,236)	465	-	-	-	465
ATHLETIC UNIFORM ACCOUNT	12,478	-	-	4,400	16,878	-	-	-	16,878
AA REGION TOURNEY BOYS	-	5,105	11,073	5,968	-	-	-	-	-
AA REGION TOURNEY GIRLS	-	3,998	3,533	(465)	-	-	-	-	-
AA BOWLING	473	310	3,458	2,675	-	-	-	-	-
AA ARCHERY	1,031	600	1,250	500	881	-	-	-	881
ART CLUB	88	1,030	-	-	1,118	-	-	-	1,118
SPIRIT STORE	4,471	9,705	11,869	108	2,415	-	11,443	-	13,858
BETA	3,189	440	355	-	3,274	-	-	-	3,274
DANCE BLUE	733	30,854	31,228	75	434	-	-	-	434
DRAMA	1,202	4,191	3,248	-	2,145	-	-	-	2,145
COUNCIL FOR EX CHILD	1,883	1,210	1,074	-	2,019	-	-	-	2,019
JUNIOR CIVITAN	541	-	-	-	541	-	-	-	541
FFA ALUMNI	3,428	2,849	3,753	-	2,524	-	-	-	2,524
FBLA	-	5,165	5,014	-	151	-	-	-	151
FCA	51	-	-	-	51	-	-	-	51
FUTURE ED OF AMERICA	193	-	-	-	193	-	-	-	193
FFA	7,776	42,285	44,099	-	5,962	-	-	-	5,962
STRATEGIC GAMING	463	-	-	-	463	-	-	-	463
MUSICAL CHORUS/DRAMA	791	3,544	1,106	-	3,229	-	-	-	3,229
THESPIAN SOCIETY	1,096	1,741	2,129	-	708	-	-	-	708
AYL ACADEMY YOUNG LEADERS	653	-	-	-	653	-	-	-	653
ACADEMIC TEAM	1,324	-	933	1,566	1,957	-	-	-	1,957
SPANISH CLUB	98	-	-	-	98	-	-	-	98
KEY CLUB	190	-	-	-	190	-	-	-	190
NATIONAL HONOR SOCIETY	1,584	1,425	2,384	-	625	-	-	-	625
SPANISH HONOR SOCIETY	817	-	-	-	817	-	-	-	817
STUDENT COUNCIL	5,818	2,148	3,099	-	4,867	-	-	-	4,867
STAND	301	-	-	-	301	-	-	-	301
SPIRIT CLUB	-	-	134	134	-	-	-	-	-

DAVISS COUNTY SCHOOL DISTRICT

SCHEDULE OF RECEIPTS, DISBURSEMENTS, ACCRUALS, AND FUND BALANCE

APOLLO HIGH SCHOOL

Year Ended June 30, 2022

	Cash June 30, 2021	Receipts	Disbursements	Transfers	Cash June 30, 2022	Accounts Receivable	Inventory	Accounts Payable	Fund Balance June 30, 2022
STAND	301	-	-	-	301	-	-	-	301
SPIRIT CLUB	-	-	134	134	-	-	-	-	-
KYA	-	6,739	7,056	317	-	-	-	-	-
ROBOTICS	6,299	4,505	7,625	-	3,179	-	-	-	3,179
STLP	838	896	911	180	1,003	-	-	-	1,003
AFJROTC ACTIVITIES	4,725	18,734	17,579	700	6,580	-	-	-	6,580
AFJROTC SCHOLARSHIP FUND	-	-	300	300	-	-	-	-	-
GS ALLIANCE	114	-	-	-	114	-	-	-	114
STRENGTH & CONDITIONING	-	3,939	2,865	-	1,074	-	-	-	1,074
CCR	-	500	500	-	-	-	-	-	-
PBIS POSITIVE BEHAVIOR	773	1,747	1,467	-	1,053	-	-	-	1,053
AHSOBORO SAVING GRACE	386	-	-	-	386	-	-	-	386
AG	3,194	150	5,752	5,710	3,302	-	-	40	3,262
ART	867	-	3,912	3,583	538	-	-	-	538
BAND	3,557	16,974	22,393	2,027	165	-	-	-	165
BUSINESS	11,456	-	287	1,393	12,562	-	-	-	12,562
CHORUS	1,578	3,495	3,724	1,235	2,584	-	-	-	2,584
CAREER OPTIONS	881	-	-	199	1,080	-	-	-	1,080
ENGLISH	3,360	225	347	1,786	5,024	-	-	-	5,024
FRESHMAN TEAM	-	20	2,751	2,731	-	-	-	-	-
SOPHOMORE TEAM	-	-	2,317	2,317	-	-	-	-	-
JUNIOR TEAM	-	-	2,377	2,377	-	-	-	-	-
FINE ARTS	2,222	-	1	516	2,737	-	-	-	2,737
SENIOR TEAM	-	610	2,822	2,212	-	-	-	-	-
WORLD LANGUAGE	7,620	-	1,954	1,408	7,074	-	-	-	7,074
SS CHRISTMAS PLAY	332	-	-	-	332	-	-	-	332
GREENHOUSE	19,859	12,018	7,243	-	24,634	-	-	-	24,634
MATH	4,255	-	1,834	1,921	4,342	-	-	-	4,342
MMD/JACKSON	82	-	219	400	263	-	-	-	263
ORCHESTRA	3,653	90	1,027	545	3,261	-	-	-	3,261
MMD/WILLIAMS	553	-	577	400	376	-	-	-	376
HEALTH/PE	3,792	1,581	5,393	1,102	1,082	-	-	-	1,082
AFJROTC-SCHOOL BUDGET	1,350	-	-	675	2,025	-	-	-	2,025
SCIENCE	912	-	3,190	4,061	1,783	-	-	-	1,783
SPECIAL SERVICES	1,436	69	1,183	740	1,062	-	-	-	1,062
MMD/EWING	510	-	950	440	-	-	-	-	-
SOCIAL STUDIES	10,913	-	21	1,337	12,229	-	-	-	12,229
ENGINEERING	5,624	-	213	894	6,305	-	-	-	6,305
PE UNIFORMS	5,417	4,400	11,660	7,290	5,447	-	16,040	-	21,487
LIBRARY COPY/POSTER/LAMIN	2,014	34	802	254	1,500	-	-	-	1,500
LIBRARY FINES	1,091	125	-	-	1,216	-	-	-	1,216
POSTER PRINTER	365	962	-	-	1,327	-	-	-	1,327
STUDENT FEES	-	109,190	24,394	(84,796)	-	-	-	-	-
ELEARNING REPAIR FINES	-	4,158	4,158	-	-	-	-	-	-

DAVISS COUNTY SCHOOL DISTRICT

SCHEDULE OF RECEIPTS, DISBURSEMENTS, ACCRUALS, AND FUND BALANCE

APOLLO HIGH SCHOOL

Year Ended June 30, 2022

	Cash June 30, 2021	Receipts	Disbursements	Transfers	Cash June 30, 2022	Accounts Receivable	Inventory	Accounts Payable	Fund Balance June 30, 2022
PRUDEN SCHOLARSHIP	29,766	-	-	233	29,999	-	-	-	29,999
SATTERLY SCHOLARSHIP	26,747	-	2,000	201	24,948	-	-	-	24,948
STEFANIE M. MEMORIAL SCHOLARSHIP	2,115	-	-	17	2,132	-	-	-	2,132
MURPHY FAMILY SCHOLARSHIP	500	500	1,000	-	-	-	-	-	-
JONATHAN GRAY VOC SCHOLAR	500	-	-	-	500	-	-	-	500
BOYS BASKETBALL L/T	9,855	9,041	16,416	13,773	16,253	-	-	-	16,253
BASEBALL L/T	16,106	37,213	56,111	2,792	-	-	-	-	-
CROSS COUNTRY L/T	2,416	901	13,048	9,731	-	-	-	-	-
CHEERLEADING L/T	-	53,436	39,461	(4,859)	9,116	-	-	-	9,116
EAGLETTES L/T	13,190	25,902	34,051	(1,219)	3,822	-	-	-	3,822
BASS FISHING L/T	1,135	-	-	-	1,135	-	-	-	1,135
FOOTBALL L/T	3,317	12,064	24,623	9,242	-	-	-	-	-
GIRLS BASKETBALL L/T	12,665	15,285	10,407	(2,633)	14,910	110	-	-	15,020
GIRLS GOLF L/T	3,592	4,066	3,993	(423)	3,242	-	-	-	3,242
BOYS GOLF L/T	442	867	993	345	661	-	-	-	661
SOFTBALL L/T	9,362	22,441	26,155	(1,551)	5,493	-	-	-	5,493
GIRLS SOCCER L/T	1,275	4,047	561	-	4,761	-	-	-	4,761
BOYS SOCCER L/T	7,688	1,867	7,040	-	2,515	-	-	-	2,515
SWIMTEAM B/G L/T	1,282	21	1,042	-	261	-	-	-	261
TENNIS B/G L/T	425	4,801	1,695	-	3,531	-	-	-	3,531
TRACK L/T	-	11,652	6,661	(2,258)	2,733	-	-	-	2,733
VOLLEYBALL L/T	4,117	13,067	17,827	6,250	5,607	-	-	-	5,607
WRESTLING L/T	359	20,440	21,492	1,888	1,195	-	-	-	1,195
BOWLING B/G L/T	3,564	5,722	4,076	(885)	4,325	-	-	-	4,325
AA ARCHERY L/T	1,428	-	100	-	1,328	-	-	-	1,328
DISTRICT ACTIVITY FUND	-	29,768	29,768	-	-	-	-	-	-
	<u>\$ 532,869</u>	<u>\$ 883,600</u>	<u>\$ 895,432</u>	<u>\$ -</u>	<u>\$ 521,037</u>	<u>\$ 110</u>	<u>\$ 33,203</u>	<u>\$ 40</u>	<u>\$ 554,310</u>

DAVIESS COUNTY SCHOOL DISTRICT

SCHEDULE OF RECEIPTS, DISBURSEMENTS, ACCRUALS, AND FUND BALANCE

DAVIESS COUNTY HIGH SCHOOL

Year Ended June 30, 2022

	Cash June 30, 2021	Receipts	Disbursements	Transfers	Cash June 30, 2022	Accounts Receivable	Inventory	Accounts Payable	Fund Balance June 30, 2022
GENERAL FUND	\$ 128,244	\$ 88,751	\$ 73,148	\$ 3,483	\$ 147,330	\$ -	\$ -	\$ -	\$ 147,330
STUDENT ID'S	1,159	3,367	2,593	1,548	3,481	-	-	-	3,481 00
OFFICE SUPPLIES	2,740	427	2,804	4,949	5,312	-	-	-	5,312
NURSE OFFICE	1,357	-	1,958	1,500	899	-	-	-	899
DRIVER ED FEE	-	3,845	3,650	(195)	-	-	-	-	-
ACTIVITY FEES	85 00	155,959	61,194	(94,700)	150	-	-	-	150
LAPTOP	-	2,575	2,725	150	-	-	-	-	-
MISC MAINTENANCE SUPP	3,979	-	5,636	1,657	-	-	-	-	-
STUDENT FEES/\$24	19,690	1 00	-	17,405	37,096	-	-	-	37,096
TEXTBOOKS/STATE	-	145	151	6 00	-	-	-	-	-
VENDING	688	302	677	7	320	-	-	-	320
FACULTY VENDING	543	1,355	1,867	(7 00)	24	232 00	-	-	256
STAFFULTY FUND	1,039	2,302	1,934	-	1,407	-	-	-	1,407
PICTURE COMMISSION	11,653	8,682	11,149	(185)	9,001	-	-	-	9,001
MAG/FUNdraiser	1,743	-	2,282	539	-	-	-	-	-
NICKEL WAR	13,680	3,445	5,559	(1,121)	10,445	-	-	-	10,445
TEACHER OF THE YEAR	-	1,000 00	-	-	1,000	-	-	-	1,000
ATHLETICS GENERAL	9,775	96,831	56,918	(21,812)	27,876	-	-	-	27,876
ATHLETIC TRAINING	734	-	3,753	3,600	581	-	-	-	581
ATHLETIC BOOSTERS	5,000	75,098	39,063	(38,035)	3,000	-	2,116 00	-	5,116
BASEBALL	10,494	23,278	38,208	5,594	1,158 00	-	-	-	1,158 00
JCRABTREE MEMORIALSCHOLAR	-	725 00	714 00	-	11	-	-	-	11
BKBALL REGIONAL TOURN	-	360	-	-	360 00	-	-	-	360 00
BASKETBALL-BOYS	11,636	19,719	17,435	4,246	18,166	-	-	140 00	18,026
BASKETBALL-GIRLS	70	8,687	8,402	3,212	3,567	-	-	-	3,567
CC/TR INVITATIONALS	2,376	765	2,155	-	986	-	-	-	986
DISTRICT BKBALL	-	16,035	8,634	(7,401)	-	-	-	-	-
XC BOYS	9,125	11,822	17,118	520	4,349	-	-	-	4,349
XC GIRLS	5,471	12,792	9,952	568	8,879	-	-	-	8,879
TRACK GIRLS	4,293	-	2,608	2,000	3,685	-	-	-	3,685
BOWLING	2,890	1,020	1,115	2,000	4,795	-	-	-	4,795
CHEERLEADERS	21,260	64,101	78,334	(708)	6,319	-	-	-	6,319
TRACK-BOYS	2,319	1,758	7,012	2,935	-	-	-	94 00	(94)
WETZEL MEMORIAL SCHOLAR	3,190	50	-	-	3,240	-	-	-	3,240
FOOTBALL	1,885	73,682	59,687	(4,142)	11,738	-	-	-	11,738
FOOTBALL LOCKER ROOM	-	-	12,500	12,500	-	-	-	12,500 00	(12,500)
GOLF BOYS	3,578	8,386	10,630	1,400	2,734	-	-	-	2,734
GOLF GIRLS	1,388	350	3,094	1,750	394	2,250 00	-	-	2,644
INTRAMURAL SPORTS	456	-	342	-	114	-	-	-	114

DAVISS COUNTY SCHOOL DISTRICT

SCHEDULE OF RECEIPTS, DISBURSEMENTS, ACCRUALS, AND FUND BALANCE

DAVISS COUNTY HIGH SCHOOL

Year Ended June 30, 2022

	Cash June 30, 2021	Receipts	Disbursements	Transfers	Cash June 30, 2022	Accounts Receivable	Inventory	Accounts Payable	Fund Balance June 30, 2022
PANTHERETTES	9,623	26,610	22,232	119	14,120	-	-	7,936 00	6,184
SOCCER BOYS	4,750	15,036 00	16,234 00	(843 00)	2,709	-	-	-	2,709
SOCCER TOURN GIRLS	-	1,985	1,350	(635)	-	-	-	-	-
SOCCER GIRLS	1,352	46,042	52,115	6,528	1,807	-	-	-	1,807
SOCCER DISTRICT TOURN	-	2,750	1,667	(1,083)	-	-	-	-	-
SOFTBALL	11,812	16,624	18,669	2,031	11,798	500 00	-	-	12,298
E WELLS MEMORIAL SCHOLAR	3,325	6,546	1,000	-	8,871	-	-	-	8,871 00
STATE TOURNAMENT EXP	1,215	9,896	18,813	8,000	298	2,784	-	-	3,082
TEAM LAUREN/CANCER AWARE	3,559	1,269 00	1,838	-	2,990	-	-	-	2,990
SWIMMING	6,950	-	2,893	2,340	6,397	-	-	-	6,397
SOFTBALL DISTRICT TOURN	-	4,420 00	2,768 00	(1,652)	-	-	-	-	-
TENNIS BOYS	4,904	363	539	912	5,640	-	-	-	5,640
TENNIS GIRLS	2,320	-	165	923	3,078	-	-	-	3,078
VOLLEYBALL	2,357	5,980	5,874	1,285	3,748	-	-	-	3,748
WRESTLING	461	9,790 00	10,969 00	4,479 00	3,761	-	-	-	3,761
MICHAEL CABLE FUND	1,752	90	1,007	-	835	-	-	-	835
ANIME CLUB	11	75	52	-	34	-	-	-	34
FINE ARTS SOCIETY	222	323	172	(237)	136	-	-	-	136
ARCHERY CLUB	4,357	-	-	-	4,357	-	-	-	4,357
BETA CLUB	4,211	1,080	-	-	5,291	-	-	-	5,291
CHESS CLUB	2,054	-	225	-	1,829	-	-	-	1,829
ROBOTICS	2,162	-	-	-	2,162	-	-	-	2,162
THESPIAN SOCIETY	1,273	2,580	2,089	-	1,764	-	-	-	1,764
FBLA	164	2,524	4,327	2,249	610	-	-	-	610
FCCLA	4,169	-	1,080	-	3,089	-	-	-	3,089
FFA	17,710	40,820 00	47,876 00	(990 00)	9,664	-	-	-	9,664
FRENCH CLUB	94	-	-	-	94	-	-	-	94
CEC	1,082	142 00	998 00	-	226	-	-	-	226
FUTURE EDUCATORS	7	-	-	-	7	-	-	-	7
HABITAT HELPERS	-	488	310	-	178	-	-	-	178
KEY CLUB	1,212	640	1,275	-	577 00	-	-	-	577 00
JR CLASSICAL LEAGUE	-	690 00	758 00	68 00	-	-	-	-	-
LIFESAVERS CLUB	44	-	-	-	44	-	-	-	44
NATIONAL HONOR SOCIETY	1,809	2,762	3,234	-	1,337	-	-	-	1,337
PEP CLUB	619	2,985 00	1,760 00	(22 00)	1,822	-	-	-	1,822
QUIZ BOWL RECYCLE CLUB	237	-	-	-	237	-	-	-	237
SPANISH CLUB	183	-	-	-	183	-	-	-	183
SPANISH NAT HONOR SOCIETY	1,500	-	65	-	1,435	-	-	-	1,435
STUDENT COUNCIL	733	189 00	283 00	-	639	-	-	-	639
YOUNG DEMOCRATS	83	-	-	-	83	-	-	-	83

DAVISS COUNTY SCHOOL DISTRICT

SCHEDULE OF RECEIPTS, DISBURSEMENTS, ACCRUALS, AND FUND BALANCE

DAVISS COUNTY HIGH SCHOOL

Year Ended June 30, 2022

	Cash June 30, 2021	Receipts	Disbursements	Transfers	Cash June 30, 2022	Accounts Receivable	Inventory	Accounts Payable	Fund Balance June 30, 2022
STLP	886	191.00	250.00	-	827	-	-	-	827
TEENAGE REPUBLICANS	509	-	-	-	509	-	-	-	509
Y CLUB	1,508	7,921.00	8,977.00	-	452	-	-	-	452
WISE GUYS	120	-	-	-	120	-	-	-	120
AOK CLUB	236.00	-	-	-	236	-	-	-	236
AG MECHANICS	380	144.00	7,463	7,060	121	-	-	-	121
AG DEPT	3,778	-	6,883	7,189	4,084	-	-	-	4,084
BUSINESS EDUCATION DEPT	1,771	-	14	173	1,930	-	-	-	1,930
MULTIMEDIA PUBLISHING	1,264	-	88	-	1,176	-	-	-	1,176
VISUAL FINE ARTS	8,266	41	14,543	11,781	5,545	-	-	-	5,545
GUIDANCE	6,405	9,376	10,009	-	5,772	-	-	-	5,772
HEALTH/PE	1,439	3,626.00	158.00	(113)	4,794	-	-	-	4,794
FFL & WEIGHT ROOMS	1,105	-	-	1,242.00	2,347	-	-	-	2,347
HORTICULTURE	6,835	7,993	8,216	646	7,258	-	-	-	7,258
FAMILY & CONSUMER SCI	2,163	3,359	5,081	1,784	2,225	-	-	-	2,225
LIBERAL ARTS ENGLISH	182	6.00	-	34	222	-	-	-	222
LIBRARY	1,070	-	201	-	869	-	-	-	869
SCIENCE DEPT	2,869	170	3,981.00	5,664	4,722	-	-	-	4,722
MATH DEPT	1,685	70.00	360	-	1,395	-	-	-	1,395
KIRKPATRICK MSD	117	622.00	840	101.00	-	-	-	-	-
JRROTC UNIT SUPPORT MAINT	6	5,000	5,464	458	-	-	-	-	-
JRROTC BOOSTERS	8,505	21,468	21,113	5,242.00	14,102	-	-	930.00	13,172
ALLEN MMD	-	248.00	237.00	-	11	-	-	-	11
SPECIAL ED	42.00	-	-	-	42	-	-	-	42
ACADEMIC TEAM	2,755	-	729	2,500	4,526	-	-	-	4,526
BAND BOOSTERS	1,218.00	102,860	86,782	(4,391)	12,905.00	-	-	-	12,905.00
BAND WINTERGUARD	-	7,420	11,660	5,963	1,723	-	-	-	1,723
INDOOR WINDS	3,655.00	22,913	25,852	1,697	2,413.00	-	-	-	2,413.00
DRAMA/SPEECH	6,322	5,311	5,196	680	7,117	-	-	-	7,117
DRAMA MUSICAL	10,844	12,666	17,675	-	5,835	-	-	-	5,835
GRAD/SR ACTIVITIES	9,635	7,910	19,172	9,250	7,623	-	-	-	7,623
CHAMBER CHOIR	2,355	11,687	12,561	320	1,801	-	-	-	1,801
ORCHESTRA	514	26,145	28,621	1,962	-	-	-	-	-
PROM	12,711	13,920	9,602	80	17,109	-	-	-	17,109
CATW	1,413	12,753	12,726	-	1,440	-	-	-	1,440
RENAISSANCE REWARDS	2,258	-	725	-	1,533	-	-	-	1,533
FCS BUSINESS	1,421	722	3,189	3,251	2,205	-	-	-	2,205
T-SHIRTS/DC PRINTING	2,313	13,957	23,541	8,860	1,589	-	-	-	1,589
YEARBOOK-ECHOES	9,133	18,185	20,737	-	6,581	-	-	-	6,581
FULKERSON SCHOLARSHIP	1,000	-	1,000	250	250	-	-	-	250

DAVISS COUNTY SCHOOL DISTRICT

SCHEDULE OF RECEIPTS, DISBURSEMENTS, ACCRUALS, AND FUND BALANCE

DAVISS COUNTY HIGH SCHOOL

Year Ended June 30, 2022

	Cash June 30, 2021	Receipts	Disbursements	Transfers	Cash June 30, 2022	Accounts Receivable	Inventory	Accounts Payable	Fund Balance June 30, 2022
ROBIN SWEENEY SCHOLARSHIP	5,273	-	-	-	5,273	-	-	-	5,273
JOYCE ASKINS MEM. SCHOLAR	2,750	-	500	-	2,250	-	-	-	2,250
CONTINGENCY FUND	74,010	-	-	-	74,010	-	-	-	74,010
PETTY CASH	100	100	100	-	100	-	-	-	100
ATHLETIC CASH BOXES	3,000	4,200	4,200	-	3,000	-	-	-	3,000
DISTRICT ACTIVITY FUNDS	-	60,645	62,227	1,582	-	-	-	-	-
	<u>\$ 584,677</u>	<u>\$ 1,271,943</u>	<u>\$ 1,218,311</u>	<u>\$ -</u>	<u>\$ 638,309</u>	<u>\$ 5,766</u>	<u>\$ 2,116</u>	<u>\$ 21,600</u>	<u>\$ 624,591</u>

DAVIESS COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2022

Grantor Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Fund Number	Project Number	Federal Expenditures	Expenditures to Subrecipients
U. S. Department of Agriculture						
Passed through Kentucky Department of Agriculture						
Food Donation	10 550	057502-15	51	-	\$ 593,080	\$ -
Child Nutrition Cluster						
School Breakfast Program	10 553	7760005-15	51	-	2,724,076	-
National School Lunch Program	10 555	7750002-15	51	-	5,595,270	-
Supply Chain Assistance (COVID-19)	10 555	-	51	2201	222,623	-
Child and Adult Care Food Program	10 558	-	51	-	3,722	-
Summer Food Service Program for Children	10 559	7740023-15	51	209B1	349,320	-
Pandemic EBT Administrative Costs (COVID-19)	10 649	-	51	-	5,814	-
Total Child Nutrition Cluster					8,900,825	-
Passed through Kentucky Department of Education						
Warehouse and Storage and Distribution (COVID-19)	10 560	-	51	-	7,454	-
Total U. S. Department of Agriculture					\$ 9,501,359	\$ -
U. S. Department of Defense						
Direct Program						
ROTC	12 000	504G	2	504I	\$ 138,044	\$ -
Total U. S. Department of Defense					\$ 138,044	\$ -
U. S. Department of the Treasury						
Passed through Kentucky Department of Education						
Coronavirus Relief Fund (COVID-19)						
Last Mile Internet	21 019	-	2	663G	\$ 8,810	\$ -
Direct Program						
Emergency Connectivity Fund Program (COVID-19)	32 009	ECF202108589	2	550I	1,801,460	-
Total U. S. Department of the Treasury					\$ 1,810,270	\$ -
U. S. Department of Education						
Passed through Kentucky Department of Education						
Title I Grants to Local Educational Agencies						
Title I - Local Educational Agencies	84 010A	3100002-18	2	300 1M181P	\$ 104	\$ -
Title I - Local Educational Agencies	84 010A	3100002-19	2	400 1M191P	496	-
Title I - Local Educational Agencies	84 010A	3100002-20	2	300 1M201P	349,378	-
Title I - Local Educational Agencies	84 010A	3100002-21	2	300 1M211P	2,060,683	-
Title I - Part D Subpart 2	84 010A	3100102-21	2	314I	46,900	-
Title I - Part D Subpart 2	84 010A	3100102-20	2	314G	639	-
					2,458,200	-
Migrant Education - State Grant Program	84 011A	3110002-21	2	311I	212,021	-
Migrant Education - State Grant Program	84 011A	3110002-20	2	311G	136,428	-
					348,449	-
Special Education Cluster						
Special Education - Grants to States						
IDEA Part B	84 027A	3810002-21	2	337I 1P	134,805	-
IDEA Part B	84 027A	3810002-19	2	337F 1P	57,315	-
IDEA Part B	84 027A	3810002-20	2	337G 1P	1,681,510	-
ARPA IDEA Part B (COVID-19)	84 027X	4910002-21	2	478I 1P	53,381	-
					1,927,011	-
Special Education - Preschool Grants						
IDEA Preschool	84 173A	3800002-21	2	343I 1P	94,316	-
IDEA Preschool	84 173A	3800002-20	2	343G 1P	42,279	-
ARPA IDEA Preschool (COVID-19)	84 173X	4900002-21	2	488I 1P	-	-
					136,595	-
Total Special Education Cluster					2,063,606	-
Career and Technical Education - Basic Grants to States						
Perkins - Part C (Carry-over)	84 048	3710002-20	2	348GA	21,755	-
Perkins - Part C	84 048	3710002-21	2	348I	124,617	-
					146,372	-
English Language Acquisition Grants						
Title III English Language Learners	84 365A	3300002-21	2	345I	23,024	-
Title III Immigrant	84 365A	3300002-21	2	345II	-	-
Title III English Language Learners	84 365A	3300002-18	2	345E	17,290	-
Title III English Language Learners	84 365A	3300002-19	2	345F	73,086.00	-
Title III English Language Learners	84 365A	3300002-20	2	345G	45,383	-
					158,784	-

DAVISS COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED

Grantor / Program Title	Year Ended June 30, 2022					
	Assistance Listing Number	Pass-Through Entity Identifying Number	Fund Number	Project Number	Federal Expenditures	Expenditures to Subrecipients
<u>U. S. Department of Education, Continued</u>						
Passed through Kentucky Department of Education - Continued						
Improving Teacher Quality State Grants						
Title II	84 367A	230002-19	2	401F FP	1,547	-
Title II	84 367A	230002-21	2	401I IP	149,535	-
Title II	84 367A	230002-20	2	401G GP	323,138	-
					<u>474,220</u>	<u>-</u>
Student Support and Academic Enrichment Program						
Title IV - Part A	84 424A	342002-21	2	401B B B B B	131,875	-
Title IV - Part A	84 424A	342002-19	2	401B B B B B	7,166	-
Title IV - Part A	84 424A	342002-20	2	401B B B B B	35,102	-
					<u>173,943</u>	<u>-</u>
Education Stabilization Fund (COVID -19)						
2021-2022 Digital Learning Coaches						
	84 425D	420003-21	2	554GL	13,861	-
Elementary and Secondary School Emergency Relief Fund II						
FY21 American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84 425D	420003-21	2	554G GD GS GV	6,058,634	-
FY22 American Relief Plan Elementary and Secondary School Emergency Relief Fund - Homeless Children and Youth						
	84 425W	498002-21	2	476IC	-	-
					<u>9,590,986</u>	<u>-</u>
Passed through Kentucky Department of Juvenile Justice						
Title I Program for Neglected and Delinquent Children						
Title I Part D Subpart 1	84 013	1111	2	313I	27,921	-
Title I Part D Subpart 1	84 013	111G	2	313G	667	-
					<u>28,588</u>	<u>-</u>
Passed through Green River Regional Educational Cooperative						
School Safety National Activities						
Project Prevent	84 184M		2	534EM	74,029	-
Total U. S. Department of Education					\$ 15,517,177	\$ -
<u>U. S. Department of Health and Human Services</u>						
Passed through Kentucky Cabinet for Health and Family Services						
Child Care and Development Block Grant						
Child Care and Development Block Grant						
	93 575	-	52	-	7,994	-
ARPA Child Care Sustainment (COVID-19)						
	93 575	576I	2	576I	374,994	-
Child Care and Development Block Grant (COVID-19)						
	93 575	658FC	2	658FC	7,181	-
Child Care and Development Fund Last Stipend (COVID-19)						
	93 575	658FL	2	658FL	37,911	-
CRRSA Child Care Aid (COVID-19)						
	93 575	672G	2	672G	848,645	-
					<u>1,276,726</u>	<u>-</u>
Passed through the Center for Disease Control and Prevention						
Promoting Adolescent Health through School Based Surveillance						
	93 079	-	2	493F FI G	1,950	-
Total U. S. Department of Health and Human Services					\$ 1,278,676	\$ -
Total Federal Awards					\$ 28,245,526	\$ -

Notes to Schedule of Expenditures of Federal Awards

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of the Daviess County School District (District) under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to, and does not, present the financial position, changes in net assets or cash flows of the District.

Note B - Summary of Significant Accounting Policies

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

Note C - Indirect Cost Rate

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

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



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL
CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

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

Kentucky State Committee for School District Audits
Frankfort, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Daviness County School District (District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 29, 2022.

Report on Internal Control over Financial Reporting

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

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

Internal Control Over Financial Reporting, Continued

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

Report on Compliance and Other Matters

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

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

We noted certain matters other than significant deficiencies and material weaknesses that we reported to management of the District in a separate letter dated September 29, 2022.

Purpose of this Report

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

Owensboro, Kentucky
September 29, 2022

Ring Hanick CPAs PSC



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

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

Kentucky State Committee for School District Audits
Frankfort, Kentucky

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Daviness County School District's (District) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2022.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

Auditor's Responsibilities for the Audit of Compliance, Continued

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Ring Hand CPTA PSC

Owensboro, Kentucky
September 29, 2022

DAVIESS COUNTY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2022

A. Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion on whether the financial statements of the Daviess County School District (District) were prepared in accordance with GAAP.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. No material weaknesses were reported.
3. No instances of noncompliance material to the financial statements of the District, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs were reported in the Independent Auditor's Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance. No material weaknesses were reported.
5. The auditor's report on compliance for the major federal award programs for the District expresses an unmodified opinion on all major federal programs.
6. The audit did not disclose any findings that are required to be reported in accordance with 2 CFR section 200.516(a).
7. The programs tested as major programs were:
 - Education Stabilization Fund:
 - 84.425D – Elementary and Secondary School Emergency Relief Fund
 - 84.425U – American Rescue Plan Elementary and Secondary School Emergency Relief Fund
 - Child Nutrition Cluster:
 - 10.553 – School Breakfast Program
 - 10.555 – National School Lunch Program
 - 10.559 – Summer Food Service Program for Children
 - 32.009 – Emergency Connectivity Fund Program
 - 93.575 – Child Care and Development Block Grant
8. The threshold used for distinguishing between Type A and B programs was \$847,366.
9. The District was determined to be a low-risk auditee.

B. Findings - Financial Statements Audit

None

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

None



Daviess County Public Schools

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2022

No audit findings were reported in the schedule of findings and questioned costs for the year ended June 30, 2021.