

DAYTON INDEPENDENT SCHOOL DISTRICT
FINANCIAL STATEMENTS
JUNE 30, 2022

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Dayton Independent School District
Dayton, Kentucky

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Dayton Independent School District (District) as of and for the year ended June 30, 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 of Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension and postemployment benefit information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of

the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 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.

Maddox & Associates CPAs Inc.

Fort Thomas, Kentucky
November 2, 2022

As management of the Dayton Independent School District we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with the District's basic financial statements.

ACCOMPLISHMENTS

The Dayton Board of Education approved to keep tax rates the same at 106.1 cents per \$100/assessment. The continuing property development on the river gives the opportunity for the district to maintain the current rate. Industrial Revenue Bonds approved in prior years will allow the district to fund future development and planning of the district's facilities.

FY20 AADA was approved by KDE to remain constant for the FY22 School year for SEEK funding. Due to the COVID Pandemic, many schools were going through rough times with quarantining students; NTI instruction; New Covid Variant cases which were highly contagious with the school age children; along with shortages of substitutes while employees are ill or quarantining themselves. The USDE awarded districts financially to help get through the Pandemic. Dayton Schools received a little over \$4.37 million in funds to be used over the next two years. These ESSER funds at Dayton are planned for various aspects of School Safety, Mental Health, and Learning Loss. Dayton Ind has hired new positions in Mental Health, Interventionists, School Advocates, and additional classroom staff. Other items in the ESSER Plan include Summer School to help with the Learning Loss; New furniture to help with Social Distancing; Safety and cleaning items for the schools; one to one devices for the students; new software programs; and new Math and Reading adoptions series. All these items are to help with student learning loss and safety protocol to keep the students in school.

Salary increases were given to all staff. The board is trying to keep salaries competitive with other area school districts.

The board was able to fund the following:

- High School Cafeteria Renovation
- Dual Credit Course Tuition for the Juniors and Seniors at DHS
- Young Scholars Academy at NKU for 14 Juniors
- Greendevil Success Academy at Dayton High School, in collaboration with Children's Home of Northern Kentucky
- College and Career Counselor at Dayton High School in collaboration with AmeriCorps.

The following new grants were awarded to the District for 20-21:

- Arts Grant – Provides supplies for Art students
- ILN Grant – Working with Gallup on employee strengths and engagement

Dayton Independent ended the year with a carryover balance of \$2,174,211.

FINANCIAL HIGHLIGHTS

The assets and deferred outflows of the District were less than the liabilities and deferred inflows by \$1,176,372 at the close of the current fiscal year. The unrestricted net position, which represents the amounts available to meet the District's ongoing obligations to citizens and creditors, was a deficit of

\$3,429,602. The District is required to provide postemployment benefits to its employees. As a result, the District has recognized substantial liabilities in the financial statements for these benefits. As of June 30, 2022, the District had liabilities of \$5,506,562 for postemployment benefits, which has caused the deficit balance in the unrestricted net position. The District's total net position increased \$449,647.

At the close of the current fiscal year, the District's governmental funds reported combined fund balances of \$2,654,813 a decrease of \$28,848 from the prior year. Of this amount, \$2,156,620 is available for spending at the District's discretion (unassigned fund balance).

At the close of the current fiscal year, the unassigned fund balance was approximately 15% of total fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis provided here are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) the notes to the financial statements. This report also included supplementary information intended to furnish additional detail to support the basic financial statements themselves.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

The statement of net position presents financial information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position.

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

The governmental activities of the District include general government, police, fire, public works, and recreation.

The government-wide financial statements can be found on pages 11-14 of this report

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Some funds are required to be established by State law. However, the District may establish other funds to help it control and manage money for particular purposes.

Governmental funds: Governmental funds are used to account for essentially the same functions reported in the governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term

inflows and outflows of spendable resource, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for government funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and special revenue fund, which are considered to be major funds.

The District adopts an annual appropriated budget for each of the major funds. A budgetary comparison schedule has been provided for the general fund and special revenue fund to demonstrate compliance with this budget.

The fund financial statements can be found on pages 15-23 of this report.

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24-52 of this report.

OTHER INFORMATION

In addition to the basic financial statements and notes to the financial statements, this report also presents required supplementary information concerning the District's progress in funding its obligations to provide pension and OPEB benefits to its employees. Required supplementary information can be found on pages 54-60 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Current assets	\$ 3,275,950	\$ 3,491,308
Non-current assets	<u>7,650,216</u>	<u>7,292,224</u>
Total assets	<u>10,926,166</u>	<u>10,783,532</u>
Deferred outflows	1,750,565	1,786,975
Current liabilities	389,403	610,649
Non-current liabilities	<u>11,092,494</u>	<u>12,459,970</u>
Total liabilities	<u>11,481,897</u>	<u>13,070,619</u>
Deferred inflows	2,337,391	1,125,907
Net investment in capital assets	2,287,433	1,582,671
Restricted	(34,203)	(5,083,710)
Unrestricted	<u>(3,429,602)</u>	<u>1,875,020</u>
Total net position	<u>\$ (1,176,372)</u>	<u>\$ (1,626,019)</u>

Governmental Funds – Revenues and Expenditures

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Revenues and other sources:		
Local revenue	\$ 3,469,214	\$ 3,106,110
State revenue	7,436,289	7,587,386
Federal revenue	<u>2,979,351</u>	<u>2,199,170</u>
Total revenues	<u>\$ 13,884,854</u>	<u>\$ 12,892,666</u>

Governmental Funds – Revenues and Expenditures

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Expenditures:		
Instruction	\$ 7,699,167	\$ 7,018,728
Student support	1,207,927	967,032
Instruction staff	632,966	826,702
District administrative	547,288	527,796
School administrative	817,021	814,027
Business support	594,677	509,929
Plant operations and maintenance	1,179,642	962,920
Facility acquisition and construction	552,463	12,192
Student transportation	171,375	104,944
Food service	12,606	46,381
Day care operations	42,946	13,114
Community services	188,762	153,706
Debt service	501,658	522,709
Total expenditures	<u>\$ 14,148,498</u>	<u>\$ 12,480,180</u>

Capital Assets

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Land	\$ 538,083	\$ 194,053
Land and improvements	7,101	9,469
Buildings and improvements	6,282,021	6,671,738
Technology equipment	216,380	144,550
Vehicles	56,693	3,390
General equipment	516,044	269,024
Construction in progress	33,894	-
Total capital assets	<u>\$ 7,650,216</u>	<u>\$ 7,292,224</u>

Long-Term Debt

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Bonds payable	\$ 5,330,000	5,675,000

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Finance Director, 200 Clay Street, Dayton, KY 41074.

BASIC FINANCIAL STATEMENTS

Dayton Independent School District
Statement of Net Position
June 30, 2022

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 2,684,416	\$ 143,628	\$ 2,828,044
Receivables:			
Taxes	23,661		23,661
Intergovernmental	325,921	85,929	411,850
Prepays	10,218		10,218
Inventory		2,177	2,177
Capital assets, net	7,481,499	168,717	7,650,216
Total assets	10,525,715	400,451	10,926,166
Deferred outflows of resources			
OPEB related	1,121,490	104,145	1,225,635
Pension related	429,582	95,348	524,930
Total deferred outflows of resources	1,551,072	199,493	1,750,565

Dayton Independent School District
Statement of Net Position - Continued
June 30, 2022

	Governmental Activities	Business-Type Activities	Total
Liabilities			
Accounts payable	32,459		32,459
Accrued wages and benefits	18,555		18,555
Interest payable	33,815		33,815
Unearned revenue	338,389		338,389
Due within one year:			
Bonds payable	356,770		356,770
Due in more than one year:			
Compensated absences	223,149		223,149
Bonds payable	5,006,013		5,006,013
Net OPEB liability	2,336,429	177,850	2,514,279
Net pension liability	2,453,672	538,611	2,992,283
Total liabilities	10,799,251	716,461	11,515,712
Deferred inflows of resources			
OPEB related	1,560,426	102,252	1,662,678
Pension related	553,265	121,448	674,713
Total deferred inflows of resources	2,113,691	223,700	2,337,391
Net position			
Net investment in capital assets	2,118,716	168,717	2,287,433
Restricted (deficit)	474,731	(508,934)	(34,203)
Unrestricted (deficit)	(3,429,602)		(3,429,602)
Total net position (deficit)	\$ (836,155)	\$ (340,217)	\$ (1,176,372)

Dayton Independent School District
Statement of Activities
June 30, 2022

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contribution</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Governmental Activities							
Instruction	\$ 6,746,921	\$ 1,275	\$ 5,366,006	\$ -	\$ (1,379,640)	\$ -	\$ (1,379,640)
Support services:							
Student	1,163,325		75,408		(1,087,917)		(1,087,917)
Instructional staff	611,337		169,470		(441,867)		(441,867)
District administration	536,621				(536,621)		(536,621)
School administration	779,637				(779,637)		(779,637)
Business	551,777		227,465		(324,312)		(324,312)
Plant operation	1,393,662		174,813		(1,218,849)		(1,218,849)
Food service	(1,462)				1,462		1,462
Student transportation	172,422		42,945		(129,477)		(129,477)
Land acquisitions	436,484				(436,484)		(436,484)
Building improvements	115,979				(115,979)		(115,979)
Day care services	38,257		36,803		(1,454)		(1,454)
Community services	181,864		172,312		(9,552)		(9,552)
Interest on long-term debt	157,932			85,644	(72,288)		(72,288)
Total governmental activities	12,884,756	1,275	6,265,222	85,644	(6,532,615)		(6,532,615)
Business-Type Activities							
Food service	1,284,341	12,301	710,955	0		(561,085)	(561,085)
Day care services	58,012	59,418	6,372			7,778	7,778
Total business-type activities	1,342,353	71,719	717,327	0		(553,307)	(553,307)
Total school district	\$ 14,227,109	\$ 72,994	\$ 6,982,549	\$ 85,644	(6,532,615)	(553,307)	(7,085,922)

Dayton Independent School District
Statement of Activities- Continued
June 30, 2022

	Governmental Activities	Business-Type Activities	Total
General Revenues			
Property taxes	2,645,886		2,645,886
Motor vehicle taxes	236,904		236,904
Franchise tax	46,742		46,742
State aid	4,064,774		4,064,774
Investment earnings	9,839	1,417	11,256
Other	531,309		531,309
Transfers	233,330	(233,357)	(27)
Total general revenues	7,768,784	(231,940)	7,536,844
Change in net position	1,234,894	(785,247)	449,647
Net position (deficit) - beginning of year	(2,071,049)	445,030	(1,626,019)
Net position (deficit) - end of year	\$ (836,155)	\$ (340,217)	\$ (1,176,372)

Dayton Independent School District
 Balance Sheet – Governmental Funds
 June 30, 2022

	General Fund	Special Revenue	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents (deficit)	\$ 2,176,466	\$ 37,566	\$ 470,384	\$ 2,684,416
Accounts receivable	23,661	325,921		349,582
Prepaid expenditure			10,218	10,218
Total assets	\$ 2,200,127	\$ 363,487	\$ 480,602	\$ 3,044,216
Liabilities				
Accounts payable	\$ 7,361	\$ 25,098	\$ 0	\$ 32,459
Accrued wages and benefits	18,555			18,555
Unearned revenue		338,389		338,389
Total liabilities	25,916	363,487	0	389,403
Fund balances				
Restricted			474,731	474,731
Assigned	12,080	5,511	5,871	23,462
Unassigned	2,162,131	(5,511)		2,156,620
Total fund balances	2,174,211	0	480,602	2,654,813
Total liabilities and fund balances	\$ 2,200,127	\$ 363,487	\$ 480,602	\$ 3,044,216

Dayton Independent School District
 Reconciliation of the Balance Sheet– Governmental Funds
 to the Statement of Net Position
 June 30, 2022

Total fund balances - governmental funds \$ 2,654,813

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

Capital assets used in governmental activities are not financial
 resources and, therefore, are not reported in the funds. 7,481,499

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

Deferred outflows - OPEB	1,121,490
Deferred outflows - pensions	429,582
Deferred inflows - OPEB	(1,560,426)
Deferred inflows - pension	(553,265)

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

Accrued interest payable	(33,815)
Bonds payable	(5,362,783)
Compensated absences	(223,149)
Net OPEB liability	(2,336,429)
Net pension liability	(2,453,672)

Net position of governmental activities \$ (836,155)

Dayton Independent School District
Statement of Revenues, Expenditures, and Changes in
Fund Balances – Governmental Funds
June 30, 2022

	General Fund	Special Revenue	Other Governmental Funds	Total Governmental Funds
Revenues				
From local sources:				
Taxes:				
Property	\$ 2,260,324	\$	\$ 385,562	\$ 2,645,886
Motor vehicle	236,904			236,904
Franchise	46,742			46,742
Earnings on investments	9,634		205	9,839
Other local revenue	130,576	143,492	255,775	529,843
State on-behalf	2,489,319		85,644	2,574,963
State sources	4,075,173	441,525	344,628	4,861,326
Federal sources	113,103	2,866,248		2,979,351
Total revenues	9,361,775	3,451,265	1,071,814	13,884,854

Dayton Independent School District
Statement of Revenues, Expenditures and Changes in Fund
Balances – Governmental Funds – Continued
June 30, 2022

	General Fund	Special Revenue	Other Governmental Funds	Total Governmental Funds
Expenditures				
Instruction	4,922,794	2,530,653	245,720	7,699,167
Support services:				
Student	1,131,772	75,408	747	1,207,927
Instruction staff	463,395	169,470	101	632,966
District administrative	547,288			547,288
School administrative	817,021			817,021
Business support	367,212	227,465		594,677
Plant operation and maintenance	1,004,829	174,813		1,179,642
Facility acquisition and improvement	40,015		512,448	552,463
Student transportation	128,160	42,945	270	171,375
Food service	12,606			12,606
Day care services	6,143	36,803		42,946
Community services	10,392	172,312	6,058	188,762
Debt service				
Principal	0		345,000	345,000
Interest	0		156,658	156,658
Total expenditures	9,451,627	3,429,869	1,267,002	14,148,498
Excess of revenues over (under) expenditures	(89,852)	21,396	(195,188)	(263,644)
Other financing sources (uses)				
Transfers in	92,530	17,806	1,150,750	1,261,086
Transfers out	(185,451)	(39,202)	(803,103)	(1,027,756)
Sale of assets	1,466			1,466
Total other financing sources (uses)	(91,455)	(21,396)	347,647	234,796
Net change in fund balances	(181,307)	-	152,459	(28,848)
Fund balances - beginning	2,355,518	-	328,143	2,683,661
Fund balances - end of year	\$ 2,174,211	\$ 0	\$ 480,602	\$ 2,654,813

Dayton Independent School District
 Reconciliation of Statement of Revenues, Expenditures and Changes in Fund
 Balances – Governmental Funds to the Statement of Activities
 June 30, 2022

Net change in fund balances - total governmental funds \$ (28,848)

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

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those asset is
 allocated over their estimated useful lives and reported as depreciation
 expense. 328,356

Repayment of long-term debt are expenditures in the governmental
 funds, but the repayment reduces long-term liabilities in the statement
 of net position. 345,000

Some expenses reported in the statement of activities do not require
 current financial resources and, therefore, are not reported as
 expenditures in the funds.

Amortization of bond premium	1,770
Change in accrued interest payable	(3,044)
Change in compensated absences	8,722
Change in OPEB liabilities and deferred amounts	(369,606)
Change in pension liabilities and deferred amounts	952,544

Change in net position of governmental activities	<u>\$ 1,234,894</u>
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Dayton Independent School District
Statement of Net Position – Proprietary Funds
June 30, 2022

	Food Service	Day Care	Total Proprietary Fund
Assets			
Current assets			
Cash and cash equivalents	\$ 124,899	\$ 18,729	\$ 143,628
Accounts receivable	85,929		85,929
Inventories for consumption	2,177		2,177
Total current assets	213,005	18,729	231,734
Noncurrent assets			
Capital assets, net	168,717		168,717
Total noncurrent assets	168,717	0	168,717
Total assets	381,722	18,729	400,451
Deferred outflows			
OPEB related	104,145		104,145
Pension related	95,348		95,348
Total deferred outflows	199,493	0	199,493

Dayton Independent School District
Statement of Net Position – Proprietary Funds - Continued
June 30, 2022

	Food Service	Day Care	Total Proprietary Fund
Liabilities			
Long-term liabilities			
Net OPEB liability	177,850		177,850
Net pension liability	538,611		538,611
Total long-term liabilities	716,461	0	716,461
Total liabilities	716,461	0	716,461
Deferred outflows			
OPEB related	102,252		102,252
Pension related	121,448		121,448
Total deferred outflows	223,700	0	223,700
Net position			
Net investment in capital assets	168,717	0	168,717
Restricted	(527,663)	18,729	(508,934)
Tota net position (deficit)	\$ (358,946)	\$ 18,729	\$ (340,217)

Dayton Independent School District
Statement of Revenues, Expenses and Changes
In Fund Net Position – Proprietary Funds
June 30, 2022

	Food Service Fund	Day Care	Total Proprietary Fund
Operating revenues			
Food service	\$ 9,935	\$ -	\$ 9,935
Other operating revenue	2,366	59,418	61,784
Total operating revenues	12,301	59,418	71,719
Operating expenses			
Salaries and wages	288,858	37,878	326,736
Employee benefits	612,712	19,363	632,075
Purchased services	42,774	302	43,076
Materials and supplies	286,807	469	287,276
Other operating expenses	30,829		30,829
Depreciation	22,361		22,361
Total operating expenses	1,284,341	58,012	1,342,353
Operating loss	(1,272,040)	1,406	(1,270,634)
Non operating revenues			
Operating grants - state	109,976	6,372	116,348
Operating grants - federal	588,987		588,987
Donated commodities	11,992		11,992
Transfers in			-
Transfers out	(233,357)		(233,357)
Interest income	1,417		1,417
Total other financing sources (uses)	479,015	6,372	485,387
Net change in fund balances	(793,025)	7,778	(785,247)
Fund balances - beginning of year	434,079	10,951	445,030
Fund balances - end of year	\$ (358,946)	\$ 18,729	\$ (340,217)

Dayton Independent School District
Statement of Cash Flows – Proprietary Funds
June 30, 2022

	Food Service	Day Care	Total Proprietary Fund
Cash flows from operating activities			
Cash received:			
From food service sales	\$ 9,935	\$	\$ 9,935
From other activities	2,366	59,418	61,784
Cash paid:			
To employees	(450,909)	(57,241)	(508,150)
To suppliers	(318,772)	(771)	(319,543)
For operating expenses	(30,829)		(30,829)
Cash transfers	(233,357)		(233,357)
Net cash used in operating activities	(1,021,566)	1,406	(1,020,160)
Cash flows from noncapital financing activities			
Non operating grants	789,188	6,372	795,560
Net cash provided by noncapital financing activities	789,188	6,372	795,560
Cash flows from investing activities			
Purchases of equipment	(51,997)		(51,997)
Interest on investments	1,417	-	1,417
Net cash provided by investing activities	(50,580)	-	(50,580)
Net increase in cash	(282,958)	7,778	(275,180)
Cash - beginning of year	407,857	10,951	418,808
Cash - end of year	\$ 124,899	\$ 18,729	\$ 143,628
Reconciliation of operating loss to net cash used in operating activities			
Operating loss	\$ (1,272,040)	\$ 1,406	\$ (1,270,634)
Adjustments to reconcile operating loss to net cash in operating activities			
Depreciation	22,361		22,361
Changes in:			-
Payables	(1,183)		(1,183)
Deferred outflows	(116,251)		(116,251)
Deferred inflows	171,253		171,253
Net OPEB liability	35,144		35,144
Net pension liability	360,515		360,515
Cash transfers	(233,357)		(233,357)
Commodities received	11,992		11,992
Net cash used in operating activities	\$ (1,021,566)	\$ 1,406	\$ (1,020,160)
Noncash activities			
Commodities received from federal	\$ 11,992	\$ -	\$ 11,992
On-behalf payments received state	\$ 81,861	\$ 6,372	\$ 88,233

NOTE 1: ACCOUNTING POLICIES

Reporting Entity

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

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

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

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

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

Basis of Presentation

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

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities of the District at year end. The 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.

NOTE 1: ACCOUNTING POLICIES (CONTINUED)

Government-Wide Financial Statements (Continued)

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

Fund Financial Statements

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

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the District's proprietary funds are charges for services. Operating expenses for the proprietary funds include personnel and other expenses related to water and sewer operations. All revenues not meeting these definitions are reported as nonoperating revenues and expenses.

Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are two categories of funds: governmental and proprietary.

Governmental Fund Types

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or may not be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets, deferred outflow, liabilities, and deferred inflows is reported as fund balance. The following are the District's major governmental funds:

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

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

NOTE 1: ACCOUNTING POLICIES (CONTINUED)

The following of nonmajor funds of the district:

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

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

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

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

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

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

Proprietary Fund Types (Enterprise Funds)

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

Day Care Fund – This fund accounts for the daycare operations of the District.

Measurement Focus and Basis of Accounting

Government-Wide, Proprietary, and Fiduciary Financial Statements – The government-wide, proprietary, and fiduciary fund financial statements are prepared using the economic resources measurement focus. With this measurement focus, all assets, deferred outflows, liabilities, and deferred inflows associated with the operation of the District are included on the balance sheet. The statement of activities presents increases (e.g. revenues) and decreases (e.g. expenses) in total net position. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place.

Fund Financial Statements – Governmental funds are accounted for using the current financial resources measurement focus. With this measurement focus, only current assets and current are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (e.g. revenues and other financing sources) and uses (e.g. expenditures and other financing uses) of current financial resources. This approach differs from the manner in which government –wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide financial statements and the financial statements for governmental funds.

NOTE 1: ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The District considers demand deposits, money market funds, and other investments with an original maturity date of 90 days or less, to be cash equivalents.

Inventories

Supplies and materials are charged to expenditures when purchased with the exception of proprietary funds, which record inventory at cost, determined on the first-in, first-out basis.

Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and disposals during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$1,000 with the exception of computers and real property for which there is no threshold. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value to the asset or materially extend an asset's life are not capitalized.

All reported capital assets are depreciated except for land. Depreciation is computed using the straight-line method over the following useful lives for both general capital assets and proprietary fund capital assets:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and improvements	25-50 years
Land improvements	20 years
Technology equipment	5 years
Vehicles	5-10 years
Audio-visual equipment	15 years
General equipment	7-10 years
Food service equipment	10-12 years

Deferred Outflows of Resources – Pension, OPEB, and Debt Refunding

The District reports decreases in net position that relates to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary fund statements of net position. The deferred outflows of resources reported in the financial statements include (1) deferred amount arising from the refunding of bonds, (2) deferred outflows of resources for contributions made to the District's defined benefit pension plan between the measurement date of the plan net pension liabilities and the end of District's fiscal year, and (3) deferred outflows of resources related to the changes between the expected and actual experiences for the plan and changes in actuarial assumptions. The deferred refunding amount is being amortized over the remaining life of the refunding bonds as part of interest expense. Deferred outflows for pension contributions will be recognized in the subsequent fiscal year. The deferred outflows related to experience and assumption changes will be recognized in future periods.

NOTE 1: ACCOUNTING POLICIES (CONTINUED)

Deferred Inflows of Resources – Pension and OPEB

The District reports increases in net position that relates to future periods as deferred inflows of resources in a separate section of its government-wide and proprietary fund statements of net position. The deferred inflows of resources reported in the financial statements arise from changes in the expected and actual experiences for the plan and for changes in assumptions. The deferred inflows related to these changes will be recognized in future periods.

Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows and inflows of resources, and pension expense, information about the fiduciary net position of the County Employees Retirement System (CERS) and Teachers Retirement System of the State of Kentucky (KTRS) and additions to/deductions from fiduciary net position have been determined on the same basis as the are reported by CERS and KTRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Net OPEB Liability

For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources, and OPEB expense, information about the fiduciary net position of the County Employees Retirement System (CERS) and Teachers Retirement System of the State of Kentucky (KTRS) and additions to/deductions from fiduciary net position have been determined on the same basis as the are reported by CERS and KTRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Accumulated Unpaid Sick Leave Benefits

Upon retirement from the school system, an employee will receive from the District an amount equal to 30% of the value of accumulated sick leave. Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the District's past experience of making termination payments. The entire compensated absence liability is reported on the government-wide financial statements.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements and proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, compensated absences, and retirement incentives that will be paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current fiscal year. Bonds and capital lease obligations are not recognized as a liability on the governmental fund financial statements until due.

NOTE 1: ACCOUNTING POLICIES (CONTINUED)

Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component of net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments. Net position restricted for other purposes consists primarily of programs to enhance the security of persons and property.

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Fund Balances

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

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

Restricted - is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Committed - includes amounts that can be used only for the specific purposes imposed by formal action (ordinance) of District (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless District removes or changes the specified use by taking the same type of action (ordinance) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - amounts are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of District.

Unassigned - the residual classification for the general fund and includes all spendable amounts not contained in other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

NOTE 1: ACCOUNTING POLICIES (CONTINUED)

The District applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is available. Similarly, within restricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any unrestricted fund balance classifications could be used.

Property Taxes

Property taxes are levied in September on the assessed value listed as of the prior January 1 for all the real and personal property in the county. The billings are considered due upon receipt by the taxpayer; however, the actual date is based on a period ending 30 days after the tax bill mailing. Property taxes collected are recorded as revenues in the fiscal year for which they were levied. All taxes collected are initially deposited into the General Fund and then transferred to the appropriate fund.

Revenues – Exchange and Non-exchange Transactions

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become 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 sixty days of year end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the 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, for which the District must provide local resources to be used for a specified purpose, and expenditure requirements, for which the resources are provided to the District on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it is recognized.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, those revenues are primarily charges for meals provided by the various schools. Operating expenses can be tied specifically to the production of the goods and services, such as materials, labor, and direct overhead.

NOTE 1: ACCOUNTING POLICIES (CONTINUED)

Interfund Activity

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

Interfund Balances

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

Extraordinary and Special Items

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

Estimates

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

Budgetary Process

Budgetary Basis of Accounting - 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 GAAP basis are: (1) revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP); and (2) expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

Once the budget is approved, it can be amended. Amendments are presented to the Board at their regular meetings. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end as dictated by law.

Each budget is prepared and controlled by the budget coordinator at the revenue and expenditure function/objective level. All budget appropriations lapse at year-end.

Subsequent Events

The District has evaluated subsequent events for potential recognition and disclosure through November 2, 2022 the date the financial statements were available to be issued.

Recent Accounting Pronouncements

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. 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. The District adopted the statement in the current reporting period. See Note 5.

NOTE 2: CASH AND CASH EQUIVALENTS

At year end the carrying amounts of the District's total cash and cash equivalents was covered by Federal Deposit Insurance Corporation (FDIC) insurance and by collateral agreements and collateral held by the pledging bank's trust department in the District's name.

Custodial Credit Risk – Deposits. For deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned. The District maintains deposits with financial institutions insured by the FDIC. As allowed by law, the depository bank should pledge securities along with FDIC insurance at least equal to the amount on deposit at all times. As of June 30, 2022, all of the District's deposits are insured by the FDIC or covered by security pledges.

NOTE 3: CAPITAL ASSETS

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

	Balance 7/1/2021	Additions	Disposals	Balance 6/30/2022
Governmental Activities				
Land	\$ 194,053	\$ 344,030	\$ 0	\$ 538,083
Land improvements	99,757	0	0	99,757
Buildings and improvements	14,108,120	0	0	14,108,120
Technology equipmenmt	951,283	91,124	13,096	1,029,311
Vehicles	407,849	34,302	0	442,151
General equipment	396,659	270,993	711	666,941
Construction in progress	0	33,894	0	33,894
Total at historical cost	16,157,721	774,343	13,807	16,918,257
Less accumulated depreciation				
Land improvements	90,288	2,368	0	\$ 92,656
Buildings and improvements	7,463,376	384,370	0	7,847,746
Technology equipmenmt	806,733	24,626	13,096	818,263
Vehicles	404,459	9,108	0	413,567
General equipment	239,722	25,471	667	264,526
Total accumulated depreciation	9,004,578	445,943	13,763	9,436,758
Capital assets - net	\$ 7,153,143	\$ 328,400	\$ 44	\$ 7,481,499

NOTE 3: CAPITAL ASSETS – CONTINUED

	Balance 7/1/2021	Additions	Disposals	Balance 6/30/2022
Business-type Activities				
Buildings and improvements	\$ 165,279			\$ 165,279
Technology equipment	9,332			9,332
Vehicles	4,000	37,156		41,156
General equipment	336,017	14,841		350,858
Total at historical cost	514,628	51,997	0	566,625
Less accumulated depreciation				
Buildings and improvements	138,285	5,347		143,632
Technology equipment	4,000			4,000
Vehicles	9,332	3,715		13,047
General equipment	223,930	13,299		237,229
Total accumulated depreciation	375,547	22,361	0	397,908
Capital assets - net	\$ 139,081	\$ 29,636	\$ 0	\$ 168,717

Depreciation was charged to the following functions:

	Governmental	Business-type
Instruction	\$ 163,485	\$
Student support	2,582	
Instructional staff	0	
District administration	5,681	
School administration	0	
Business support	442	
Plant operations	270,290	
Student transportation	3,391	
Community service	72	
Food service		22,361
	\$ 445,943	\$ 22,361

NOTE 4: LONG-TERM OBLIGATIONS

The amount shown in the accompanying financial statements as bonds payable represents the District's future obligations to make lease payments relating to the bonds issued by the Dayton Independent School District Financial Corporation.

The original amount of each issue, the issue date, and interest rates are summarized as follows:

<u>Issue Date</u>	<u>Proceeds</u>	<u>Rates</u>
2016	\$ 1,735,000	1.250% - 3.000%
2016	\$ 1,645,000	2.000% - 3.125%
2019	\$ 990,000	1.800% - 3.100%
2019	\$ 1,320,000	1.600% - 2.400%
2021	\$ 730,000	2.000%

The District, through the General Fund (including utility taxes and the Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund) is obligated to make lease payments in amounts sufficient to satisfy debt service requirements on bonds issued by the sponsoring governmental entity to construct school facilities. The District has an option to purchase the property under lease at any time by retiring the bonds then outstanding.

The District entered into participation agreements with the Kentucky School Facilities Construction Commission (Commission). The Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting school construction needs.

Changes in long-term obligations are as follows:

	<u>Balance</u>			<u>Balance</u>	<u>Amount</u>
<u>Governmental Activities</u>	<u>July 1, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2022</u>	<u>Due Within One Year</u>
Bonds payable	\$ 5,675,000		\$ 345,000	\$ 5,330,000	355,000
Bond premium	34,553		1,770	32,783	1,770
Compensated absences	231,871		8,722	223,149	
Net OPEB liability	2,920,803		584,374	2,336,429	
Net pension liability	3,645,128		1,191,128	2,454,000	
Total long-term liabilities	\$ 12,507,355	\$ -	\$ 2,130,994	\$ 10,376,361	\$ 356,770

	<u>Balance</u>			<u>Balance</u>	<u>Due Within</u>
<u>Business-type Activities</u>	<u>July 1, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2022</u>	<u>One Year</u>
Net OPEB liability	142,706	35,144		177,850	
Net pension liability	178,096	360,515		538,611	
Total long-term liabilities	\$ 320,802	\$ 395,659	\$ -	\$ 716,461	\$ -

NOTE 4: LONG-TERM OBLIGATIONS - 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 the Commission at June 30, 2022 for debt service (principal and interest) are as follows:

Year End June 30	Dayton Independent School District		School Facility Construction Commission		Total Debt Service
	Principal	Interest	Principal	Interest	
2023	\$ 290,318	\$ 128,086	\$ 64,682	\$ 20,964	\$ 504,050
2024	298,694	121,448	66,306	19,339	505,787
2025	306,837	113,955	68,163	17,483	506,438
2026	309,928	106,215	70,072	15,572	501,787
2027	322,892	98,027	72,108	13,535	506,562
2028	340,795	89,423	74,205	11,439	515,862
2029	343,600	80,169	76,400	9,243	509,412
2030	349,480	70,218	35,520	6,982	462,200
2031	358,392	60,342	36,608	5,895	461,237
2032	317,259	49,860	37,741	4,762	409,622
2033	326,091	40,143	38,909	3,594	408,737
2034	213,135	29,532	21,865	2,390	266,922
2035	217,440	22,879	22,560	1,696	264,575
2036	226,724	16,092	23,276	980	267,072
2037	235,288	9,033	19,712	308	264,341
2038	70,000	4,350			74,350
2039	75,000	2,250			77,250
	<u>\$ 4,601,873</u>	<u>\$ 1,042,022</u>	<u>\$ 728,127</u>	<u>\$ 134,182</u>	<u>\$ 6,506,204</u>

NOTE 5: OPERATING LEASES

The District adopted GASB Statement No. 87, *Leases* in the current reporting period. The adoption had no effect on beginning fund balances or net position. The District evaluated its operating lease commitments and determined that they do not meet the reporting requirements under GASB Statement No. 87.

NOTE 6: PENSION PLANS

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

General information about the Teachers' Retirement System of the State of Kentucky (KTRS)

Plan description

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

Benefits provided

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

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

Participants that retire before age 60 with less than 27 years of service receive reduced retirement benefits. Non-university employees with an account established prior to July 1, 2002 receive monthly payments equal to two (2) percent (service prior to July 1, 1983) and two and one-half (2.5) percent (service after July 1, 1983) of their final average salaries for each year of credited service. New employees (including second retirement accounts) after July 1, 2002 will receive monthly benefits equal to 2% of their final average salary for each year of service if, upon retirement, their total service less than ten years. New employees after July 1, 2002 who retire with ten or more years of total service will receive monthly benefits equal to 2.5% of their final average salary for each year of service, including the first ten years. In addition, employees who retire July 1, 2004 and later with more than 30 years of service will have their multiplier increased for all years over 30 from 2.5% to 3.0% to be used in their benefit calculation. Effective July 1, 2008, the System has been amended to change the benefit structure for employees hired on or after that date.

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

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

NOTE 6: PENSION PLANS (CONTINUED)

Contributions

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

The Commonwealth of Kentucky, as a non-employer contributing entity, pays matching contributions at the rate of 13.105% of salaries for local school district and regional cooperative employees hired before July 1, 2008 and 14.105% for those hired after July 1, 2008. For local school district and regional cooperative employees whose salaries are federally funded, the employer contributes 16.105% of salaries. If an employee leaves covered employment before accumulating five (5) years of credited service, accumulated employee pension contributions plus interest are refunded to the employee upon the member’s request.

General information about the County Employees Retirement System Non-Hazardous (CERS)

Plan description

Employees whose positions do not require a degree beyond a high school diploma are covered by the CERS, a cost-sharing multiple-employer defined benefit pension plan administered by the Kentucky Retirement System, an agency of the Commonwealth of Kentucky. Under the provisions of the Kentucky Revised Statute (KRS) Section 61.645, the Board of Trustees of the Kentucky Retirement System administers CERS and has the authority to establish and amend benefit provisions. The Kentucky Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for CERS. That report may be obtained from <http://kyret.ky.gov/>.

Benefits provided

CERS provides retirement, health insurance, death and disability benefits to Plan employees and beneficiaries. Employees are vested in the plan after five years’ service. For retirement purposes, employees are grouped into three tiers, based on hire date:

Tier 1	Participation date Unreduced retirement Reduced retirement	Before September 1, 2008 27 years service or 65 years old At least 5 years service and 55 years old At least 25 years service and any age
Tier 2	Participation date Unreduced retirement Reduced retirement	September 1, 2008 - December 31, 2013 At least 5 years service and 65 years old Or age 57+ and sum of service years plus age equal 87 At least 10 years service and 60 years old
Tier 3	Participation date Unreduced retirement Reduced retirement	After December 31, 2013 At least 5 years service and 65 years old Or age 57+ and sum of service years plus age equal 87 Not available

NOTE 6: PENSION PLANS (CONTINUED)

Cost of living adjustments are provided at the discretion of the General Assembly. Retirement is based on a factor of the number of years' service and hire date multiplied by the average of the highest five years' earnings. Reduced benefits are based on factors of both of these components. Participating employees become eligible to receive the health insurance benefit after at least 180 months of service. Death benefits are provided for both death after retirement and death prior to retirement. Death benefits after retirement are \$5,000 in lump sum. Five years' service is required for death benefits prior to retirement and the employee must have suffered a duty-related death. The decedent's beneficiary will receive the higher of the normal death benefit and \$10,000 plus 25% of the decedent's monthly final rate of pay and any dependent child will receive 10% of the decedent's monthly final rate of pay up to 40% for all dependent children. Five years' service is required for nonservice-related disability benefits.

Contributions

Required contributions by the employee are based on the tier:

	<u>Required contribution</u>
Tier 1	5%
Tier 2	5% + 1% for insurance
Tier 3	5% + 1% for insurance

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

CERS

At June 30, 2022, the District reported a liability of \$2,992,283 for its proportionate share of the net pension liability for CERS. The net pension liability for each plan 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 that date.

The District's proportion of the net pension liability for CERS was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2021, the District's proportion was 0.0469% percent.

TRS

The District did not report a liability for the District's proportionate share of the net pension liability for TRS because the Commonwealth of Kentucky provides the pension support directly to TRS on behalf of the District. The District's proportionate share of the TRS net pension liability associated with the district is \$18,522,407.

For the year ended June 30, 2022, the District recognized pension expense of \$(229,779) related to CERS and \$1,589,743 related to TRS. The District also recognized revenue of \$1,589,743 for TRS support provided by the Commonwealth. At June 30, 2022, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTE 6: PENSION PLANS (CONTINUED)

	Deferred Outflow	Deferred Inflow	Net Deferral
Change in liability experience	\$ 34,361	\$ 29,042	
Change of assumptions	40,160	-	
Change in investment experience	116,081	514,902	
Change in proportionate share of contributions	26,113	130,769	
	<u>216,715</u>	<u>\$ 674,713</u>	<u>\$ (457,998)</u>
Subsequent contributions	308,215		
Total	<u>\$ 524,930</u>		

The contributions subsequent to the measurement date of \$308,215 will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. The net deferral of \$(457,998) will be recognized in pension expense as follows:

Year ending June 30	Net Deferral
2023	\$ (81,284)
2024	(157,707)
2025	(94,117)
2056	<u>(124,890)</u>
	<u>\$ (457,998)</u>

Actuarial assumptions

The total pension liability as of June 30, 2021 was based on an actuarial valuation date of June 30, 2020. The Total pension liability was rolled-forward from the valuation date to the plan’s fiscal year ending June 30, 2021, using generally accepted accounting principles and was determined using the following actuarial assumptions, applied to all periods included in the measurement. The total pension liability was determine using these actuarial assumptions:

Valuation date	6/30/2020
Actuarial cost method	Entry age normal
Asset valuation method	20% of difference
Amotrization method	Level percent of pay
Remaining amortization period	30 years, closed
Payroll growth rate	2.00%
Investment return	6.25%
Inflation	2.30%
Salary increase rate - nonhazardous	3.30% - 10.30%
Salary increase rate - hazardous	3.05% - 18.55%

NOTE 6: PENSION PLANS (CONTINUED)

For CERS, Mortality rates for the period after service retirement are according to the 1983 Group Annuity Mortality Table for all retired employees and beneficiaries as of June 30, 2006 and the 1994 Group Annuity Mortality Table for all other employees. The Group Annuity Mortality Table set forward five years is used for the period after disability retirement.

For KRS, Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale BB to 2025 set forward for two years for males and one year for females. The actuarial assumptions used were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2015 adopted by the Board on November 19, 2016.

For CERS, the long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years. The most recent analysis, performed for the period covering fiscal years 2008 through 2013, is outlined in a report dated April 30, 2014. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were 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 then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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

NOTE 6: PENSION PLANS (CONTINUED)

CERS			KTRS		
Asset Class	Target Allocation	Long-term Expected	Asset Class	Target Allocation	Long-term Expected
		Nominal Return			Nominal Return
US Equity	21.75%	5.70%	Large Cap US Equity	37.40%	4.20%
Non US Equity	21.75%	6.32%	Small Cap US Equity	2.60%	4.70%
Private Equity	10.00%	9.70%	Developed International Equity	16.50%	5.30%
Specialty Credit/High Yield	15.00%	2.80%	Emerging Markets Equity	5.50%	5.40%
Core Bonds	10.00%	0.00%	Fixed Income	15.00%	-0.10%
Cash	1.50%	-0.60%	High Yield Bonds	5.00%	1.70%
Real Estate	10.00%	5.40%	Additional categories	5.00%	2.20%
Real Return	10.00%	4.50%	Real Estate	7.00%	4.00%
			Private Equity	7.00%	6.90%
			Cash	2.00%	-0.30%
Expected real return	<u>100.00%</u>	<u>5.00%</u>	Expected real return	<u>103.00%</u>	<u>7.10%</u>
Long-term inflation assumption		<u>2.30%</u>	Long-term inflation assumption		<u>2.50%</u>

Discount rate

For CERS, the discount rate used to measure the total pension liability was 6.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan employees and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment return of 5.00%. The long-term investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

For TRS, the discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at statutorily required rates. 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 employees until the 2038 plan year. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments through 2035 and a municipal bond index rate of 2.13% was applied to all periods of projected benefit payments after 2035. The Single Equivalent Interest Rate (SEIR) that discounts the entire projected benefit stream to the same amount as the sum of the present values of the two separate benefit payments streams was used to determine the total pension liability.

NOTE 6: PENSION PLANS (CONTINUED)

Sensitivity of CERS and KTRS proportionate share of net pension liability to changes in the discount rate—The following table presents the net pension liability of the District, calculated using the discount rates selected by each pension system, as well as what the District’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate (I calculated the amounts in this schedule:

	1% Decrease	Current Discount Rate	1% Increase
	5.25%	6.25%	7.25%
District's proportionate share of the CERS net pension liability	\$ 3,837,745	\$ 2,992,283	\$ 2,292,683

Pension plan fiduciary net position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued financial reports of both CERS and KTRS.

NOTE 7: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

General information about the Teachers’ Retirement System OPEB Plan

Plan description

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

Medical Insurance Plan

Plan description

In addition to the pension benefits described above, KRS 161.675 requires KTRS to provide post-employment healthcare benefits to eligible employees and dependents. The KTRS Medical Insurance Fund is a cost-sharing multiple employer defined benefit plan. Changes made to the medical plan may be made by the KTRS Board of Trustees, the Kentucky Department of Employee Insurance and the General Assembly.

Benefits Provided

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

NOTE 7: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Contributions

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

General information about the County Employee’s Retirement System OPEB Plan

Plan description

The District’s employees are provide OPEB under provions of Kentucky Revised Statutes. The Kentucky Retirement Systems (KRS) board administers the CERS Insurance Fund. The CERS Insurance fund is a cost-sharing, multiple-employer defined benefit OPEB plan which provides group health insurance benefits for plan members that are regular full-time members employed in positions of each participating county, city, and school board, and any additional eligible local agencies electing to participate in the System. OPEB benefits may be extended to beneficiaries of plan members under certain circumstances. The CERS Insurance Fund is included in a public available financial report that can be viewed at www.kyret.ky.gov.

Benefits provided

Benefits provided

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

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

Tier 1	Participation date Unreduced retirement Reduced retirement	Before September 1, 2008 27 years service or 65 years old At least 5 years service and 55 years old At least 25 years service and any age
Tier 2	Participation date Unreduced retirement Reduced retirement	September 1, 2008 - December 31, 2013 At least 5 years service and 65 years old Or age 57+ and sum of service years plus age equal 87 At least 10 years service and 60 years old
Tier 3	Participation date Unreduced retirement Reduced retirement	After December 31, 2013 At least 5 years service and 65 years old Or age 57+ and sum of service years plus age equal 87 Not available

NOTE 7: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Contributions

For the year ending June 30, 2021, the employer’s contribution was 4.76% to the insurance trust for non-hazardous job classifications and 9.52% for hazardous classifications. Participating employers were required to contribute at an actuarially determined rate. The Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial basis adopted by the Board. Employees qualifying as Tier 2 or Tier 3 of the CERS plan contribute 1.0% of creditable compensation to an account created for payment of health insurance benefits.

Implicit Subsidy

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

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

At June 30, 2022, the District reported a liability for its proportionate share of the net OPEB liability of \$2,514,279 comprised of \$898,279 related to CERS and \$1,616,000 related to KRS.

The District’s proportion of the net OPEB liability for CERS w was 0.0498% percent and for TRS 0.0142%.

The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District’s proportion of the net OPEB liability was based on a projection of the District’s long-term share of contributions to the OPEB plan relative to the projected contributions of all participating entities, actuarially determined.

For the year ended June 30, 2022, the District recognized OPEB expense of \$811,236 related to CERS and (\$189,000) related to TRS. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	CERS		
	Deferred Outflow	Deferred Inflow	Net Deferral
Change in liability experience	\$ 141,255	\$ 268,196	
Change of assumptions	238,151	835	
Change in investment experience	45,258	185,781	
Change in proportionate share of contributions	27,761	48,866	
	452,425	<u>\$ 503,678</u>	<u>\$ (51,253)</u>
Subsequent contributions	84,150		
Total	<u>\$ 536,575</u>		

NOTE 7: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

	TRS		
	Deferred Outflow	Deferred Inflow	Net Deferral
Change in liability experience	\$ -	\$ 961,000	
Change of assumptions	423,000	-	
Change in investment experience	-	172,000	
Change in proportionate share of contributions	127,000	26,000	
	550,000	<u>\$ 1,159,000</u>	<u>\$ (609,000)</u>
Subsequent contributions	139,059		
Total	<u>\$ 689,059</u>		

	Total		
	Deferred Outflow	Deferred Inflow	Net Deferral
Change in liability experience	\$ 141,255	\$ 1,229,196	
Change of assumptions	661,151	835	
Change in investment experience	45,258	357,781	
Change in proportionate share of contributions	154,761	74,866	
	1,002,425	<u>\$ 1,662,678</u>	<u>\$ (660,253)</u>
Subsequent contributions	223,209		
Total	<u>\$ 1,225,634</u>		

The contributions subsequent to the measurement date of \$223,309 will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. The net deferral of \$(660,253) will be recognized in pension expense as follows:

Year ending June 30	Net Deferral
2023	\$ (137,108)
2024	(158,459)
2025	(154,762)
2026	(198,924)
2027	(11,000)
	<u>\$ (660,253)</u>

NOTE 7: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Actuarial assumptions

The total OPEB liability, net OPEB liability, and sensitivity as of June 30, 2021 were based on an actuarial valuation date of June 30, 2020. The total OPEB liability was rolled-forward from the valuation date to the plan’s fiscal year ending June 30, 2020, using generally accepted accounting principles.

The KRS Board of Trustee adopted new actuarial assumptions since June 30, 2018. These assumptions are documented in the report titled “Kentucky Retirement Systems 2018 Actuarial Experience Study for the Period Ending June 30, 2010”. The total OPEB liability as of June 30, 2021 was determined using these updated assumptions.

The actuarial assumptions are:

Benefits	<u>2022</u>
	no change
Assumptions	<u>2022</u>
Valuation date	6/30/2020
Actuarial cost method	Entry age normal
Amotrization method	Level percent of pay
Remaining amortization period	30 years, closed
Payroll growth rate	2.00%
Investment rate of return	6.25%
Inflation	2.30%
Salary increase rate - nonhazardous	3.30% - 10.30%
Salary increase rate - hazardous	3.05% - 18.55%
Health care cost trends:	
Pre-65	6.250% decreasing to an ultimate rate of 4.05% in 12 years
Post-65	5.50% decreasing to an ultimate rate of 4.05% in 12 years

NOTE 7: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

TRS	
Benefits	<u>2022</u>
	no change
Assumptions	<u>2022</u>
Inflation	2.50%
Real wage growth	25.00%
Wage inflation	275.00%
Salary increase rate	3.50% - 7.50%
Investment rate of return - MIF	7.10%
Investment rate of return - LIF	7.10%
Municipal bond index	2.13%
Single equivalent investment rate - MIF	7.10%
Single equivalent investment rate - LIF	7.10%
Health care cost trends:	
Pre-65	7.00% decreasing to an ultimate rate of 4.50% by FYE 2031
Post-65	5.00% decreasing to an ultimate rate of 4.50% by FYE 2024
Medicare part B premiums	4.40% with an ultimate rate of 4.50% by FYE 2034

The mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set-back for one year for females). For disabled members, the mortality table used is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set-back four years for males).

The long-term expected rate of return was determined by using a building block method in which best estimate ranges of expected future real rates of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized in the tables below. The current long-term inflation assumption is 2.30% per annum for both the non-hazardous and hazardous system.

NOTE 7: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

CERS		
Asset Class	Target Allocation	Long-term Expected Nominal Return
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%
Core Bonds	10.00%	0.00%
Cash	1.50%	-0.60%
Real Estate	10.00%	5.40%
Real Return	10.00%	4.55%
Expected real return	<u>100.00%</u>	<u>5.00%</u>
Long-term inflation assumption		<u>2.50%</u>

TRS - MIF			TRS - LIF		
Asset Class	Target Allocation	Long-term Expected Nominal Return	Asset Class	Target Allocation	Long-term Expected Nominal Return
Global equity	58.00%	5.10%	US Equity	40.00%	4.40%
Fixed income	9.00%	-0.10%	International Equity	23.00%	5.60%
Real Estate	6.50%	4.00%	Fixed Income	18.00%	-0.10%
Private equity	8.50%	6.90%	Real Estate	6.00%	4.00%
High Yield	8.00%	1.70%	Private Equity	5.00%	6.90%
Other categories	9.00%	2.20%	Additional Categories	6.00%	2.10%
Cash (LIBOR)	1.00%	-0.30%	Cash (LIBOR)	2.00%	-0.30%
Expected real return	<u>100.00%</u>	<u>7.10%</u>	Expected real return	<u>100.00%</u>	<u>7.10%</u>
Long-term inflation assumption		<u>2.50%</u>	Long-term inflation assumption		<u>2.50%</u>

NOTE 7: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Discount rate

The projection of cash flows used to determine the discount rate of 6.25% assumes that the funds receive the required employer contributions each future year, as determined by the current funding policy established in statute as last amended by House Bill 362 (passed in 2018). The discount rate determination used an expected rate of return of 6.25%, and a municipal bond rate of 3.50%, as reported in Fidelity Index’s “20-Year Municipal GO AA Index” as of June 28, 2019. However, the cost associated with the implicit employer subsidy was not included in the calculation of the KRS’ actuarial determined contributions, and any cost associated with the implicit study will not be paid out of KRS’ trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the KRS plan’s CAFR.

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

The following table presents the District’s proportionate share of the net OPEB liability calculated using the discount rate of 8.00% for TRS and 5.34% for CERS as well as what the District’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease 6.10%	Current Discount Rate 7.10%	1% Increase 8.10%
District's proportionate share of the TRS net OPEB liability	\$ 2,069,000	\$ 1,616,000	\$ 1,241,000
		Current Discount Rate 5.34%	1% Increase 6.34%
District's proportionate share of the CERS net OPEB liability	\$ 1,233,330	\$ 898,279	\$ 623,314
Total	\$ 3,302,330	\$ 2,514,279	\$ 1,864,314

NOTE 7: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

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

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

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
District's proportionate share of the TRS net OPEB liability	\$ 1,174,000	\$ 1,616,000	\$ 2,166,000
District's proportionate share of the CERS net OPEB liability	646,654	898,279	1,201,994
Total	\$ 1,820,654	\$ 2,514,279	\$ 3,367,994

OPEB plan fiduciary net position

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

NOTE 8: CONTINGENCIES

Grants

The District receives funding from federal and state agencies in the form of grants. These funds are to be used for designated purposes only. For government agency grants, if the grantor’s review indicates that the funds have not 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.

Litigation

The District is subject to various legal actions in various stages of litigation, the outcome of which is not determinable at this time. Management of the District and its legal counsel do not anticipate that there will be any material effect on the combined financial statements as a result of cases presently in progress.

NOTE 9: RISK MANAGEMENT

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

NOTE 9: RISK MANAGEMENT - CONTINUED

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.

Management estimates that the amount of actual or potential claims against the District as of June 30, 2022 will not materially affect the financial condition of the District. Therefore, the General Fund contains no provision for estimated claims. Settled claims resulting from these risks have not exceeded insurance coverage amounts in any of the past three fiscal years.

NOTE 10: FUND TRANSFERS

The following transfers were made during the year:

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
General Fund	Debt Service	Debt Service	\$ 58,050
General Fund	Special Revenue	Technology Match	17,806
General Fund	Construction Fund	Projects	109,595
Special Revenue	General Fund	Indirect Costs	39,202
Capital Outlay	Construction Fund	Projects	116,117
Capital Outlay	Construction Fund	Projects	31,967
Building Fund	Debt Service	Debt Service	357,964
Building Fund	Construction Fund	Projects	297,057
Food Service	Construction Fund	Projects	180,000
Food Service	General Fund	Indirect Costs	53,328
			<u>\$ 1,261,086</u>

NOTE 11: ON-BEHALF PAYMENTS

For the year ended June 30, 2022 payments were made by the Commonwealth of Kentucky on behalf of the District for insurance benefits, retirement benefits, technology, and debt service. The following amounts were recorded in the Statement of Activities and the Statement of Revenue, Expenditures, and Changes in Fund Balance:

Fund	
General	\$ 2,489,319
Debt service	85,644
Food service	81,861
Day care	6,372
	<u>\$ 2,663,196</u>
Type	
Retirement	\$ 1,589,743
Health insurance less federal reimbursement	883,010
Life insurance	1,530
Administrative fee	12,208
HRA/Dental/Vision insurance	21,175
Technology	69,886
Debt service	85,644
	<u>\$ 2,663,196</u>

REQUIRED SUPPLEMENTARY INFORMATION

Dayton Independent School District
 Budgetary Comparison Schedule – General Fund
 June 30, 2022

	Budgeted Amounts		Actual	Variance
	Original	Final		Final to Actual
Revenues				
Local sources	\$ 2,576,260	\$ 2,576,260	\$ 2,684,180	\$ 107,920
State sources	6,480,277	6,480,277	6,564,492	84,215
Federal sources	20,000	20,000	113,103	93,103
Total revenues	9,076,537	9,076,537	9,361,775	285,238
Expenditures				
Instruction	5,335,154	5,335,154	4,922,794	412,360
Support services:				-
Student	1,047,108	1,047,108	1,131,772	(84,664)
Instruction staff	680,218	680,218	463,395	216,823
District administrative	595,695	595,695	547,288	48,407
School administrative	814,204	814,204	817,021	(2,817)
Business	445,237	445,237	367,212	78,025
Plant operations	1,059,565	1,059,565	1,004,829	54,736
Facility aquisition and improvement			40,015	(40,015)
Student transportation	165,100	165,100	128,160	36,940
Food service	17,087	17,087	12,606	4,481
Day care	7,550	7,550	6,143	1,407
Community service	10,459	10,459	10,392	67
Contingency	1,096,612	1,096,612	-	1,096,612
Total expenditures	11,273,989	11,273,989	9,451,627	1,822,362
Excess (deficiency) of revenues over expenditures	(2,197,452)	(2,197,452)	(89,852)	(1,537,124)
Other financing sources (uses)				
Transfers in	54,000	54,000	92,530	38,530
Transfers out	(186,545)	(186,545)	(185,451)	1,094
Sale of assets	1,000	1,000	1,466	466
Total other financing sources (uses)	(131,545)	(131,545)	(91,455)	40,090
Net change in fund balances	(2,328,997)	(2,328,997)	(181,307)	2,147,690
Fund balances - beginning of year	2,328,997	2,328,997	2,355,518	26,521
Fund balances - end of year	\$ -	\$ -	\$ 2,174,211	\$ 2,174,211

Dayton Independent School District
 Budgetary Comparison Schedule – Special Revenue Fund
 June 30, 2022

	Budgeted Amounts		Actual	Variance
	Original	Final		Final to Actual
Revenues				
Local sources	\$ 2,000	\$ 2,000	\$ 143,492	\$ 141,492
State sources	413,797	413,797	441,525	27,728
Federal sources	1,267,319	1,267,319	2,866,248	1,598,929
Total revenues	1,683,116	1,683,116	3,451,265	1,768,149
Expenditures				
Instruction	1,341,714	1,341,714	2,530,653	(1,188,939)
Support services:				
Student	72,537	72,537	75,408	(2,871)
Instruction staff	39,688	39,688	169,470	(129,782)
Business support	36,000	36,000	227,465	(191,465)
School admin	-	-	-	-
Plant operations	38,575	38,575	174,813	(136,238)
Student transportation			42,945	(42,945)
Day care			36,803	(36,803)
Community services	144,424	144,424	172,312	(27,888)
Total expenditures	1,672,938	1,672,938	3,429,869	(1,756,931)
Excess (deficiency) of revenues over expenditures	10,178	10,178	21,396	3,525,080
Other financing sources (uses)				
Transfers in	68,581	68,581	17,806	(50,775)
Transfers out	(50,581)	(50,581)	(39,202)	11,379
Total other financing sources (uses)	18,000	18,000	(21,396)	(39,396)
Net change in fund balances	28,178	28,178	-	(28,178)
Fund balances - beginning of year	-	-	-	-
Fund balances - end of year	\$ 28,178	\$ 28,178	\$ -	\$ (28,178)

Dayton Independent School District
 Schedule of District's Proportionate Share of the Net Pension Liability
 And Contributions - TRS
 June 30, 2022

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

As of June 30,	2022	2021	2020	2019	2018	2017	2016	2015
Measurement period as of June 30,	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the 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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability	\$ 18,522,407	\$ 19,635,506	\$ 18,173,923	\$ 18,310,857	\$ 37,116,653	\$ 40,720,474	\$ 30,776,138	\$ 29,749,812
District's covered payroll	\$ 5,141,994	\$ 5,006,400	\$ 4,759,401	\$ 4,803,543	\$ 46,707,500	\$ 4,629,144	\$ 4,544,045	\$ 4,537,035
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%	58.76%	59.30%	39.83%	35.22%	42.49%	45.59%

Schedule of District's Contributions - TRS

As of June 30,	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Actual contribution	-	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 4,635,300	\$ 5,141,994	\$ 5,006,400	\$ 4,759,401	\$ 4,803,543	\$ 46,707,500	\$ 4,629,144	\$ 4,544,045	\$ 4,537,035
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Dayton Independent School District
Schedule of District's Proportionate Share of the Net Pension Liability
And Contributions - CERS
June 30, 2022

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

As of June 30,	2022	2021	2020	2019	2018	2017	2016	2015
Measurement period as of June 30,	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability	0.0469%	0.0498%	0.4971%	0.0468%	0.0461%	0.0442%	0.0471%	0.0446%
District's proportionate share of the net pension liability	\$ 2,992,283	\$ 3,823,224	\$ 3,496,056	\$ 2,850,872	\$ 2,696,443	\$ 2,179,334	\$ 2,024,238	\$ 1,449,000
District's covered payroll	\$ 1,312,381	\$ 1,352,244	\$ 1,343,179	\$ 1,243,533	\$ 1,123,109	\$ 1,060,537	\$ 1,052,781	\$ 1,018,168
District's proportionate share of the net pension liability as a percentage of its covered payroll	228.00%	282.73%	260.28%	229.26%	240.09%	205.49%	192.28%	142.31%
Plan fiduciary net position as a percentage of the total pension liability	55.95%	47.81%	50.45%	53.54%	53.32%	55.50%	59.97%	66.80%

Schedule of District's Contributions - CERS

As of June 30,	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 308,215	\$ 315,518	\$ 325,349	\$ 288,514	\$ 238,509	\$ 209,010	\$ 180,927	\$ 185,267	\$ 203,855
Actual contribution	308,215	315,518	325,249	288,514	238,509	209,010	180,927	185,267	203,855
Contribution deficiency (excess)	\$ -	\$ -	\$ 100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 1,455,904	\$ 1,312,381	\$ 1,352,244	\$ 1,343,179	\$ 1,243,533	\$ 1,123,109	\$ 1,060,537	\$ 1,052,781	\$ 1,018,168
Contributions as a percentage of covered payroll	21.17%	24.04%	24.05%	21.48%	19.18%	18.61%	17.06%	17.60%	20.02%

Dayton Independent School District
Schedule of District's Proportionate Share of the Net OPEB Liability
And Contributions – TRS Medical Insurance Fund
June 30, 2022

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

As of June 30,	2022	2021	2020	2019	2018
Measurement period as of June 30,	2021	2020	2019	2018	2017
District's proportion of the net OPEB liability	0.0753%	0.0737%	0.0704%	0.0178%	0.0718%
District's proportionate share of the net OPEB liability	\$ 1,616,000	\$ 1,860,000	\$ 2,060,000	\$ 2,481,000	\$ 2,561,000
State's proportionate share of the net OPEB liability	\$ 2,738,000	\$ 3,350,000	\$ 3,724,000	\$ 4,619,000	\$ 4,653,000
District's covered payroll	\$ 5,141,994	\$ 5,006,400	\$ 4,759,901	\$ 4,803,543	\$ 4,670,750
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	31.43%	37.15%	43.28%	51.65%	54.83%
Plan fiduciary net position as a percentage of the total OPEB liability	51.47%	39.05%	32.58%	25.54%	21.18%

Schedule of District's Contributions - TRS Medical Insurance Plan

As of June 30,	2022	2021	2020	2019	2018	2017
Contractually required contribution	\$ 139,059	\$ 130,126	\$ 122,561	\$ 127,374	\$ 123,045	
Actual contribution	139,059	130,126	122,561	127,374	123,045	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 4,635,300	\$ 5,141,994	\$ 5,006,400	\$ 4,759,901	\$ 4,803,543	\$ 4,670,750
Contributions as a percentage of covered payroll	3.00%	2.53%	2.45%	2.68%	2.56%	0.00%

Dayton Independent School District
Schedule of District's Proportionate Share of the Net OPEB Liability
And Contributions – TRS Life Insurance Fund
June 30, 2022

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

As of June 30,	2022	2021	2020	2019	2018
Measurement period as of June 30,	2021	2020	2019	2018	2017
District's proportion of the net OPEB liability	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
District's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability	\$ 45,000	\$ 45,000	\$ 39,000	\$ 37,000	\$ 28,000
District's covered payroll	\$ 5,141,994	\$ 5,006,400	\$ 4,759,401	\$ 4,803,543	\$ 4,670,750
District's proportionate share of the net 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 OPEB liability	89.15%	71.57%	73.40%	74.97%	79.99%

Schedule of District's Contributions - TRS Life Insurance Plan

As of June 30,	2022	2021	2020	2019	2018	2017
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Actual contribution	-	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 5,583,409	\$ 5,141,994	\$ 5,006,400	\$ 4,759,401	\$ 4,803,543	\$ 4,670,750
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Dayton Independent School District
 Schedule of District's Proportionate Share of the Net OPEB Liability
 And Contributions – CERS
 June 30, 2022

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

As of June 30,	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Measurement period as of June 30,	2021	2020	2019	2018	2017
District's proportion of the net OPEB liability	0.0498%	0.0498%	0.0497%	0.0468%	0.0461%
District's proportionate share of the net OPEB liability	\$ 898,279	\$ 1,203,509	\$ 835,864	\$ 831,067	\$ 926,104
District's covered payroll	\$ 1,312,381	\$ 1,352,244	\$ 1,343,179	\$ 1,243,533	\$ 1,123,109
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	68.45%	89.00%	62.23%	66.83%	82.46%
Plan fiduciary net position as a percentage of the total OPEB liability	58.41%	51.67%	60.44%	57.62%	52.39%

Schedule of District's Contributions - CERS

As of June 30,	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 84,150	\$ 60,787	\$ 65,953	\$ 54,528	\$ 53,053	
Actual contribution	84,150	60,787	65,953	54,528	53,053	
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 1,455,905	\$ 1,312,381	\$ 1,352,244	\$ 1,343,179	\$ 1,243,533	\$ 1,123,109
Contributions as a percentage of covered payroll	5.78%	4.63%	4.88%	4.06%	4.27%	0.00%

SUPPLEMENTARY INFORMATION

Dayton Independent School District
 Combining Balance Sheet – Nonmajor Funds
 June 30, 2022

	District Activity Fund	Student Activity Fund	Capital Outlay Fund	Building Fund	Construction Fund	Debt Service Fund	Total Nonmajor Governmental Funds
Assets							
Cash and cash equivalents	\$ 48,503	\$ 138,821	\$ 0	\$ 15,005	\$278,273	\$ (10,218)	\$ 470,384
Prepaid expenditures						10,218	10,218
Total assets	<u>\$ 48,503</u>	<u>\$ 138,821</u>	<u>\$ 0</u>	<u>\$ 15,005</u>	<u>\$ 278,273</u>	<u>\$ 0</u>	<u>\$ 480,602</u>
Fund balances							
Restricted	\$ 48,503	\$ 132,950		\$ 15,005	\$ 278,273		\$ 474,731
Assigned		5,871					5,871
Total fund balances	<u>48,503</u>	<u>138,821</u>	<u>0</u>	<u>15,005</u>	<u>278,273</u>	<u>0</u>	<u>480,602</u>
Total liabilities and fund balances	<u>\$ 48,503</u>	<u>\$ 138,821</u>	<u>\$ 0</u>	<u>\$ 15,005</u>	<u>\$278,273</u>	<u>\$ 0</u>	<u>\$ 480,602</u>

Dayton Independent School District
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances – Nonmajor Funds
June 30, 2022

	District Activity Fund	Student Activity Fund	Capital Outlay Fund	Building Fund	Construction Fund	Debt Service Fund	Total Nonmajor Governmental Funds
Revenues							
From local sources:							
Property taxes	\$	\$	\$	\$ 385,562	\$	\$	\$ 385,562
Earnings on investments		205					205
Other local revenue	3,280	237,489		15,006			255,775
State on-behalf						85,644	85,644
State sources			84,794	259,834			344,628
Total revenues	3,280	237,694	84,794	660,402	0	85,644	1,071,814
Expenditures							
Instruction	11,764	233,956					245,720
Support services:							
Student	199	548					747
Instruction staff	101						101
Facility acquisition and improvements					512,448		512,448
Student transportation		270					270
Community services		6,058					6,058
Debt service							
Principal						345,000	345,000
Interest						156,658	156,658
Total expenditures	12,064	240,832	0	-	512,448	501,658	1,267,002
Excess of revenues over (under) expenditures	(8,784)	(3,138)	84,794	660,402	(512,448)	(416,014)	(195,188)
Other financing sources (uses)							
Transfers in					734,736	416,014	1,150,750
Transfers out			(148,084)	(655,019)			(803,103)
Total other financing sources (uses)	-	0	(148,084)	(655,019)	734,736	416,014	347,647
Net change in fund balances	(8,784)	(3,138)	(63,290)	5,383	222,288	0	152,459
Fund balances - beginning	57,287	141,959	63,290	9,622	55,985	0	328,143
Fund balances - end of year	\$ 48,503	\$ 138,821	\$ 0	\$ 15,005	\$ 278,273	\$ 0	\$ 480,602

Dayton Independent School District
Schedule of Receipts, Disbursements, and Fund Balance
School Activity Funds
June 30, 2022

Fund Name	Cash Balance				Cash Balance June 30, 2022
	July 1, 2021	Receipts	Expenditure	Transfers	
3D Printer Club	\$ 337	\$ 0	\$ 377	\$ 0	\$ (40)
7Th Grade	283	2	0	0	285
8Th Grade	161	0	0	0	161
Academic Team	123	0	0	0	123
After Prom	191	4,400	3,870	0	721
Alumni Assoc	1,095	6,170	212	(2,251)	4,801
Community Based -Buschle	1,937	602	301	0	2,238
Annual Yearbook	1,135	0	1,192	0	(57)
Art Dept	279	0	0	0	279
Athletic Booster Club	6,124	19,179	17,226	0	8,077
General Athletics	337	20,383	25,328	2,251	(2,357)
Athletic Fundraiser	0	35	0	0	35
Band	321	0	94	0	227
Band Boosters	1,958	372	208	0	2,122
Baseball Fundraiser	359	4,995	739	0	4,615
Bowling Fundraiser	595	2,488	875	0	2,208
Boys Basketball	281	871	1,151	0	1
Student Generated-Cake	9,373	902	509	0	9,766
Boys Basketball Fundraiser	0	2,000	1,299	0	701
Boys Cross Country	0	560	560	0	0
Boys Track	0	0	78	0	(78)
Cheer Fundraiser	1,545	7,223	7,308	200	1,661
Cheerleading	0	3,607	0	0	3,607
Class Of 21	255	0	255	0	0
Class Of 22	1,185	0	1,935	0	(750)
Class Of 23	361	(811)	(650)	0	200
Class Of 24	0	40	862	40	(781)
Staff Generated-Coke	4,895	2,236	2,198	0	4,934
Color/Winter Guard	17	0	0	0	17
Cross Country Fundraiser	1,442	0	1,400	0	42
Day Treatment	413	0	0	0	413
Drama Club	612	1,121	564	0	1,169
Esports Fundraiser	100	1,121	384	0	837
Fbla	31	3,581	3,517	0	95
Fca Club	46	0	0	0	46
Hs Football	195	12,891	13,086	0	0
Football Fundraiser/Golf Outing	1,130	10,032	10,066	0	1,096
Golf Outing-Fb Fundraiser	16,660	15,466	30,226	0	1,900

Dayton Independent School District
Schedule of Receipts, Disbursements, and Fund Balance
School Activity Funds
June 30, 2022

Fund Name	Cash Balance				Cash Balance June 30, 2022
	July 1, 2021	Receipts	Expenditure	Transfers	
Green Zone	164	0	0	0	164
Guidance	186	0	0	0	186
Hs Field Trips	696	0	120	0	576
St. Council	95	205	60	0	239
Technology	1,253	0	74	0	1,179
Library	649	0	549	(40)	60
Ms Cheer Fundraiser	200	0	0	(200)	0
Ms Dance	1,744	384	414	0	1,715
Ms Field Trip	810	265	150	0	925
Ms Robotics	401	0	0	0	401
Ms Science	455	0	400	0	55
Ms St. Council	344	0	0	0	344
Nhs	373	0	64	0	309
Njhs	924	0	160	0	764
Pep Squad Fundraiser	51	0	0	0	51
Practical Living	58	0	0	(58)	0
Principals Acct	13,344	1,449	4,724	58	10,127
Scholarships	20,914	10,317	9,908	0	21,323
Sr Banquet	1,115	0	350	0	765
Senior Trip	3,720	0	1,943	0	1,777
Soccer Fundraiser	14	2,099	771	0	1,342
Gen Athletics Fundraiser	0	2,251	2,251	0	0
General Acct	0	0	750	0	(750)
Girls Basketball	576	0	575	0	1
Girls Basketball Fundraiser	2,503	3,579	3,602	0	2,480
Girls Cross Country	0	50	50	0	0
Girls Soccer	0	1,437	1,437	0	0
Ms Basketball Tourney	0	8,452	8,452	0	0
Ms Holiday Bb Tourney	0	3,924	3,924	0	0
Prom Fundraiser	0	6,734	5,657	0	1,077
Science Dept	0	0	10	0	(10)
Softball	0	1,000	615	0	385
Softball Fundraiser	2,923	3,500	3,031	0	3,392
Sped Dept	0	16	0	0	16
Startup Change	0	2,000	2,000	0	0
Student Devices	0	49	0	0	49
Thcr/Stud Incentives	1,900	692	1,937	0	655
Therapeutic Resources	0	80	79	0	1

Dayton Independent School District
 Schedule of Receipts, Disbursements, and Fund Balance
 School Activity Funds
 June 30, 2022

Fund Name	Cash Balance				Cash Balance
	July 1, 2021	Receipts	Expenditure	Transfers	June 30, 2022
Track Fundraiser	737	5,463	5,544	0	656
Transcript Fees	1,279	48	4	0	1,323
Vball Fundraiser	1,522	9,790	8,962	0	2,350
Volleyball	0	4,498	4,498	0	0
Wash Dc Trip	2,457	0	0	0	2,457
Youth League	0	8,535	4,002	0	4,533
Ysc	9,216	0	308	0	8,908
Due to student groups	\$ 124,399	\$ 196,283	\$ 202,541	\$ -	\$ 118,141

	Cash Balance			Cash Balance
	July 1, 2021	Receipts	Expenditure	June 30, 2022
Dayton High School	\$ 124,399	\$ 196,283	\$ 202,541	\$ 118,141
Lincoln Elementary	17,563	50,181	47,064	20,680
	\$ 141,962	\$ 246,464	\$ 249,605	\$ 138,821

Henry County School District
Schedule of Expenditures of Federal Awards - Continued
June 30, 2022

Federal Grantor Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
U.S. Department of Education			
<i>Passed through the Kentucky Department of Education</i>			
Title I Grants to Local Educational Agencies	84.010A	3100002 21	\$ 434,465
Title I Grants to Local Educational Agencies	84.010A	3100002 22	110,260
Total CFDA 84.010			544,725
Special Education - Grants to States (IDEA, Part B)	84.027A	3810002 21	16,274
Special Education - Grants to States (IDEA, Part B)	84.027A	3810002 22	207,832
ARPA Special Education - Grants to States (IDEA, Part B)	84.027X	4910002 21	47,654
Total CFDA 84.027			271,760
Special Education Preschool Grants	84.173A	3800002 21	3,158
Special Education Preschool Grants	84.173A	3800002 22	32,701
ARP Special Education Preschool Grants	84.173X	4900002 21	6,610
Total CFDA 84.173			42,469
Innovative Approaches to Literacy	84.215G	S215G180045	36,197
Total CFDA 84.215			36,197
Education for Homeless Children and Youth	84.196	3990002 21	50,232
Education for Homeless Children and Youth	84.196	3990002 22	79,862
Total CFDA 84.196			130,094
Student Support and Academic Enrichment Program	84.424	3420002 21	12,988
Student Support and Academic Enrichment Program	84.424	3420002 22	32,501
Total CFDA 84.424			45,489
Education Stabilization Fund	84.425C	4000002.20	26,670
Education Stabilization Fund	84.425D	4200002.20	6,795
Education Stabilization Fund	84.425D	4200002.21	1,214,816
Education Stabilization Fund	84.425U	4300002 21	388,050
Education Stabilization Fund	84.425W	4980002 21	14,379
Education Stabilization Fund	84.425W	4980002 22	29,482
Total CFDA 84.425			1,680,192
<i>Passed through the Walton-Verona Independent School District</i>			
Career and Technical Education	84.048	3710002 21	5,811
Total CFDA 84.048			5,811
Total U.S. Department of Education			2,756,737

Henry County School District
 Schedule of Expenditures of Federal Awards - Continued
 June 30, 2022

Federal Grantor Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
U.S. Department of Health and Human Services			
<i>Passed through the Kentucky Department of Education</i>			
Child Care and Development Block Grant	93.575	3710002 21	65,873
Child Care and Development Block Grant	93.575		26,773
Child Care and Development Block Grant	93.575		4,264
Child Care and Development Block Grant	93.575		5,766
Total CFDA 93.575			102,676
Total U.S. Department of Health and Human Services			102,676
U.S. Department of Justice			
<i>Passed through the NKCES</i>			
Stop School Violence	16.839	3710002 21	2,237
Total CFDA 84.048			2,237
Total U.S. Department of Justice			2,237
U.S. Department of Agriculture			
Child Nutrition Cluster			
<i>Passed through Kentucky Department of Education</i>			
School Breakfast Program	10.553	7760005 21	7,589
School Breakfast Program	10.553	7760005 22	62,924
Total CFDA 10.553			70,513
National School Lunch Program	10.555	7750002 21	70,919
National School Lunch Program	10.555	7750002 22	293,784
National School Lunch Program	10.555	9980000 22	24,407
Total CFDA 10.555			389,110
Summer Food Service Program	10.559	7690024 21	16,580
Summer Food Service Program	10.559	7740023 21	161,228
Total CFDA 10.559			177,808
Summer Food Service Program	10.582	7720012 21	5,649
Summer Food Service Program	10.582	7720012 22	5,712
Total CFDA 10.582			11,361
Total Child Nutrition Cluster			648,792
Child and Adult Care Food Program	10.558	7980000 21	7,607
Child and Adult Care Food Program	10.558	7790021 21	17,225
Child and Adult Care Food Program	10.558	7790021 22	24,691
Child and Adult Care Food Program	10.558	7800016 21	1,144
Child and Adult Care Food Program	10.558	7800016 22	1,241
Total CFDA 10.558			51,908
State Administrative Expenses for Child Nutrition	10.560	7700001 20	668
Total CFDA 10.560			668
Pandemic EBT Administrative Costs	10.649	9990000 21	614
Total CFDA 10.560			614
Total U.S. Department of Agriculture			701,982
Total Expenditures of Federal Awards			\$ 3,563,632

NOTE 1: BASIS OF PRESENTATION

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3: INDIRECT COST RATE

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

NOTE 4: SUBRECIPIENTS

The District did not provide federal funds to subrecipients for the year ended June 30, 2022.



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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the audit requirements prescribed by the Kentucky State Committee for School District Audits in the *Independent Auditor's Contract*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Dayton Independent 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 November 2, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Dayton Independent School District's internal control over financial reporting (internal control) to determine the 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 Dayton Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Dayton Independent School District's internal control.

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

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of the District in a separate letter dated November 2, 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

Maddox & Associates CPAs Inc.

Fort Thomas, Kentucky
November 2, 2022



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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Program

We have audited Dayton Independent School District's (District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2022. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major programs for the year ended June 30, 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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities of those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of

laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will not always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and the audit requirements prescribed by the Kentucky State Committee for School District Audits, in the *Auditor Responsibilities and State Compliance Requirements* sections contained in the Kentucky Public School Districts' Audit Contract and Requirements, we:

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

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

Report on Internal Control over Compliance

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

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

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

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

Maddox & Associates CPAs Inc.

Fort Thomas, Kentucky

November 2, 2022

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified? _____ Yes X None reported

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)? _____ Yes X None reported

Identification of Major Programs

CFDA Number(s)	Name of Federal Program or Cluster
84.425	Education Stabilization Fund

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

\$ 750,000

Auditee qualified as low-risk auditee _____ X Yes _____ No

SECTION II - FINANCIAL STATEMENT FINDINGS

None reported

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported

NO PRIOR FINDINGS



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

In planning and performing our audit of the financial statements of Dayton Independent School District (District) for the year ended June 30, 2022, we considered the District's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of matters that our opportunities for strengthening internal controls and operating efficiencies. The memorandum that accompanies this letter summarizes our comments and recommendations regarding these matters. Any uncorrected comments from the prior year have been listed in this letter. A separate report dated November 2, 2022 contains our report on the District's internal control. This letter does not affect our report dated November 2, 2022 on the financial statements of the District.

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

Maddox & Associates CPAs Inc.
November 2, 2022

Current Year Comments

Activity Funds

Dayton High School

Several school activity funds ended the year with a deficit balance. According to *Accounting Procedures for School Activity Funds*, if a school activity fund ends the year with a negative balance the District's general fund shall cover any deficit by June 30.

Management's Response

Activity fund sponsors and bookkeepers will be trained on the requirements regarding negative balances.

Prior Year Comments

Central Office

District was not in compliance with minimum insurance requirements.

This comment was not repeated in the current year.