

**DAYTON INDEPENDENT SCHOOL DISTRICT**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

<b>Independent Auditor’s Report</b> .....	<b>1-3</b>
<b>Management’s Discussion and Analysis</b> .....	<b>4-9</b>
<b>Basic Financial Statements</b>	
<i>Government-Wide Financial Statements</i>	
Statement of Net Position.....	10
Statement of Activities.....	11
<i>Fund Financial Statements</i>	
Balance Sheet – Governmental Funds .....	12
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	13
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	14-15
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to Statement of Activities.....	16
Statement of Net Position – Proprietary Funds.....	17
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds .....	18
Statement of Cash Flows – Proprietary Funds.....	19
Notes to the Financial Statements .....	20-52
<b>Required Supplementary Information</b>	
Budgetary Comparison Schedule – General Fund .....	53
Budgetary Comparison Schedule – Special Revenue Fund.....	54
Notes to Budgetary Comparison Schedules.....	55
Schedule of District’s Proportionate Share of the Net Pension Liability and Contributions – CERS.....	56
Schedule of District’s Proportionate Share of the Net Pension Liability and Contributions – TRS.....	57
Schedule of District’s Proportionate Share of the Net OPEB Liability and Contributions – CERS.....	58
Schedule of District’s Proportionate Share of the Net OPEB Liability and Contributions – TRS Medical Insurance Fund .....	59

Schedule of District’s Proportionate Share of the Net OPEB Liability and Contributions – TRS Life Insurance Fund .....	60
<b>Supplementary Information</b>	
Combining Balance Sheet – Nonmajor Governmental Funds .....	61
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds.....	62
Statement of School Activity Funds .....	63-66
Schedule of Expenditures of Federal Awards.....	67-68
Notes to the Schedule of Expenditures of Federal Awards.....	69
<b>Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on and Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....</b>	<b>70-71</b>
<b>Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by Uniform Guidance .....</b>	<b>72-74</b>
<b>Schedule of Findings and Questioned Costs .....</b>	<b>75</b>
<b>Summary Schedule of Prior Audit Findings.....</b>	<b>76</b>
<b>Management Letter .....</b>	<b>77-78</b>



## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Dayton Independent School District (District) as of and for the year ended June 30, 2023, 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, 2023 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis of Opinions***

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

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue

as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension schedules, and OPEB schedules as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or

historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Supplementary Information***

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2023, 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 7, 2023

As management of the Dayton Independent School District (District) we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information found within the body of this report.

### **FINANCIAL HIGHLIGHTS**

The assets and deferred outflows of the District were less than its liabilities and deferred outflows at the close of the most recent fiscal year by \$2,068,604 (net deficit). The unrestricted net position, which represents the amounts available to meet the District's ongoing obligations to citizens and creditors, was a deficit of \$1,489,902. The District is committed to provide postemployment benefits to its employees. As a result, the District has recognized substantial liabilities in the financial statements for these benefits. As of year-end, the District has liabilities of for postemployment benefits of \$7,083,637 which caused the deficit balance in the unrestricted net position.

The District's total net position decreased \$876,597.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

#### **Government-wide Financial Statements**

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

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

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

The government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, district and school administration, business and plant operations, student transportation, and operation of non-instructional services. Fixed assets and debt is also supported by taxes and intergovernmental revenues. The government-wide financial statements can be found on pages 10-11 of this report.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. This is the state mandated accounting system including a chart of accounts for all Kentucky public school districts utilizing the MUNIS administrative software. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. The proprietary fund is for food service operations. The fiduciary fund is a trust fund established by benefactors to aid in student education, welfare, and teacher support. All other activities of the District are included in the governmental funds. The basic governmental fund financial statements can be found on pages 12-19 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 20-52 of this report.

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

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



**Net Position**

	Governmental Activities		Business-Type Activities	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
<b>Assets</b>				
Current assets	\$ 5,333,001	\$ 3,044,216	\$ 122,525	\$ 231,734
Non-current assets	7,803,669	7,481,499	144,760	168,717
<b>Total assets</b>	<b>13,136,670</b>	<b>10,525,715</b>	<b>267,285</b>	<b>400,451</b>
Deferred outflows	2,433,922	1,551,042	188,867	199,493
<b>Liabilities</b>				
Current liabilities	586,734	548,660	7,025	-
Non-current liabilities	15,041,043	10,250,591	867,921	716,461
<b>Total liabilities</b>	<b>15,627,777</b>	<b>10,799,251</b>	<b>874,946</b>	<b>716,461</b>
Deferred inflows	1,494,003	2,113,691	98,622	223,700
<b>Net position</b>				
Net investment in capital assets	(536,017)	2,118,716	144,760	168,717
Restricted	474,731	474,731	(662,176)	(508,934)
Unrestricted	(1,489,902)	(3,429,632)	-	-
<b>Total net position</b>	<b>\$ (1,551,188)</b>	<b>\$ (836,185)</b>	<b>\$ (517,416)</b>	<b>\$ (340,217)</b>

**Change in Net Position**

	Governmental Activities		Business-Type Activities	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2021
<b>Revenues:</b>				
Local revenue	\$ 4,076,024	\$ 3,473,680	\$ 121,410	\$ 73,136
State revenue	8,513,463	7,436,289	171,393	116,348
Federal revenue	2,815,905	2,979,351	653,409	600,979
<b>Total revenues</b>	<b>15,405,392</b>	<b>13,889,320</b>	<b>946,212</b>	<b>790,463</b>
<b>Expenses:</b>				
Instruction	8,329,554	6,746,921	-	-
Student support	1,327,421	1,163,325	-	-
Instruction staff	882,759	611,337	-	-
District administrative	635,938	536,621	-	-
School administrative	890,364	779,637	-	-
Business support	599,807	551,777	-	-
Plant operations and maintenance	1,376,694	1,393,662	-	-
Student transportation	230,113	172,422	-	-
Food service	8,174	(1,462)	946,736	1,284,341
Day care services	8,219	38,257	107,122	58,012
Community services	244,837	181,864	-	-
Land acquisition	828,760	436,484	-	-
Building improvements	552,094	115,979	-	-
Interest on long-term debt	259,609	157,932	-	-
<b>Total expenditures</b>	<b>16,174,343</b>	<b>12,884,756</b>	<b>1,053,858</b>	<b>1,342,353</b>
<b>Transfers</b>	<b>62,699</b>	<b>230,330</b>	<b>(62,699)</b>	<b>(233,357)</b>
<b>Change in net position</b>	<b>\$ (706,252)</b>	<b>\$ 1,234,894</b>	<b>\$ (170,345)</b>	<b>\$ (785,247)</b>

---

**GOVERNMENTAL FUND FINANCIAL ANALYSIS**

**Governmental Funds**

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

At the end of the current fiscal year, the District's government funds reported combined fund balances of \$4,801,071, an increase of \$2,155,039 in comparison with the prior year.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$2,680,712. The total general fund balance increased \$506,501.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of the fiscal year, the District had \$7,939,087 in capital assets net of depreciation. Net capital assets increased \$288,871.

	Governmental Activities		Business-Type Activities	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Land	\$ 1,231,971	\$ 538,083	\$ -	\$ -
Land improvements	4,733	7,101	-	-
Buildings and improvements	5,885,348	6,260,374	9,957	21,647
Technology equipment	237,355	211,048	5,332	5,332
Vehicles	21,724	28,584	20,678	28,109
General equipment	388,644	402,415	108,793	113,629
Construction in progress	33,894	33,894	-	-
<b>Total capital assets</b>	<b>\$ 7,803,669</b>	<b>\$ 7,481,499</b>	<b>\$ 144,760</b>	<b>\$ 168,717</b>

**Long-Term Obligations**

At the end of the fiscal year, the District had \$15,909,292 in long-term liabilities. Long-term liabilities increased \$4,816,470.

	Governmental Activities		Business-Type Activities	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2021
Bonds payable	\$ 8,339,686	\$ 5,362,783	\$ -	\$ -
Compensated absences	485,641	223,149	-	-
Net OPEB liability	3,363,970	2,336,429	198,993	177,850
Net pension liability	2,852,074	2,454,000	668,928	538,611
<b>Total long-term liabilities</b>	<b>\$ 15,041,371</b>	<b>\$ 10,376,361</b>	<b>\$ 867,921</b>	<b>\$ 716,461</b>

### **GENERAL FUND BUDGET**

Kentucky state statutes and the Kentucky Department of Education require school districts to adopt a budget that has a minimum 2% contingency. The District adopted a general fund budget that had a contingency of 11%.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

Budgeted general fund revenue for the District decreased for the upcoming fiscal year primarily due to higher expected property tax revenue. Budgeted general fund expenditures decreased for the upcoming fiscal year primarily due to higher wage costs.

### **REQUESTS FOR INFORMATION**

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

Dayton Independent School District  
Statement of Net Position  
June 30, 2023

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 4,543,371	\$ 112,245	\$ 4,655,616
Receivables	789,630	5,890	795,520
Prepays	-	-	-
Inventory	-	4,390	4,390
Capital assets, net	7,803,669	144,760	7,948,429
<b>Total assets</b>	<b>13,136,670</b>	<b>267,285</b>	<b>13,403,955</b>
<b>Deferred outflows of resources</b>			
OPEB related	2,000,190	85,859	2,086,049
Pension related	433,732	103,008	536,740
<b>Total deferred outflows of resources</b>	<b>2,433,922</b>	<b>188,867</b>	<b>2,622,789</b>
<b>Liabilities</b>			
Accounts payable	18,078	7,025	25,103
Unearned revenue	513,852	-	513,852
Interest payable	54,804	-	54,804
Due within one year:			
Bonds payable	379,082	-	379,082
Due in more than one year:			
Compensated absences	485,641	-	485,641
Bonds payable	7,960,604	-	7,960,604
Net OPEB liability	3,363,970	198,993	3,562,963
Net pension liability	2,851,746	668,928	3,520,674
<b>Total liabilities</b>	<b>15,627,777</b>	<b>874,946</b>	<b>16,502,723</b>
<b>Deferred inflows of resources</b>			
OPEB related	1,413,854	79,822	1,493,676
Pension related	80,149	18,800	98,949
<b>Total deferred inflows of resources</b>	<b>1,494,003</b>	<b>98,622</b>	<b>1,592,625</b>
<b>Net position</b>			
Net investment in capital assets	(536,017)	144,760	(391,257)
Restricted (deficit)	474,731	(662,176)	(187,445)
Unrestricted (deficit)	(1,489,902)	-	(1,489,902)
<b>Total net position (deficit)</b>	<b>\$ (1,551,188)</b>	<b>\$ (517,416)</b>	<b>\$ (2,068,604)</b>

See accompanying notes to financial statements.

Dayton Independent School District  
Statement of Activities  
Year Ended June 30, 2023

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contribution</u>	<u>Capital Grants and Contributions</u>	<u>Net Revenues (Expenses)</u>
<b>Governmental Activities</b>					
Instruction	\$ 8,329,554	\$ 14,967	\$ 4,311,219	\$ -	\$ (4,003,368)
Support services:					
Student	1,327,421	-	442,182	-	(885,239)
Instructional staff	882,759	-	529,650	-	(353,109)
District administration	635,938	-	148,840	-	(487,098)
School administration	890,364	-	322,334	-	(568,030)
Business	599,807	-	204,603	-	(395,204)
Plant operation	1,376,694	-	177,503	-	(1,199,191)
Student transportation	230,113	-	23,460	-	(206,653)
Food service	8,174	-	1,149	-	(7,025)
Day care services	8,219	-	917	-	(7,302)
Community services	244,837	-	233,904	-	(10,933)
Land acquisitions	828,760	-	-	-	(828,760)
Building improvements	552,094	-	-	-	(552,094)
Interest on long-term debt	259,609	-	-	85,645	(173,964)
<b>Total governmental activities</b>	<b>16,174,343</b>	<b>14,967</b>	<b>6,395,761</b>	<b>85,645</b>	<b>(9,677,970)</b>
<b>Business-Type Activities</b>					
Food service	946,735	31,604	802,113	-	(113,018)
Day care services	107,123	85,393	22,689	-	959
<b>Total business-type activities</b>	<b>1,053,858</b>	<b>116,997</b>	<b>824,802</b>	<b>-</b>	<b>(112,059)</b>
<b>Total school district</b>	<b>\$ 17,228,201</b>	<b>\$ 131,964</b>	<b>\$ 7,220,563</b>	<b>\$ 85,645</b>	<b>(9,790,029)</b>
			<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Net revenues (expenses)</b>			<b>\$ (9,677,970)</b>	<b>\$ (112,059)</b>	<b>\$ (9,790,029)</b>
<b>General Revenues</b>					
Property taxes			3,034,493	-	3,034,493
Motor vehicle taxes			316,398	-	316,398
Franchise tax			21,759	-	21,759
Investment earnings			206,012	4,413	210,425
Other			661,943	-	661,943
State aid			4,668,414	-	4,668,414
Transfers			62,699	(62,699)	-
<b>Total general revenues</b>			<b>8,971,718</b>	<b>(58,286)</b>	<b>8,913,432</b>
Change in net position			(706,252)	(170,345)	(876,597)
Net position (deficit) - beginning of year (restated)			(844,936)	(347,071)	(1,192,007)
<b>Net position (deficit) - end of year</b>			<b>\$ (1,551,188)</b>	<b>\$ (517,416)</b>	<b>\$ (2,068,604)</b>

Dayton Independent School District  
Balance Sheet – Governmental Funds  
June 30, 2023

	General Fund	Special Revenue	Construction Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents (deficit)	\$ 2,550,246	\$ (503,823)	\$ 1,817,387	\$ 336,833	\$ 4,200,643
Investments	102,307	240,421	-	-	342,728
Accounts receivable	43,910	745,720	-	-	789,630
<b>Total assets</b>	<b>\$ 2,696,463</b>	<b>\$ 482,318</b>	<b>\$ 1,817,387</b>	<b>\$ 336,833</b>	<b>\$ 5,333,001</b>
<b>Liabilities</b>					
Accounts payable	\$ 15,751	\$ 1,399	\$ 928	\$ -	\$ 18,078
Unearned revenue	-	513,852	-	-	513,852
<b>Total liabilities</b>	<b>15,751</b>	<b>515,251</b>	<b>928</b>	<b>-</b>	<b>531,930</b>
<b>Fund balances</b>					
Restricted	-	(32,933)	1,816,459	330,628	2,114,154
Assigned	20,188	-	-	6,205	26,393
Unassigned	2,660,524	-	-	-	2,660,524
<b>Total fund balances</b>	<b>2,680,712</b>	<b>(32,933)</b>	<b>1,816,459</b>	<b>336,833</b>	<b>4,801,071</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,696,463</b>	<b>\$ 482,318</b>	<b>\$ 1,817,387</b>	<b>\$ 336,833</b>	<b>\$ 5,333,001</b>

See accompanying notes to financial statements.

Dayton Independent School District  
 Reconciliation of the Balance Sheet – Governmental Funds  
 to the Statement of Net Position  
 June 30, 2023

---

Total fund balances - governmental funds	\$ 4,801,071
--	--------------

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.	7,803,669
---	-----------

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

Deferred outflows - OPEB	2,000,190
Deferred outflows - pensions	433,732
Deferred inflows - OPEB	(1,413,854)
Deferred inflows - pension	(80,149)

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

Accrued interest payable	(54,804)
Bonds payable	(8,339,686)
Compensated absences	(485,641)
Net OPEB liability	(3,363,970)
Net pension liability	(2,851,746)

---

Net position of governmental activities	\$ (1,551,188)
---	----------------

See accompanying notes to financial statements.



Dayton Independent School District  
Statement of Revenues, Expenditures and Changes in Fund  
Balances – Governmental Funds  
June 30, 2023

	General Fund	Special Revenue	Construction Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
From local sources:					
Property taxes	\$ 2,634,429	\$ -	\$ -	\$ 400,064	\$ 3,034,493
Motor vehicle taxes	316,398	-	-	-	316,398
Franchise taxes	21,759	-	-	-	21,759
Earnings on investments	200,591	5,421	-	-	206,012
Other local revenue	59,530	123,609	-	314,865	498,004
Intergovernmental - state SEEK	4,111,795	-	-	-	4,111,795
Intergovernmental - state on-behalf	3,256,181	-	-	85,645	3,341,826
Intergovernmental - state other	25,729	503,223	-	530,890	1,059,842
Intergovernmental - federal	179,548	2,636,357	-	-	2,815,905
<b>Total revenues</b>	<b>10,805,960</b>	<b>3,268,610</b>	<b>-</b>	<b>1,331,464</b>	<b>15,406,034</b>

Dayton Independent School District  
Statement of Revenues, Expenditures and Changes in Fund  
Balances – Governmental Funds - Continued  
June 30, 2023

	General Fund	Special Revenue	Construction Fund	Other Governmental Funds	Total Governmental Funds
<b>Expenditures</b>					
Instruction	5,497,175	2,187,730	-	329,332	8,014,237
Support services:					
Student	1,245,166	85,066	-	-	1,330,232
Instruction staff	571,420	313,664	-	-	885,084
District administrative	637,494	-	-	-	637,494
School administrative	893,492	-	-	-	893,492
Business support	426,216	173,171	-	-	599,387
Plant operation	992,323	132,901	-	-	1,125,224
Student transportation	224,564	5,355	-	245	230,164
Food service	8,183	-	-	-	8,183
Day care services	7,320	917	-	-	8,237
Community services	8,117	233,904	-	3,505	245,526
Land acquisition	5,973	-	1,516,675	-	1,522,648
Building improvements	-	-	552,094	-	552,094
Debt service	-	-	-	802,702	802,702
<b>Total expenditures</b>	<b>10,517,443</b>	<b>3,132,708</b>	<b>2,068,769</b>	<b>1,135,784</b>	<b>16,854,704</b>
Excess of revenues over (under) expenditures	288,517	135,902	(2,068,769)	195,680	(1,448,670)
<b>Other financing sources (uses)</b>					
Transfers in	249,341	17,807	65,970	717,057	1,050,175
Transfers out	(31,382)	(186,642)	-	(769,452)	(987,476)
Bond proceeds	-	-	3,540,985	-	3,540,985
Sale of assets	25	-	-	-	25
<b>Total other financing sources (uses)</b>	<b>217,984</b>	<b>(168,835)</b>	<b>3,606,955</b>	<b>(52,395)</b>	<b>3,603,709</b>
Net change in fund balances	506,501	(32,933)	1,538,186	143,285	2,155,039
Fund balances - beginning	2,174,211	-	278,273	193,548	2,646,032
<b>Fund balances - end of year</b>	<b>\$ 2,680,712</b>	<b>\$ (32,933)</b>	<b>\$ 1,816,459</b>	<b>\$ 336,833</b>	<b>\$ 4,801,071</b>

The accompanying notes are an integral part of these financial statements.

Dayton Independent School District  
 Reconciliation of the Statement of Revenues, Expenditures  
 and Changes in Fund Balances – Governmental Funds  
 to the Statement of Activities  
 June 30, 2023

Net change in fund balances - total governmental funds	\$ 2,155,039
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.	
	322,170
The issuance of long-term debt provides current financial resources to governmental funds, but the proceeds increase long-term liabilities in the statement of net position.	
	(3,540,985)
Repayment of long-term debt are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
	560,000
Some expenses reported in the statement of activities do not require current financial resources and, therefore, are not reported as expenditures in the funds.	
Amortization of bond premium	4,082
Change in accrued interest payable	(20,989)
Change in compensated absences	(262,492)
Change in OPEB liabilities and deferred amounts	(2,269)
Change in pension liabilities and deferred amounts	79,192
<hr/>	<hr/>
Change in net position of governmental activities	<u>\$ (706,252)</u>

See accompanying notes to financial statements.

Dayton Independent School District  
Statement of Net Position – Proprietary Funds  
June 30, 2023

	Food Service	Day Care	Total Proprietary Fund
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	\$ 98,446	\$ 13,799	\$ 112,245
Accounts receivable	-	5,890	5,890
Inventories for consumption	4,390	-	4,390
<b>Total current assets</b>	<b>102,836</b>	<b>19,689</b>	<b>122,525</b>
<b>Noncurrent assets</b>			
Capital assets, net	144,760	-	144,760
<b>Total noncurrent assets</b>	<b>144,760</b>	<b>-</b>	<b>144,760</b>
<b>Total assets</b>	<b>247,596</b>	<b>19,689</b>	<b>267,285</b>
<b>Deferred outflows</b>			
OPEB related	111,048	-	111,048
Pension related	176,881	-	176,881
<b>Total deferred outflows</b>	<b>287,929</b>	<b>-</b>	<b>287,929</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable	7,025	-	7,025
<b>Total current liabilities</b>	<b>7,025</b>	<b>-</b>	<b>7,025</b>
<b>Long-term liabilities</b>			
Net OPEB liability	198,993	-	198,993
Net pension liability	668,928	-	668,928
<b>Total long-term liabilities</b>	<b>867,921</b>	<b>-</b>	<b>867,921</b>
<b>Total liabilities</b>	<b>874,946</b>	<b>-</b>	<b>874,946</b>
<b>Deferred inflows</b>			
OPEB related	105,011		105,011
Pension related	92,673		92,673
<b>Total deferred inflows</b>	<b>197,684</b>	<b>0</b>	<b>197,684</b>
<b>Net position</b>			
Net investment in capital assets	144,760	0	144,760
Restricted	(681,865)	19,689	(662,176)
<b>Tota net position (deficit)</b>	<b>\$ (537,105)</b>	<b>\$ 19,689</b>	<b>\$ (517,416)</b>

See accompanying notes to financial statements.

Dayton Independent School District  
Statement of Revenues, Expenses, and Changes in  
Net Position – Proprietary Funds  
June 30, 2023

	Food Service Fund	Day Care	Total Proprietary Fund
<b>Operating revenues</b>			
Food service	\$ 28,177	\$ -	\$ 28,177
Other operating revenue	3,427	85,393	88,820
<b>Total operating revenues</b>	<b>31,604</b>	<b>85,393</b>	<b>116,997</b>
<b>Operating expenses</b>			
Salaries and wages	283,249	69,965	353,214
Employee benefits	209,821	35,976	245,797
Purchased services	49,586	-	49,586
Materials and supplies	378,676	1,181	379,857
Other operating expenses	165	-	165
Depreciation	25,239	-	25,239
<b>Total operating expenses</b>	<b>946,736</b>	<b>107,122</b>	<b>1,053,858</b>
<b>Operating loss</b>	<b>(915,132)</b>	<b>(21,729)</b>	<b>(936,861)</b>
<b>Non operating revenues</b>			
Operating grants - state	62,384	1,075	63,459
Operating grants - state on-behalf	95,873	12,061	107,934
Operating grants - federal	631,864	9,553	641,417
Donated commodities	11,992	-	11,992
Transfers in	-	-	-
Transfers out	(62,699)	-	(62,699)
Interest income	4,413	-	4,413
<b>Total other financing sources (uses)</b>	<b>743,827</b>	<b>22,689</b>	<b>766,516</b>
<b>Net change in fund balances</b>	<b>(171,305)</b>	<b>960</b>	<b>(170,345)</b>
<b>Fund balances - beginning of year (restated)</b>	<b>(365,800)</b>	<b>18,729</b>	<b>(347,071)</b>
<b>Fund balances - end of year</b>	<b>\$ (537,105)</b>	<b>\$ 19,689</b>	<b>\$ (517,416)</b>

See accompanying notes to financial statements.

Dayton Independent School District  
Statement of Cash Flows– Proprietary Funds  
June 30, 2023

	Food Service	Day Care	Total Proprietary Fund
<b>Cash flows from operating activities</b>			
Cash received:			
From food service sales	\$ 28,177	\$ -	\$ 28,177
From other activities	3,427	85,393	88,820
Cash paid:			
To employees	(456,062)	(105,941)	(562,003)
To suppliers	(418,312)	(1,181)	(419,493)
For operating expenses	(165)	-	(165)
<b>Net cash used in operating activities</b>	<b>(842,935)</b>	<b>(21,729)</b>	<b>(864,664)</b>
<b>Cash flows from noncapital financing activities</b>			
Operating grants	876,050	16,799	892,849
Cash transfer	(62,699)	-	(62,699)
<b>Net cash provided by noncapital financing activities</b>	<b>813,351</b>	<b>16,799</b>	<b>830,150</b>
<b>Cash flows from investing activities</b>			
Purchases of equipment	(1,282)	-	(1,282)
Interest on investments	4,413	-	4,413
<b>Net cash provided by investing activities</b>	<b>3,131</b>	<b>-</b>	<b>3,131</b>
Net increase in cash	(26,453)	(4,930)	(31,383)
Cash - beginning of year	124,899	18,729	143,628
Cash - end of year	\$ 98,446	\$ 13,799	\$ 112,245
<b>Reconciliation of operating loss to net cash used in operating activities</b>			
Operating loss	\$ (915,132)	\$ (21,729)	\$ (936,861)
Adjustments to reconcile operating loss to net cash in operating activities			
Depreciation	25,239	-	25,239
Changes in:			-
Inventory	(2,213)	-	(2,213)
Payables	171	-	171
Deferred outflows	(88,436)	-	(88,436)
Deferred inflows	(26,016)	-	(26,016)
Net OPEB liability	21,143	-	21,143
Net pension liability	130,317	-	130,317
Commodities received	11,992	-	11,992
<b>Net cash used in operating activities</b>	<b>\$ (842,935)</b>	<b>\$ (21,729)</b>	<b>\$ (864,664)</b>
<b>Noncash activities</b>			
Commodities received from federal	\$ 11,992	\$ -	\$ 11,992
On-behalf payments received state	\$ 95,873	\$ 12,061	\$ 107,934

See accompanying notes to financial statements.

## **NOTE 1: ACCOUNTING POLICIES**

### **Reporting Entity**

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

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

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

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

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

### **Basis of Presentation**

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

### **Government-Wide Financial Statements**

The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government.

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

**NOTE 1: ACCOUNTING POLICIES (CONTINUED)**

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

**Fund Financial Statements**

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

**Governmental Fund Types**

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

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

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

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

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

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

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.



**NOTE 1: ACCOUNTING POLICIES (CONTINUED)**

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

**Proprietary Fund Types (Enterprise Funds)**

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

**Fiduciary Fund Types**

Fiduciary funds account for assets held by the District in a trustee capacity for the benefit of others and cannot be used to support District activities.

**Measurement Focus and Basis of Accounting**

***Government-wide Financial Statements***

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

***Fund Financial Statements***

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

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

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

***Cash and Cash Equivalents***

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

**NOTE 1: ACCOUNTING POLICIES (CONTINUED)**

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

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

***Investments***

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

***Receivables***

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

***Capital Assets***

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and disposals during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$5,000. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets are depreciated except for land. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

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

**NOTE 1: ACCOUNTING POLICIES (CONTINUED)**

***Deferred Outflows***

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

***Payables and Accrued Liabilities***

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

***Compensated Absences***

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

***Long-Term Obligations***

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

***Pensions***

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

**NOTE 1: ACCOUNTING POLICIES (CONTINUED)**

***Other Post Employment Benefits (OPEB)***

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

***Deferred Inflows***

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

***Net Position***

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

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

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

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

***Fund Balance***

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

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

**NOTE 1: ACCOUNTING POLICIES (CONTINUED)**

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

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

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

*Unassigned.* All amounts not included in other spendable classifications.

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

**Revenues and Expenditures/Expenses**

***Property Taxes***

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

The District levies a utility gross receipts license tax on telephone communication services, cablevision services, electric power, water, and gas furnished within the District's boundaries.

***Revenues***

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

***Expenses/Expenditures***

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

**NOTE 1: ACCOUNTING POLICIES (CONTINUED)**

**Interfund Activity**

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

**Interfund Balances**

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

**Extraordinary and Special Items**

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

**Estimates**

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

**Budgetary Process**

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

**Subsequent Events**

The District evaluated subsequent events for potential recognition and disclosure through November 7, 2023, the date the financial statements were available to be issued.

**NOTE 2: CASH AND CASH EQUIVALENTS**

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

At year end, the District’s bank balance was \$4,923,795 and the carrying amount was \$4,655,616. The bank balance was fully covered by FDIC insurance and collateralized securities held by the financial institution, but not in the name of the District.

**NOTE 3: CAPITAL ASSETS**

Capital assets activity for the year is summarized below:

	Balance July 1, 2022	Additions	Disposals	Balance June 30, 2023
<b>Governmental Activities</b>				
Land	\$ 538,083	\$ 693,888	\$ -	\$ 1,231,971
Land improvements	99,757	-	-	99,757
Buildings and improvements	14,108,120	-	-	14,108,120
Technology equipmenmt	1,029,311	53,776	22,772	1,060,315
Vehicles	442,151	-	-	442,151
General equipment	666,941	17,680	505	684,116
Construction in progress	33,894	-	-	33,894
<b>Total at historical cost</b>	<b>16,918,257</b>	<b>765,344</b>	<b>23,277</b>	<b>17,660,324</b>
Less accumulated depreciation				
Land improvements	92,656	2,368	-	95,024
Buildings and improvements	7,847,746	375,026	-	8,222,772
Technology equipmenmt	818,263	26,802	22,105	822,960
Vehicles	413,567	6,860	-	420,427
General equipment	264,526	31,451	505	295,472
<b>Total accumulated depreciation</b>	<b>9,436,758</b>	<b>442,507</b>	<b>22,610</b>	<b>9,856,655</b>
<b>Capital assets - net</b>	<b>\$ 7,481,499</b>	<b>\$ 322,837</b>	<b>\$ 667</b>	<b>\$ 7,803,669</b>

**NOTE 3: CAPITAL ASSETS - CONTINUED**

	Balance July 1, 2022	Additions	Disposals	Balance June 30, 2023
<b>Business-type Activities</b>				
Buildings and improvements	\$ 165,279			\$ 165,279
Technology equipmenmt	9,332			9,332
Vehicles	41,156	-		41,156
General equipment	350,858	3,484	45,544	308,798
<b>Total at historical cost</b>	<b>566,625</b>	<b>3,484</b>	<b>45,544</b>	<b>524,565</b>
Less accumulated depreciation				
Buildings and improvements	143,632	11,690		155,322
Technology equipmenmt	4,000	-		4,000
Vehicles	13,047	7,431		20,478
General equipment	237,229	6,118	43,342	200,005
<b>Total accumulated depreciation</b>	<b>397,908</b>	<b>25,239</b>	<b>43,342</b>	<b>379,805</b>
<b>Capital assets - net</b>	<b>\$ 168,717</b>	<b>\$ (21,755)</b>	<b>\$ 2,202</b>	<b>\$ 144,760</b>

Depreciation was charged to following government functions:

	Governmental	Business-type
Instruction	\$ 169,172	\$ -
Student support	2,582	-
Instructional staff	-	-
District administration	-	-
School administration	-	-
Business support	1,325	-
Plant operations	269,356	-
Student transportation	-	-
Community service	72	-
Food service	-	34,581
	<b>\$ 442,507</b>	<b>\$ 34,581</b>



**NOTE 5: LONG-TERM LIABILITIES**

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

<b>Governmental Activities</b>	Balance			Balance June 30, 2023	Amount	
	July 1, 2022	Additions	Reductions		Due Within One Year	Long- Term
Bonds payable	\$ 5,362,783	\$ 3,540,985	\$ 564,082	\$ 8,339,686	\$ 379,082	\$ 7,960,604
Compensated absences	223,149	262,492	-	485,641		485,641
Net OPEB liability	2,336,429	1,027,541	-	3,363,970		3,363,970
Net pension liability	2,454,000	398,074	-	2,852,074		2,852,074
<b>Total long-term liabilities</b>	<b>\$ 10,376,361</b>	<b>\$ 5,229,092</b>	<b>\$ 564,082</b>	<b>\$ 15,041,371</b>	<b>\$ 379,082</b>	<b>\$ 14,662,289</b>

<b>Business-type Activities</b>	Balance			Balance June 30, 2023	Amount	
	July 1, 2022	Additions	Reductions		Due Within One Year	Long- Term
Net OPEB liability	177,850	21,143	\$ -	198,993	\$ -	\$ 198,993
Net pension liability	538,611	130,317	-	668,928	-	668,928
<b>Total long-term liabilities</b>	<b>\$ 716,461</b>	<b>\$ 151,460</b>	<b>\$ -</b>	<b>\$ 867,921</b>	<b>\$ -</b>	<b>\$ 867,921</b>

**Bonds Payable**

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

Issue	Proceeds	Rates	Balance June 30, 2023
Series 2013	\$ 1,735,000	1.250% - 3.000%	\$ 1,265,000
Series 2016	\$ 1,645,000	2.000% - 3.125%	1,420,000
Series 2019 REF	\$ 990,000	1.800% - 3.100%	825,000
Series 2019 ECB	\$ 1,320,000	1.600% - 2.400%	870,000
Series 2021 REF	\$ 730,000	2.000%	595,000
Series 2022	\$ 3,500,000	4.000% - 5.000%	3,295,000
Bond premium			69,686
			<b>\$ 8,339,686</b>

**NOTE 5: LONG-TERM LIABILITIES - CONTINUED**

Bond activity for the year is summarized below:

Issue	Balance			Balance June 30, 2023	Amount	
	July 1, 2022	Additions	Reductions		Due Within One Year	Long- Term
Series 2013	\$ 1,350,000	\$ -	\$ 85,000	\$ 1,265,000	\$ 90,000	\$ 1,175,000
Series 2016	1,460,000	-	40,000	1,420,000	40,000	1,380,000
Series 2019 REF	950,000	-	125,000	825,000	130,000	695,000
Series 2019 ECB	905,000	-	35,000	870,000	35,000	835,000
Series 2021 REF	665,000	-	70,000	595,000	70,000	525,000
Series 2022	-	3,500,000	205,000	3,295,000	10,000	3,285,000
Total bonds payable	5,330,000	3,500,000	560,000	8,270,000	375,000	7,895,000
Bond premium	32,783	40,985	4,082	69,686	4,082	65,604
Total bonds, net	\$ 5,362,783	\$ 3,540,985	\$ 564,082	\$ 8,339,686	\$ 379,082	\$ 7,960,604

SPACE LEFE INTENTIONALLY BLANK

**NOTE 5: LONG-TERM LIABILITIES - CONTINUED**

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

Year End	Dayton Independent School District		School Facility Construction Commission		Total	Total	Total Debt
	Principal	Interest	Principal	Interest	Principal	Interest	Service
June 30							
2024	\$ 308,694	\$ 272,725	\$ 66,306	\$ 19,338	\$ 375,000	\$ 292,063	\$ 667,063
2025	421,837	264,730	68,163	17,483	490,000	282,213	772,213
2026	434,928	251,240	70,072	15,573	505,000	266,813	771,813
2027	452,892	236,802	72,108	13,536	525,000	250,338	775,338
2028	470,795	221,698	74,205	11,440	545,000	233,138	778,138
2029	488,600	205,942	76,400	9,243	565,000	215,185	780,185
2030	499,480	188,743	35,520	6,982	535,000	195,725	730,725
2031	518,392	171,368	36,608	5,895	555,000	177,263	732,263
2032	487,259	152,884	37,741	4,763	525,000	157,647	682,647
2033	501,091	134,667	38,909	3,595	540,000	138,262	678,262
2034	398,135	117,057	21,865	2,390	420,000	119,447	539,447
2035	407,440	103,005	22,560	1,695	430,000	104,700	534,700
2036	426,724	88,142	23,276	979	450,000	89,121	539,121
2037	445,288	72,583	19,712	308	465,000	72,891	537,891
2038	290,000	58,712	-	-	290,000	58,712	348,712
2039	305,000	46,987	-	-	305,000	46,987	351,987
2040	240,000	34,387	-	-	240,000	34,387	274,387
2041	250,000	23,587	-	-	250,000	23,587	273,587
2042	260,000	12,025	-	-	260,000	12,025	272,025
	<u>\$ 7,606,555</u>	<u>\$ 2,657,284</u>	<u>\$ 663,445</u>	<u>\$ 113,220</u>	<u>\$ 8,270,000</u>	<u>\$ 2,770,504</u>	<u>\$ 11,040,504</u>

---

**NOTE 4: LONG-TERM LIABILITIES – CONTINUED**

**Compensated absences**

Upon retirement from the school system, employees will receive from the District an amount equal to 30.00% of the value of accumulated sick leave. Compensated absence activity for the year is summarized below:

	Balance			Amount		
	July 1, 2022	Additions	Reductions	June 30, 2023	Due Within One Year	Long-Term
Governmental activities	\$ 223,149	\$ 262,492	\$ -	\$ 485,641	\$ -	\$ 485,641
Business-type activities	-	-	-	-	-	-
<b>Compensated absences</b>	<b>\$ 223,149</b>	<b>\$ 262,492</b>	<b>\$ -</b>	<b>\$ 485,641</b>	<b>\$ -</b>	<b>\$ 485,641</b>

**Pension**

The net pension liability associated with the County Employees Retirement System (CERS) at year end is \$3,520,674. See Note 5.

**OPEB**

The net OPEB liability associated with the County Employees Retirement System (CERS) and the State Teachers Retirement System (TRS) at year end is \$960,963 and \$2,602,000, respectively. See Note 6.

**NOTE 5: PENSION PLANS**

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

**General Information about the CERS Pension Plan**

***Plan Description***

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

***Benefits Provided***

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

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

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

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

**NOTE 5: PENSION PLANS – CONTINUED**

***Contributions***

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

*Employers* – The contribution rate for the current year was 23.40%. The District made all required contributions for fiscal year in the amount of \$351,869.

**General Information about the TRS Pension Plan**

***Plan Description***

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

***Benefits Provided***

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

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

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

retirement, their total service less than ten years. New employees after July 1, 2002 who retire with ten or more years of total service will receive monthly benefits equal to 2.5% of their final average salary for each year of service, including the first ten years. In addition, employees who retire July 1, 2004 and later with more than 30 years of service will have their multiplier increased for all years over 30 from 2.5% to 3.0% to be used in their benefit calculation. Effective July 1, 2008, the System has been amended to change the benefit structure for employees hired on or after that date.

**NOTE 5: PENSION PLANS – CONTINUED**

***Benefits Provided - Continued***

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

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

***Contributions***

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

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

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

***CERS***

At June 30, 2023, the District reported a liability of \$3,520,674 for its proportionate share of the net pension liability for CERS. The net pension liability for the plan was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The District's proportion of the net pension liability for CERS was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2022, the District's proportion was 0.048693% percent.

For the year ended June 30, 2023, the District recognized pension expense of \$292,687 related to CERS

**NOTE 5: PENSION PLANS – CONTINUED**

**TRS**

The District did not report a liability for the District’s proportionate share of the net pension liability for TRS because the Commonwealth of Kentucky provides the pension support directly to TRS on behalf of the District. The State’s proportionate share of the TRS net pension liability associated with the district is \$24,787,158.

For the year ended June 30, 2023, the District recognized pension expense of \$2,310,531 related to TRS. The District also recognized revenue of \$2,310,531 for TRS support provided by the Commonwealth.

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

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow	Deferred Inflow	Net Deferral
Change in liability experience	\$ 3,764	\$ 31,353	
Change of assumptions	-	-	
Change in investment experience	90,257	-	
Change in proportionate share of contributions	90,850	67,596	
	184,871	<u>\$ 98,949</u>	<u>\$ 85,922</u>
Subsequent contributions	<u>351,869</u>		
Total	<u>\$ 536,740</u>		

The contributions subsequent to the measurement date of \$351,869 will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. The net deferral of \$85,922 will be recognized in pension expense as follows:

Year ending June 30	Net Deferral
2024	\$ (22,200)
2025	37,693
2026	(29,586)
2027	<u>100,015</u>
	<u>\$ 85,922</u>



**NOTE 5: PENSION PLAN (CONTINUED)**

**Actuarial assumptions**

The total pension liability, net pension liability, and sensitivity information as of June 30, 2022 were based on an actuarial valuation date of June 30, 2021. The total pension liability was rolled forward from the valuation date to the plan’s fiscal year ending June 30, 2022, using generally accepted actuarial principles

There have been no actuarial assumption or method changes since June 30, 2021. Additionally, there have been no plan provision changes that would materially impact the total pension liability since June 30, 2021.

The actuarial assumptions are:

**CERS**

Employer fiscal year end	2023
Plan year end	2022
Actuarial valuation date	June 30, 2020
Actuarial cost method	Entry age normal
Asset valuation method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Amortization method	Level percent of pay
Amortization period	30-year closed period at June 30, 2019
Payroll growth rate	2.00%
Investment return	6.25%
Inflation	2.30%
Salary increase - nonhazardous	3.30% to 10.30%
Salary increase - hazardous	3.55% to 19.05%
Mortality	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from P-2014 mortality improvement scale using a base year of 2019
Phase-in provision	Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018

**NOTE 5: PENSION PLAN (CONTINUED)**

**Actuarial assumptions - Continued**

**TRS**

Employer fiscal year end	2023
Plan year end	2022

Inflation	2.50%
Salary increases, including inflation	3.00% - 7.50%
Investment return	7.10%
Municipal bond index rate:	
Prior measurement date	2.13%
Measurement date	3.37%
Year FNP is expected to be depleted	NA
Single equivalent interest rate:	
Prior measurement date	7.10%
Measurement date	7.10%
Post-retirement benefit increases	1.50% annually
Mortality	Rates based on the Pub2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each of the groups; service, retirees, contingent annuitants, disabled retirees, and active members. The actuarial assumptions used were based on the results of an actuarial experience study for the 5-year period ending June 30, 2020, adopted by the board on September 20, 2021. The Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index.

**Long-term expected rate of return**

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

**NOTE 5: PENSION PLAN (CONTINUED)**

**Long-term expected rate of return – continued**

***CERS***

Asset Class	Target Allocation	Long-term Expected Nominal Return
Public equity	50.00%	4.45%
Private Equity	10.00%	10.15%
Core bonds	10.00%	0.28%
Specialty credit/high yield	10.00%	2.28%
Cash	0.00%	-0.91%
Real estate	7.00%	3.67%
Real return	13.00%	4.07%
<b>Expected real return</b>	<b>100.00%</b>	<b>4.28%</b>
<b>Long-term inflation assumption</b>		<b>2.30%</b>

***TRS***

Asset Class	Target Allocation	Long-term Expected Nominal Return
Large Cap US Equity	37.40%	4.20%
Small Cap US Equity	2.60%	4.70%
Developed International Equity	16.50%	5.30%
Emerging Markets Equity	5.50%	5.40%
Fixed Income	15.00%	-0.10%
High Yield Bonds	2.00%	1.70%
Additional categories	5.00%	2.20%
Real Estate	7.00%	4.00%
Private Equity	7.00%	6.90%
Cash	2.00%	-0.30%
<b>Expected real return</b>	<b>100.00%</b>	<b>7.10%</b>
<b>Long-term inflation assumption</b>		<b>2.50%</b>

**NOTE 5: PENSION PLAN (CONTINUED)**

**Discount rate**

A single discount rate of 6.25% and 7.10% was used to measure the total pension liability for CERS and TRS, respectively, for the fiscal year ending June 30, 2022. The single discount rate is based on the expected rate of return on pension plan investments for each plan. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the non-hazardous and hazardous pension plans' fiduciary net position and future contributions were separately projected and were each sufficient to finance all the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability for each plan.

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

The following table presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.25%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
	<b>5.25%</b>	<b>Discount Rate</b>	<b>7.25%</b>
	<u>5.25%</u>	<u>6.25%</u>	<u>7.25%</u>
District's proportionate share of the CERS net pension liability	\$ 4,400,406	\$ 3,520,674	\$ 2,793,063

**Pension plan fiduciary net position**

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

**NOTE 6: OPEB PLAN**

**General Information about the CERS Plan**

***Plan Description***

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

***Benefits Provided***

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

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

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

***Contributions***

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

*Employer Contributions* – The contribution rate for the current year was 3.39%. The District made all required contributions for the fiscal year in the amount of \$50,975.

**NOTE 6: OPEB PLAN (CONTINUED)**

**General Information about the TRS Plan**

***Plan Description***

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

***Benefits Provided***

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

***Contributions***

In order to fund the post-retirement healthcare benefit, six percent (6%) of the gross annual payroll of employees before July 1, 2008 is contributed. Three percent (3%) is paid by member contributions and three quarters percent (.75%) from Commonwealth appropriation and two and one quarter percent (2.25%) from the employer. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan. The District made all required contributions for the fiscal year in the amount of \$165,806.

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

***CERS***

At June 30, 2023, the District reported a liability of \$960,963 for its proportionate share of the net OPEB liability for CERS. The net OPEB liability for the plan was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

The District's proportion of the net OPEB liability was based on the District's share of 2022 contributions to the OPEB plan relative to the 2022 contributions of all participating employers, actuarially determined. At June 30, 2022 the District's proportionate share was 0.048693%.

For the year ended June 30, 2023, the District recognized OPEB expense of \$145,990 related to CERS.

**NOTE 6: OPEB PLAN (CONTINUED)**

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

**TRS**

At June 30, 2023, the District reported a liability of \$2,602,000 for its proportionate share of the net OPEB liability for TRS . The net OPEB liability for the plan was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

The District’s proportion of the net OPEB liability was based on the District’s share of 2022 contributions to the OPEB plan relative to the 2022 contributions of all participating employers, actuarially determined. At June 30, 2022 the District’s proportionate share was 0.104802%.

For the year ended June 30, 2023, the District recognized OPEB expense of \$69,310 related to TRS.

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	CERS		
	Deferred Outflow	Deferred Inflow	Net Deferral
Change in liability experience	\$ 96,729	\$ 220,371	
Change of assumptions	151,983	125,233	
Change in investment experience	39,003	-	
Change in proportionate share of contributions	43,553	36,072	
	<u>331,268</u>	<u>\$ 381,676</u>	<u>\$ (50,408)</u>
Subsequent contributions	50,975		
Total	<u>\$ 382,243</u>		

	TRS		
	Deferred Outflow	Deferred Inflow	Net Deferral
Change in liability experience	\$ -	\$ 1,094,000	
Change of assumptions	528,000	-	
Change in investment experience	138,000	-	
Change in proportionate share of contributions	872,000	18,000	
	<u>1,538,000</u>	<u>\$ 1,112,000</u>	<u>\$ 426,000</u>
Subsequent contributions	165,806		
Total	<u>\$ 1,703,806</u>		

**NOTE 6: OPEB PLAN (CONTINUED)**

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

	Total		
	Deferred Outflow	Deferred Inflow	Net Deferral
Change in liability experience	\$ 96,729	\$ 1,314,371	
Change of assumptions	679,983	125,233	
Change in investment experience	177,003	-	
Change in proportionate share of contributions	915,553	54,072	
	1,869,268	<u>\$ 1,493,676</u>	<u>\$ 375,592</u>
Subsequent contributions	216,781		
Total	<u>\$ 2,086,049</u>		

The contributions subsequent to the measurement date of \$216,781 will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. The net deferral of \$375,592 will be recognized as pension expense as follows:

Year ending June 30	Net Deferral
2024	\$ (2,469)
2025	4,133
2026	(37,971)
2027	204,899
2028	143,000
Thereafter	64,000
	<u>\$ 375,592</u>

**Implicit Subsidy**

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



**NOTE 6: OPEB PLAN (CONTINUED)**

**Actuarial assumptions**

The total OPEB liability, net OPEB liability, and sensitivity information as of June 30, 2022 were based on an actuarial valuation date of June 30, 2021. The total OPEB liability was rolled forward from the valuation date to the plan’s fiscal year ending June 30, 2022, using generally accepted actuarial principles

There were no other material assumption changes.

**CERS:**

Employer fiscal year end	2023
Plan year end	2022

Actuarial valuation date	June 30, 2020
Actuarial cost method	Entry age normal
Asset valuation method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Amortization method	Level percent of pay
Amortization period	30-year closed period at June 30, 2019
Payroll growth rate	2.00%
Investment return	6.25%
Inflation	2.30%
Salary increase - nonhazardous	3.30% to 10.30%
Salary increase - hazardous	3.55% to 19.05%
Mortality	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates form P-2014 mortality improvement scale using a base year of 2019
Healthcare trend rates:	
Pre-65	Initial trend starting at 6.40% at January 1, 2022, gradually decreasing to an ultimate trend rate of 4.05% over a period of 14 years. The 2021 premiums were known at the time of the valuation and were incorporated into the liability measurement.
Post-65	Initial trend starting at 6.30% at January 1, 2023, gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2021 premiums were known at the time of the valuation and were incorporated into the liability measurement. Additionally, Humana provided “Not to Exceed” 2022 Medicare premiums, which were incorporated and resulted in an assumed 2.90% increase in Medicare premiums at January 1, 2022.

**NOTE 6: OPEB PLAN (CONTINUED)**

**Actuarial assumptions – continued**

**TRS**

Employer fiscal year end	2023
Plan year end	2022
Inflation	2.50%
Real wage growth	0.25%
Wage inflation	2.75%
Salary increases, including inflation	3.00% - 7.50%
Investment return	
Health trust	7.10%
Life trust	7.10%
Municipal bond index rate:	3.37%
Year FNP is expected to be depleted	
Health trust	NA
Life trust	NA
Single equivalent interest rate:	
Health trust	7.10%
Life trust	7.10%
Health trust health care cost trends	
Under age 65	7.00% for FYE 2022 decreasing to an ultimate rate of 4.50% by FYE 2032
Ages 65 and older	5.125% for FYE 2022 decreasing to an ultimate rate of 4.50% by FYE 2035
Medicare Part B premiums	6.97% for FYE 2022 decreasing to an ultimate rate of 4.50% by FYE 2034

**Long-term expected rate of return**

The long-term expected rate of return was determined by using a building block method in which best estimate ranges of expected future real rates of returns are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class is summarized in the table below. The current long-term inflation assumption is 2.30% and 2.50% per annum for CERS and TRS, respectively.

**NOTE 6: OPEB PLAN (CONTINUED)**

**Long-term expected rate of return - continued**

***CERS***

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Nominal Return</u>
Public equity	50.00%	4.45%
Private Equity	10.00%	10.15%
Core bonds	10.00%	0.28%
Specialty credit/high yield	10.00%	2.28%
Cash	0.00%	-0.91%
Real estate	7.00%	3.67%
Real return	13.00%	4.07%
<u>Expected real return</u>	<u>100.00%</u>	<u>4.28%</u>
<hr/>		
<u>Long-term inflation assumption</u>		<u>2.30%</u>

***TRS - MIF***

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Nominal Return</u>
Global equity	58.00%	5.10%
Fixed income	9.00%	-0.10%
Real Estate	6.50%	4.00%
Private equity	8.50%	6.90%
High Yield	8.00%	1.70%
Other categories	9.00%	2.20%
Cash (LIBOR)	1.00%	-0.30%
<u>Expected real return</u>	<u>100.00%</u>	<u>7.10%</u>
<hr/>		
<u>Long-term inflation assumption</u>		<u>2.50%</u>

**NOTE 6: OPEB PLAN (CONTINUED)**

**Long-term expected rate of return - continued**

**TRS - LIF**

Asset Class	Target Allocation	Long-term Expected Nominal Return
US Equity	40.00%	4.40%
International Equity	23.00%	5.60%
Fixed Income	18.00%	-0.10%
Real Estate	6.00%	4.00%
Private Equity	5.00%	6.90%
Additional Categories	6.00%	2.10%
Cash (LIBOR)	2.00%	-0.30%
Expected real return	100.00%	7.10%
Long-term inflation assumption		2.50%

**Discount rate**

Single discount rates of 5.70% and 7.10% for CERS and TRS respectively were used to measure the total OPEB liability as of June 30, 2022. The single discount rates are based on the expected rate of return on OPEB plan investments of 6.25%, and a municipal bond rate of 3.69%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2022. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, each plan's fiduciary net position and future contributions were projected separately and were sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the plan. However, the cost associated with the implicit employer subsidy was not included in the calculation of the plans actuarially determined contributions, and any cost associated with the implicit subsidy will not be paid out of the plan trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

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

**NOTE 6: OPEB PLAN (CONTINUED)**

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

The following table presents the District's proportionate share of the net OPEB liability calculated using the discount rate of 5.70% nonhazardous and 5.61% hazardous as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
	<b>4.70%</b>	<b>Discount Rate</b>	<b>6.70%</b>
		<b>5.70%</b>	
District's proportionate share of the CERS net OPEB liability	\$ 1,284,654	\$ 960,963	\$ 693,378
	<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
	<b>6.10%</b>	<b>Discount Rate</b>	<b>8.10%</b>
		<b>7.10%</b>	
District's proportionate share of the TRS net OPEB liability	\$ 3,264,000	\$ 2,602,000	\$ 2,053,000
<b>Total</b>	<b>\$ 4,548,654</b>	<b>\$ 3,562,963</b>	<b>\$ 2,746,378</b>

**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:

	<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
		<b>Trend Rate</b>	
District's proportionate share of the CERS net OPEB liability	\$ 414,455	\$ 960,963	\$ 1,256,973
District's proportionate share of the TRS net OPEB liability	1,950,000	2,602,000	3,412,000
<b>Total</b>	<b>\$ 2,364,455</b>	<b>\$ 3,562,963</b>	<b>\$ 4,668,973</b>

**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 7: ON-BEHALF**

For the year ended June 30, 2023, payments made by the Commonwealth of Kentucky on behalf of the District for insurance benefits, retirement benefits, technology, and debt service. The following amounts were recorded in the Statement of Activities and the Statement of Revenue, Expenditures, and Changes in Fund Balance:

Fund	
General	\$ 3,256,181
Debt service	85,645
Food service	95,873
Day care	12,061
	<u>\$ 3,449,760</u>

  

Type	
Retirement	\$ 2,310,531
Health insurance less federal reimbursement	928,677
Life insurance	1,563
Administrative fee	12,500
HRA/Dental/Vision insurance	28,175
Technology	82,669
Debt service	85,645
	<u>\$ 3,449,760</u>

**NOTE 8: FUND TRANSFERS**

The following transfers were made during the year:

From Fund	To Fund	Purpose	Amount
General Fund	Debt Service	Debt Service	\$ 13,575
General Fund	Special Revenue	Technology Match	17,807
Special Revenue	General Fund	Indirect Costs	186,642
Capital Outlay	Construction Fund	Capital Projects	65,970
Building Fund	Debt Service	Debt Service	703,482
Food Service	General Fund	Indirect Costs	62,699
			<u>\$ 1,050,175</u>

Transfers are summarized as follows:

	Transfers In	Transfers Out	Net Transfer
Governmental funds	\$ 1,050,175	\$ 987,476	\$ 62,699
Proprietary funds	-	62,699	(62,699)
	<u>\$ 1,050,175</u>	<u>\$ 1,050,175</u>	<u>\$ -</u>

**NOTE 9: CONTINGENCIES**

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

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

**NOTE 10: RISK MANAGEMENT**

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

Management estimates that the amount of actual or potential claims against the District as of June 30, 2023, will not materially affect the financial condition of the District. Therefore, the General Fund contains no provision for estimated claims. No claim has exceeded insurance coverage amounts in the past three fiscal year.

**NOTE 11: GASB 96**

The District adopted *GASB 96, Subscription-Based Information Technology Arrangements (SBITA)*. The District did not identify any contracts that would require reporting under GASB 96.

**NOTE 12: RESTATEMENT**

The food service fund beginning fund balance was decreased by \$6,854 to restate prior year accounts payable. The business-type net position was also decreased by \$6,854.

**REQUIRED SUPPLEMENTARY INFORMATION**



Dayton Independent School District  
 Budgetary Comparison Schedule – General Fund  
 Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance
	Original	Final		Final to Actual
<b>Revenues</b>				
Local sources	\$ 2,991,703	\$ 2,991,703	\$ 3,232,707	\$ 241,004
State sources	6,613,000	6,613,000	7,393,705	780,705
Federal sources	50,000	50,000	179,548	129,548
<b>Total revenues</b>	<b>9,654,703</b>	<b>9,654,703</b>	<b>10,805,960</b>	<b>1,151,257</b>
<b>Expenditures</b>				
Instruction	5,485,406	5,485,406	5,497,175	(11,769)
Support services:				-
Student	1,201,298	1,201,298	1,245,166	(43,868)
Instruction staff	671,257	671,257	571,420	99,837
District administrative	649,117	649,117	637,494	11,623
School administrative	821,821	821,821	893,492	(71,671)
Business	445,811	445,811	426,216	19,595
Plant operations	1,112,262	1,112,262	992,323	119,939
Student transportation	166,011	166,011	224,564	157,828
Food service	18,789	18,789	8,183	11,469
Day care	7,550	7,550	7,320	(567)
Community service	10,935	10,935	8,117	4,962
Land acquisitions	10,000	10,000	5,973	(10,507,443)
Contingency	1,253,315	1,253,315	-	964,798
<b>Total expenditures</b>	<b>11,853,572</b>	<b>11,853,572</b>	<b>10,517,443</b>	<b>(9,245,267)</b>
Excess (deficiency) of revenues over expenditures	(2,198,869)	(2,198,869)	288,517	2,487,386
<b>Other financing sources (uses)</b>				
Transfers in	106,000	106,000	249,341	143,341
Transfers out	(80,150)	(80,150)	(31,382)	48,768
Sale of assets	-	-	25	25
<b>Total other financing sources (uses)</b>	<b>25,850</b>	<b>25,850</b>	<b>217,984</b>	<b>192,134</b>
Net change in fund balances	(2,173,019)	(2,173,019)	506,501	2,679,520
Fund balances - beginning of year	2,174,211	2,174,211	2,174,211	-
<b>Fund balances - end of year</b>	<b>\$ 1,192</b>	<b>\$ 1,192</b>	<b>\$ 2,680,712</b>	<b>\$ 2,679,520</b>

Dayton Independent School District  
 Budgetary Comparison Schedule – Special Revenue Fund  
 June 30, 2023

	Budgeted Amounts		Actual	Variance
	Original	Final		Final to Actual
<b>Revenues</b>				
Local sources	\$ -	\$ -	\$ 129,030	\$ 129,030
State sources	464,855	464,855	503,223	38,368
Federal sources	985,670	985,670	2,636,357	1,650,687
<b>Total revenues</b>	<b>1,450,525</b>	<b>1,450,525</b>	<b>3,268,610</b>	<b>1,818,085</b>
<b>Expenditures</b>				
Instruction	1,124,859	1,124,859	2,187,730	(1,062,871)
Support services:				
Student	72,670	72,670	85,066	(12,396)
Instruction staff	74,515	74,515	313,664	(239,149)
Business support	-	-	173,171	(173,171)
Plant operations	38,184	38,184	132,901	(94,717)
Student transportation	-	-	5,355	(5,355)
Day care	-	-	917	(917)
Community services	162,089	162,089	233,904	(71,815)
<b>Total expenditures</b>	<b>1,472,317</b>	<b>1,472,317</b>	<b>3,132,708</b>	<b>(1,660,391)</b>
Excess (deficiency) of revenues over expenditures	(21,792)	(21,792)	135,902	157,694
<b>Other financing sources (uses)</b>				
Transfers in	72,182	72,182	17,807	(54,375)
Transfers out	(54,182)	(54,182)	(186,642)	(132,460)
<b>Total other financing sources (uses)</b>	<b>18,000</b>	<b>18,000</b>	<b>(168,835)</b>	<b>(186,835)</b>
Net change in fund balances	(3,792)	(3,792)	(32,933)	(29,141)
Fund balances - beginning of year	-	-	-	-
<b>Fund balances - end of year</b>	<b>\$ (3,792)</b>	<b>\$ (3,792)</b>	<b>\$ (32,933)</b>	<b>\$ (29,141)</b>

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

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

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

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

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

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

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

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

The Board has the ability to amend the working budget.

Dayton Independent School District  
Schedule of District's Share of Net Pension Liability and Contributions – CERS  
June 30, 2023

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

Year ended June 30	Measurement period June 30	District's proportion of the net pension liability	District's proportionate share of the net pension liability	District's covered payroll	District's proportionate share of the net pension liability as a percentage covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2023	2022	0.0487%	\$ 3,520,674	\$ 1,455,904	241.82%	52.42%
2022	2021	0.0469%	\$ 2,992,283	\$ 1,312,381	228.00%	55.95%
2021	2020	0.0498%	\$ 3,823,224	\$ 1,352,244	282.73%	47.81%
2020	2019	0.4971%	\$ 3,496,056	\$ 1,343,179	260.28%	50.45%
2019	2018	0.0468%	\$ 2,850,872	\$ 1,243,533	229.26%	53.54%
2018	2017	0.0461%	\$ 2,696,443	\$ 1,123,109	240.09%	53.32%
2017	2016	0.0442%	\$ 2,179,334	\$ 1,060,537	205.49%	55.50%
2016	2015	0.0471%	\$ 2,024,238	\$ 1,052,781	192.28%	59.97%
2015	2014	0.0446%	\$ 1,449,000	\$ 2,958,220	48.98%	66.80%

**Schedule of District's Contributions - CERS**

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

**Changes Since Last Actuarial Valuation**

**Benefits**

No changes

**Assumptions**

No material changes

Dayton Independent School District  
Schedule of District's Share of Net Pension Liability and Contributions - TRS  
June 30, 2023

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

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

**Schedule of District's Contributions - TRS**

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

**Changes Since Last Actuarial Valuation**

**Benefits**

No changes

**Assumptions**

No material changes

Dayton Independent School District  
 Schedule of District's Share of Net OPEB Liability and Contributions - CERS  
 June 30, 2023

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

Year ended June 30	Measurement period June 30	District's proportion of the net OPEB liability	District's proportionate share of the net OPEB liability	District's covered payroll	District's proportionate share of the net OPEB liability as a percentage covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2023	2022	0.4869%	\$ 960,963	\$ 1,455,904	66.00%	60.95%
2022	2021	0.0498%	\$ 898,279	\$ 1,312,381	68.45%	58.41%
2021	2020	0.0498%	\$ 1,203,509	\$ 1,352,244	89.00%	51.67%
2020	2019	0.0497%	\$ 835,864	\$ 1,343,179	62.23%	60.44%
2019	2018	0.0468%	\$ 831,067	\$ 1,243,533	66.83%	57.62%
2018	2017	0.0461%	\$ 926,104	\$ 1,123,109	82.46%	52.39%

**Schedule of District's Contributions - CERS**

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

**Changes Since Last Actuarial Valuation**

**Benefits**

No changes

**Assumptions**

The discount rate to calculate the total OPEB liability and OPEB expense increased from 5.0% to 5.70%. There were no other material plan provision changes.

Dayton Independent School District  
 Schedule of District's Share of Net OPEB Liability and Contributions – TRS Medical Insurance Plan  
 June 30, 2023

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

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

**Schedule of District's Contributions - TRS Medical Insurance Plan**

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

**Changes Since Last Actuarial Valuation**

**Benefits**

No changes

**Assumptions**

No changes

Dayton Independent School District  
 Schedule of District's Share of Net OPEB Liability and Contributions – TRS Life Insurance Plan  
 June 30, 2023

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

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

**Schedule of District's Contributions - TRS Life Insurance Plan**

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

**Changes Since Last Actuarial Valuation**

**Benefits**

No changes

**Assumptions**

No changes



SUPPLEMENTARY INFORMATION

Dayton Independent School District  
Combining Balance Sheet – Nonmajor Funds  
June 30, 2023

	District Activity Fund	Student Activity Fund	Capital Outlay Fund	Building Fund	Debt Service Fund	Total Nonmajor Governmental Funds
<b>Assets</b>						
Cash and cash equivalents	\$ 30,272	\$ 130,054	\$ 18,824	\$ 157,683	\$ -	\$ 336,833
<b>Total assets</b>	<b>\$ 30,272</b>	<b>\$ 130,054</b>	<b>\$ 18,824</b>	<b>\$ 157,683</b>	<b>\$ -</b>	<b>\$ 336,833</b>
<b>Liabilities</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances</b>						
Restricted	\$ 24,067	\$ 130,054	\$ 18,824	\$ 157,683	\$ -	\$ 330,628
Assigned	6,205	-	-	-	-	6,205
<b>Total fund balances</b>	<b>30,272</b>	<b>130,054</b>	<b>18,824</b>	<b>157,683</b>	<b>-</b>	<b>336,833</b>
<b>Total liabilities and fund balances</b>	<b>\$ 30,272</b>	<b>\$ 130,054</b>	<b>\$ 18,824</b>	<b>\$ 157,683</b>	<b>\$ -</b>	<b>\$ 336,833</b>

Dayton Independent School District  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance – Nonmajor Funds  
June 30, 2023

	District Activity Fund	Student Activity Fund	Capital Outlay Fund	Building Fund	Debt Service Fund	Total Nonmajor Governmental Funds
<b>Revenues</b>						
From local sources:						
Property taxes	\$ -	\$ -	\$ -	\$ 400,064	\$ -	\$ 400,064
Other local revenue	5,310	309,555	-	-	-	314,865
Intergovernmental - state SEEK	-	-	-	-	-	-
Intergovernmental - state on-behalf	-	-	-	-	85,645	85,645
Intergovernmental - state other	-	-	84,794	446,096	-	530,890
<b>Total revenues</b>	<b>5,310</b>	<b>309,555</b>	<b>84,794</b>	<b>846,160</b>	<b>85,645</b>	<b>1,331,464</b>
<b>Expenditures</b>						
Instruction	23,296	306,036	-	-	-	329,332
Support services:						
Student transportation	245	-	-	-	-	245
Community services	-	3,505	-	-	-	3,505
Debt service	-	-	-	-	802,702	802,702
<b>Total expenditures</b>	<b>23,541</b>	<b>309,541</b>	<b>-</b>	<b>-</b>	<b>802,702</b>	<b>1,135,784</b>
Excess of revenues over (under) expenditures	(18,231)	14	84,794	846,160	(717,057)	195,680
<b>Other financing sources (uses)</b>						
Transfers in	-	-	-	-	717,057	717,057
Transfers out	-	-	(65,970)	(703,482)	-	(769,452)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(65,970)</b>	<b>(703,482)</b>	<b>717,057</b>	<b>(52,395)</b>
Net change in fund balances	(18,231)	14	18,824	142,678	-	143,285
Fund balances - beginning	48,503	130,040	-	15,005	-	193,548
Fund balances - end of year	\$ 30,272	\$ 130,054	\$ 18,824	\$ 157,683	\$ -	\$ 336,833

Dayton Independent School District  
 Combining Statement of School Activity Funds  
 June 30, 2023

	Cash Balance July 1, 2022	Receipts	Expenditure	Cash Balance June 30, 2023
Dayton High School	\$ 118,141	\$ 248,186	\$ 262,152	\$ 104,175
Lincoln Elementary	20,680	61,369	56,170	25,879
	<u>\$ 138,821</u>	<u>\$ 309,555</u>	<u>\$ 318,322</u>	<u>\$ 130,054</u>

Dayton Independent School District  
Statement of School Activity Funds  
Dayton High School  
June 30, 2023

	Cash Balance July 1, 2022	Receipts	Expenditure	Cash Balance June 30, 2023
3D PRINTER CLUB	\$ (40)	\$ 40	\$ -	\$ -
7TH GRADE	286	-	-	286
8TH GRADE	161	-	-	161
ACADEMIC TEAM	123	-	-	123
AFTER PROM	721	1,718	1,440	999
ALUMNI ASSOCIATION	4,801	100	385	4,516
COMMUNITY BASED	2,238	438	928	1,748
ANNUAL YEARBOOK	(57)	1,129	1,000	72
ART DEPT	278	-	-	278
BOOSTER CLUB	8,077	20,931	22,817	6,191
ATHLETIC FUNDRAISERS	35	-	-	35
ATHLETICS - GENERAL	(2,357)	65,866	63,509	-
BAND	227	2,034	1,230	1,031
BAND BOOSTERS	2,120	-	-	2,120
BASEBALL	-	2,036	2,036	-
BASEBALL FUNDRAISER	4,617	4,214	1,496	7,335
BOWLING FUNDRAISER	2,208	1,281	2,746	743
STUDENT GENERATED	9,765	2,905	5,980	6,690
BOYS BASKETBALL	1	718	719	-
BOYS BASKETBALL FUNDRAISER	701	9,000	9,689	12
BOYS CROSS COUNTRY	-	1,764	1,764	-
BOYS TRACK	(78)	912	835	(1)
CHEER FUNDRAISER	1,661	9,145	6,934	3,872
CHEERLEADING	3,607	1,000	4,607	-
CLASS OF 22	(750)	750	-	-
CLASS OF 23	200	-	200	-
CLASS OF 24	(781)	781	-	-
CLASS OF 25	-	1,575	-	1,575
STAFF GENERATED	4,934	1,313	4,509	1,738
COLOR/WINTER GUARD	17	-	-	17
CROSS COUNTRY FUNDRAISERS	43	1,000	1,037	6
DAF SWEEP ACCOUNT	-	2,711	-	2,711
DAY TREATMENT	413	-	-	413
DRAMA CLUB	1,169	4,332	2,837	2,664
ENGLISH DEPT	-	381	326	55
ESPORTS	-	896	896	-
ESPORTS FUNDRAISER	837	-	837	-
FBLA	94	3,465	3,559	-

Dayton Independent School District  
Statement of School Activity Funds  
Dayton High School  
June 30, 2023

	Cash Balance			Cash Balance
	July 1, 2022	Receipts	Expenditure	June 30, 2023
FELLOWSHIP OF CHRISTIAN ATHI	46	-	-	46
FOOTBALL	-	10,347	10,347	-
FOOTBALL FUNDRAISERS	1,097	7,631	7,580	1,148
GIRLS BASKETBALL	-	1,110	1,110	-
GIRLS CROSS COUNTRY	-	1,037	1,037	-
GIRLS SOCCER	-	638	638	-
GIRLS TRACK	-	913	913	-
GOLF OUTING	1,900	17,352	17,652	1,600
GREEN ZONE	164	-	164	-
GUIDANCE	186	-	-	186
HOMETOWN HEROES SCHOLARS	-	100	100	-
HS FIELD TRIPS	576	-	-	576
STUDENT COUNCIL	240	-	-	240
INSTRUCTIONAL TECHNOLOGY	1,179	99	147	1,131
LIBRARY	60	-	-	60
MS BASKETBALL FUNDRAISER	-	1,400	570	830
MS DANCE	1,715	64	1,644	135
MS FIELD TRIPS	924	100	-	1,024
MS HOLIDAY TOURNAMENT	-	5,610	5,610	-
MS ROBOTICS	402	-	-	402
MS SCIENCE CLUB	56	-	-	56
MS STUDENT COUNCIL	344	-	-	344
NAT'L HONOR SOCIETY	309	-	42	267
NJHS	766	528	385	909
PEP SQUAD FUNDRAISER	51	-	-	51
PRINCIPALS ACCOUNT	10,127	291	3,455	6,963
PROM FUNDRAISER	1,077	5,968	6,241	804
RIDDER/DAPPER SCHOLARSHIP	-	750	500	250
RIVER CITY DUCKS	-	750	750	-
SCIENCE DEPT	(10)	10	-	-
SENIOR BANQUET	765	-	278	487
SENIOR TRIP	1,777	-	1,419	358
SOCCER FUNDRAISERS	1,343	2,175	942	2,576
GIRLS BASKETBALL FUNDRAISER	2,480	3,989	3,962	2,507
SOFTBALL	385	(56)	329	-
SOFTBALL FUNDRAISER	3,392	4,500	1,634	6,258
SPEC ED DEPT	16	-	-	16
SPIDER/DOYEN SCHOLARSHIP	-	2,000	500	1,500

Dayton Independent School District  
Statement of School Activity Funds  
Dayton High School  
June 30, 2023

	Cash Balance July 1, 2022	Receipts	Expenditure	Cash Balance June 30, 2023
STARTUP CHANGE	-	3,444	3,444	-
STUDENT DEVICES	49	25	-	74
TCHR/STUDENT INCENTIVES	655	50	364	341
THERAPUTIC RESOURCES	1	-	-	1
TRACK FUNDRAISER	656	5,333	5,989	-
TRANSCRIPT FEES	1,323	62	-	1,385
VOLLEYBALL	-	980	980	-
VOLLEYBALL FUNDRAISERS	2,350	12,402	12,370	2,382
VOLTER MEMORIAL SCHOLARSHI	-	250	250	-
WASHINGTON DC TRIP	2,457	-	-	2,457
YOUTH LEAGUE	4,534	9,769	14,304	(1)
YOUTHSERVICE CENTER	8,906	-	8,781	125
GENRAL ACCT	(750)	750	-	-
WOODEN SCHOLARSHIP	5	-	-	5
VOLTER TRACK SCHOLARSHIP	500	-	-	500
VFW AUX SCHOLARSHIP	(500)	500	-	-
SCIENCE SCHOLARSHIP	200	-	-	200
S.WATSON MEMORIAL SCHOLAR	1,060	315	-	1,375
SCANTRELL MEMORIAL SCHOLAF	500	500	-	1,000
SCHOLARSHIPS	-	500	500	-
LINGERFELGER/MCKIERNAN SCH	3,187	-	300	2,887
MORELAND SCHOLARSHIP	2,500	1,000	-	3,500
K.RANKLE SCHOLARSHIP	300	-	-	300
KROGMAN/MCHALE SCHOLARSH	2,000	-	-	2,000
L.BRANDENBURG SCHOLARSHIP	150	-	-	150
DAYTON ED ASSOC SCHOLARSHI	-	250	-	250
DEAD INN SCHOLARSHIP	250	-	-	250
DHS ALUMNI ASSOC SCHOLARSH	1,885	615	1,000	1,500
DHS BOOSTER SCHOLARSHIP	909	-	250	659
DHS SCHOLARSHIP	4,421	-	3,355	1,066
COXPELLMAN SCHOLARSHIP	1,000	1,000	-	2,000
CAMPBELL FAMILY SCHOLARSHIF	80	-	-	80
CAMPOMOR SCHOLARSHIP	1,250	200	-	1,450
BOYS BB SCHOLARSHIP	125	-	-	125
CC RETIRED TCHR SCHOLARSHIP	500	500	-	1,000
BARNES LODGE SCHOLARSHIP	1,000	-	-	1,000
Due to student groups	\$ 118,141	\$ 248,186	\$ 262,152	\$ 104,175

Dayton Independent School District  
 Schedule of Expenditures of Federal Awards  
 June 30, 2023

<b>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</b>	<b>Federal Assistance Listing</b>	<b>Pass Through Grantor's Number</b>	<b>Federal Expenditures for FYE 6/30/2023</b>	
<b><u>U.S. Department of Agriculture</u></b>				
<b><i>Passed through Kentucky Department of Education</i></b>				
Child Nutrition Cluster				
<i>School Breakfast Program</i>	10.553	7760005	\$ 159,802	
<i>National School Lunch Program</i>	10.555	7750002	349,171	
	10.555	9980000	36,398	
	10.555	Commodities	11,992	
<i>Child and Adult Care Food Program</i>	10.559	7690024	338	
	10.559	7740023	3,281	
	10.582	7720012	<u>1,406</u>	\$ 562,388
Child and Adult Care Food Program	10.558	7790021	61,038	
	10.558	7800016	<u>4,466</u>	65,504
State Administrative Expenses for Child Nutrition	10 560	77000001	<u>405</u>	405
Child Nutrition Discretionary Grants	10.579	7840027	<u>24,484</u>	24,484
State Pandemic EBT Administrative Costs Grant	10.649	9990000	<u>628</u>	628
<b>Total U.S. Department of Agriculture</b>			<u>653,409</u>	
<b><u>U.S. Department of Justice</u></b>				
<b><i>Passed through Northern Kentucky Cooperative for Educational Services</i></b>				
STOP School Violence	16.839		<u>1,775</u>	1,775
<b>Total U.S. Department of Justice</b>			<u>1,775</u>	
<b><u>U.S. Department of Education</u></b>				
<b><i>Passed through Kentucky Department of Education</i></b>				
Special Education Cluster (IDEA)				
<i>Special Education_Grants to States (IDEA, Part B)</i>	84.027	3810002	<u>283,992</u>	283,992
<i>Special Education_Preschool Grants (IDEA, Preschool)</i>	84.173	3800002	<u>32,831</u>	32,831
Title I Grants to Local Educational Agencies	84.010	3100002	<u>493,760</u>	493,760
Title II Supporting Effective Instruction State Grants	84.367	3230002	<u>55,164</u>	55,164
Education for Homeless Children and Youth	84.196	3990002	<u>97,756</u>	97,756
Perkins Vocational Education	84.048		<u>5,016</u>	5,016



Dayton Independent School District  
 Schedule of Expenditures of Federal Awards  
 June 30, 2023

<b>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</b>	<b>Federal Assistance Listing</b>	<b>Pass Through Grantor's Number</b>	<b>Federal Expenditures for FYE 6/30/2023</b>	
<b><u>U.S. Department of Education</u></b>				
<b><i>Passed through Kentucky Department of Education</i></b>				
Student Support and Academic Enrichment Program	84.424	3420002	<u>36,828</u>	36,828
<b>Educational Stabilization Fund</b>				
Governor's Emergency Education Relief Fund	84.425C	GEER II	61,010	
Elementary and Secondary School Emergency Relief Fund	84.425D	4200002	27,899	
ARP Elementary and Secondary School Emergency Relief Fund	84.425U	4300002	1,355,579	
	84.425W	4980002	<u>59,959</u>	1,504,447
<b><i>Passed through Northern Kentucky Cooperative for Educational Services</i></b>				
Elementary and Secondary School Emergency Relief Fund	84.425U		<u>5,059</u>	5,059
Total Educational Stabilization Fund				<u>1,509,506</u>
<b>Total U.S Department of Education</b>				<u>2,514,853</u>
<b><u>U.S. Department of Health and Human Services</u></b>				
<b><i>Passed through Kentucky Department of Education</i></b>				
Student Support and Academic Enrichment Program	93.575		<u>119,729</u>	119,729
<b>Total U.S Department of Health and Human Services</b>				<u>119,729</u>
<b>Total Expenditures of Federal Awards</b>				<u><u>\$ 3,289,766</u></u>

**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, 2023. 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, 2023.

**NOTE 5: COMMODITIES**

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

**NOTE 6: FEDERAL AWARDS RECONCILIATION**

Federal revenues reported on the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	\$ 2,815,905
Federal grants reported on the Statement or Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund	641,417
Donated commodities reported on the Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund	11,992
Total federal awards	<u>3,469,314</u>
Less Medicaid reimbursement	<u>(179,548)</u>
Schedule of expenditures of federal awards	<u>\$ 3,289,766</u>



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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Dayton Independent School District (District) as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the District basic financial statements and have issued our report thereon dated November 7, 2023.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

### **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 7, 2023.

### **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 7, 2023

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, 2023. 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, 2023.

### ***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 7, 2023

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

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

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

\_\_\_\_\_ Yes        X   No

Significant deficiency(ies) identified?

\_\_\_\_\_ Yes        X   None reported

Noncompliance material to financial statements noted?

\_\_\_\_\_ Yes        X   No

**Federal Awards**

Internal control over major programs:

Material weakness(es) identified?

\_\_\_\_\_ Yes        X   No

Significant deficiency(ies) identified?

\_\_\_\_\_ Yes        X   None reported

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

Unmodified

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

\_\_\_\_\_ Yes        X   None reported

**Identification of Major Programs**

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

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

\$ 750,000

Auditee qualified as low-risk auditee

\_\_\_\_\_ Yes        X   No

**SECTION II - FINANCIAL STATEMENT FINDINGS**

None reported

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None reported



NO PRIOR FINDINGS

Dayton Independent School District  
Management Letter  
June 30, 2023

---

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, 2023, 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 7, 2023 contains our report on the District's internal control. This letter does not affect our report dated November 7, 2023 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 7, 2023

### **Dayton High School**

**2023-01.** During our testing of school activity fund receipts, we noted numerous receipts that were not signed by the remitter and/or the school treasurer. Accounting Procedures for Kentucky School Activity Funds (Redbook) sets accounting guidelines for processing receipts.

**2023-02.** During our testing of school activity fund disbursements, we noted instances of disbursements that did not have sufficient supporting documentation. Disbursements must have sufficient documentation to support the expenditure.

**2023-03.** During our testing of school activity fund disbursements, we noted instances of disbursements that did were missing signatures of sponsors, bookkeeper, and/or principal. Accounting Procedures for Kentucky School Activity Funds (Redbook) sets accounting guidelines for processing disbursements.

### **Lincoln Elementary School**

**2023-04.** During our testing of school activity fund disbursements, we noted instances of disbursements that did were missing sponsor signatures, Accounting Procedures for Kentucky School Activity Funds (Redbook) sets accounting guidelines for processing disbursements.

### **District Response**

Redbook procedures will be reviewed with the appropriate staff.