

DAVIESS COUNTY SCHOOL DISTRICT
BASIC FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION
Year Ended June 30, 2025

(With Independent Auditor's Report Thereon)

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INDEPENDENT AUDITOR'S REPORT

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

Kentucky State Committee for School District Audits
Frankfort, Kentucky

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Daviess County School District (District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and GAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

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

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

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

Change in Accounting Principle

As discussed in Note 2 to the financial statements, in 2025 the District adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Required Supplementary Information

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


Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying nonmajor governmental funds combining financial statements, the school activity fund schedules, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the nonmajor governmental funds combining financial statements, the school activity fund schedules, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2025, 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.


Riney Hancock CPAs PSC
Owensboro, Kentucky
December 10, 2025

Daviess County School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025

The discussion and analysis of Daviess County School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2025. The intent of this discussion and analysis is to review the School District's financial performance as a whole. Readers should also review the basic financial statements and the notes to the financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

- In total, net position increased \$17,109,938. Net position of governmental activities increased by \$17,860,854, while net position of business-type activities decreased by \$750,916.
- General revenues accounted for \$144,909,798 in revenue or 84.4% of all governmental revenues. Program specific revenues in the form of charges for services, grants, and contributions accounted for \$26,852,358 or 15.6% of total governmental revenues of \$171,762,156.
- Total assets of governmental activities increased by \$46,054,492. For governmental activities, capital assets increased by \$22,221,553, while cash and investments increased by \$24,005,396.
- The School District had \$153,901,302 in expenses related to governmental activities; only \$26,852,358 of these expenses were offset by program specific charges for services, grants, and contributions. General revenues (primarily local taxes and state SEEK allocations) were adequate to provide for these programs.
- Construction continued during fiscal year 2025. Projects that were in progress at year end include energy projects at the new Central Office and Southern Oaks, improvements to various athletic fields, and the renovations at Apollo High school and the new Central Office.

Using the Basic Financial Statements

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

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

Daviess County School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025

Reporting the School District as a Whole

One of the most important questions asked about the School District is “how did we do financially during 2025?” The **Statement of Net Position** and the **Statement of Activities**, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received and paid.

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

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

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

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

Daviess County School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025

Reporting the School District's Most Significant Funds, Continued

Governmental Funds, Continued

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

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

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

Government-Wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$68,399,197 for governmental activities, and liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$1,743,884 for business-type activities as of June 30, 2025.

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

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets. Included for June 30, 2025 is the district's liability for the net pension obligation and the asset and liability for other postemployment benefits.

Daviess County School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025

Reporting the School District's Most Significant Funds, Continued

Government-Wide Financial Analysis, Continued

(Table 1)
Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Assets						
Current and other assets	\$84,063,113	\$60,230,174	\$2,849,901	\$5,293,250	\$86,913,014	\$65,523,424
Capital assets	<u>209,109,168</u>	<u>186,887,615</u>	<u>2,312,869</u>	<u>1,313,574</u>	<u>\$211,422,037</u>	<u>\$188,201,189</u>
Total assets	<u>293,172,281</u>	<u>247,117,789</u>	<u>5,162,770</u>	<u>6,606,824</u>	<u>298,335,051</u>	<u>253,724,613</u>
Deferred Outflows of Resources						
Deferred charges on refunding	317,950	442,576	-	-	317,950	442,576
Pension deferred outflows	5,371,981	7,075,732	952,077	1,229,432	6,324,058	8,305,164
OPEB deferred outflows	<u>13,369,878</u>	<u>16,694,035</u>	<u>392,961</u>	<u>549,501</u>	<u>13,762,839</u>	<u>17,243,536</u>
Total deferred outflows of resources	<u>19,059,809</u>	<u>24,212,343</u>	<u>1,345,038</u>	<u>1,778,933</u>	<u>20,404,847</u>	<u>25,991,276</u>
Liabilities						
Long-term liabilities	199,138,889	175,859,621	5,806,838	6,725,521	204,945,727	182,585,142
Other liabilities	<u>15,212,361</u>	<u>12,449,675</u>	<u>172,686</u>	<u>105,422</u>	<u>15,373,047</u>	<u>12,555,097</u>
Total liabilities	<u>214,351,250</u>	<u>188,309,296</u>	<u>5,979,524</u>	<u>6,830,943</u>	<u>220,330,774</u>	<u>195,140,239</u>
Deferred Inflows of Resources						
Pension deferred inflows	5,680,269	4,019,992	869,949	599,672	6,550,218	4,619,664
OPEB deferred inflows	<u>23,801,374</u>	<u>28,462,501</u>	<u>1,402,219</u>	<u>1,948,110</u>	<u>25,203,593</u>	<u>30,410,611</u>
Total deferred inflows of resources	<u>29,481,643</u>	<u>32,482,493</u>	<u>2,272,168</u>	<u>2,547,782</u>	<u>31,753,811</u>	<u>35,030,275</u>
Net Position						
Net investment in capital assets	66,972,300	71,778,059	2,312,869	1,313,574	69,285,169	73,091,633
Restricted	24,767,361	10,950,412	-	-	24,767,361	10,950,412
Unrestricted	<u>(23,340,464)</u>	<u>(32,190,128)</u>	<u>(4,056,753)</u>	<u>(2,306,542)</u>	<u>(27,397,217)</u>	<u>(34,496,670)</u>
Total net position	<u>\$68,399,197</u>	<u>\$50,538,343</u>	<u>\$(1,743,884)</u>	<u>\$(992,968)</u>	<u>\$66,655,313</u>	<u>\$49,545,375</u>

Total assets increased \$44,610,438. Total net position increased by \$17,109,938.

Daviess County School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025

Reporting the School District's Most Significant Funds, Continued

Government-Wide Financial Analysis, Continued

(Table 2)
Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Program revenues:						
Charges for services	\$4,661,931	\$4,533,757	\$2,175,222	\$2,390,703	\$6,837,153	\$6,924,460
Operating grants and contributions	14,488,879	18,427,067	7,345,286	7,156,139	21,834,165	25,583,206
Capital grants and contributions	7,701,548	5,618,333	-	-	7,701,548	5,618,333
General revenues:						
Taxes	59,878,702	57,536,577	-	-	59,878,702	57,536,577
State aid formula grants	40,383,898	37,012,044	-	-	40,383,898	37,012,044
Investment earnings	3,379,688	3,217,511	172,105	282,979	3,551,793	3,500,490
Gain on sale of capital assets	27,099	44,539	-	-	27,099	44,539
Insurance Proceeds	6,100,757				6,100,757	
Miscellaneous	408,865	427,836	-	-	408,865	427,836
State on behalf payments	34,517,365	32,796,467	-	-	34,517,365	32,796,467
Transfers:	<u>213,424</u>	<u>196,445</u>	<u>(213,424)</u>	<u>(196,445)</u>	<u>-</u>	<u>-</u>
Total revenues and transfers	<u>171,762,156</u>	<u>159,810,576</u>	<u>9,479,189</u>	<u>9,633,376</u>	<u>181,241,345</u>	<u>169,443,952</u>
Program expenses:						
Instruction	97,965,883	91,767,505	-	-	97,965,883	91,767,505
Support services:						
Student	7,581,851	7,034,959	-	-	7,581,851	7,034,959
Instructional staff	4,872,717	4,542,854	-	-	4,872,717	4,542,854
District administration	1,614,263	1,384,746	-	-	1,614,263	1,384,746
School administration	9,444,760	9,341,785	-	-	9,444,760	9,341,785
Business	3,087,068	3,175,164	-	-	3,087,068	3,175,164
Facility operations/maintenance	14,335,193	13,746,327	-	-	14,335,193	13,746,327
Student transportation	9,017,685	8,501,538	-	-	9,017,685	8,501,538
Non-instructional	1,472,199	1,284,390	-	-	1,472,199	1,284,390
Facility acquisition/construction	599,248	236,106	-	-	599,248	236,106
After school program		598,114	1,503,285	1,046,329	1,503,285	1,644,443
Interest on long-term debt	3,910,435	3,424,823	-	-	3,910,435	3,424,823
Food service	-	-	<u>8,726,820</u>	<u>8,757,064</u>	<u>8,726,820</u>	<u>8,757,064</u>
Total expenses	<u>153,901,302</u>	<u>145,038,311</u>	<u>10,230,105</u>	<u>9,803,393</u>	<u>164,131,407</u>	<u>154,841,704</u>
Increase/decrease in net position	<u>\$17,860,854</u>	<u>\$14,772,265</u>	<u>(\$750,916)</u>	<u>(\$170,017)</u>	<u>\$17,109,938</u>	<u>\$14,602,248</u>

Daviess County School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025

Reporting the School District's Most Significant Funds, Continued

Governmental Activities

Instruction comprises 63.7% of governmental program expenses. Support services expenses make up 32.5% of governmental expenses. Non-instructional expenses for community services total 1.0% of governmental expenses. Facilities acquisition/construction and interest accounts for the remaining 2.8% of the total governmental expense.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted state entitlements. The total cost of services includes state on-behalf payments in the amount of \$34,517,365 for 2025.

(Table 3)
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Instruction	\$97,965,883	\$91,767,505	\$83,325,962	\$73,503,178
Support services	49,953,537	48,325,487	46,924,767	44,960,271
Non-instructional	1,472,199	1,284,390	(9,920)	(46,891)
Facilities acquisition/construction	599,248	236,106	(7,102,300)	(5,382,227)
Interest on long-term debt	<u>3,910,435</u>	<u>3,424,823</u>	<u>3,910,435</u>	<u>3,424,823</u>
Total expenses	<u>\$153,901,302</u>	<u>\$145,038,311</u>	<u>\$127,048,944</u>	<u>\$116,459,154</u>

Business-Type Activities

The business-type activities are food service and after school programs. These programs had revenues of \$9,692,613 and expenses of \$10,230,105 for fiscal year 2025. Of the revenues, \$2,175,222 was charges for services, \$7,345,286 was from state and federal grants, and \$172,105 was from investment earnings. Indirect cost transfers and other transfers totaled \$213,424. Business activities receive no support from tax revenues. The School District will continue to monitor the charges and costs of these activities. If it becomes necessary, the School District will increase the charges for these activities.

The School District's Funds

Information about the School District's major funds begins on page 16. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$206,882,602 and expenditures of \$185,235,220. The General Fund's fund balance increased by \$9,068,781.

Daviess County School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025

Reporting the School District's Most Significant Funds, Continued

General Fund-Budget Highlights

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

A variance comparison is presented on page 60 between the final budgeted amounts and the actual (GAAP Basis) amounts. The General Fund revenues were budgeted at \$120,496,117 with actual amounts of \$127,294,883. Budgeted expenditures of \$138,912,165 compare with actual expenditures of \$129,360,195, a difference of \$9,551,970. The source of the expense budget variances is related to amounts budgeted for contingencies. Budgeted other financing uses was \$744,839, with actual financing sources of \$11,134,093. The net increase in the General Fund balance is \$9,068,781.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2025, the School District had \$211,422,037 invested in land, buildings, equipment, and construction in progress, \$209,109,168 in governmental activities, and \$2,312,869 in business-type activities. Table 4 shows fiscal year 2025 balances compared to 2024.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Land	\$12,679,647	\$12,679,647	-	-	\$12,679,647	\$12,679,647
Land improvements	2,048,087	760,157	-	773	\$2,048,087	\$760,930
Buildings and improvements	139,594,200	137,282,315	-	-	\$139,594,200	\$137,282,315
Technology equipment	513,582	256,277	-	-	513,582.00	\$256,277
Vehicles	5,249,270	4,137,426	45,700	45,700	\$5,294,970	\$4,183,126
General equipment	2,497,796	2,366,248	2,267,169	1,267,101	\$4,764,965	\$3,633,349
Construction in progress	<u>46,526,586</u>	<u>29,405,545</u>	<u>-</u>	<u>-</u>	<u>\$46,526,586</u>	<u>\$29,405,545</u>
Total	<u>\$209,109,168</u>	<u>\$186,887,615</u>	<u>\$2,312,869</u>	<u>\$1,313,574</u>	<u>\$211,422,037</u>	<u>\$188,201,189</u>

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

Daviess County School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025

Debt

At June 30, 2025, the School District had \$136,289,000 in bonds outstanding, of which \$1,396,729 are to be paid from the KSFCC funding provided by the state of Kentucky. A total of \$8,993,000 is due within one year.

At June 30, 2024, the School District had \$111,006,000 in bonds outstanding, of which \$1,496,625 were to be paid from the KSFCC funding provided by the state of Kentucky.

District Challenges for the Future

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

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

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

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

Daviess County School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025

District Challenges for the Future, Continued

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

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

Contacting the School District's Financial Management

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

DAVIESS COUNTY SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2025

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 72,194,588	\$ 2,472,526	\$ 74,667,114
Investments	5,942,862	-	5,942,862
Accounts receivable:			
Taxes	1,859,191	-	1,859,191
Other	235,973	23,967	259,940
Due from other governments	1,320,792	140,333	1,461,125
Due from other funds	12,000	-	12,000
Inventory	380,265	213,075	593,340
Prepays and other current assets	879,094	-	879,094
Net other postemployment benefits asset	1,238,348	-	1,238,348
Capital assets, net	<u>209,109,168</u>	<u>2,312,869</u>	<u>211,422,037</u>
Total assets	<u>293,172,281</u>	<u>5,162,770</u>	<u>298,335,051</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refunding	317,950	-	317,950
Pension deferred outflows	5,371,981	952,077	6,324,058
Other postemployment benefits deferred outflows	<u>13,369,878</u>	<u>392,961</u>	<u>13,762,839</u>
Total deferred outflows of resources	<u>19,059,809</u>	<u>1,345,038</u>	<u>20,404,847</u>
LIABILITIES			
Accounts payable	5,182,543	68,743	5,251,286
Due to other funds	-	12,000	12,000
Accrued salaries and benefits	5,472,724	-	5,472,724
Payroll withholdings	793,806	-	793,806
Accrued interest payable	1,125,100	-	1,125,100
Unearned revenue	2,638,188	91,943	2,730,131
Long-term liabilities:			
Due within one year	12,272,244	-	12,272,244
Due in more than one year	139,313,814	-	139,313,814
Other liabilities due in more than one year:			
Net pension liability	30,340,831	5,609,350	35,950,181
Net other postemployment benefits liabilities	<u>17,212,000</u>	<u>197,488</u>	<u>17,409,488</u>
Total liabilities	<u>214,351,250</u>	<u>5,979,524</u>	<u>220,330,774</u>
DEFERRED INFLOWS OF RESOURCES			
Pension deferred inflows	5,680,269	869,949	6,550,218
Other postemployment benefits deferred inflows	<u>23,801,374</u>	<u>1,402,219</u>	<u>25,203,593</u>
Total deferred inflows of resources	<u>29,481,643</u>	<u>2,272,168</u>	<u>31,753,811</u>
NET POSITION			
Net investment in capital assets	66,972,300	2,312,869	69,285,169
Restricted for:			
Capital projects	1,892,588	-	1,892,588
Other	21,397,402	-	21,397,402
Other postemployment benefits	1,238,348	-	1,238,348
Technology	239,023	-	239,023
Unrestricted	<u>(23,340,464)</u>	<u>(4,056,753)</u>	<u>(27,397,217)</u>
Total net position	<u>\$ 68,399,197</u>	<u>\$ (1,743,884)</u>	<u>\$ 66,655,313</u>

DAVIESS COUNTY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

Year Ended June 30, 2025

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
Instruction	\$ 97,965,883	\$ 4,241,635	\$ 10,398,286	\$ -	\$ (83,325,962)		\$ (83,325,962)
Support services:							
Student	7,581,851	16,001	1,660,699	-	(5,905,151)		(5,905,151)
Instructional staff	4,872,717	23,450	809,616	-	(4,039,651)		(4,039,651)
District administration	1,614,263	-	-	-	(1,614,263)		(1,614,263)
School administration	9,444,760	-	-	-	(9,444,760)		(9,444,760)
Business	3,087,068	-	-	-	(3,087,068)		(3,087,068)
Plant operation and maintenance	14,335,193	42,934	28,712	-	(14,263,547)		(14,263,547)
Student transportation	9,017,685	337,911	109,447	-	(8,570,327)		(8,570,327)
Community services	1,472,199	-	1,482,119	-	9,920		9,920
New building construction	469,124	-	-	-	(469,124)		(469,124)
Building renovations / additions	130,124	-	-	7,701,548	7,571,424		7,571,424
Interest on long-term liabilities	3,910,435	-	-	-	(3,910,435)		(3,910,435)
Total governmental activities	<u>153,901,302</u>	<u>4,661,931</u>	<u>14,488,879</u>	<u>7,701,548</u>	<u>(127,048,944)</u>		<u>(127,048,944)</u>
Business-type activities:							
Food service	8,726,820	993,609	7,343,398	-	-	\$ (389,813)	(389,813)
After school	<u>1,503,285</u>	<u>1,181,613</u>	<u>1,888</u>	<u>-</u>	<u>-</u>	<u>(319,784)</u>	<u>(319,784)</u>
Total business-type activities	<u>10,230,105</u>	<u>2,175,222</u>	<u>7,345,286</u>	<u>-</u>	<u>-</u>	<u>(709,597)</u>	<u>(709,597)</u>
Total district	<u>\$ 164,131,407</u>	<u>\$ 6,837,153</u>	<u>\$ 21,834,165</u>	<u>\$ 7,701,548</u>	<u>(127,048,944)</u>	<u>(709,597)</u>	<u>(127,758,541)</u>
General revenues:							
Property taxes					54,061,900	-	54,061,900
Utility taxes					5,816,802	-	5,816,802
State aid formula grants					40,383,898	-	40,383,898
On-behalf payments					34,517,365	-	34,517,365
Investment earnings					3,379,688	172,105	3,551,793
Gain (loss) on disposition of capital assets					27,099	-	27,099
Insurance proceeds					6,100,757	-	6,100,757
Miscellaneous					408,865	-	408,865
Transfers					213,424	(213,424)	-
Total general revenues and transfers					<u>144,909,798</u>	<u>(41,319)</u>	<u>144,868,479</u>
Change in net position					17,860,854	(750,916)	17,109,938
Net position, June 30, 2024					<u>50,538,343</u>	<u>(992,968)</u>	<u>49,545,375</u>
Net position, June 30, 2025					<u>\$ 68,399,197</u>	<u>\$ (1,743,884)</u>	<u>\$ 66,655,313</u>

DAVIESS COUNTY SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2025

	General Fund	Special Revenue Fund	FSPK Building Fund	Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 42,378,462	\$ 1,533,438	\$ -	\$ 25,163,319	\$ 3,119,369	\$ 72,194,588
Investments	5,942,862	-	-	-	-	5,942,862
Accounts receivable:						
Taxes	1,859,191	-	-	-	-	1,859,191
Other	128,649	107,324	-	-	-	235,973
Due from other governments	68,956	1,251,836	-	-	-	1,320,792
Due from other funds	12,000	-	-	-	-	12,000
Inventory	337,290	-	-	-	42,975	380,265
Prepaid expenses	798,778	-	-	-	-	798,778
Total assets	\$ 51,526,188	\$ 2,892,598	\$ -	\$ 25,163,319	\$ 3,162,344	\$ 82,744,449
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 131,483	\$ 15,387	\$ -	\$ 5,032,261	\$ 3,412	\$ 5,182,543
Due to other funds	-	-	-	-	-	-
Accrued salaries and benefits	5,472,724	-	-	-	-	5,472,724
Payroll withholdings	793,806	-	-	-	-	793,806
Unearned revenue	-	2,638,188	-	-	-	2,638,188
Total liabilities	6,398,013	2,653,575	-	5,032,261	3,412	14,087,261
Deferred inflows of resources:						
Unavailable revenue - delinquent property taxes	318,642	-	-	-	-	318,642
Fund balances:						
Nonspendable	1,136,068	-	-	-	-	1,136,068
Restricted	-	323,267	-	20,131,058	3,158,932	23,613,257
Committed	403,922	-	-	-	-	403,922
Assigned	3,348,298	-	-	-	-	3,348,298
Unassigned	39,921,245	(84,244)	-	-	-	39,837,001
Total fund balances	44,809,533	239,023	-	20,131,058	3,158,932	68,338,546
Total liabilities, deferred inflows of resources, and fund balances	\$ 51,526,188	\$ 2,892,598	\$ -	\$ 25,163,319	\$ 3,162,344	\$ 82,744,449

DAVISS COUNTY SCHOOL DISTRICT

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

June 30, 2025

Total fund balances - governmental funds	\$	68,338,546
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		209,109,168
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Certain assets are not available to pay for current period expenditures:

Accrued interest receivable	\$	48,024	
Prepaid expenses		32,292	
Taxes receivable		318,642	398,958

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

Bonds payable	\$	(136,289,000)	
Issuance premiums		(6,357,731)	
Issuance discounts		191,913	
Deferred charges on refunding		317,950	
Compensated absences		(9,131,240)	
Net pension liability - CERS		(30,340,831)	
Net OPEB asset - CERS		1,238,348	
Net OPEB liability - TRS		(17,212,000)	
Accrued interest payable		(1,125,100)	(198,707,691)

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

Pension and OPEB deferred outflows	\$	18,741,859	
Pension and OPEB deferred inflows		(29,481,643)	(10,739,784)

Net position of governmental activities	\$	68,399,197
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DAVISS COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

Year Ended June 30, 2025

	General Fund	Special Revenue Fund	FSPK Building Fund	Construction Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
Property taxes	\$ 42,145,954	\$ -	\$ 11,900,407	\$ -	\$ -	\$ 54,046,361
Utility taxes	5,816,802	-	-	-	-	5,816,802
Tuition and fees	61,750	-	-	-	-	61,750
Earnings on investments	2,493,399	-	5,000	749,727	134,143	3,382,269
Other local revenue	770,449	771,306	-	-	4,112,279	5,654,034
State aid	75,004,865	4,796,807	6,153,456	-	1,142,598	87,097,726
Federal aid	1,001,664	8,347,312	-	-	-	9,348,976
Total revenues	127,294,883	13,915,425	18,058,863	749,727	5,389,020	165,407,918
Expenditures:						
Instruction	80,259,770	11,678,385	-	-	3,817,128	95,755,283
Support services:						
Student	6,835,041	659,035	-	-	16,001	7,510,077
Instructional staff	4,728,888	38,879	-	-	123,616	4,891,383
District administration	1,459,308	-	-	-	-	1,459,308
School administration	9,590,812	-	-	-	-	9,590,812
Business	3,207,612	-	-	-	-	3,207,612
Plant operation and maintenance	12,534,356	28,712	-	-	-	12,563,068
Student transportation	10,744,408	100,969	-	-	-	10,845,377
Community services	-	1,482,119	-	-	-	1,482,119
New building construction	-	-	-	8,724,900	-	8,724,900
Building renovations / additions	-	-	-	17,646,914	-	17,646,914
Debt service:						
Principal	-	-	-	-	7,862,000	7,862,000
Interest	-	-	-	-	3,475,587	3,475,587
Bond issuance costs	-	-	-	220,780	-	220,780
Total expenditures	129,360,195	13,988,099	-	26,592,594	15,294,332	185,235,220
Excess (deficiency) of revenues over expenditures	(2,065,312)	(72,674)	18,058,863	(25,842,867)	(9,905,312)	(19,827,302)
Other financing sources (uses):						
Proceeds from the issuance of bonds	-	-	-	33,145,000	-	33,145,000
Premium on bonds issued	-	-	-	1,988,404	-	1,988,404
Proceeds from sale of capital assets	27,099	-	-	-	-	27,099
Insurance proceeds	6,100,757	-	-	-	-	6,100,757
Operating transfers in	5,212,240	206,003	-	2,966,992	11,412,174	19,797,409
Operating transfers out	(206,003)	(101,934)	(18,058,863)	-	(1,217,185)	(19,583,985)
Total other financing sources (uses)	11,134,093	104,069	(18,058,863)	38,100,396	10,194,989	41,474,684
Net change in fund balances	9,068,781	31,395	-	12,257,529	289,677	21,647,382
Fund balance, June 30, 2024	35,740,752	207,628	-	7,873,529	2,869,255	46,691,164
Change within financial reporting entity (nonmajor to major fund)	-	-	-	-	-	-
Fund balance, June 30, 2025	\$ 44,809,533	\$ 239,023	\$ -	\$ 20,131,058	\$ 3,158,932	\$ 68,338,546

DAVIESS COUNTY SCHOOL DISTRICT

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

Year Ended June 30, 2025

Net change in fund balances - total governmental funds	\$	21,647,382
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Amounts reported for governmental activities in the statement of activities
are different because:

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

Capital outlays	\$	29,732,880	
Depreciation expense		<u>(7,511,327)</u>	22,221,553

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

Decrease in accrued interest receivable	\$	(2,581)	
Increase in taxes receivable		<u>15,539</u>	12,958

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

Principal payments on bonds	\$	7,862,000	
Proceeds from issuance of bonds		(33,145,000)	
Premium on bonds issued		(1,988,404)	
Amortization of premiums on bonds		392,853	
Amortization of discounts on bonds		(24,135)	
Amortization of deferred charges on refunding		<u>(124,626)</u>	(27,027,312)

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

Increase in prepaid expense	\$	(22,018)	
Increase in compensated absences liability		(5,122,051)	
Decrease in pension expense - CERS		2,168,441	
Decrease in OPEB expense - CERS		2,502,597	
Decrease in OPEB expense - TRS		2,158,244	
Increase in accrued interest payable		<u>(678,940)</u>	1,006,273

Change in net position of governmental activities	\$	<u><u>17,860,854</u></u>
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DAVIESS COUNTY SCHOOL DISTRICT

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

June 30, 2025

	Enterprise Funds		
	Food Service Fund	After School Fund	Total
ASSETS			
Current assets:			
Cash	\$ 1,640,464	\$ 832,062	\$ 2,472,526
Accounts receivable:			
Operating	-	23,967	23,967
Due from other governments	140,333	-	140,333
Inventory	213,075	-	213,075
Total current assets	<u>1,993,872</u>	<u>856,029</u>	<u>2,849,901</u>
Noncurrent assets:			
Capital assets	2,827,042	445,435	3,272,477
Less accumulated depreciation	<u>(850,129)</u>	<u>(109,479)</u>	<u>(959,608)</u>
Total noncurrent assets	<u>1,976,913</u>	<u>335,956</u>	<u>2,312,869</u>
Total assets	<u>3,970,785</u>	<u>1,191,985</u>	<u>5,162,770</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferred outflows	834,274	117,803	952,077
Other postemployment benefits deferred outflows	<u>318,670</u>	<u>74,291</u>	<u>392,961</u>
Total deferred outflows of resources	<u>1,152,944</u>	<u>192,094</u>	<u>1,345,038</u>
LIABILITIES			
Current liabilities:			
Accounts payable	64,654	4,089	68,743
Due to other funds	12,000	-	12,000
Unearned revenue	<u>77,969</u>	<u>13,974</u>	<u>91,943</u>
Total current liabilities	154,623	18,063	172,686
Non-current liabilities:			
Net pension liability	4,826,791	782,559	5,609,350
Net other postemployment benefits liability	<u>55,788</u>	<u>141,700</u>	<u>197,488</u>
Total liabilities	<u>5,037,202</u>	<u>942,322</u>	<u>5,979,524</u>
DEFERRED INFLOWS OF RESOURCES			
Pension deferred inflows	781,953	87,996	869,949
Other postemployment benefits deferred inflows	<u>1,304,459</u>	<u>97,760</u>	<u>1,402,219</u>
Total deferred inflows of resources	<u>2,086,412</u>	<u>185,756</u>	<u>2,272,168</u>
NET POSITION			
Net investment in capital assets	1,976,913	335,956	2,312,869
Unrestricted	<u>(3,976,798)</u>	<u>(79,955)</u>	<u>(4,056,753)</u>
Total net position	\$ <u>(1,999,885)</u>	\$ <u>256,001</u>	\$ <u>(1,743,884)</u>

DAVIESS COUNTY SCHOOL DISTRICT

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

PROPRIETARY FUNDS

Year Ended June 30, 2025

	Enterprise Funds		
	Food Service Fund	After School Fund	Total
Operating revenues:			
Charges for services	\$ 990,882	\$ 1,181,613	\$ 2,172,495
Other operating revenues	2,727	-	2,727
Total operating revenues	993,609	1,181,613	2,175,222
Operating expenses:			
Salaries and wages	2,608,728	1,130,794	3,739,522
Employee benefits	48,443	59,328	107,771
Professional and technical services	46,606	9,617	56,223
Property services	214,749	20	214,769
Other purchased services	185,541	18,734	204,275
Supplies and materials	5,381,342	214,903	5,596,245
Property	6,845	28,430	35,275
Miscellaneous	19,395	-	19,395
Depreciation	215,171	41,459	256,630
Total operating expenses	8,726,820	1,503,285	10,230,105
Operating income (loss)	(7,733,211)	(321,672)	(8,054,883)
Nonoperating revenues (expenses):			
Federal government grants	6,640,132	-	6,640,132
State government grants	118,730	1,888	120,618
Donated commodities	584,536	-	584,536
Interest income	118,006	54,099	172,105
Total nonoperating revenues (expenses)	7,461,404	55,987	7,517,391
Income (loss) before transfers	(271,807)	(265,685)	(537,492)
Transfers out	(213,424)	-	(213,424)
Change in net position	(485,231)	(265,685)	(750,916)
Net position, June 30, 2024	(1,514,654)	521,686	(992,968)
Net position, June 30, 2025	\$ (1,999,885)	\$ 256,001	\$ (1,743,884)

DAVIESS COUNTY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

Year Ended June 30, 2025

	Enterprise Funds		
	Food Service Fund	After School Fund	Total
Cash flows from operating activities:			
Cash received from:			
Charges for services	\$ 986,768	\$ 1,180,109	\$ 2,166,877
Other operating revenues	2,727	-	2,727
Cash paid to / for:			
Employees	(3,308,944)	(1,298,751)	(4,607,695)
Supplies	(4,709,429)	(214,903)	(4,924,332)
Other services	(470,371)	(52,712)	(523,083)
Net cash provided by (used in) operating activities	<u>(7,499,249)</u>	<u>(386,257)</u>	<u>(7,885,506)</u>
Cash flows from noncapital financing activities:			
Federal government grants	6,713,043	1,888	6,714,931
State government grants	118,730	-	118,730
Transfers out	(213,424)	-	(213,424)
Net cash provided by noncapital financing activities	<u>6,618,349</u>	<u>1,888</u>	<u>6,620,237</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(1,110,013)	(145,912)	(1,255,925)
Proceeds from sale of capital assets	-	-	-
Net cash used in capital and related financing activities	<u>(1,110,013)</u>	<u>(145,912)</u>	<u>(1,255,925)</u>
Cash flows from investing activities:			
Interest income	118,006	54,099	172,105
Net cash provided by investing activities	<u>118,006</u>	<u>54,099</u>	<u>172,105</u>
Net change in cash and cash equivalents	<u>(1,872,907)</u>	<u>(476,182)</u>	<u>(2,349,089)</u>
Cash and cash equivalents:			
Beginning of year	3,513,371	1,308,244	4,821,615
End of year	\$ <u>1,640,464</u>	\$ <u>832,062</u>	\$ <u>2,472,526</u>
Reconciliation of operating loss to net cash used in operating activities:			
Operating income (loss)	\$ (7,733,211)	\$ (321,672)	\$ (8,054,883)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation expense	215,171	41,459	256,630
Commodities used	584,536	-	584,536
Changes in assets and liabilities:			
Accounts receivable - operating	-	(1,130)	(1,130)
Inventory	26,576	-	26,576
Accounts payable	63,566	4,089	67,655
Due to other funds	12,000	-	12,000
Net other postemployment benefits liability and deferrals	(349,200)	(58,200)	(407,400)
Net pension liability and deferrals	(302,573)	(50,429)	(353,002)
Unearned revenue	(16,114)	(374)	(16,488)
Net cash provided by (used in) operating activities	\$ <u>(7,499,249)</u>	\$ <u>(386,257)</u>	\$ <u>(7,885,506)</u>
Noncash noncapital financing activities:			
Food commodities from the U.S. Department of Agriculture	\$ <u>584,536</u>		

DAVISS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2025

1. Reporting Entity

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

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

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

2. Summary of Significant Accounting Policies

Basis of Presentation

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

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

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

DAVIESS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2025

2. Summary of Significant Accounting Policies, Continued

Basis of Presentation, Continued

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

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

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

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

The District reports the following funds:

Governmental Funds:

General Fund:

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

Special Revenue Funds:

Special Revenue Fund:

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

DAVIESS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2025

2. Summary of Significant Accounting Policies, Continued

Basis of Presentation, Continued

District Activity Fund:

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

Student Activity Fund:

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

Capital Projects Funds:

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

SEEK Capital Outlay Fund:

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

FSPK Building Fund:

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

Construction Fund:

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

Debt Service Fund:

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

Proprietary Funds (Enterprise):

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

DAVIESS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2025

2. Summary of Significant Accounting Policies, Continued

Basis of Presentation, Continued

Food Service Fund:

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

After School Fund:

The After School Fund is used to account for after school programs established to provide supervised activities for students after dismissal. Revenues are primarily charges for childcare.

Basis of Accounting

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

Revenues – Exchange and Non-Exchange Transactions:

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

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

DAVIESS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2025

2. Summary of Significant Accounting Policies, Continued

Basis of Accounting, Continued

Revenues – Exchange and Non-Exchange Transactions, Continued:

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

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

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

Budgetary Principles

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

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

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

Encumbrance Accounting

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

Cash and Cash Equivalents

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

DAVIESS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2025

2. Summary of Significant Accounting Policies, Continued

Investments

Investments are measured at fair value on a recurring basis.

Accounts Receivable

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

Inventory

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

Capital Assets

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

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

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

DAVIESS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2025

2. Summary of Significant Accounting Policies, Continued

Capital Assets, Continued

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

Property Taxes

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

The assessed value of the tax roll on January 1, 2024, on which the levy for the 2025 fiscal year was based, totaled \$7,933,604,988. Property taxes collected are recorded as revenues in the fiscal year for which they were levied. All taxes collected are initially deposited into the General Fund and then transferred to the appropriate fund.

The tax rates assessed for the year ended June 30, 2025, to finance General Fund and FSPK Building Fund operations were 53.6 cents and 17.4 cents per \$100 valuation, respectively, for a total of 71.0 cents per \$100 valuation. In addition, the tax rate assessed for motor vehicles totaled 49.0 cents per \$100 valuation.

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

Unearned Revenue

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

DAVIESS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2025

2. Summary of Significant Accounting Policies, Continued

Interfund Receivables, Payables, and Transfers

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

Bonds and Related Premiums, Discounts, and Issuance Costs

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

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

Pension and Other Postemployment Benefits

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

Deferred Outflows/Inflows of Resources

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

DAVIESS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2025

2. Summary of Significant Accounting Policies, Continued

Deferred Outflows/Inflows of Resources, Continued

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

Net Position

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

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

Fund Balance Classification

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

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

DAVISS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2025

2. Summary of Significant Accounting Policies, Continued

Fund Balance Classification, Continued

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

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

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

Estimates

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

Recently Adopted Accounting Standards

In fiscal year 2025, the District adopted the Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, which updates the recognition and measurement guidance for compensated absences. This standard requires that changes be applied retrospectively by restating prior periods, if practicable. However, the District determined that it was not practicable to restate prior year financial information due to the unavailability of necessary historical data. As a result, the cumulative effect of applying the standard have been reflected in the current year.

3. Deposits and Investments

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

DAVIESS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2025

3. Deposits and Investments, Continued

Deposits

The District's deposits (demand deposit accounts) are carried at cost, which approximates fair value. At June 30, 2025, the book balance of the District's bank deposits was \$74,667,114 and the bank balances were \$75,420,929. Of the bank balances, \$250,000 was covered by federal depository insurance, \$60,000,000 was covered by a letter of credit and \$15,170,929 was collateralized by securities held by the pledging financial institution. There were no uninsured or uncollateralized balances.

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

Investments

At June 30, 2025, the District had the following investments and maturities:

Type	Fair Value	Maturities in Years				
		Less Than 1	1-5	6-10	10+	None
Cash equivalents	\$ 67,385	\$ -	\$ -	\$ -	\$ -	\$ 67,385
Fixed income:						
Bank certificates of deposit	294,650	100,190	194,460	-	-	-
Corporate bonds and notes	96,230	-	-	-	96,230	-
Municipal bonds	374,058	-	-	293,256	80,802	-
U.S. government agency obligations	4,768,123	247,376	1,040,802	2,246,353	1,233,592	-
U.S Treasury bonds and notes	75,006	75,006	-	-	-	-
Exchange traded funds	140,300	-	-	-	-	140,300
Mutual funds	127,110	-	-	-	-	127,110
Total investments	\$ <u>5,942,862</u>	\$ <u>422,572</u>	\$ <u>1,235,262</u>	\$ <u>2,539,609</u>	\$ <u>1,410,624</u>	\$ <u>334,795</u>

Credit Risk

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

Custodial Credit Risk

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

DAVIESS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2025

3. Deposits and Investments, Continued

Interest Rate Risk

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

Concentration of Credit Risk

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

Fair Value Measurements

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District does not have any investments that are measured using Level 3 inputs. The fair value measurements of the District's investments at June 30, 2025, are as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Cash equivalents	\$ 67,385	\$ 67,385	\$ -
Fixed income:			
Bank certificates of deposit	294,650	294,650	-
Corporate bonds and notes	96,230	-	96,230
Municipal bonds	374,058	-	374,058
U.S. government agency obligations	4,768,123	-	4,768,123
U.S. Treasury bonds and notes	75,006	-	75,006
Exchange traded funds	140,300	140,300	-
Mutual funds	127,110	127,110	-
Total investments	\$ 5,942,862	\$ 629,445	\$ 5,313,417

DAVIESS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2025

3. Deposits and Investments, Continued

Fair Value Measurements, Continued

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

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

Investment Earnings

Investment earnings for the year ended June 30, 2025, consisted of:

Governmental activities:	
Interest and dividend income	\$ 3,261,066
Unrealized gain (loss)	165,861
Realized gain (loss) on sale of investments	(26,353)
Investment expenses	<u>(20,886)</u>
	3,379,688
Business-type activities:	
Interest income	<u>172,105</u>
	\$ <u><u>3,551,793</u></u>

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

DAVIESS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2025

4. Capital Assets

Capital asset activity for the year ended June 30, 2025, was as follows:

	Balance June 30, 2024	Additions	Disposals	Balance June 30, 2025
<u>Governmental activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 12,679,647	\$ -	\$ -	\$ 12,679,647
Construction in progress	29,405,545	26,728,677	(9,607,636)	46,526,586
Total capital assets, not being depreciated	42,085,192	26,728,677	(9,607,636)	59,206,233
Capital assets, being depreciated:				
Land improvements	3,555,492	1,402,500	-	4,957,992
Buildings and improvements	227,804,569	8,205,136	-	236,009,705
Technology equipment	499,191	416,502	-	915,693
Vehicles	12,672,704	2,115,028	-	14,787,732
General equipment	4,074,970	472,673	(753,154)	3,794,489
Totals capital assets, being depreciated	248,606,926	12,611,839	(753,154)	260,465,611
Less accumulated depreciation:				
Land improvements	(2,795,335)	(114,570)	-	(2,909,905)
Buildings and improvements	(90,522,254)	(5,893,251)	-	(96,415,505)
Technology equipment	(242,914)	(159,197)	-	(402,111)
Vehicles	(8,535,278)	(1,003,184)	-	(9,538,462)
General equipment	(1,708,722)	(341,125)	753,154	(1,296,693)
Total accumulated depreciation	(103,804,503)	(7,511,327)	753,154	(110,562,676)
Total capital assets, being depreciated, net	144,802,423	5,100,512	-	149,902,935
Governmental activities:				
Capital assets, net	\$ 186,887,615	\$ 31,829,189	\$ (9,607,636)	\$ 209,109,168
<u>Business-type activities:</u>				
Capital assets, being depreciated:				
Land improvements	\$ 15,452	\$ -	\$ -	\$ 15,452
Vehicles	79,516	-	-	79,516
General equipment	2,838,665	1,255,925	(917,081)	3,177,509
Total capital assets, being depreciated	2,933,633	1,255,925	(917,081)	3,272,477
Less accumulated depreciation:				
Land improvements	(14,679)	(773)	-	(15,452)
Vehicles	(33,816)	-	-	(33,816)
General equipment	(1,571,564)	(255,857)	917,081	(910,340)
Total accumulated depreciation	(1,620,059)	(256,630)	917,081	(959,608)
Business-type activities:				
Capital assets, net	\$ 1,313,574	\$ 999,295	\$ -	\$ 2,312,869

DAVIESS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2025

4. Capital Assets, Continued

Depreciation expense was charged to governmental functions as follows:

Instructional	\$ 2,565,298
Support services:	
Student	899
Instructional staff	40,799
District administration	1,700
Plant operations and maintenance	4,086,435
Student transportation	816,196
Total depreciation expense	<u>\$ 7,511,327</u>

5. Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2025, was as follows:

	Balance June 30, 2024	Additions	Deductions	Balance June 30, 2025	Due Within One Year
Governmental activities:					
Long-term debt:					
School building revenue bonds	\$ 111,006,000	\$ 33,145,000	\$ (7,862,000)	\$ 136,289,000	\$ 8,993,000
Deferred amounts:					
For issuance premiums	4,762,180	1,988,404	(392,853)	6,357,731	-
For issuance discounts	(216,048)	-	24,135	(191,913)	-
Total long-term debt	115,552,132	35,133,404	(8,230,718)	142,454,818	8,993,000
Compensated absences:					
Accrued sick leave	4,009,189	5,122,051	-	9,131,240	3,279,244
Total governmental activities	<u>\$ 119,561,321</u>	<u>\$ 40,255,455</u>	<u>\$ (8,230,718)</u>	<u>\$ 151,586,058</u>	<u>\$ 12,272,244</u>

School Building Revenue Bonds

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

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

DAVIESS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2025

5. Long-Term Liabilities, Continued

School Building Revenue Bonds, Continued

A summary of District and Commission bond activity for the year ended June 30, 2025, is as follows:

		<u>District</u>	<u>Commission</u>	<u>Total</u>
Balance, June 30, 2024	\$	109,509,375	\$ 1,496,625	\$ 111,006,000
Issued		33,145,000	-	33,145,000
Retired		<u>(7,762,104)</u>	<u>(99,896)</u>	<u>(7,862,000)</u>
Balance, June 30, 2025	\$	<u>134,892,271</u>	\$ <u>1,396,729</u>	\$ <u>136,289,000</u>

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

			<u>Balance, June 30, 2025</u>		
	<u>Range of Interest Rates</u>	<u>Final Maturity</u>	<u>District</u>	<u>Commission</u>	<u>Total</u>
2013A Issue	1.50 – 3.250%	2033	\$ 930,000	\$ -	\$ 930,000
2013B Issue	1.00 – 2.000%	2026	225,000	-	225,000
2014 Issue	0.35 – 3.625%	2034	4,805,000	-	4,805,000
2014B Issue	1.35 – 3.750%	2035	379,000	-	379,000
2014C Issue	1.50 – 3.600%	2027	780,000	-	780,000
2015A Issue	2.00 – 3.625%	2035	6,564,741	695,259	7,260,000
2015B Issue	2.00 – 3.000%	2030	3,805,000	-	3,805,000
2015C Issue	2.00 – 3.000%	2027	2,510,000	-	2,510,000
2016A Issue	1.00 – 3.000%	2027	530,000	-	530,000
2016B Issue	1.00 – 3.000%	2030	715,000	-	715,000
2016C Issue	2.00 – 3.000%	2036	3,730,000	-	3,730,000
2017A Issue	3.00%	2028	1,185,000	-	1,185,000
2017B Issue	2.00 – 3.000%	2037	1,121,612	403,388	1,525,000
2018 Issue	3.00 – 4.000%	2039	6,290,000	-	6,290,000
2019 Issue	3.00 – 5.000%	2039	4,570,000	-	4,570,000
2020 Issue	2.00 – 5.000%	2040	37,076,918	298,082	37,375,000
2021 Issue	2.00 – 5.000%	2039	21,645,000	-	21,645,000
2023 Issue	5.00%	2032	4,885,000	-	4,885,000
2024 Issue	4.00 – 5.000%	2045	20,455,000	-	20,455,000
2025 Issue	4.00%	2041	<u>12,690,000</u>	<u>-</u>	<u>12,690,000</u>
			<u>\$ 134,892,271</u>	<u>\$ 1,396,729</u>	<u>\$ 136,289,000</u>

The bonds may be called prior to maturity and redemption premiums are specified in each issue. Assuming no bonds are called prior to scheduled maturity, the minimum obligations of the District and amounts to be paid by the Commission, at June 30, 2025, for debt service (principal and interest) are as follows:

DAVIESS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2025

5. Long-Term Liabilities, Continued

School Building Revenue Bonds, Continued

Year Ending June 30,	Davieess County School District			Kentucky School Facility Construction Commission			Total
	Principal	Interest	District Total	Principal	Interest	Commission Total	
2026	\$ 8,889,235	\$ 4,740,862	\$ 13,630,097	\$ 103,765	\$ 44,951	\$ 148,716	\$ 13,778,813
2027	9,336,813	4,292,243	13,629,056	107,187	41,529	148,716	13,777,772
2028	9,699,272	3,933,467	13,632,739	110,728	37,988	148,716	13,781,455
2029	10,011,450	3,511,351	13,522,801	114,550	34,165	148,715	13,671,516
2030	10,438,491	3,087,457	13,525,948	118,509	30,206	148,715	13,674,663
2031- 2035	54,667,320	10,368,626	65,035,946	651,680	91,896	743,576	65,779,522
2036- 2040	26,394,690	3,885,669	30,280,359	190,310	11,866	202,176	30,482,535
2041- 2045	5,455,000	528,400	5,983,400	-	-	-	5,983,400
	<u>\$ 134,892,271</u>	<u>\$ 34,348,075</u>	<u>\$ 169,240,346</u>	<u>\$ 1,396,729</u>	<u>\$ 292,601</u>	<u>\$ 1,689,330</u>	<u>\$ 170,929,676</u>

Generally, all bonds issued are secured by a statutory mortgage lien on the respective school buildings and appurtenant properties, including any subsequent additions thereto. The agreements contain a provision that in the event of default, action can be taken to compel specific performance. The amount of interest expense on bonds for the year ended June 30, 2025, totaled \$3,910,435, of which \$3,861,615 was incurred by the District, and \$48,820 was paid by the Commission.

The District defeased various revenue bonds in prior years by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments on old bonds. Accordingly, the trust account assets and the liabilities relating to all of these defeased bonds are not included in the District's financial statements. On June 30, 2025, \$9,195,000 of bonds outstanding are considered defeased.

Compensated Absences

Upon retirement, as defined by the Teachers' Retirement System of the State of Kentucky or the County Employees Retirement System, certified and classified employees received an amount equal to 30% of the value of accumulated sick leave based on the individual final salary. In accordance with GASB Statement No. 101, *Compensated Absences*, the liability for compensated absences now also reflects management's estimate of sick leave expected to be taken prior to retirement, as well as an estimate of the portion of accumulated sick leave that is anticipated to be forfeited and, therefore, not paid out. This liability totaled \$9,131,240 at June 30, 2025, and is recorded as a long-term liability in the district-wide financial statements. Unused accumulated vacation leave does not vest and, therefore, is not recorded as a liability in the financial statements.

DAVIESS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2025

5. Long-Term Liabilities, Continued

Compensated Absences, Continued

For governmental fund financial statements, the amount of compensated absences recorded as a liability would be the amount expected to be paid using expendable available resources. These obligations for June 30, 2025, were paid prior to fiscal year end and, therefore, no amount has been accrued in the governmental fund financial statements.

6. Interfund Receivables and Payables

Interfund balances at June 30, 2025, consisted of the following:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 12,000	\$ -
Food Service Fund	-	12,000
	<u>\$ 12,000</u>	<u>\$ 12,000</u>

The interfund balances resulted from an electronic deposit to the incorrect fund.

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

Plan Description

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

Benefits Provided

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

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

DAVIESS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2025

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

Benefits Provided, Continued

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

For members after July 1, 2008 – The annual retirement allowance for non-university members is equal to (a) one and seven tenths percent (1.7%) of final average salary for each year of credited service if their service is 10 years or less; (b) two percent (2.0%) of final average salary for each year of credited service if their service is greater than 10 years but no more than 20 years; (c) two and three tenths percent (2.3%) of final average salary of each year of credited service if their service is greater than 20 years but no more than 26 years; (d) two and one half percent (2.5%) of financial average salary for each year of credited service if their service is greater than 26 years but no more than 30 years; (e) three percent (3.0%) of financial average salary for years credited service greater than 30 years. Effective January 1, 2022, the System again amended the benefit structure for members hired on or after that date.

For members after January 1, 2022 – condition for retirement is attainment of age 57 and 10 years of service or attainment of age 65 and 5 years of service. The annual foundational benefit for non-university members is equal to service times a multiplier times final average salary, based on a table. The annual foundational benefit is reduced by 6% per year from the earlier of age 60 or the date the member would have completed 30 years of service. The annual supplemental benefit is equal to the account balance which includes member and employer contributions and interest credited annually on June 30. Options include annualizing the balance or receiving the balance as a lump sum either at the time of retirement or at a later date.

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

DAVIESS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2025

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

Benefits Provided, Continued

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

Contributions

Contribution rates are established by Kentucky Revised Statutes. Members in tiers 1, 2 and 3 are required to contribute 12.855% of their salaries to TRS for the year ended June 30, 2025. Beginning January 1, 2022, members in tier 4 are required to contribute 14.75% of their salaries. The State, as a non-employer contributing entity, contributes 13.105% of the salaries of school district members who joined before July 1, 2008, 14.105 % for those who joined between July 1, 2008 and December 31, 2021, and 10.75% for those joining thereafter. For local school district TRS members whose salaries are federally funded, the District contributes the applicable percentage of salaries based on the employee’s tier.

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

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

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

The portion of the TRS net pension liability that was associated with the District recognized at June 30, 2025, was as follows:

District’s proportionate share of the net pension liability	\$ -
State’s proportionate share of the net pension liability associated with the District	<u>247,180,060</u>
Total	<u>\$ 247,180,060</u>

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023. The net pension liability associated with the District was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2024, the measurement date, the District’s proportion of the TRS net pension liability was 1.5033%, a decrease of .0867% from its proportion measured as of June 30, 2023, of 1.5900%.

DAVIESS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2025

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

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

For the year ended June 30, 2025, the District recognized on-behalf pension expense and revenue of \$16,065,897 for contributions provided by the State.

Actuarial Assumptions

The total pension liability in the actuarial valuation dated June 30, 2023, was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases, including inflation	3.00 to 7.50%
Long-term investment rate of return, net of pension plan investment expense, including inflation	7.10%
Municipal Bond Index Rate:	
Prior Measurement Date	3.66%
Measurement Date	3.94%
Single Equivalent Interest Rate, net of pension plan investment expense, including inflation:	
Prior Measurement Date	7.10%
Measurement Date	7.10%
Post-Retirement Benefit Increases	1.50% annually

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

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

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

DAVIESS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2025

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

Actuarial Assumptions, Continued

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

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

Discount Rate

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

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

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

DAVIESS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2025

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

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

	<u>Discount rate</u>	<u>State’s proportionate share of net pension liability associated with the District</u>
1% decrease	6.10%	\$322,077,023
Current discount rate	7.10%	\$247,180,060
1% increase	8.10%	\$184,771,201

Plan Fiduciary Net Position

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

Payable to the Pension Plan

Because the State is required by statute to contribute 100% of the District’s contractually required pension contributions, the District reports no payable for such pension contributions at June 30, 2025.

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

Medical Insurance Plan (MIP)

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

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

DAVIESS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2025

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

Medical Insurance Plan (MIP), Continued

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

At June 30, 2025, the District reported a liability for its proportionate share of the collective net OPEB MIP liability and the related deferred outflows or deferred inflows.

Life Insurance Plan (LIP)

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

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

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

At June 30, 2025, the District did not report a liability for a proportionate share of the collective net OPEB LIP liability, nor any related deferred outflows or deferred inflows, because the State of Kentucky provides the OPEB LIP support directly to TRS on behalf of the District, and the District does not contribute to the LIP.

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

At June 30, 2025, the District reported a liability of \$17,212,000 for its proportionate share of the collective net MIP OPEB liability that reflected a reduction for state MIP OPEB support provided to the District. The collective net MIP OPEB liability was measured as of June 30, 2024, and the total MIP OPEB liability used to calculate the collective net MIP OPEB liability was based on a projection of the District’s long-term share of contributions to the MIP OPEB

DAVIESS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2025

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

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

plan relative to the projected contributions of all participating employers, actuarially determined. At the June 30, 2024 measurement date, the District’s proportion was 0.772212%, a decrease of 0.066379 % from its proportion measured as of June 30, 2023, of 0.838591%.

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

	<u>MIP</u>	<u>LIP</u>
District’s proportionate share of the net OPEB liability	\$ 17,212,000	\$ -
State’s proportionate share of the net OPEB liability associated with the District	<u>15,334,000</u>	<u>350,000</u>
Total	<u>\$ 32,546,000</u>	<u>\$ 350,000</u>

For the year ended June 30, 2025, the District recognized MIP OPEB expense (credit) of \$(323,168). In addition, on-behalf MIP and LIP OPEB revenue and expense for support provided by the State totaled \$1,428,523 and \$42,760 for the year ended June 30, 2025. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to the MIP OPEB from the following sources:

	<u>MIP</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 5,169,000
Changes of assumptions	4,384,000	-
Net difference between projected and actual earnings on plan investments	-	552,000
Changes in proportion and differences between contributions and proportionate share of contributions	5,694,000	8,671,000
District contributions subsequent to the measurement date	<u>1,715,967</u>	<u>-</u>
Total	<u>\$ 11,793,967</u>	<u>\$ 14,392,000</u>

DAVIESS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2025

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

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

Of the total amount reported as deferred outflows of resources related to the MIP OPEB, \$1,715,967 resulting from District contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net MIP OPEB liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to MIP OPEB will be recognized in the District’s MIP OPEB expense as follows:

Year ended June 30,	
2026	\$ (1,258,000)
2027	(168,000)
2028	(402,000)
2029	(1,219,000)
2030	(1,121,000)
Thereafter	<u>(146,000)</u>
	\$ <u>(4,314,000)</u>

Actuarial assumptions – The total MIP and LIP OPEB liabilities in the June 30, 2023, actuarial valuation were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 %
Real Wage Growth	0.25%
Wage Inflation	2.75%
Salary increases, including wage inflation	3.00 – 7.50%
Long-term Investment Rate of Return, net of OPEB plan investment expense, including inflation:	
MIP	7.10%
LIP	7.10%
Municipal Bond Index Rate	3.94%
Single Equivalent Interest Rate, net of OPEB plan investment expense, including inflation (Discount rate):	
MIP	7.10%
LIP	7.10%

DAVIESS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2025

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

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

MIP Health Care Cost Trends:

Medical Trend	6.50% for FY 2024 decreasing to an ultimate rate of 4.50% by FY 2031
Medicare Part B Premiums	5.92% for FY 2024 with an ultimate rate of 4.50% by 2035

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

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, rates of plan participation, and rates of plan election used in the June 30, 2023 valuation were based on the results of the most recent actuarial experience studies for the System, which covered the five-year period ending June 30, 2020, adopted by the Board on September 20, 2021.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends) used in the June 30, 2022 valuation of the Health Trust were based on a review of recent plan experience done concurrently with the June 30, 2023 valuation. The health care cost trend assumption was updated for the June 30, 2023 valuation and was shown as an assumption change in the TOL roll forward, while the change in initial per capita claims costs were included with experience in the TOL roll forward.

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

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

DAVIESS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2025

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

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

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

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

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

	1% decrease (6.10%)	Current discount rate (7.10%)	1% increase (8.10%)
Net MIP OPEB liability	\$ 22,867,000	\$ 17,212,000	\$ 12,526,000

DAVIESS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2025

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

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

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

	<u>1% decrease</u>	<u>Current trend rate</u>	<u>1% increase</u>
Net MIP OPEB liability	\$ 11,627,000	\$ 17,212,000	\$ 24,153,000

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

Payable to the OPEB Plans

The District reported payables of \$0 for the outstanding amount of MIP and LIP OPEB contributions due to the Plans at June 30, 2025.

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

Plan Description

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

Benefits Provided

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

DAVIESS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2025

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

Benefits Provided, Continued

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

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

Contributions

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

The District's actuarially determined contribution rates and contribution amounts applicable to fiscal year 2025 were based on annual creditable compensation for the year ended June 30, 2024, were as follows:

	<u>Contribution Rates</u>	<u>Contributions</u>
Pension	19.71%	\$ 4,166,424
OPEB	-	-
Total	<u>19.71%</u>	<u>\$ 4,166,424</u>

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

The net pension liability and OPEB liability (asset) reported as of June 30, 2025, were measured as of June 30, 2024, and the total pension liability and OPEB liability (asset) used to calculate the net pension liability and OPEB liability (asset) was determined by an actuarial valuation as of June 30, 2023. The District's proportion of the asset and liability was based on a projection of the District's long-term share of contributions to the plan relative to the projected contributions of all participating entities, actuarially determined. Changes in the District's pension and OPEB proportions as of the measurement dates were as follows:

DAVIESS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2025

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

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

	<u>Pension</u>	<u>OPEB</u>
June 30, 2023	0.660535%	0.660507%
Decrease	<u>(0.059404)</u>	<u>(0.058785)</u>
June 30, 2024	<u>0.601131%</u>	<u>0.601722%</u>

The District's pension liability and OPEB liability (asset) and expense as of and for the year ended June 30, 2025, were as follows:

	<u>Net Pension Liability</u>	<u>Net OPEB Liability (Asset)</u>
Proportionate Share	\$ <u>35,950,181</u>	\$ <u>(1,040,860)</u>
Pension/OPEB Expense	\$ <u>1,644,981</u>	\$ <u>(2,909,997)</u>

The OPEB liability (asset) is recorded as follows:

Governmental Assets	\$ (1,238,348)
Food Service Fund Liability	55,788
After School Fund Liability	<u>141,700</u>
Total Net OPEB Liability (Asset)	\$ <u>(1,040,860)</u>

DAVIESS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2025

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

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

At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	Pension		OPEB	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,740,055	\$ -	\$ 577,457	\$ 8,189,515
Changes of assumptions	-	1,624,242	943,144	734,436
Net difference between projected and actual earnings on plan investments	-	2,311,403	-	949,846
Changes in proportion and differences between contributions and proportionate share of contributions	417,579	2,614,573	448,271	937,596
Contributions subsequent to the measurement date	4,166,424	-	-	-
Total	\$ <u>6,324,058</u>	\$ <u>6,550,218</u>	\$ <u>1,968,872</u>	\$ <u>10,811,393</u>

The \$4,166,424 and \$0 of deferred outflows of resources resulting from the District's pension and OPEB contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability and increase in OPEB liability (asset) in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension and OPEB expense as follows:

Year ending June 30,	Pension	OPEB
2026	\$ (2,642,293)	\$ (3,515,867)
2027	(346,642)	(2,653,528)
2028	(888,530)	(2,444,055)
2029	(515,119)	(229,071)
	\$ <u>(4,392,584)</u>	\$ <u>(8,842,521)</u>

DAVIESS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2025

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

Actuarial Assumptions

The total pension liability and OPEB liability (asset) in the June 30, 2023, actuarial valuation were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Payroll growth rate	2.00%
Salary increases	3.30% to 10.30%, varies by service
Net investment rate	6.50%
Healthcare trend rates (OPEB)	Pre-65: Initial trend starting at 7.10% at January 1, 2026, and gradually decreasing to an ultimate trend rate of 4.25% over a period of 14 years. Post-65: Initial trend starting at 8.00% in 2026, then gradually decreasing to an ultimate trend rate of 4.25% over a period of 9 years.

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

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

DAVIESS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2025

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

Actuarial Assumptions, Continued

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity		
Public equity	50.00	4.15%
Private equity	10.00	9.10%
	<u>60.00</u>	
Fixed income		
Core fixed income	10.00	2.85%
Specialty credit	10.00	3.82%
Cash	-	1.70%
	<u>20.00</u>	
Inflation protected		
Real estate	7.00	4.90%
Real return	13.00	5.35%
	<u>20.00</u>	
Total	<u>100.00%</u>	

Discount Rate

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

	Pension	OPEB
Discount rate, June 30, 2023	6.50%	5.93%
Increase	-	0.06
Discount rate, June 30, 2024	<u>6.50%</u>	<u>5.99%</u>

The discount rate of 6.50% used to measure the total pension liability was based on the expected rate of return on pension plan investments. The discount rate of 5.99% used to measure the total OPEB liability (asset) was based on the expected rate of return on OPEB plan investments of 6.50% and a municipal bond rate of 3.97% as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2024.

DAVIESS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2025

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

Discount Rate, Continued

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

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

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

	District's Proportionate Share			
	Discount Rate	Net pension Liability	Discount Rate	Net OPEB Liability (Asset)
1% decrease	5.50%	\$ 46,345,658	4.99%	\$ 1,407,360
Current discount rate	6.50%	\$ 35,950,181	5.99%	\$ (1,040,860)
1% increase	7.50%	\$ 27,324,675	6.99%	\$ (3,099,327)

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

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

	Healthcare Cost Trend Rates	District's Proportionate Share of Net OPEB Liability (Asset)
1% decrease	6.10% Pre-65 and 7.00% Post-65	\$ (2,504,182)
Current healthcare cost trend rates	7.10% Pre-65 and 8.00% Post-65	\$ (1,040,860)
1% increase	8.10% Pre-65 and 9.00% Post-65	\$ 663,808

DAVIESS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2025

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

Plan Fiduciary Net Position

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

Payables to the Pension/OPEB Plans

The District reported the following payables for the outstanding amount of pension/OPEB contributions due to CERS for the year ended June 30, 2025.

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

10. On-Behalf Payments

Payments are made by the Commonwealth of Kentucky for various purposes on behalf of the District. These on-behalf payments are budgeted and recorded as revenue and expense in the governmental funds of the District, and are comprised of the following for the year ended June 30, 2025:

KTRS:	
Pension	\$ 16,065,897
Retiree health insurance	1,428,523
Retiree life insurance	42,760
Health insurance	15,670,257
HRA and administrative fees	923,908
State life insurance	19,791
Technology	217,513
KSFCC debt service	148,716
	<u>\$ 34,517,365</u>

11. Deferred Compensation

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

DAVIESS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2025

12. Fund Balance Classification

The composition of the fund balance classifications at June 30, 2025, is as follows:

	Major Governmental Funds			Nonmajor Governmental Funds			
	General Fund	Special Revenue Fund	Construction Fund	District Activity Fund	School Activity Fund	Total Nonmajor Governmental Funds	Total
Fund balances:							
Nonspendable:							
Inventory	\$ 337,290	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 337,290
Prepaid expenses	798,778	-	-	-	-	-	798,778
	<u>1,136,068</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,136,068</u>
Restricted for:							
Future capital needs	-	-	1,892,588	-	-	-	1,892,588
Other	-	84,244	18,238,470	340,246	2,818,686	3,158,932	21,481,646
Technology	-	239,023	-	-	-	-	239,023
	<u>-</u>	<u>323,267</u>	<u>20,131,058</u>	<u>340,246</u>	<u>2,818,686</u>	<u>3,158,932</u>	<u>23,613,257</u>
Committed:							
Site-based carryforward	403,922	-	-	-	-	-	403,922
Assigned:							
Future construction project	2,200,000	-	-	-	-	-	2,200,000
Purchase obligations	1,148,298	-	-	-	-	-	1,148,298
	<u>3,348,298</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,348,298</u>
Unassigned	39,921,245	(84,244)	-	-	-	-	39,837,001
Total fund balances	<u>\$ 44,809,533</u>	<u>\$ 239,023</u>	<u>\$ 20,131,058</u>	<u>\$ 340,246</u>	<u>\$ 2,818,686</u>	<u>\$ 3,158,932</u>	<u>\$ 68,338,546</u>

The District has \$9,484,803 of encumbrances of operating funds in major and nonmajor funds at June 30, 2025, rolled over into the next fiscal year.

13. Net Position Deficit

The net position deficit reported by the Food Service Fund in the amount of \$(1,999,885) resulted from the recording of the net pension and other postemployment benefits liabilities.

DAVIESS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2025

14. Transfers

Interfund transfers for the year ended June 30, 2025, consisted of the following:

	Transfers in:					
	Major Governmental Funds			Nonmajor Governmental Funds		
	General Fund	Special Revenue Fund	Construction Fund	District Activity Fund	Debt Service Fund	Total
<u>Transfers out:</u>						
Major Governmental Funds:						
General Fund	\$ -	\$ 206,003	\$ -	\$ -	\$ -	\$ 206,003
Special Revenue Fund	101,934	-	-	-	-	101,934
FSPK Building Fund	3,903,000	-	2,966,992	-	11,188,871	18,058,863
						<u>18,366,800</u>
Nonmajor Governmental Funds:						
School Activity Funds	-	-	-	223,303	-	223,303
SEEK Capital Outlay Fund	993,882	-	-	-	-	993,882
						<u>1,217,185</u>
Major Enterprise Fund:						
Food Service Fund	213,424	-	-	-	-	213,424
	<u>\$ 5,212,240</u>	<u>\$ 206,003</u>	<u>\$ 2,966,992</u>	<u>\$ 223,303</u>	<u>\$ 11,188,871</u>	<u>\$ 19,797,409</u>

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

15. Risk Management

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

DAVIESS COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2025

16. Contingencies

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

17. Commitments

During fiscal year 2025, the District entered into construction contracts totaling \$62,213,779 for various facility improvements. Remaining commitments under these contracts totaled \$13,929,023 at June 30, 2025, of which \$4,983,144 was included in accounts payable in the Construction Fund.

18. Impact of COVID-19

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic. The District provided in-person instruction, nontraditional instruction, and hybrid in-person instruction throughout the next two school years. The District was awarded significant federal funds to address the needs and extra costs of the pandemic. The additional federal funds were full expended during fiscal year 2025.

19. Insurance Proceeds

During the year ended June 30, 2025, the District received \$6,100,757 in insurance proceeds related to damage sustained from the hail storm in March of 2025. The proceeds will be used to repair and replace affected capital assets. These amounts are reported as other financing sources in the governmental funds and as program/general revenues in the government-wide financial statements.

DAVISS COUNTY SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended June 30, 2025

	Budget			Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Property taxes	\$ 41,997,913	\$ 41,997,913	\$ 42,145,954	\$ 148,041
Utility taxes	4,250,000	4,250,000	5,816,802	1,566,802
Tuition and fees	70,000	70,000	61,750	(8,250)
Earnings on investments	150,000	150,000	2,493,399	2,343,399
Other local revenue	675,500	675,500	770,449	94,949
State aid	72,380,021	73,127,704	75,004,865	1,877,161
Federal aid	225,000	225,000	1,001,664	776,664
Total revenues	<u>119,748,434</u>	<u>120,496,117</u>	<u>127,294,883</u>	<u>6,798,766</u>
Expenditures:				
Instruction	84,268,548	84,903,801	80,259,770	4,644,031
Support services:				
Student	5,706,832	5,706,832	6,835,041	(1,128,209)
Instructional staff	4,575,326	4,653,653	4,728,888	(75,235)
District administration	10,861,467	10,861,467	1,459,308	9,402,159
School administration	9,817,562	9,818,961	9,590,812	228,149
Business	2,861,344	2,861,344	3,207,612	(346,268)
Plant operation and maintenance	10,147,281	10,149,781	12,534,356	(2,384,575)
Student transportation	9,956,326	9,956,326	10,744,408	(788,082)
Total expenditures	<u>138,194,686</u>	<u>138,912,165</u>	<u>129,360,195</u>	<u>9,551,970</u>
Excess (deficiency) of revenues over expenditures	<u>(18,446,252)</u>	<u>(18,416,048)</u>	<u>(2,065,312)</u>	<u>16,350,736</u>
Other financing sources (uses):				
Proceeds from sale of capital assets	15,000	15,000	27,099	12,099
Insurance proceeds	-	-	6,100,757	6,100,757
Operating transfers in	31,828	37,825	5,212,240	5,174,415
Operating transfers out	(767,664)	(797,664)	(206,003)	591,661
Total other financing sources (uses)	<u>(720,836)</u>	<u>(744,839)</u>	<u>11,134,093</u>	<u>11,878,932</u>
Net change in fund balance	(19,167,088)	(19,160,887)	9,068,781	28,229,668
Fund balance, June 30, 2024	<u>35,740,752</u>	<u>35,740,752</u>	<u>35,740,752</u>	<u>-</u>
Fund balance, June 30, 2025	\$ <u>16,573,664</u>	\$ <u>16,579,865</u>	\$ <u>44,809,533</u>	\$ <u>28,229,668</u>

DAVIESS COUNTY SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

SPECIAL REVENUE FUND

Year Ended June 30, 2025

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Other local revenue	\$ 241,200	\$ 286,866	\$ 771,306	\$ 484,440
State aid	4,533,395	4,778,918	4,796,807	17,889
Federal aid	<u>6,932,481</u>	<u>7,040,010</u>	<u>8,347,312</u>	<u>1,307,302</u>
Total revenues	<u>11,707,076</u>	<u>12,105,794</u>	<u>13,915,425</u>	<u>1,809,631</u>
Expenditures:				
Instruction	9,744,875	10,153,794	11,678,385	(1,524,591)
Support services:				
Student	508,702	508,702	659,035	(150,333)
Instructional staff	36,234	36,234	38,879	(2,645)
School administration	-	-	-	-
Plant operation and maintenance	1,586	1,586	28,712	(27,126)
Student transportation	110,807	110,807	100,969	9,838
After school	-	-	-	-
Community services	<u>1,493,888</u>	<u>1,493,888</u>	<u>1,482,119</u>	<u>11,769</u>
Total expenditures	<u>11,896,092</u>	<u>12,305,011</u>	<u>13,988,099</u>	<u>(1,683,088)</u>
Excess (deficiency) of revenues over expenditures	<u>(189,016)</u>	<u>(199,217)</u>	<u>(72,674)</u>	<u>126,543</u>
Other financing sources (uses):				
Operating transfers in	203,607	200,837	206,003	5,166
Operating transfers out	<u>(1,620)</u>	<u>(1,620)</u>	<u>(101,934)</u>	<u>(100,314)</u>
Total other financing sources (uses)	<u>201,987</u>	<u>199,217</u>	<u>104,069</u>	<u>(95,148)</u>
Net change in fund balance	12,971	-	31,395	31,395
Fund balance, June 30, 2024	<u>207,628</u>	<u>207,628</u>	<u>207,628</u>	<u>-</u>
Fund balance, June 30, 2025	<u>\$ 220,599</u>	<u>\$ 207,628</u>	<u>\$ 239,023</u>	<u>\$ 31,395</u>

DAVIESS COUNTY SCHOOL DISTRICT

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

Last 10 Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
District's proportion of the plan total net pension liability	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
District's proportionate share of the net pension liability associated with the District	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the District	<u>247,180,060</u>	<u>270,919,811</u>	<u>278,916,004</u>	<u>209,985,157</u>	<u>226,176,171</u>	<u>218,463,948</u>	<u>206,836,340</u>	<u>427,477,363</u>	<u>465,688,704</u>	<u>360,367,617</u>
Total	<u>\$ 247,180,060</u>	<u>\$ 270,919,811</u>	<u>\$ 278,916,004</u>	<u>\$ 209,985,157</u>	<u>\$ 226,176,171</u>	<u>\$ 218,463,948</u>	<u>\$ 206,836,340</u>	<u>\$ 427,477,363</u>	<u>\$ 465,688,704</u>	<u>\$ 360,367,617</u>
District's covered payroll	\$ 53,461,876	\$ 53,005,936	\$ 52,823,632	\$ 51,203,338	\$ 50,574,405	\$ 49,755,274	\$ 48,545,737	\$ 47,896,500	\$ 47,282,367	\$ 45,537,911
District's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	60.36%	57.68%	56.41%	65.59%	58.27%	58.80%	59.30%	39.83%	35.22%	42.49%

DAVIESS COUNTY SCHOOL DISTRICT

TEACHERS' RETIREMENT SYSTEM OF THE STATE OF KENTUCKY

Last 10 Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
District's contractually required contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's contributions in relation to the contractually required contributions	-	-	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 57,208,101	\$ 53,461,876	\$ 53,005,936	\$ 52,823,632	\$ 51,203,338	\$ 50,574,405	\$ 49,755,274	\$ 48,545,737	\$ 47,896,500	\$ 47,282,367
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

DAVIESS COUNTY SCHOOL DISTRICT

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

Last 10 Fiscal Years *

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>MEDICAL INSURANCE PLAN (MIP)</u>								
District's proportion of the plan total net MIP OPEB liability	0.772212%	0.838591%	1.194468%	0.864805%	0.859095%	0.857001%	0.817452%	0.838680%
District's proportionate share of the net MIP OPEB liability associated with the District	\$ 17,212,000	\$ 20,425,000	\$ 29,653,000	\$ 18,556,000	\$ 21,681,000	\$ 25,083,000	\$ 28,363,000	\$ 29,906,000
State's proportionate share of the net MIP OPEB liability associated with the District	<u>15,334,000</u>	<u>17,215,000</u>	<u>9,741,000</u>	<u>15,070,000</u>	<u>17,368,000</u>	<u>20,256,000</u>	<u>24,443,000</u>	<u>24,428,000</u>
Total	<u>\$ 32,546,000</u>	<u>\$ 37,640,000</u>	<u>\$ 39,394,000</u>	<u>\$ 33,626,000</u>	<u>\$ 39,049,000</u>	<u>\$ 45,339,000</u>	<u>\$ 52,806,000</u>	<u>\$ 54,334,000</u>
District's covered payroll	\$ 53,461,876	\$ 53,005,936	\$ 52,823,632	\$ 51,203,338	\$ 50,574,405	\$ 49,755,274	\$ 48,545,737	\$ 47,896,500
District's proportionate share of the net MIP OPEB liability as a percentage of its covered payroll	32.19%	38.53%	56.14%	36.24%	42.87%	50.41%	58.43%	62.44%
Plan fiduciary net position as a percentage of the total MIP OPEB liability	59.81%	52.97%	47.75%	51.74%	39.05%	32.58%	25.50%	21.18%
<u>LIFE INSURANCE PLAN (LIP)</u>								
District's proportion of the plan total net LIP OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
District's proportionate share of the net LIP OPEB liability associated with the District	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net LIP OPEB liability associated with the District	<u>350,000</u>	<u>426,000</u>	<u>485,000</u>	<u>200,000</u>	<u>525,000</u>	<u>471,000</u>	<u>419,000</u>	<u>327,000</u>
Total	<u>\$ 350,000</u>	<u>\$ 426,000</u>	<u>\$ 485,000</u>	<u>\$ 200,000</u>	<u>\$ 525,000</u>	<u>\$ 471,000</u>	<u>\$ 419,000</u>	<u>\$ 327,000</u>
District's covered payroll	\$ 53,461,876	\$ 53,005,936	\$ 52,823,632	\$ 51,203,338	\$ 50,574,405	\$ 49,755,274	\$ 48,545,737	\$ 47,896,500
District's proportionate share of the net LIP OPEB liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total LIP OPEB liability	80.56%	76.91%	73.97%	89.15%	71.57%	73.40%	75.00%	79.99%

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

DAVIESS COUNTY SCHOOL DISTRICT

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

Last 10 Fiscal Years *

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>MEDICAL INSURANCE PLAN (MIP)</u>								
District's contractually required contributions	\$ 1,716,250	\$ 1,603,708	\$ 1,590,149	\$ 1,584,721	\$ 1,536,041	\$ 1,517,222	\$ 1,492,651	\$ 1,456,375
District's contributions in relation to the contractually required contributions	<u>(1,716,250)</u>	<u>(1,603,708)</u>	<u>(1,590,149)</u>	<u>(1,584,721)</u>	<u>(1,536,041)</u>	<u>(1,517,222)</u>	<u>(1,492,651)</u>	<u>(1,456,375)</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
District's covered payroll	\$ 57,208,101	\$ 53,461,876	\$ 53,005,936	\$ 52,823,632	\$ 51,203,338	\$ 50,574,405	\$ 49,755,274	\$ 48,545,737
Contributions as a percentage of covered payroll	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
<u>LIFE INSURANCE PLAN (LIP)</u>								
District's contractually required contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's contributions in relation to the contractually required contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
District's covered payroll	\$ 57,208,101	\$ 53,461,876	\$ 53,005,936	\$ 52,823,632	\$ 51,203,338	\$ 50,574,405	\$ 49,755,274	\$ 48,545,737
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

DAVIESS COUNTY SCHOOL DISTRICT

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

Year Ended June 30, 2025

PENSION

Changes of Benefit Terms

2016-2025 None

Changes of Assumptions

2025	The municipal bond index rate increased from 3.66% to 3.94%.
2024	The municipal bond index rate increased from 3.37% to 3.66%.
2023	The municipal bond index rate increased from 2.13% to 3.37%.
2022	The inflation rate decreased from 3.00% to 2.50%. The salary increases changed from 3.50%-7.30% to 3.00%-7.50%. The long-term investment rate of return decreased from 7.50% to 7.10%. The municipal bond index rate decreased from 2.19% to 2.13%. The discount rate decreased from 7.50% to 7.10%.
2021	The municipal bond index rate decreased from 3.50% to 2.19%.
2020	The municipal bond index rate decreased from 3.89% to 3.50%.
2019	The municipal bond index rate increased from 3.56% to 3.89%. The discount rate increased from 4.49% to 7.50%.
2018	None
2017	The municipal bond index rate decreased from 3.82% to 3.01%. The discount rate decreased from 4.88% to 4.20%.
2016	None

MEDICAL INSURANCE PLAN (MIP)

Changes of Benefit Terms

2019-2025 None

2018 With the passage of Kentucky House Bill 471, the eligibility for non-single subsidies (NSS) for the KEHP-participating members who retired prior to July 1, 2010, is restored, but the State will only finance, via its KEHP "shared responsibility" calculations, the costs of the NSS related to those KEHP-participating members who retired on or after July 1, 2010.

Changes of Assumptions

2025	The municipal bond index rate increased from 3.66% to 3.94%. Health Care Cost Trends decreased from 6.75% to 6.50%.
2024	Health Care Cost Trends for Medicare Part B Premiums increased from 1.55% to 5.92%. The municipal bond index rate increased from 3.37% to 3.66%. Health Care Cost Trends increased from 5.125% to 6.75%.
2023	Health Care Cost Trends for Medicare Part B Premiums decreased from 6.97% to 1.55%. The municipal bond index rate increased from 2.13% to 3.37%. Health Care Cost Trends for Ages 65 and Older increased from 5.0% to 5.125%. Health Care Cost Trends for Medicare Part B Premiums increased from 4.40% to 6.97%.

DAVISS COUNTY SCHOOL DISTRICT

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

Year Ended June 30, 2025

Changes of Assumptions, Continued

2022	The inflation rate decreased from 3.00% to 2.50%. The real wage growth rate decreased from .50% to .25%. The wage inflation rate decreased from 3.50% to 2.75%. The salary increases changed from 3.50%-7.20% to 3.00%-7.50%. The long-term investment rate of return decreased from 8.00% to 7.10%. The municipal bond index rate decreased from 2.19% to 2.13%. The discount rate decreased from 8.00% to 7.10%. Health Care Cost Trends for Under Age 65 decreased from 7.25% to 7.00%. Health Care Cost Trends for Ages 65 and Older decreased from 5.25% to 5.00%. Health Care Cost Trends for Medicare Part B Premiums decreased from 6.49% to 4.40%.
2021	The municipal bond index rate decreased from 3.50% to 2.19%. Health Care Cost Trends for Under Age 65 decreased from 7.50% to 7.25%. Health Care Cost Trends for Ages 65 and Older decreased from 5.50% to 5.25%. Health Care Cost Trends for Medicare Part B Premiums increased from 2.63% to 6.49%.
2020	The municipal bond index rate decreased from 3.89% to 3.50%. Health Care Cost Trends for Under Age 65 decreased from 7.75% to 7.50%. Health Care Cost Trends for Ages 65 and Older decreased from 5.75% to 5.50%. Health Care Cost Trends for Medicare Part B Premiums increased from 0.00% to 2.63%.
2019	The municipal bond index rate increased from 3.56% to 3.89%. Health Care Cost Trends for Medicare Part B Premiums decreased from 1.02% to 0.00%.
2018	None

LIFE INSURANCE PLAN (LIP)

Changes of Benefit Terms

2018-2025 None

Changes of Assumptions

2025	The municipal bond index rate increased from 3.66% to 3.94%.
2024	The municipal bond index rate increased from 3.37% to 3.66%.
2023	The municipal bond index rate increased from 2.13% to 3.37%.
2022	The inflation rate decreased from 3.00% to 2.50%. The real wage growth rate decreased from .50% to .25%. The wage inflation rate decreased from 3.50% to 2.75%. The salary increases changed from 3.50%-7.20% to 3.00%-7.50%. The long-term investment rate of return decreased from 7.50% to 7.10%. The municipal bond index rate decreased from 2.19% to 2.13%. The discount rate decreased from 7.50% to 7.10%.
2021	The municipal bond index rate decreased from 3.50% to 2.19%.
2020	The municipal bond index rate decreased from 3.89% to 3.50%.
2019	The municipal bond index rate increased from 3.56% to 3.89%.
2018	None

DAVIESS COUNTY SCHOOL DISTRICT

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

Last 10 Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
District's proportion of the net pension liability	0.601131%	0.660535%	0.639101%	0.607346%	0.635454%	0.639446%	0.651517%	0.637435%	0.643869%	0.646961%
District's proportionate share of the net pension liability	\$ 35,950,181	\$ 42,383,284	\$ 46,200,698	\$ 38,723,071	\$ 48,738,796	\$ 44,972,522	\$ 39,679,371	\$ 37,311,030	\$ 31,701,652	\$ 27,816,268
District's covered payroll	\$ 19,082,466	\$ 19,325,121	\$ 17,848,831	\$ 15,584,081	\$ 16,411,233	\$ 16,230,111	\$ 16,229,838	\$ 15,605,728	\$ 15,449,693	\$ 15,032,371
District's proportionate share of the net pension liability as a percentage of its covered payroll	188.39%	219.32%	258.84%	248.48%	296.98%	277.09%	244.48%	239.09%	205.19%	185.04%
Plan fiduciary net position as a percentage of the total pension liability	61.61%	57.48%	52.42%	57.33%	47.81%	50.45%	53.54%	55.30%	55.50%	59.97%

DAVIESS COUNTY SCHOOL DISTRICT

COUNTY EMPLOYEES RETIREMENT SYSTEM
PENSION FUND

Last 10 Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contributions	\$ 4,166,424	\$ 4,453,847	\$ 4,522,078	\$ 3,778,598	\$ 3,007,728	\$ 3,167,368	\$ 2,632,524	\$ 2,350,081	\$ 2,176,999	\$ 1,918,883
Contributions in relation to the contractually required contributions	<u>(4,166,424)</u>	<u>(4,453,847)</u>	<u>(4,522,078)</u>	<u>(3,778,598)</u>	<u>(3,007,728)</u>	<u>(3,167,368)</u>	<u>(2,632,524)</u>	<u>(2,350,081)</u>	<u>(2,176,999)</u>	<u>(1,918,883)</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
District's covered payroll	\$ 21,138,630	\$ 19,082,466	\$ 19,325,121	\$ 17,848,831	\$ 15,584,081	\$ 16,411,233	\$ 16,230,111	\$ 16,229,838	\$ 15,605,728	\$ 15,449,693
Contributions as a percentage of covered payroll	19.71%	23.34%	23.40%	21.17%	19.30%	19.30%	16.22%	14.48%	13.95%	12.42%

DAVIESS COUNTY SCHOOL DISTRICT

COUNTY EMPLOYEES RETIREMENT SYSTEM
INSURANCE FUND

Last 10 Fiscal Years *

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net OPEB liability (asset)	0.601722%	0.660507%	0.638994%	0.607837%	0.635270%	0.639330%	0.651496%	0.637435%
District's proportionate share of the net OPEB liability (asset)	\$ (1,040,860)	\$ (911,940)	\$ 12,610,634	\$ 11,636,735	\$ 15,339,839	\$ 10,753,243	\$ 11,567,182	\$ 12,814,624
District's covered payroll	\$ 19,082,466	\$ 19,325,121	\$ 17,848,831	\$ 15,584,081	\$ 16,411,233	\$ 16,230,111	\$ 16,229,838	\$ 15,605,728
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-5.45%	-4.72%	70.65%	74.67%	93.47%	66.25%	71.27%	82.11%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	104.89%	104.23%	60.95%	62.91%	51.67%	60.44%	57.62%	52.40%

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

DAVIESS COUNTY SCHOOL DISTRICT
SCHEDULE OF CONTRIBUTIONS
COUNTY EMPLOYEES RETIREMENT SYSTEM

Last 10 Fiscal Years *

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contributions	\$ -	\$ -	\$ 655,122	\$ 1,031,662	\$ 741,802	\$ 781,175	\$ 853,704	\$ 762,802
Contributions in relation to the contractually required contributions	<u>-</u>	<u>-</u>	<u>(655,122)</u>	<u>(1,031,662)</u>	<u>(741,802)</u>	<u>(781,175)</u>	<u>(853,704)</u>	<u>(762,802)</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
District's covered payroll	\$ 21,138,630	\$ 19,082,466	\$ 19,325,121	\$ 17,848,831	\$ 15,584,081	\$ 16,411,233	\$ 16,230,111	\$ 16,229,838
Contributions as a percentage of covered payroll	0.00%	0.00%	3.39%	5.78%	4.76%	4.76%	5.26%	4.70%

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

DAVISS COUNTY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION COUNTY EMPLOYEES RETIREMENT SYSTEM

Year Ended June 30, 2025

Changes of Benefit Terms

2016-2025 None

Changes of Assumptions

2025 OPEB:

The single discount rate changed from 5.93% to 5.99%.
Healthcare Trend Rates for Pre - 65 increased from 6.80% to 7.10%.
Healthcare Trend Rates for Post - 65 decreased from 8.50% to 8.00%.

2024 Pension and OPEB:

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

OPEB:

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

2023 OPEB:

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

2022 OPEB:

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

2021 OPEB:

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

2020 Pension and OPEB:

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

OPEB:

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

2019 Pension and OPEB:

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

OPEB:

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

2018 Pension and OPEB:

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

OPEB:

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

2017 None

2016 Pension:

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

DAVISS COUNTY SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

June 30, 2025

	<u>Special Revenue</u>		<u>Capital Projects</u>		
	District Activity Fund	School Activity Fund	SEEK Capital Outlay Fund	Debt Service Fund	Total Nonmajor Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 343,606	\$ 2,775,763	\$ -	\$ -	\$ 3,119,369
Accounts receivable:					
Other	-	-	-	-	-
Due from other funds	-	-	-	-	-
Inventory	-	42,975	-	-	42,975
Total assets	<u>\$ 343,606</u>	<u>\$ 2,818,738</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,162,344</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 3,360	\$ 52	\$ -	\$ -	\$ 3,412
Due to other funds	-	-	-	-	-
Total liabilities	<u>3,360</u>	<u>52</u>	<u>-</u>	<u>-</u>	<u>3,412</u>
Deferred inflows of resources	-	-	-	-	-
Fund balances:					
Restricted	<u>340,246</u>	<u>2,818,686</u>	<u>-</u>	<u>-</u>	<u>3,158,932</u>
Total fund balances	<u>340,246</u>	<u>2,818,686</u>	<u>-</u>	<u>-</u>	<u>3,158,932</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 343,606</u>	<u>\$ 2,818,738</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,162,344</u>

DAVIESS COUNTY SCHOOL DISTRICT

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

NONMAJOR GOVERNMENTAL FUNDS

Year Ended June 30, 2025

	Special Revenue		Capital Projects			Total
	District Activity Fund	School Activity Fund	SEEK Capital Outlay Fund	Formerly Non- major Fund FSPK Building Fund	Debt Service Fund	Nonmajor Governmental Funds
Revenues:						
Property taxes	\$ -	\$ -	\$ -		\$ -	\$ -
Earnings on investments	-	134,143	-		-	134,143
Other local revenue	71,170	4,041,109	-		-	4,112,279
State aid	-	-	993,882		148,716	1,142,598
Federal aid	-	-	-		-	-
Total revenues	71,170	4,175,252	993,882		148,716	5,389,020
Expenditures:						
Instruction	158,499	3,658,629	-		-	3,817,128
Support services:						
Student	-	16,001	-		-	16,001
Instructional staff	100,166	23,450	-		-	123,616
District administration	-	-	-		-	-
School administration	-	-	-		-	-
Business	-	-	-		-	-
Plant operation and maintenance	-	-	-		-	-
Student transportation	-	-	-		-	-
Community services	-	-	-		-	-
New building construction	-	-	-		-	-
Building renovations / additions	-	-	-		-	-
Debt service:						
Principal	-	-	-		7,862,000	7,862,000
Interest	-	-	-		3,475,587	3,475,587
Bond issuance costs	-	-	-		-	-
Total expenditures	258,665	3,698,080	-		11,337,587	15,294,332
Excess (deficiency) of revenues over expenditures	(187,495)	477,172	993,882		(11,188,871)	(9,905,312)
Other financing sources (uses):						
Operating transfers in	223,303	-	-		11,188,871	11,412,174
Operating transfers out	-	(223,303)	(993,882)		-	(1,217,185)
Total other financing sources (uses)	223,303	(223,303)	(993,882)		11,188,871	10,194,989
Net change in fund balances	35,808	253,869	-		-	289,677
Fund balances, June 30, 2024, as previously presented	304,438	2,564,817	-		-	2,869,255
Change within financial reporting entity (nonmajor to major)	-	-	-		-	-
Fund balances, June 30, 2025	\$ 340,246	\$ 2,818,686	\$ -		\$ -	\$ 3,158,932

DAVIESS COUNTY SCHOOL DISTRICT

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

SCHOOL ACTIVITY FUND

Year Ended June 30, 2025

	Cash June 30, 2024	Receipts	Disbursements	Cash June 30, 2025	Accounts Receivable	Inventory	Accounts Payable	Fund Balance June 30, 2025
Apollo High	\$ 558,106	\$ 822,622	\$ 746,666	\$ 634,062	\$ -	\$ 39,532	\$ 52	\$ 673,542
Audubon Elementary	39,419	77,649	77,118	39,950	-	-	-	39,950
Burns Elementary	78,871	67,620	74,317	72,174	-	-	-	72,174
Burns Middle	188,632	278,644	304,884	162,392	-	-	-	162,392
College View Middle	229,288	288,860	290,183	227,965	-	-	-	227,965
Country Heights Elementary	45,165	96,957	87,582	54,540	-	-	-	54,540
Daviess County High	743,818	1,503,672	1,367,098	880,392	-	3,443	-	883,835
Daviess County Middle	76,463	272,524	227,001	121,986	-	-	-	121,986
Deer Park Elementary	80,258	90,153	88,944	81,467	-	-	-	81,467
East View Elementary	62,065	77,295	78,952	60,408	-	-	-	60,408
Heritage Park High	19,776	3,814	5,135	18,455	-	-	-	18,455
Highland Elementary	86,956	82,605	101,297	68,264	-	-	-	68,264
Meadow Lands Elementary	51,429	56,977	59,797	48,609	-	-	-	48,609
Sorgho Elementary	56,955	80,513	82,404	55,064	-	-	-	55,064
Southern Oaks Elementary	47,202	91,135	87,245	51,092	-	-	-	51,092
Tamarack Elementary	59,700	113,546	95,523	77,723	-	-	-	77,723
West Louisville Elementary	86,555	60,548	55,983	91,120	-	-	-	91,120
Whitesville Elementary	16,515	111,695	98,110	30,100	-	-	-	30,100
	<u>\$ 2,527,173</u>	<u>\$ 4,176,829</u>	<u>\$ 3,928,239</u>	<u>\$ 2,775,763</u>	<u>\$ -</u>	<u>\$ 42,975</u>	<u>\$ 52</u>	<u>\$ 2,818,686</u>

DAVIESS COUNTY SCHOOL DISTRICT

SCHEDULE OF RECEIPTS, DISBURSEMENTS, ACCRUALS, AND FUND BALANCE

APOLLO HIGH SCHOOL

Year Ended June 30, 2025

	Cash June 30, 2024	Receipts	Disbursements	Transfers	Cash June 30, 2025	Accounts Receivable	Inventory	Accounts Payable	Fund Balance June 30, 2025
General	\$ 35,124	\$ 219	\$ 19,528	\$ 31,770	\$ 47,585	\$ -	\$ -	\$ -	\$ 47,585
OFFICE	-	100	3,658	3,558	-	-	-	-	-
DRIVERS ED FEES	-	1,475	-	(1,475)	-	-	-	-	-
GUIDANCE	829	-	371	(216)	242	-	-	-	242
LAPTOP FEES	-	16,860	-	(16,860)	-	-	-	-	-
YEARBOOK	20,388	7,539	12,332	218	15,813	-	-	-	15,813
STUDENT FEES	-	33,609	6,495	(27,114)	-	-	-	-	-
TEXTBOOK FEES	-	33,594	-	(33,594)	-	-	-	-	-
NEWSPAPER CHALLENGER	5,179	-	-	-	5,179	-	-	-	5,179
ADULT VENDING	191	1,274	(41)	-	1,506	-	-	-	1,506
CARING AND SHARING	500	746	513	-	733	-	-	-	733
ATHLETICS - GENERAL	30,077	16,347	23,546	47,797	70,675	-	-	-	70,675
BASKETBALL - BOYS	59	-	820	761	-	-	3,438	-	3,438
ATHLETIC BOOSTERS	1,000	63,085	39,874	(23,211)	1,000	-	-	-	1,000
BASEBALL	3,340	-	175	2,000	5,165	-	-	-	5,165
CROSS COUNTRY - BOYS	182	-	365	215	32	-	-	-	32
DANCE TEAM	-	-	1,200	1,200	-	-	-	-	-
CROSS COUNTRY - GIRLS	-	-	85	85	-	-	-	-	-
TRACK - GIRLS	993	-	613	416	796	-	-	-	796
BOWLING	-	-	585	585	-	-	-	-	-
CHEERLEADERS	145	2,707	1,375	(1,477)	-	-	-	-	-
TRACK - BOYS	3,568	-	613	416	3,371	-	-	-	3,371
FOOTBALL	-	-	14,156	14,156	-	-	-	-	-
BASKETBALL - GIRLS	1,479	-	371	1,100	2,208	-	-	-	2,208
GOLF - BOYS	-	-	965	965	-	-	-	-	-
GOLF - GIRLS	70	-	-	800	870	-	-	-	870
SOCCER - GIRLS	-	125	541	416	-	-	-	-	-
SOCCER - BOYS	1,180	-	225	370	1,325	-	-	-	1,325
SWIMMING	1,036	-	1,112	76	-	-	-	-	-
TENNIS - BOYS	4,409	-	-	1,000	5,409	-	-	-	5,409
VOLLEYBALL	-	200	-	170	370	-	-	-	370
WRESTLING - BOYS	-	-	804	864	60	-	-	-	60
WRESTLING - GIRLS	-	308	760	2,230	1,778	-	-	-	1,778
BETA CLUB	2,062	1,260	1,568	30	1,784	-	-	-	1,784
ROBOTICS	12,046	2,111	1,027	-	13,130	-	-	-	13,130
ARCHERY	1,108	-	674	500	934	-	-	-	934
DRAMA	287	2,035	2,959	637	-	-	-	-	-
THESPIAN SOCIETY	1,933	4,508	3,646	(637)	2,158	-	-	-	2,158
FBLA	-	3,381	4,458	1,077	-	-	-	-	-
FCA	-	1,393	1,279	-	114	-	-	-	114
FFA	4,801	28,181	30,263	5,060	7,779	-	-	-	7,779
FUTURE EDUCATORS	193	-	-	-	193	-	-	-	193
ACADEMIC TEAM	1,387	140	2,283	1,541	785	-	-	-	785
KEY CLUB	190	-	-	-	190	-	-	-	190
NATIONAL HONOR SOCIETY	493	1,300	701	(187)	905	-	-	-	905

DAVIESS COUNTY SCHOOL DISTRICT

SCHEDULE OF RECEIPTS, DISBURSEMENTS, ACCRUALS, AND FUND BALANCE

APOLLO HIGH SCHOOL

Year Ended June 30, 2025

	Cash June 30, 2024	Receipts	Disbursements	Transfers	Cash June 30, 2025	Accounts Receivable	Inventory	Accounts Payable	Fund Balance June 30, 2025
STUDENT COUNCIL	4,834	5,828	3,778	(1,073)	5,811	-	-	-	5,811
STLP	813	50	77	100	886	-	-	-	886
AG	466	-	2,703	5,140	2,903	-	-	-	2,903
ART	17	-	3,538	3,521	-	-	-	-	-
BUSINESS	6,767	-	302	(540)	5,925	-	-	52	5,873
ENGLISH	7,556	20	357	1,488	8,707	-	-	-	8,707
HEALTH/PE	968	3,010	1,603	968	3,343	-	-	-	3,343
FINE ARTS	-	1,890	2,316	468	42	-	-	-	42
LIBRARY	7,458	652	3,657	2,255	6,708	-	-	-	6,708
SCIENCE	872	982	4,533	3,360	681	-	-	-	681
MATH	4,152	-	1,190	1,526	4,488	-	-	-	4,488
ORCHESTRA	3,172	-	-	511	3,683	-	-	-	3,683
CHORUS	-	2,160	3,064	1,151	247	-	-	-	247
SPECIAL ED	1,835	-	920	47	962	-	-	-	962
SOCIAL STUDIES	13,209	35	1,071	(90)	12,083	-	-	-	12,083
BAND	-	5,792	8,686	2,894	-	-	-	-	-
District Activity Fund	-	25,051	27,847	2,796	-	-	-	-	-
SCO Transaction Fees	-	1,240	-	(1,240)	-	-	-	-	-
Cash Over/Short	-	50	-	(50)	-	-	-	-	-
AP EXAMS	4,202	5,525	7,626	-	2,101	-	-	-	2,101
PSAT TESTS	4,767	755	737	-	4,785	-	-	-	4,785
BAND UNIFORMS	106	-	-	-	106	-	-	-	106
GRADUATION	-	972	13,182	12,210	-	-	-	-	-
PROM	839	12,975	12,383	(160)	1,271	-	-	-	1,271
ELEARNING COMPUTER REPAIRS	-	1,992	-	(1,992)	-	-	-	-	-
INTRAMURAL	332	-	-	-	332	-	-	-	332
INTEREST	-	29,704	474	(29,230)	-	-	-	-	-
LOCKS	5	-	-	-	5	-	-	-	5
OVER YOUR HEAD	189	-	394	205	-	-	-	-	-
PROJECT GRADUATION	308	4,318	6,007	1,381	-	-	-	-	-
ENL EAGLES NEST NEWS	2,387	780	505	-	2,662	-	-	-	2,662
TEACHER OF THE YEAR AWARD	1,000	1,000	-	-	2,000	-	-	-	2,000
YOUNG FOUNDATION SLG	250	-	-	-	250	-	-	-	250
APOLLO ABA BASKETBALL	17,373	12,639	5,520	(23,492)	1,000	-	-	-	1,000
BASKETBALL - BOYS L/T	5,097	5,809	12,614	19,275	17,567	-	-	-	17,567
ATHLETIC AWARDS	14,785	-	-	2,500	17,285	-	-	-	17,285
ATHLETIC TRAINER SUPPLIES	2,795	-	3,632	3,000	2,163	-	-	-	2,163
ATHLETIC WEIGHT TRAINING	1,401	-	-	500	1,901	-	-	-	1,901
BASEBALL L/T	16,097	27,654	19,938	(1,736)	22,077	-	-	-	22,077
ATHLETIC SECURITY	-	-	13,268	13,268	-	-	-	-	-
CROSS COUNTRY BOYS L/T	-	127	1,435	1,308	-	-	-	-	-
CROSS COUNTRY GIRLS L/T	-	1,251	2,566	1,315	-	-	-	-	-
CHEERLEADING L/T	-	86,285	80,337	(1,191)	4,757	-	-	-	4,757
ATHLETIC EMERGENCY SERVICES	7,125	-	-	3,500	10,625	-	-	-	10,625
EAGLETES L/T	1,051	36,570	30,580	811	7,852	-	-	-	7,852
BASS FISHING	2,779	-	250	929	3,458	-	-	-	3,458

DAVIESS COUNTY SCHOOL DISTRICT

SCHEDULE OF RECEIPTS, DISBURSEMENTS, ACCRUALS, AND FUND BALANCE

APOLLO HIGH SCHOOL

Year Ended June 30, 2025

	Cash June 30, 2024	Receipts	Disbursements	Transfers	Cash June 30, 2025	Accounts Receivable	Inventory	Accounts Payable	Fund Balance June 30, 2025
FOOTBALL L/T	5,325	11,155	12,338	(4,142)	-	-	-	-	-
BASS FISHING L/T	4,490	7,231	4,256	-	7,465	-	-	-	7,465
ATHLETIC GAME OFFICIALS	10,620	10,255	43,880	35,000	11,995	-	-	-	11,995
BASKETBALL - GIRLS L/T	8,054	4,213	6,937	(41)	5,289	-	-	-	5,289
BASKETBALL -APOLLO YOUTH GIR	1,073	2,538	1,454	(1,957)	200	-	-	-	200
GOLF - GIRLS L/T	2,594	2,113	227	-	4,480	-	-	-	4,480
GOLF - BOYS L/T	3,709	2,357	1,505	(190)	4,371	-	-	-	4,371
ATHLETIC GATE	-	95,323	7,423	(87,900)	-	-	-	-	-
ATHLETIC GATE WORKERS	7,965	506	4,726	6,000	9,745	-	-	-	9,745
TRACK - GIRLS L/T	3,631	4,862	4,601	1,174	5,066	-	-	-	5,066
SOFTBALL L/T	6,016	15,463	15,013	1,308	7,774	-	-	-	7,774
SOCCER - GIRLS L/T	4,501	1,959	4,221	(46)	2,193	-	-	-	2,193
SOCCER - BOYS L/T	7,824	5,242	10,286	-	2,780	-	-	-	2,780
SPORTS PROGRAMS SALES	-	-	34	34	-	-	-	-	-
SWIM TEAM/ GB L/T	700	-	1,814	1,340	226	-	-	-	226
TENNIS BG L/T	1,730	4,620	6,591	435	194	-	-	-	194
DISTRICT TOURNEY BOYS	-	9,395	4,777	(4,618)	-	-	-	-	-
TRACK - BOYS L/T	5,139	5,535	5,251	1,174	6,597	-	-	-	6,597
VOLLEYBALL L/T	3,675	17,097	17,809	(14)	2,949	-	-	-	2,949
WRESTLING GIRLS L/T	-	8,774	8,712	(62)	-	-	-	-	-
VB SLAMDOWN TOURNEY	2,125	11,900	13,099	(76)	850	-	-	-	850
WRESTLING BOYS L/T	-	7,631	8,373	742	-	-	-	-	-
ATHLETIC UNIFORM ACCOUNT	17,678	-	-	4,760	22,438	-	-	-	22,438
REGION TOURNEY BOYS	-	-	2,009	2,009	-	-	-	-	-
HOLIDAY TOURNAMENT	-	3,820	7,816	3,996	-	-	-	-	-
BOWLING L/T	3,008	7,980	6,387	929	5,530	-	-	-	5,530
ARCHERY L/T	1,528	1,320	1,087	-	1,761	-	-	-	1,761
ATHLETIC CHILI SUPPER	12,332	11,370	2,957	(20,745)	-	-	-	-	-
SPIRIT STORE	136	1,438	739	130	965	-	-	-	965
DANCE BLUE	3,488	24,200	25,939	80	1,829	-	26,664	-	28,493
INCROWD	1,821	3,353	3,346	(157)	1,671	-	-	-	1,671
JUNIOR CIVITAN	541	-	-	-	541	-	-	-	541
FFA ALUMNI	3,772	3,047	5,257	-	1,562	-	-	-	1,562
STRATEGIC GAMING CLUB	463	-	-	-	463	-	-	-	463
MUSICAL CHORUS/DRAMA	7,798	10,050	8,451	513	9,910	-	-	-	9,910
AYL ACADEMY YOUNG LEADERS	240	-	-	-	240	-	-	-	240
INTERNATIONAL CLUB	856	-	109	-	747	-	-	-	747
STAND	301	-	-	-	301	-	-	-	301
DEBATE TEAM	400	-	-	500	900	-	-	-	900
SPIRIT CLUB	-	407	-	(172)	235	-	-	-	235
AFJROTC ACTIVITIES	6,366	3,345	6,842	(220)	2,649	-	-	-	2,649
AFJROTC SCHOLARSHIP FUND	-	-	150	150	-	-	-	-	-
GS ALLIANCE	114	-	-	-	114	-	-	-	114
STRENGTH AND CONDITIONING	1,074	-	-	-	1,074	-	-	-	1,074
PBIS - POSITIVE BEHAVIOR I SUP	1,137	1,830	2,668	-	299	-	-	-	299
APOLLOS OBORO SAVING GRACE	386	-	-	-	386	-	-	-	386

DAVIESS COUNTY SCHOOL DISTRICT

SCHEDULE OF RECEIPTS, DISBURSEMENTS, ACCRUALS, AND FUND BALANCE

APOLLO HIGH SCHOOL

Year Ended June 30, 2025

	Cash June 30, 2024	Receipts	Disbursements	Transfers	Cash June 30, 2025	Accounts Receivable	Inventory	Accounts Payable	Fund Balance June 30, 2025
GIRLS WHO CODE	260	-	-	-	260	-	-	-	260
JAG CAREER ASSOCIATION	30	4,690	6,240	2,353	833	-	-	-	833
CAREER TRANSITION	978	-	-	-	978	-	-	-	978
ENGLISH MINI GRANT OCTC	-	2,500	1,323	-	1,177	-	-	-	1,177
FRESHMAN TEAM	-	-	1,256	1,256	-	-	-	-	-
SOPHOMORE TEAM	-	-	1,827	1,827	-	-	-	-	-
JUNIOR TEAM	-	-	1,860	1,860	-	-	-	-	-
SENIOR TEAM	-	-	1,673	1,673	-	-	-	-	-
WORLD LANGUAGE	8,664	-	1,835	1,328	8,157	-	-	-	8,157
SS CHRISTMAS PLAY	32	-	-	-	32	-	-	-	32
GREENHOUSE	21,507	10,268	2,398	(4,876)	24,501	-	-	-	24,501
SCU JACKSON	145	-	476	400	69	-	-	-	69
SCU WINFIELD	359	-	1,222	863	-	-	-	-	-
AFJROTC SCHOOL BUDGET	1,375	-	1,913	675	137	-	-	-	137
COLLEGE TRANSITION FAIR IEP	237	-	225	-	12	-	-	-	12
SCU EWING	123	-	105	400	418	-	-	-	418
ENGINEERING	8,365	2,793	1,496	897	10,559	-	-	-	10,559
PE UNIFORMS	10,563	1,930	4,746	6,000	13,747	-	9,430	-	23,177
ANIMAL SCIENCE	50	-	-	-	50	-	-	-	50
LIBRARY FINES	67	-	-	102	169	-	-	-	169
POSTER PRINTER	35	-	-	-	35	-	-	-	35
STEWART EAGLE FAMILY SCHOLARSHIP	2,959	999	1,000	149	3,107	-	-	-	3,107
COKE SCHOLARSHIP	25,584	-	499	1,212	26,297	-	-	-	26,297
PRUDEN SCHOLARSHIP	31,769	-	-	1,519	33,288	-	-	-	33,288
SATTERLY SCHOLARSHIP	25,269	-	999	1,197	25,467	-	-	-	25,467
STEFANIE MATTHEWS SCHOLARSHIP	2,334	-	-	112	2,446	-	-	-	2,446
MURPHY FAMILY SCHOLARSHIP	-	500	500	-	-	-	-	-	-
JOHNATHAN GRAY VOC SCHOLARSHIP	500	-	-	-	500	-	-	-	500
HUMANITARIAN SCHOLARSHIP RL	-	500	500	-	-	-	-	-	-
MARK FULLER SCHOLARSHIP	5,035	500	500	244	5,279	-	-	-	5,279
	<u>\$ 558,106</u>	<u>\$ 822,622</u>	<u>\$ 746,666</u>	<u>\$ -</u>	<u>\$ 634,062</u>	<u>\$ -</u>	<u>\$ 39,532</u>	<u>\$ 52</u>	<u>\$ 673,542</u>

DAVIESS COUNTY SCHOOL DISTRICT

SCHEDULE OF RECEIPTS, DISBURSEMENTS, ACCRUALS, AND FUND BALANCE

DAVIESS COUNTY HIGH SCHOOL

Year Ended June 30, 2025

	Cash June 30, 2024	Receipts	Disbursements	Transfers	Cash June 30, 2025	Accounts Receivable	Inventory	Accounts Payable	Fund Balance June 30, 2025
General	\$ 216,549	\$ 44,580	\$ 17,867	\$ 12,901	\$ 256,163	\$ -	\$ -	\$ -	\$ 256,163
OFFICE	12,369	57	1,564	5,000	15,862	-	-	-	15,862
DRIVERS ED FEES	-	3,415	3,391	-	24	-	-	-	24
GUIDANCE	1,312	8,799	14,770	4,659	-	-	-	-	-
LAPTOP FEES	-	30,566	30,505	65	126	-	-	-	126
YEARBOOK	8,529	1,830	2,493	-	7,866	-	-	-	7,866
FLOWER FUND	919	1,702	482	(531)	1,608	-	-	-	1,608
STUDENT FEES	69,700	18,708	-	(18,500)	69,908	-	-	-	69,908
TEXTBOOK FEES	17	48,979	11,957	(36,873)	166	-	-	-	166
KYA AND KUNA	455	34,686	34,225	(246)	670	-	-	-	670
ADULT VENDING	615	-	-	-	615	-	-	-	615
ATHLETICS - GENERAL	10,471	128,976	73,535	(65,343)	569	-	-	-	569
BASKETBALL - BOYS	13,617	18,227	28,566	5,155	8,433	-	-	-	8,433
ATHLETIC BOOSTERS	3,000	72,527	40,082	(32,445)	3,000	-	3,443	-	6,443
BASEBALL	-	27,390	26,403	4,864	5,851	-	-	-	5,851
CROSS COUNTRY - BOYS	5,137	26,137	21,331	2,285	12,228	-	-	-	12,228
DANCE TEAM	7,858	95,118	95,296	157	7,837	-	-	-	7,837
CROSS COUNTRY - GIRLS	5,296	19,529	21,331	2,285	5,779	-	-	-	5,779
TRACK - GIRLS	1,907	2,591	737	2,000	5,761	-	-	-	5,761
BOWLING- BOYS	2,425	1,965	1,847	981	3,524	-	-	-	3,524
BOWLING-GIRLS	-	855	334	992	1,513	-	-	-	1,513
CHEERLEADERS	21,765	97,155	106,622	(309)	11,989	-	-	-	11,989
TRACK - BOYS	-	2,591	752	1,808	3,647	-	-	-	3,647
FOOTBALL	20	75,269	55,304	14,487	34,472	-	-	-	34,472
BASKETBALL - GIRLS	11,272	17,040	22,313	2,812	8,811	-	-	-	8,811
GOLF - BOYS	3,330	27,157	30,591	3,486	3,382	-	-	-	3,382
GOLF - GIRLS	2,201	11,892	11,022	(1,250)	1,821	-	-	-	1,821
SOCCER - GIRLS	-	46,614	48,192	6,133	4,555	-	-	-	4,555
SOCCER - BOYS	1,672	11,575	17,733	6,204	1,718	-	-	-	1,718
SOFTBALL	4,521	10,210	10,284	2,429	6,876	-	-	-	6,876
SWIMMING	5,100	4,092	3,887	1,956	7,261	-	-	-	7,261
TENNIS - BOYS	6,942	-	488	962	7,416	-	-	-	7,416
TENNIS - GIRLS	4,340	-	568	962	4,734	-	-	-	4,734
VOLLEYBALL	989	4,510	7,429	3,600	1,670	-	-	-	1,670
WRESTLING - BOYS	1,075	3,941	3,922	104	1,198	-	-	-	1,198
WRESTLING - GIRLS	735	3,697	3,756	454	1,130	-	-	-	1,130
BETA CLUB	5,291	-	-	-	5,291	-	-	-	5,291
CHESS CLUB	1,799	-	73	-	1,726	-	-	-	1,726
ROBOTICS	1,812	-	-	-	1,812	-	-	-	1,812
ARCHERY	4,357	-	-	-	4,357	-	-	-	4,357
DRAMA	5,069	14,691	12,228	1,403	8,935	-	-	-	8,935
THESPIAN SOCIETY	4,202	9,189	5,750	-	7,641	-	-	-	7,641

DAVIESS COUNTY SCHOOL DISTRICT

SCHEDULE OF RECEIPTS, DISBURSEMENTS, ACCRUALS, AND FUND BALANCE

DAVIESS COUNTY HIGH SCHOOL

Year Ended June 30, 2025

	Cash June 30, 2024	Receipts	Disbursements	Transfers	Cash June 30, 2025	Accounts Receivable	Inventory	Accounts Payable	Fund Balance June 30, 2025
FBLA/DECA	2,592	2,149	1,723	1,305	4,323	-	-	-	4,323
FFA	30,740	93,206	79,729	(3,242)	40,975	-	-	-	40,975
FUTURE EDUCATORS	7	-	-	-	7	-	-	-	7
ACADEMIC TEAM	7,986	-	3,033	2,500	7,453	-	-	-	7,453
KEY CLUB	252	607	739	-	120	-	-	-	120
NATIONAL HONOR SOCIETY	566	1,610	1,097	(105)	974	-	-	-	974
STUDENT COUNCIL	699	263	516	(60)	386	-	-	-	386
STLP	543	133	250	-	426	-	-	-	426
AG	2,346	-	3,743	5,790	4,393	-	-	-	4,393
BUSINESS	2,740	-	633.00	1,729	3,836	-	-	-	3,836
ENGLISH	222	98	-	-	320	-	-	-	320
HEALTH/PE	4,535	3,885	452	(943)	7,025	-	-	-	7,025
FINE ARTS	-	-	15,649	19,596	3,947	-	-	-	3,947
LIBRARY	854	-	-	-	854	-	-	-	854
SCIENCE	10,284	-	7,717	5,824	8,391	-	-	-	8,391
MATH	1,280	-	40	-	1,240	-	-	-	1,240
ORCHESTRA	-	3,551	4,571	1,182	162	-	-	-	162
SPECIAL ED	42	-	-	-	42	-	-	-	42
District Activity Fund	-	65,137	66,804	1,667	-	-	-	-	-
SCO Transaction Fees	-	1,599	-	(1,599)	-	-	-	-	-
STUDENT ID'S	2,695	596	2,827	1,575	2,039	-	-	-	2,039
NURSE OFFICE	-	14	1,700	2,000	314	-	-	-	314
ACTIVITY FEES	280	32,212	1,509	(30,921)	62	-	-	-	62
MISC MAINTENANCE SUPPLIES	1,277	-	1,088	1,500	1,689	-	-	-	1,689
PICTURE COMMISSION	1,339	6,642	3,601	3,211	7,591	-	-	-	7,591
NICKEL WAR	9,884	3,804	4,513	(1,380)	7,795	-	-	-	7,795
TEACHER OF THE YEAR	1,713	-	-	-	1,713	-	-	-	1,713
ATHLETIC TRAINING	1,341	-	1,601	3,765	3,505	-	-	-	3,505
CC/TRACK INVITATIONALS	283	-	-	-	283	-	-	-	283
INTRAMURAL SPORTS	73	-	-	-	73	-	-	-	73
SOCCER DISTRICT TOURNAMENT	-	1,880	1,638	(242)	-	-	-	-	-
STATE TOURNAMENT EXPENSE	-	3,269	30,566	27,297	-	-	-	-	-
TEAM LAUREN	8,285	13,394	5,675	(3,330)	12,674	-	-	-	12,674
SOFTBALL DISTRICT TOURNAMENT	-	2,890	1,831	-	1,059	-	-	-	1,059
SWIM REGIONALS	-	4,043	3,892	(151)	-	-	-	-	-
MICHAEL CABLE FUND	353	-	128	-	225	-	-	-	225
ANIME CLUB	15	32	45	-	2	-	-	-	2
FINE ARTS SOCIETY	620	261	74	(250)	557	-	-	-	557
VOLLEYBALL CLUB- BOYS	523	-	-	-	523	-	-	-	523
FCCLA	1,636	2,560	3,194	(286)	716	-	-	-	716
CHRISTIAN STUDENT UNION	48	-	-	-	48	-	-	-	48
FRENCH CLUB	94	-	-	-	94	-	-	-	94
CEC	113	1,936	1,250	(40)	759	-	-	-	759

DAVIESS COUNTY SCHOOL DISTRICT

SCHEDULE OF RECEIPTS, DISBURSEMENTS, ACCRUALS, AND FUND BALANCE

DAVIESS COUNTY HIGH SCHOOL

Year Ended June 30, 2025

	Cash June 30, 2024	Receipts	Disbursements	Transfers	Cash June 30, 2025	Accounts Receivable	Inventory	Accounts Payable	Fund Balance June 30, 2025
HABITAT HELPERS	305	434	581	-	158	-	-	-	158
JUNIOR CLASSICAL LEAGUE	-	120	-	-	120	-	-	-	120
LIFESAVERS CLUB	44	-	-	-	44	-	-	-	44
PEP CLUB	1,580	1,747	1,440	-	1,887	-	-	-	1,887
DISC GOLF CLUB	106	49	-	-	155	-	-	-	155
QUIZ BOWL RECYCLE CLUB	237	-	-	-	237	-	-	-	237
SPANISH NATIONAL HONOR SOCIETY	2	-	-	-	2	-	-	-	2
YOUNG DEMOCRATS	83	-	-	-	83	-	-	-	83
TEENAGE REPUBLICANS	509	-	-	-	509	-	-	-	509
WISE GUYS	120	-	-	-	120	-	-	-	120
AOK CLUB	236	-	-	-	236	-	-	-	236
AG MECHANICS	-	2,900	6,691	7,575	3,784	-	-	-	3,784
MULTIMEDIA PUBLISHING	986	-	-	-	986	-	-	-	986
WEIGHT ROOM	1,879	-	1,687	498	690	-	-	-	690
HORTICULTURE	7,894	8,567	7,617	700	9,544	-	-	-	9,544
FAMILY AND CONSUMER SCIENCE	1,273	1,724	6,117	4,332	1,212	-	-	-	1,212
WILLIAMS MSD	-	410	398	(1)	11	-	-	-	11
LOUCKS MSD	15	739	605	45	194	-	-	-	194
ALLEN MMD	7	38	36	-	9	-	-	-	9
JRROTC UNIT SUPPORT MAINT	16,538	8,516	10,658	4,875	19,271	-	-	-	19,271
JRROTC BOOSTERS	16,705	17,967	5,058	858	30,472	-	-	-	30,472
JRROTC USM STEM	5,798	-	-	(5,798)	-	-	-	-	-
BAND BOOSTERS	7,977	155,564	156,432	(3,451)	3,658	-	-	-	3,658
BAND WINTERGUARD	2,342	18,434	20,362	2,330	2,744	-	-	-	2,744
INDOOR WINDS	3,783	26,814	29,584	1,820	2,833	-	-	-	2,833
DRAMA MUSICAL	9,364	13,561	18,145	-	4,780	-	-	-	4,780
GRADUATION/SENIOR ACTIVITIES	-	691	10,096	9,405	-	-	-	-	-
CHAMBER CHOIR	1,178	6,405	8,184	970	369	-	-	-	369
PROM	17,001	14,020	11,488	(833)	18,700	-	-	-	18,700
CATW	7,098	13,921	16,870	(22)	4,127	-	-	-	4,127
RENAISSANCE REWARDS	8	124	110	-	22	-	-	-	22
FCS BUSINESS	1,252.00	-	74	-	1,178	-	-	-	1,178
RAISE RED	447	11,875	2,272	-	10,050	-	-	-	10,050
DC PRINTING/T SHIRTS	2,145	24,001	31,635	10,463	4,974	-	-	-	4,974
FULKERSON SCHOLARSHIP	250	-	500	750	500	-	-	-	500
ROBIN SWEENEY SCHOLARSHIP	5,273	-	-	-	5,273	-	-	-	5,273
JACOB CRABTREE SCHOLARSHIP	11	-	-	-	11	-	-	-	11
ELLIOTT WELLS SCHOLARSHIP	9,584	3,020	1,000	(455)	11,149	-	-	-	11,149
JOYCE ASKINS SCHOLARSHIP	1,750	-	-	-	1,750	-	-	-	1,750
CONTINGENCY FUND	74,010	-	-	-	74,010	-	-	-	74,010
PETTY CASH	100	-	-	(100)	-	-	-	-	-
ATHLETIC CASH BOXES	3,000	-	-	(3,000)	-	-	-	-	-
	<u>\$ 743,818</u>	<u>\$ 1,503,672</u>	<u>\$ 1,367,098</u>	<u>\$ -</u>	<u>\$ 880,392</u>	<u>\$ -</u>	<u>\$ 3,443</u>	<u>\$ -</u>	<u>\$ 883,835</u>

DAVIESS COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2025

<u>Grantor / Program Title</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Fund Number</u>	<u>Project Number</u>	<u>Federal Expenditures</u>	<u>Expenditures to Subrecipients</u>
<u>U.S. Department of Agriculture</u>						
Passed through Kentucky Department of Agriculture: Food Donation	10.550	057502-15	51	-	\$ 584,536	\$ -
Passed through Kentucky Department of Education: Child Nutrition Cluster:						
School Breakfast Program	10.553	7760005-15	51	-	1,785,257	-
National School Lunch Program	10.555	7750002-15	51	-	4,563,642	-
Summer Food Service Program for Children	10.559	7740023-15	51	209BI	279,089	-
Total Child Nutrition Cluster					6,627,988	-
Child and Adult Care Food Program	10.558	-	51	-	6,038	-
Warehouse and Storage and Distribution (COVID-19)	10.560	-	51	-	6,106	-
Total U.S. Department of Agriculture					\$ 7,224,668	\$ -
<u>U. S. Department of Defense</u>						
Direct Program: ROTC	12.000	504L	2	504L	\$ 153,119	\$ -
Total U. S. Department of Defense					\$ 153,119	\$ -
<u>U. S. Department of Education</u>						
Passed through Kentucky Department of Education: Title I Grants to Local Educational Agencies:						
Title 1 - Local Educational Agencies	84.010A	3100002-22	2	310J/JM/JN/JP	\$ 2,073	\$ -
Title 1 - Local Educational Agencies	84.010A	3100002-23	2	310K/KM/KN/KP	279,896	-
Title 1 - Local Educational Agencies	84.010A	3100002-24	2	310L/LM/LN/LP	1,846,753	-
Title 1 - Part D, Subpart 2	84.010A	3100102-24	2	314L	33,645	-
					2,162,367	-
Migrant Education - State Grant Program	84.011A	3110002-23	2	311K	4,791	-
Migrant Education - State Grant Program	84.011A	3110002-24	2	311KP	1,864	-
Migrant Education - State Grant Program	84.011A	3110002-24	2	311L	228,641	-
					235,296	-
Special Education Cluster:						
Special Education - Grants to States:						
IDEA, Part B	84.027A	3810002-23	2	337K/KP	2,623,070	-
IDEA, Part B	84.027A	3810002-24	2	337L/LP	283,401	-
					2,906,471	-
Special Education - Preschool Grants:						
IDEA Preschool	84.173A	3800002-23	2	343K/KP	1,941	-
IDEA Preschool	84.173A	3800002-24	2	343L/LP	98,608	-
					100,549	-
Total Special Ed Cluster					3,007,020	-
Career and Technical Education - Basic Grants to States:						
Perkins - Part C (Carry-over)	84.048	3710002-24	2	348KA	10,388	-
Perkins - Part C	84.048	3710002-24	2	348L	130,841	-
					141,229	-
English Language Acquisition Grants:						
Title III English Language Learners	84.365A	3300002-22	2	345J	17,957	-
Title III English Language Learners	84.365A	3300002-23	2	345K	77,872	-
Title III Immigrant	84.365A	3300002-23	2	345KI	51,507	-
Title III English Language Learners	84.365A	3300002-24	2	345L	4,964	-
					152,300	-
Improving Teacher Quality State Grants:						
Title II	84.367A	3230002-22	2	401J/JP	3,192	-
Title II	84.367A	3230002-23	2	401K/KP	327,062	-
Title II	84.367A	3230002-24	2	401L/LP	243,647	-
					573,901	-
Student Support and Academic Enrichment Program:						
Title IV, Part A	84.424A	3420002-22	2	552J/JA/JP/JS/JT/JW	8,739	-
Title IV, Part A	84.424A	3420002-23	2	552K/KA/KP/KS/KT/KW	53,815	-
Title IV, Part A	84.424A	3420002-24	2	552L/LA/LP/LS/LT/LW	123,853	-
					186,407	-

DAVIESS COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED

Year Ended June 30, 2025

<u>Grantor / Program Title</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Fund Number</u>	<u>Project Number</u>	<u>Federal Expenditures</u>	<u>Expenditures to Subrecipients</u>
<u>U. S. Department of Education, Continued</u>						
Passed through Kentucky Department of Education, Continued:						
Education Stabilization Fund (COVID -19):						
FY21 American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	4300002-21	2	473G/GL	948,222	-
FY22 American Relief Plan Elementary and Secondary School Emergency Relief Fund - Homeless Children and Youth	84.425W	4980002-21	2	4761C	2,077	-
					<u>950,299</u>	<u>-</u>
Passed through Kentucky Department of Juvenile Justice:						
Title I Program for Neglected and Delinquent Children:						
Title I Part D Subpart 1	84.013	313K	2	313K	769	-
Title I Part D Subpart 1	84.013	313L	2	313L	28,396	-
					<u>29,165</u>	<u>-</u>
Passed through Kentucky Council on Postsecondary Education:						
Education Stabilization Fund (COVID -19):						
Governor's Emergency Education Relief Fund						
Career to Cradle College	84.425C	-	2	564GC	3,978	-
Passed through Prichard Committee:						
Full-Service Community Schools	84.215J		2	518KJ	14,270	-
Full-Service Community Schools	84.215J		2	518LJ	316,074	-
					<u>330,344</u>	<u>-</u>
Passed through Green River Regional Educational Cooperative:						
Education Stabilization Fund (COVID -19):						
FY21 American Rescue Plan Elementary and Secondary School Emergency Relief Fund - Deeper Learning	84.425U	-	2	563J	63,234	-
Total U. S. Department of Education					<u>\$ 7,835,540</u>	<u>\$ -</u>
<u>U.S. Department of Health and Human Services</u>						
Passed through Catholic Charities of Louisville, KY:						
Refugee and Entrant Assistance State/Replacement Designee Administered Programs:						
Refugee School Impact	93.566	420K	2	420K	9,100	-
Afghan Refugee School Impact	93.566	420KA	2	420KA	12,937	-
Early Refugee School Impact	93.566	420KE	2	420KE	44,888	-
Afghan Early Refugee School Impact	93.566	420KF	2	420KF	25,421	-
Refugee School Impact	93.566	420L	2	420L	40,071	-
Afghan Refugee School Impact	93.566	420LA	2	420LA	111,037	-
Early Refugee School Impact	93.566	420LE	2	420LE	91,291	-
Afghan Early Refugee School Impact	93.566	420LF	2	420LF	27,257	-
Total U. S. Department of Health and Human Services					<u>\$ 362,002</u>	<u>\$ -</u>
Total Federal Awards					<u>\$ 15,575,329</u>	<u>\$ -</u>

Notes to Schedule of Expenditures of Federal Awards

Note A: Basis of Presentation

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of the Daviess County School District (District) under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to, and does not, present the financial position, changes in net assets or cash flows of the District.

Note B: Summary of Significant Accounting Policies

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

Note C: Indirect Cost Rate

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

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

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

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

Kentucky State Committee for School District Audits
Frankfort, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Daviness County School District (District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 10, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

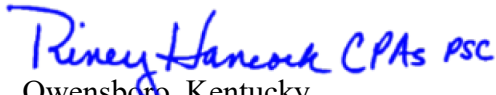
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect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

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

We noted certain matters other than significant deficiencies and material weaknesses that we reported to management of the District in a separate letter dated December 10, 2025.

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.

Riney Hancock CPAs PSC

Owensboro, Kentucky

December 10, 2025

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

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

Kentucky State Committee for School District Audits
Frankfort, Kentucky

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Daviess County School District's (District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2025. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

Auditor's Responsibilities for the Audit of Compliance, Continued

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

In performing an audit in accordance with GAAS, GAS, and the Uniform Guidance, we:

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

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

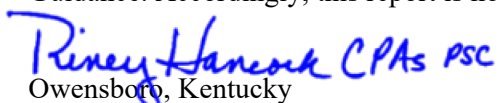
Report on Internal Control Over Compliance

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

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

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

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


Riney Hancock CPAs PSC
Owensboro, Kentucky
December 10, 2025

DAVIESS COUNTY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2025

A. Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion on whether the financial statements of the Daviess County School District (District) were prepared in accordance with GAAP.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. No material weaknesses were reported.
3. No instances of noncompliance material to the financial statements of the District, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs were reported in the Independent Auditor's Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance. No material weaknesses were reported.
5. The auditor's report on compliance for the major federal award programs for the District expresses an unmodified opinion on all major federal programs.
6. The audit did not disclose any findings that are required to be reported in accordance with 2 CFR Section 200.516(a).
7. The program tested as the major program were:
 - Child Nutrition Cluster:
 - 10.553 – School Breakfast Program
 - 10.555 – National School Lunch Program
 - 10.559 – Summer Food Service Program for Children
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. The District was determined to be a low-risk auditee.

B. Findings - Financial Statements Audit

None

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

None



Daviness County Public Schools

“Together for Kids!”

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2025

No audit findings were reported in the schedule of findings and questioned costs for the year ended June 30, 2024.

Superintendent – Charles Broughton
Daviness County Board of Education

James Morgan - Chair Dr. Tom Payne - Vice Chair Frank Riney III Tammy Rice Trey Pippin
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