

# **Dayton Independent School District**

**Financial Statements  
With Supplementary Information  
Year Ended June 30, 2020  
With Independent Auditors' Report**

# DAYTON INDEPENDENT SCHOOL DISTRICT

Year Ended June 30, 2020

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**Year Ended June 30, 2020**

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**Year Ended June 30, 2020**

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## **Independent Auditors' Report**

To the Members of the Board of Education  
Dayton Independent School District  
Dayton, Kentucky

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Dayton Independent School District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Dayton Independent School District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Kentucky Public School Districts' Audit Contract and Requirements* prescribed by the Kentucky State Committee for School District Audits. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Dayton Independent School District, as of June 30, 2020, 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.

### **Change in Accounting Principle**

As discussed in Note 18 to the financial statements, the District adopted Governmental Accounting Standards Board ("GASB") Statement No. 84, Fiduciary Activities, effective as of July 1, 2019. The implementation of this accounting standard resulted in a restatement of prior year net position. Our opinion is not modified with respect to this matter.

**Independent Auditors' Report  
(Continued)**

**Other Matters**

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (unaudited), budgetary comparison and pension liability and OPEB liability, and contributions information on pages 3-8, 51-52, and 58-67 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Dayton Independent School District's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2020 on our consideration of the Dayton Independent School 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 Dayton Independent School 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 Dayton Independent School District's internal control over financial reporting and compliance.



Crestview Hills, Kentucky  
December 8, 2020

## **DAYTON INDEPENDENT SCHOOL DISTRICT**

### **Management's Discussion and Analysis (MD&A) Year Ended June 30, 2020**

As management of the Dayton Independent Board of Education (Board), the governing body for the Dayton Independent School District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the financial statements and notes.

#### **FINANCIAL HIGHLIGHTS**

- The board approved a 4% increase in tax revenues for the 2020 property taxes. The rate approved was 119.7 for Real Estate and Personal Property. Latest Riverfront property should have development in 2020 which will increase assessment, allowing the board to reduce the property rate in 2020-2021. The Tapestry Industrial Revenue Bond will bring funds in as well. Another IRB with Manhattan Harbour was approved by the board in 2020. This will start to generate funds beginning in 2021-2022.
- AADA at the close of the 2020 school year was 782.39 (kindergarten adjusted). This is higher than the previous year of 772.59. This will generate additional SEEK funding which will help, as our assessments will increase next year, which lowers out SEEK funding. The board did have growth during the second month of the school year, bringing an additional \$51,000 in SEEK funds.
- CERS (Classified staff Retirement match) increased from 21.46% to 24.06% for the 2020 school year. The state agreed to freeze this rate for 2020-2021.
- In early spring, all Kentucky schools were closed due to Governor Beshear's executive order to dismiss classes and revert to NTI instruction (online learning) due to the COVID-19 Pandemic. Expenses for the district have increased for safety precautions, instructional devices, software, and food delivery to students. FEMA has given the schools an application to request federal assistance (funds) with approved related costs. We will start initiating those requests after the new fiscal year begins. Schools continued to participate in NTI or virtual instruction in most districts through the end of September. KDE is also allowing Districts extensions on spending federal grants due to the Pandemic.
- Capital funds request in the amount of \$64,537 was approved by KDE to help pay for technology devices for students and for concrete work at Davis Field.
- The board approved an increase of \$1,000 on the certified salary schedule for employees with 0-3 years experience and 19-29 years experience. The board also approved an increase of \$500 as a one-time pay for all full-time employees, which will be added to the 2020-2021 salary schedule.
- Energy Bond renovation was completed at the end of the 2020 school year. This is guaranteed energy savings. Energy Optimizers, the Energy renovations business, is currently working on the savings report.
- The District entered into a new copier lease after bidding. Copiers for all schools and savings to the district approximated \$10,000.
- The board approved for the unused SBDM funds as of June 30, 2020 to be carried over into 2020-2021 due to COVID-19 and not being able to spend those funds as needed during the latter part of the year.
- The General Fund ended the year with a carryover balance of \$1,949,716.

## DAYTON INDEPENDENT SCHOOL DISTRICT

### Management's Discussion and Analysis (MD&A) Year Ended June 30, 2020 (Continued)

#### FINANCIAL HIGHLIGHTS (Continued)

- The board was able to fund the following during the 19-20 school term:
  - Dean of Students at Dayton High School
  - Full-time substitute teacher at Dayton High School
  - Middle School sports stipends
  - Purchasing of software that prints badges for visitors – Raptor (safety measures)

#### OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) district-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

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

The district-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, operation and maintenance of plant, student transportation and operation of non-instructional services. Fixed assets and related debt is also supported by taxes and intergovernmental revenues.

The district-wide financial statements can be found on pages 9 and 10 of this report.

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

The basic governmental fund financial statements can be found on pages 11 through 17 of this report.

***Notes to the financial statements.*** The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found on pages 18 through 48 of this report.



**DAYTON INDEPENDENT SCHOOL DISTRICT**

**Management's Discussion and Analysis (MD&A)  
Year Ended June 30, 2020  
(Continued)**

**DISTRICT-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, liabilities and deferred inflows exceeded assets and deferred outflows by \$2,000,853 as of June 30, 2020.

The largest portion of the District's net position reflects its investment in capital assets (i.e. land and improvements, buildings and improvements, vehicles, furniture and equipment), 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.

**DAYTON INDEPENDENT SCHOOL DISTRICT**  
**Management's Discussion and Analysis (MD&A)**  
**Year Ended June 30, 2020**  
**(Continued)**

**DISTRICT-WIDE FINANCIAL ANALYSIS (Continued)**

**Net Position for the periods ending June 30, 2020 and 2019**

The following is a summary of net position for the fiscal years ended June 30, 2020 and 2019.

|  | <u>2020</u>           | <u>2019</u>           |
|--|-----------------------|-----------------------|
| Current assets                             | \$ 2,558,511          | \$ 2,322,062          |
| Noncurrent assets                          | 7,713,264             | 6,995,632             |
| <b>Total assets</b>                        | <u>10,271,775</u>     | <u>9,317,694</u>      |
| <b>Total deferred outflows</b>             | <u>1,530,206</u>      | <u>1,241,171</u>      |
| Current liabilities                        | 609,189               | 509,098               |
| Noncurrent liabilities                     | 12,214,760            | 11,354,151            |
| <b>Total liabilities</b>                   | <u>12,823,949</u>     | <u>11,863,249</u>     |
| <b>Total deferred inflows</b>              | <u>977,060</u>        | <u>525,083</u>        |
| <b>Net position</b>                        |                       |                       |
| Investment in capital assets (net of debt) | 1,695,438             | 1,635,238             |
| Restricted                                 | (5,451,182)           | (5,277,629)           |
| Committed                                  | 18,998                | -                     |
| Unassigned                                 | 1,737,718             | 1,812,924             |
| <b>Total net position</b>                  | <u>\$ (1,999,028)</u> | <u>\$ (1,829,467)</u> |

**Comments on General Fund Budget Comparisons**

- The District's total revenues in the General Fund for the fiscal year ended June 30, 2020, were \$8,982,049 net of inter-fund transfers and sale of assets of \$123,645 and \$30,150, respectively.
- General Fund budgeted revenue compared to actual revenue varied slightly from line item to line item with the ending actual balance being \$280,560 more than budget or approximately 3% increase.
- General Fund actual expenditures were \$9,109,388, net of inter-fund transfers of \$68,474.
- General Fund actual expenditures were less than budgeted expenditures by \$1,669,158.

**DAYTON INDEPENDENT SCHOOL DISTRICT**

**Management's Discussion and Analysis (MD&A)  
Year Ended June 30, 2020  
(Continued)**

**DISTRICT-WIDE FINANCIAL ANALYSIS (Continued)**

The following table presents a summary of revenues and expenses for the fiscal years ended June 30, 2020 and 2019.

|   | <u>2020</u>         | <u>2019</u>        |
|---|---------------------|--------------------|
| <b>Revenues</b>                         |                     |                    |
| Program revenues                        |                     |                    |
| Charges for services                    | \$ 80,365           | \$ 113,239         |
| Operating grants                        | 2,961,440           | 2,591,011          |
| Capital grants                          | 678,487             | 472,915            |
| Total grant revenues                    | <u>3,720,292</u>    | <u>3,177,165</u>   |
| General Revenues                        |                     |                    |
| Taxes                                   | 2,375,273           | 2,615,600          |
| Grants and entitlements                 | 3,349,830           | 2,952,430          |
| Earnings on investments                 | 67,803              | 63,367             |
| Miscellaneous                           | 436,544             | (59,126)           |
| Total general revenues                  | <u>6,229,450</u>    | <u>5,572,271</u>   |
| Total revenues                          | <u>9,949,742</u>    | <u>8,749,436</u>   |
| <b>Expenses</b>                         |                     |                    |
| Instructional                           | 3,302,111           | 2,853,915          |
| Student support services                | 816,898             | 853,421            |
| Instructional support                   | 728,737             | 698,484            |
| District administration                 | 566,662             | 555,290            |
| School administration                   | 793,967             | 773,651            |
| Business support                        | 412,398             | 493,661            |
| Plant operations                        | 1,131,219           | 1,112,672          |
| Student transportation                  | 118,212             | 156,090            |
| Community service activities            | 136,399             | 140,033            |
| Facilities acquisition and construction | 1,007,624           | 42,302             |
| Other                                   | 25,235              | 8,370              |
| Debt services                           | 183,515             | 184,860            |
| Food service                            | 971,956             | 828,696            |
| Daycare service                         | 70,317              | 77,099             |
| Total expenses                          | <u>10,265,249</u>   | <u>8,778,543</u>   |
| Change in net position                  | <u>\$ (315,507)</u> | <u>\$ (29,107)</u> |

## **DAYTON INDEPENDENT SCHOOL DISTRICT**

### **Management's Discussion and Analysis (MD&A) Year Ended June 30, 2020 (Continued)**

#### **BUDGETARY IMPLICATIONS**

In Kentucky, the public school fiscal year is July 1-June 30; other programs, i.e. some federal programs, operate on a different fiscal calendar, but are reflected in the District overall budget. By law, the budget must have a minimum 2% contingency. The District adopted a budget with \$1,228,070 in contingency (11.3%). The cash balance for the beginning of the fiscal year was \$1,897,064.

#### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

Questions regarding this report should be directed to Mr. Jay Brewer, Superintendent or to his representative Ms. Trish Gosney, Finance Officer (859) 491-6565 or by mail to: Central Office, 200 Clay Street, Dayton, KY 41074.

**DAYTON INDEPENDENT SCHOOL DISTRICT**

**Statement of Net Position – District Wide  
As of June 30, 2020**

|   | <u>Governmental<br/>Activities</u> | <u>Business-Type<br/>Activities</u> | <u>Total</u>          |
|---|------------------------------------|-------------------------------------|-----------------------|
| <b>Assets</b>                                   |                                    |                                     |                       |
| <b>Current:</b>                                 |                                    |                                     |                       |
| Cash and cash equivalents                       | \$ 2,131,973                       | \$ 47,231                           | \$ 2,179,204          |
| Accounts receivable                             | 286,702                            | 91,101                              | 377,803               |
| Inventories for consumption                     | -                                  | 1,504                               | 1,504                 |
| Total current                                   | <u>2,418,675</u>                   | <u>139,836</u>                      | <u>2,558,511</u>      |
| <b>Noncurrent:</b>                              |                                    |                                     |                       |
| Nondepreciated capital assets:                  |                                    |                                     |                       |
| Land  | 194,053                            | -                                   | 194,053               |
| Depreciated capital assets:                     |                                    |                                     |                       |
| Land improvements                               | 99,757                             | -                                   | 99,757                |
| Buildings and improvements                      | 14,108,120                         | 165,279                             | 14,273,399            |
| Furniture and equipment                         | 1,808,563                          | 349,832                             | 2,158,395             |
| Less: accumulated depreciation                  | <u>(8,652,368)</u>                 | <u>(359,972)</u>                    | <u>(9,012,340)</u>    |
| Total noncurrent                                | <u>7,558,125</u>                   | <u>155,139</u>                      | <u>7,713,264</u>      |
| Total assets                                    | <u>9,976,800</u>                   | <u>294,975</u>                      | <u>10,271,775</u>     |
| <b>Deferred outflows</b>                        | <u>1,453,353</u>                   | <u>76,853</u>                       | <u>1,530,206</u>      |
| <b>Liabilities and Net Position</b>             |                                    |                                     |                       |
| <b>Liabilities</b>                              |                                    |                                     |                       |
| <b>Current:</b>                                 |                                    |                                     |                       |
| Current portion of bonds payable                | 337,826                            | -                                   | 337,826               |
| Accounts payable                                | 205,338                            | 167                                 | 205,505               |
| Accrued interest                                | 34,289                             | -                                   | 34,289                |
| Current portion of accrued sick leave           | 15,871                             | -                                   | 15,871                |
| Accrued payroll and related expenses            | <u>15,698</u>                      | <u>-</u>                            | <u>15,698</u>         |
| Total current                                   | <u>609,022</u>                     | <u>167</u>                          | <u>609,189</u>        |
| <b>Noncurrent:</b>                              |                                    |                                     |                       |
| Accrued sick leave                              | 142,840                            | -                                   | 142,840               |
| CERS net pension liability                      | 3,320,472                          | 175,584                             | 3,496,056             |
| MIF net OPEB liability                          | 2,750,423                          | 145,441                             | 2,895,864             |
| Bond obligations                                | <u>5,680,000</u>                   | <u>-</u>                            | <u>5,680,000</u>      |
| Total noncurrent                                | <u>11,893,735</u>                  | <u>321,025</u>                      | <u>12,214,760</u>     |
| Total liabilities                               | <u>12,502,757</u>                  | <u>321,192</u>                      | <u>12,823,949</u>     |
| <b>Deferred inflows</b>                         | <u>927,989</u>                     | <u>49,071</u>                       | <u>977,060</u>        |
| <b>Net Position</b>                             |                                    |                                     |                       |
| Invested in capital assets, net of related debt | 1,540,299                          | 155,139                             | 1,695,438             |
| Restricted                                      | (5,297,608)                        | (153,574)                           | (5,451,182)           |
| Committed                                       | 18,998                             | -                                   | 18,998                |
| Unrestricted                                    | <u>1,737,718</u>                   | <u>-</u>                            | <u>1,737,718</u>      |
| Total net position                              | <u>\$ (2,000,593)</u>              | <u>\$ 1,565</u>                     | <u>\$ (1,999,028)</u> |

The accompanying notes are an integral part of these financial statements

**DAYTON INDEPENDENT SCHOOL DISTRICT**

**Statement of Activities – District Wide  
Year Ended June 30, 2020**

| Function/Programs                         | Expenses      | Program Revenues        |  |  | Net (expense) Revenue and Changes<br>in Net Position |                             |                |
|---|---------------|-------------------------|--|--|--|-----------------------------|----------------|
|   |               | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital Grants<br>and<br>Contributions | Governmental<br>Activities                           | Business-type<br>Activities | Total          |
| <b>Governmental activities:</b>           |               |                         |  |  |  |                             |                |
| Instructional                             | \$ 3,302,111  | \$ -                    | \$ 1,580,002                             | \$ -                                   | \$ (1,722,109)                                       | \$ -                        | \$ (1,722,109) |
| Student support services                  | 816,898       | -                       | 63,278                                   | -                                      | (753,620)  | -                           | (753,620)      |
| Staff support services                    | 728,737       | -                       | 58,904                                   | -                                      | (669,833)  | -                           | (669,833)      |
| District administration                   | 566,662       | -                       | -  | -                                      | (566,662)  | -                           | (566,662)      |
| School administration                     | 793,967       | -                       | -  | -                                      | (793,967)  | -                           | (793,967)      |
| Business support services                 | 412,398       | -                       | 18,923                                   | -                                      | (393,475)  | -                           | (393,475)      |
| Plant operation and maintenance           | 1,131,219     | -                       | 99,024                                   | -                                      | (1,032,195)  | -                           | (1,032,195)    |
| Student transportation                    | 118,212       | -                       | 3,303                                    | -                                      | (114,909)  | -                           | (114,909)      |
| Food Service                              | 19,298        | -                       | -  | -                                      | (19,298)   | -                           | (19,298)       |
| Day Care Operations                       | 5,937         | -                       | -  | -                                      | (5,937)  | -                           | (5,937)        |
| Community service operations              | 136,399       | -                       | 132,478                                  | -                                      | (3,921)  | -                           | (3,921)        |
| Facility acquisition and construction     | 1,007,624     | -                       | -  | 678,487                                | (329,137)  | -                           | (329,137)      |
| Interest on long-term debt                | 183,515       | -                       | -  | -                                      | (183,515)  | -                           | (183,515)      |
| Total governmental activities             | 9,222,976     | -                       | 1,955,912                                | 678,487                                | (6,588,577)  | -                           | (6,588,577)    |
| <b>Business-type activities</b>           |               |                         |  |  |  |                             |                |
| Food service                              | 971,956       | 31,675                  | 986,399                                  | -                                      | -  | 46,118                      | 46,118         |
| Daycare                                   | 70,317        | 48,690                  | 19,129                                   | -                                      | -  | (2,498)                     | (2,498)        |
| Total business-type activities            | 1,042,273     | 80,365                  | 1,005,528                                | -                                      | -  | 43,620                      | 43,620         |
| Total school district                     | \$ 10,265,249 | \$ 80,365               | \$ 2,961,440                             | \$ 678,487                             | (6,588,577)  | 43,620                      | (6,544,957)    |
| <b>General revenues:</b>                  |               |                         |  |  |  |                             |                |
| Taxes                                     |               |                         |  |  | 2,375,273  | -                           | 2,375,273      |
| State and federal sources                 |               |                         |  |  | 3,349,830  | -                           | 3,349,830      |
| Investment earnings                       |               |                         |  |  | 67,141   | 662                         | 67,803         |
| Miscellaneous                             |               |                         |  |  | 405,025  | 1,369                       | 406,394        |
| Special items:                            |               |                         |  |  |  |                             |                |
| Gain on sale of assets                    |               |                         |  |  | 30,150   | -                           | 30,150         |
| Fund transfer                             |               |                         |  |  | 59,108   | (59,108)                    | -              |
| <b>Total general and special revenues</b> |               |                         |  |  | 6,286,527  | (57,077)                    | 6,229,450      |
| <b>Change in net position</b>             |               |                         |  |  | (302,050)  | (13,457)                    | (315,507)      |
| <b>Net position - beginning</b>           |               |                         |  |  | (1,844,489)  | 15,022                      | (1,829,467)    |
| <b>Net position adjustment (Note 18)</b>  |               |                         |  |  | 145,946  | -                           | 145,946        |
| <b>Net position - ending</b>              |               |                         |  |  | \$ (2,000,593)                                       | \$ 1,565                    | \$ (1,999,028) |

The accompanying notes are an integral part of these financial statements

**DAYTON INDEPENDENT SCHOOL DISTRICT**

**Balance Sheet – Governmental Funds  
As of June 30, 2020**

|  | <u>General<br/>Fund</u>    | <u>Special<br/>Revenue<br/>Fund</u> | <u>Other<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|----------------------------|-------------------------------------|---|---|
| <b>Assets</b>                              |                            |                                     |   |   |
| <b>Current:</b>                            |                            |                                     |   |   |
| Cash (cash overdraft) and cash equivalents | \$ 1,922,002               | \$ (37,410)                         | \$ 247,381                              | \$ 2,131,973                            |
| Accounts receivable                        | <u>52,938</u>              | <u>231,939</u>                      | <u>1,825</u>                            | <u>286,702</u>                          |
| Total assets                               | <u><u>\$ 1,974,940</u></u> | <u><u>\$ 194,529</u></u>            | <u><u>\$ 249,206</u></u>                | <u><u>\$ 2,418,675</u></u>              |
| <b>Liabilities</b>                         |                            |                                     |   |   |
| <b>Current:</b>                            |                            |                                     |   |   |
| Accounts payable                           | \$ 9,526                   | \$ 194,529                          | \$ 1,283                                | \$ 205,338                              |
| Accrued payroll and related expenses       | <u>15,698</u>              | <u>-</u>                            | <u>-</u>                                | <u>15,698</u>                           |
| Total current                              | <u>25,224</u>              | <u>194,529</u>                      | <u>1,283</u>                            | <u>221,036</u>                          |
| <b>Fund Balances</b>                       |                            |                                     |   |   |
| Restricted:                                |                            |                                     |   |   |
| Capital projects                           | -                          | -                                   | 247,923                                 | 247,923                                 |
| Committed:                                 |                            |                                     |   |   |
| Other                                      | 18,998                     | -                                   | -                                       | 18,998                                  |
| Unassigned                                 | <u>1,930,718</u>           | <u>-</u>                            | <u>-</u>                                | <u>1,930,718</u>                        |
| Total fund balances                        | <u>1,949,716</u>           | <u>-</u>                            | <u>247,923</u>                          | <u>2,197,639</u>                        |

The accompanying notes are an integral part of these financial statements

**DAYTON INDEPENDENT SCHOOL DISTRICT**

**Reconciliation of the Balance Sheet  
Governmental Funds to the Statement of Net Position  
As of June 30, 2020**

|   |                    |                       |
|---|--------------------|-----------------------|
| Total governmental fund balance   |                    | \$ 2,197,639          |
| Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.                |                    |                       |
| Cost of capital assets  | 16,210,493         |                       |
| Accumulated depreciation  | <u>(8,652,368)</u> |                       |
|   |                    | 7,558,125             |
| Deferred outflows   |                    |                       |
| CERS contributions made after the measurement date  | 309,009            |                       |
| MIF contributions made after the measurement date   | 179,047            |                       |
| Related to CERS   | 621,102            |                       |
| Related to MIF  | <u>344,195</u>     |                       |
|   |                    | 1,453,353             |
| Deferred inflows related to pensions  | (131,297)          |                       |
| Deferred inflows related to MIF   | <u>(796,692)</u>   |                       |
|   |                    | (927,989)             |
| Long-term liabilities (including bonds payable) are not due and payable in the current period and therefore are not reported as liabilities in the funds. |                    |                       |
| Long-term liabilities at year end consist of:   |                    |                       |
| Bonds payable   | (6,017,826)        |                       |
| Accrued interest on bonds   | (34,289)           |                       |
| Net pension liability   | (3,320,472)        |                       |
| Net OPEB liability  | (2,750,423)        |                       |
| Accrued sick leave  | <u>(158,711)</u>   |                       |
|   |                    | <u>(12,281,721)</u>   |
| Net position for governmental activities  |                    | <u>\$ (2,000,593)</u> |

The accompanying notes are an integral part of these financial statements



**DAYTON INDEPENDENT SCHOOL DISTRICT**

**Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances of Governmental Funds to the Statement of Activities  
As of June 30, 2020**

|  | <u>General<br/>Fund</u> | <u>Special<br/>Revenue<br/>Fund</u> | <u>Other<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|-------------------------|-------------------------------------|---|---|
| <b>Revenues</b>                                |                         |                                     |   |   |
| Taxes  | \$ 2,268,656            | \$ -                                | \$ 106,617                              | \$ 2,375,273                            |
| Earnings on investments                        | 51,115                  | -                                   | 16,026                                  | 67,141                                  |
| State sources                                  | 6,538,864               | 541,685                             | 678,487                                 | 7,759,036                               |
| Federal sources                                | 80,226                  | 1,302,710                           | -                                       | 1,382,936                               |
| Other sources                                  | <u>43,188</u>           | <u>111,517</u>                      | <u>18,625</u>                           | <u>173,330</u>                          |
| Total revenues                                 | <u>8,982,049</u>        | <u>1,955,912</u>                    | <u>819,755</u>                          | <u>11,757,716</u>                       |
| <b>Expenditures</b>                            |                         |                                     |   |   |
| Instructional                                  | 4,999,191               | 1,585,744                           | 282,248                                 | 6,867,183                               |
| Student support services                       | 753,620                 | 63,278                              | -                                       | 816,898                                 |
| Staff support services                         | 665,386                 | 58,904                              | 1,865                                   | 726,155                                 |
| District administration                        | 560,981                 | -                                   | -                                       | 560,981                                 |
| School administration                          | 793,967                 | -                                   | -                                       | 793,967                                 |
| Business support services                      | 393,475                 | 18,923                              | -                                       | 412,398                                 |
| Plant operation and maintenance                | 815,251                 | 99,024                              | -                                       | 914,275                                 |
| Student transportation                         | 101,435                 | 3,303                               | -                                       | 104,738                                 |
| Food service operation                         | 8,131                   | 11,167                              | -                                       | 19,298                                  |
| Day care operations                            | 5,937                   | -                                   | -                                       | 5,937                                   |
| Community service operations                   | 3,849                   | 132,478                             | -                                       | 136,327                                 |
| Facility acquisition and construction          | -                       | -                                   | 1,007,624                               | 1,007,624                               |
| Debt service:                                  |                         |                                     |   |   |
| Principal                                      | 4,498                   | -                                   | 313,070                                 | 317,568                                 |
| Interest                                       | <u>3,667</u>            | <u>-</u>                            | <u>186,201</u>                          | <u>189,868</u>                          |
| Total expenditures                             | <u>9,109,388</u>        | <u>1,972,821</u>                    | <u>1,791,008</u>                        | <u>12,873,217</u>                       |
| Excess (deficit) of revenues over expenditures | <u>(127,339)</u>        | <u>(16,909)</u>                     | <u>(971,253)</u>                        | <u>(1,115,501)</u>                      |
| <b>Other financing sources (uses)</b>          |                         |                                     |   |   |
| Loan and bond proceeds                         | -                       | -                                   | 990,000                                 | 990,000                                 |
| Proceeds from sale of assets                   | 30,150                  | -                                   | -                                       | 30,150                                  |
| Operating transfers in                         | 123,645                 | 16,909                              | 426,448                                 | 567,002                                 |
| Operating transfers out                        | <u>(68,474)</u>         | <u>-</u>                            | <u>(439,420)</u>                        | <u>(507,894)</u>                        |
| Total other financing sources (uses)           | <u>85,321</u>           | <u>16,909</u>                       | <u>977,028</u>                          | <u>1,079,258</u>                        |
| Net change in fund balance                     | (42,018)                | -                                   | 5,775                                   | (36,243)                                |
| Fund balance, July 1, 2019                     | <u>1,991,734</u>        | <u>-</u>                            | <u>96,202</u>                           | <u>2,087,936</u>                        |
| Net position adjustment (Note 18)              | <u>-</u>                | <u>-</u>                            | <u>145,946</u>                          | <u>145,946</u>                          |
| Fund balance, June 30, 2020                    | <u>\$ 1,949,716</u>     | <u>\$ -</u>                         | <u>\$ 247,923</u>                       | <u>\$ 2,197,639</u>                     |

The accompanying notes are an integral part of these financial statements

# DAYTON INDEPENDENT SCHOOL DISTRICT

## Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities As of June 30, 2020

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

|                                |             |
|--------------------------------|-------------|
| Net changes-governmental funds | \$ (36,243) |
|--------------------------------|-------------|

Proceeds from sale of bonds and other related costs

Governmental funds report capital outlays as expenditures because they use current financial resources. However in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceed depreciation expense for the year.

|                              |           |         |
|------------------------------|-----------|---------|
| Depreciation expense         | (401,568) |         |
| Capital outlays              | 1,134,212 |         |
| Retirement of capital assets | 929       |         |
|                              |           | 733,573 |

Bond and capital lease proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.

|                     |             |           |
|---------------------|-------------|-----------|
| Bond principal paid | 1,652,568   |           |
| Proceeds from bonds | (2,310,000) |           |
|                     |             | (657,432) |

|                                       |         |
|---------------------------------------|---------|
| Deferred outflows related to pensions | 166,426 |
|---------------------------------------|---------|

|  |         |
|--|---------|
| Deferred outflows related to other post-employment retirement benefits | 160,857 |
|--|---------|

|                                      |        |
|--------------------------------------|--------|
| Deferred inflows related to pensions | 64,132 |
|--------------------------------------|--------|

|   |           |
|---|-----------|
| Deferred inflows related to other post-employment retirement benefits | (510,853) |
|---|-----------|

Generally, expenditures recognized in this fund financial statement are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when they are incurred.

(222,510)

|  |              |
|--|--------------|
| Changes in net position of governmental activities | \$ (302,050) |
|--|--------------|

The accompanying notes are an integral part of these financial statements

**DAYTON INDEPENDENT SCHOOL DISTRICT**

**Statement of Net Position – Proprietary Funds  
As of June 30, 2020**

|  | <u>Food<br/>Service</u> | <u>Daycare<br/>Fund</u> | <u>Total</u>      |
|--|-------------------------|-------------------------|-------------------|
| <b>Assets</b>                              |                         |                         |                   |
| <b>Current</b>                             |                         |                         |                   |
| Cash (cash overdraft) and cash equivalents | \$ 44,161               | \$ 3,070                | \$ 47,231         |
| Accounts receivable                        | 91,101                  | -                       | 91,101            |
| Inventories for consumption                | <u>1,504</u>            | <u>-</u>                | <u>1,504</u>      |
| Total current                              | <u>136,766</u>          | <u>3,070</u>            | <u>139,836</u>    |
| <b>Noncurrent</b>                          |                         |                         |                   |
| Buildings and Improvements                 | 117,379                 | 47,900                  | 165,279           |
| Furniture and Fixtures                     | 349,832                 | -                       | 349,832           |
| Less: accumulated depreciation             | <u>(312,551)</u>        | <u>(47,421)</u>         | <u>(359,972)</u>  |
| Total noncurrent                           | <u>154,660</u>          | <u>479</u>              | <u>155,139</u>    |
| Total assets                               | <u>291,426</u>          | <u>3,549</u>            | <u>294,975</u>    |
| <b>Deferred outflows</b>                   | <u>76,853</u>           | <u>-</u>                | <u>76,853</u>     |
| <b>Liabilities and Net Position</b>        |                         |                         |                   |
| <b>Liabilities</b>                         |                         |                         |                   |
| <b>Current</b>                             |                         |                         |                   |
| Accounts payable                           | <u>167</u>              | <u>-</u>                | <u>167</u>        |
| Total current                              | <u>167</u>              | <u>-</u>                | <u>167</u>        |
| <b>Noncurrent</b>                          |                         |                         |                   |
| MIF net OPEB liability                     | 145,441                 | -                       | 145,441           |
| CERS net pension liability                 | <u>175,584</u>          | <u>-</u>                | <u>175,584</u>    |
| Total noncurrent                           | <u>321,025</u>          | <u>-</u>                | <u>321,025</u>    |
| Total liabilities                          | <u>321,192</u>          | <u>-</u>                | <u>321,192</u>    |
| <b>Deferred inflows</b>                    | <u>49,071</u>           | <u>-</u>                | <u>49,071</u>     |
| <b>Net Position</b>                        |                         |                         |                   |
| Invested in assets, net of debt            | 154,660                 | 479                     | 155,139           |
| Restricted - net position                  | <u>(156,644)</u>        | <u>3,070</u>            | <u>(153,574)</u>  |
| Total net position                         | <u>\$ (1,984)</u>       | <u>\$ 3,549</u>         | <u>\$ 1,565</u>   |
| Total liabilities and net position         | <u>\$ 319,208</u>       | <u>\$ 3,549</u>         | <u>\$ 322,757</u> |

The accompanying notes are an integral part of these financial statements

**DAYTON INDEPENDENT SCHOOL DISTRICT**

**Statement of Revenues, Expenses and Changes in Net Position –  
Proprietary Funds  
Year Ended June 30, 2020**

|   | <b>Food<br/>Service</b>  | <b>Daycare<br/>Fund</b> | <b>Total</b>           |
|---|--------------------------|-------------------------|------------------------|
| <b>Operating revenues</b>               |                          |                         |                        |
| Lunchroom sales                         | \$ 31,675                | \$ -                    | \$ 31,675              |
| Other operating revenues                | <u>1,369</u>             | <u>48,690</u>           | <u>50,059</u>          |
| Total operating revenues                | <u>33,044</u>            | <u>48,690</u>           | <u>81,734</u>          |
| <b>Operating expenses</b>               |                          |                         |                        |
| Salaries and benefits                   | 545,472                  | -                       | 545,472                |
| Contract services                       | 36,991                   | 68,227                  | 105,218                |
| Materials and supplies                  | 369,473                  | 1,132                   | 370,605                |
| Depreciation                            | 19,742                   | 958                     | 20,700                 |
| Other operating expenses                | <u>278</u>               | <u>-</u>                | <u>278</u>             |
| Total operating expenses                | <u>971,956</u>           | <u>70,317</u>           | <u>1,042,273</u>       |
| Operating loss                          | <u>(938,912)</u>         | <u>(21,627)</u>         | <u>(960,539)</u>       |
| <b>Nonoperating revenues (expenses)</b> |                          |                         |                        |
| Federal grants                          | 868,075                  | -                       | 868,075                |
| State grants                            | 85,225                   | 19,129                  | 104,354                |
| Donated commodities and other donations | 33,099                   | -                       | 33,099                 |
| Transfers                               | (59,108)                 | -                       | (59,108)               |
| Interest income                         | <u>662</u>               | <u>-</u>                | <u>662</u>             |
| Total nonoperating revenues             | <u>927,953</u>           | <u>19,129</u>           | <u>947,082</u>         |
| Net change in fund balance              | (10,959)                 | (2,498)                 | (13,457)               |
| Total net position, July 1, 2019        | <u>8,975</u>             | <u>6,047</u>            | <u>15,022</u>          |
| Total net position, June 30, 2020       | <u><u>\$ (1,984)</u></u> | <u><u>\$ 3,549</u></u>  | <u><u>\$ 1,565</u></u> |

The accompanying notes are an integral part of these financial statements

**DAYTON INDEPENDENT SCHOOL DISTRICT**

**Statement of Cash Flows – Proprietary Funds  
Year Ended June 30, 2020**

|   | <b>Food Service<br/>Fund</b> | <b>Daycare Fund</b>       | <b>Total</b>               |
|---|------------------------------|---------------------------|----------------------------|
| <b>Cash flows from operating activities</b>   |                              |                           |                            |
| Cash received from lunchroom sales  | \$ 31,675                    | \$ -                      | \$ 31,675                  |
| Cash received from other activities   | (24,032)                     | 48,690                    | 24,658                     |
| Cash payments to employees for services   | (480,235)                    | -                         | (480,235)                  |
| Cash payments to suppliers for goods and services   | (408,710)                    | (69,359)                  | (478,069)                  |
| Cash transfers  | (59,108)                     | -                         | (59,108)                   |
| Net cash used in operating activities   | <u>(940,410)</u>             | <u>(20,669)</u>           | <u>(961,079)</u>           |
| <b>Cash flows from capital financing activities</b>   |                              |                           |                            |
| Purchase of capital assets  | <u>(4,759)</u>               | -                         | <u>(4,759)</u>             |
| Net cash used in capital financing activities   | <u>(4,759)</u>               | -                         | <u>(4,759)</u>             |
| <b>Cash flows from noncapital financing activities</b>                                      |                              |                           |                            |
| Non-operating revenues received   | <u>986,399</u>               | <u>19,129</u>             | <u>1,005,528</u>           |
| Net cash provided by noncapital financing activities  | <u>986,399</u>               | <u>19,129</u>             | <u>1,005,528</u>           |
| <b>Cash flows from investing activities</b>   |                              |                           |                            |
| Interest on investments   | <u>662</u>                   | -                         | <u>662</u>                 |
| Net cash flows provided by investing activities   | <u>662</u>                   | -                         | <u>662</u>                 |
| Net increase (decrease) in cash and cash equivalents  | 41,892                       | (1,540)                   | 40,352                     |
| Cash (cash overdraft) and cash equivalents - beginning                                      | <u>2,269</u>                 | <u>4,610</u>              | <u>6,879</u>               |
| Cash and cash equivalents - ending  | <u><u>\$ 44,161</u></u>      | <u><u>\$ 3,070</u></u>    | <u><u>\$ 47,231</u></u>    |
| <b>Reconciliation of operating loss to net cash<br/>used in operating activities</b>        |                              |                           |                            |
| Operating loss  | \$ (938,912)                 | \$ (21,627)               | \$ (960,539)               |
| <b>Adjustments to reconcile operating loss to<br/>net cash used in operating activities</b> |                              |                           |                            |
| Depreciation  | 19,742                       | 958                       | 20,700                     |
| Transfers   | (59,108)                     | -                         | (59,108)                   |
| Changes in assets and liabilities:  |                              |                           |                            |
| Decrease in deferred outflows   | 38,248                       | -                         | 38,248                     |
| Increase in deferred inflows  | 5,256                        | -                         | 5,256                      |
| Increase in CERS net pension liability  | 37,137                       | -                         | 37,137                     |
| Decrease in CERS net OPEB liability   | (15,404)                     | -                         | (15,404)                   |
| Decrease in accounts payable  | (6,235)                      | -                         | (6,235)                    |
| Increase in accounts receivable   | (25,401)                     | -                         | (25,401)                   |
| Decrease in inventories   | 4,267                        | -                         | 4,267                      |
| Net cash used in operating activities   | <u><u>\$ (940,410)</u></u>   | <u><u>\$ (20,669)</u></u> | <u><u>\$ (961,079)</u></u> |
| <b>Schedule of non-cash transactions:</b>   |                              |                           |                            |
| Donated commodities received from federal government  | <u><u>\$ 33,099</u></u>      | <u><u>\$ -</u></u>        | <u><u>\$ 33,099</u></u>    |
| On-behalf payments  | <u><u>\$ 79,228</u></u>      | <u><u>\$ -</u></u>        | <u><u>\$ 79,228</u></u>    |

The accompanying notes are an integral part of these financial statements

## DAYTON INDEPENDENT SCHOOL DISTRICT

### Notes to the Financial Statements

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### ***Reporting Entity***

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

The District, for financial purposes, includes all of the funds and account groups relevant to the operation of the Dayton Independent Board of Education. The financial statements presented herein do not include funds of groups and organizations, which although associated with the school system, have not originated within the Board itself such as Parent-Teacher Associations, etc.

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

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

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

##### ***Basis of Presentation***

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

The district-wide statements are prepared using the economic resources measurement focus. 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 district-wide statements and the statements for governmental funds.

## DAYTON INDEPENDENT SCHOOL DISTRICT

### Notes to the Financial Statement (Continued)

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### *Basis of Presentation (Continued)*

The district-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 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. Fiduciary funds are reported by fund type.

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. 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 total net position. Proprietary funds and fiduciary funds are reported using the economic resources measurement focus.

The District has the following funds:

##### I. Governmental Fund Types

- (A) The General Fund is the primary operating fund of the District. It accounts for financial resources used for general types of operations. This is a budgeted fund and any unrestricted fund balances are considered as resources available for use. This is a major fund of the District.
- (B) The Special Revenue Fund accounts for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances are returned to the grantor at the close of 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 on pages 68-69. This is a major fund of the District.

## DAYTON INDEPENDENT SCHOOL DISTRICT

### Notes to the Financial Statement (Continued)

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### *Basis of Presentation (Continued)*

##### I. Governmental Fund Types (continued)

(C) 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).

1. The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund receives those funds designated by the state as Capital Outlay funds and is restricted for use in financing projects identified in the District's facility plan.
2. The Facility Support Program of Kentucky Fund (FSPK) accounts for funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable. Funds may be used for projects identified in the District's facility plan.
3. The Construction Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction.

##### II. Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest and related cost; and, for the payment of interest on general obligation notes payable, as required by Kentucky Law.

##### III. Proprietary Fund (Enterprise Fund)

The School 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). The Food Service fund is a major fund of the District.

The Day Care Fund accounts for the daycare operations of the District. Amounts have been recorded for on-behalf payments for retirement and health insurance paid by the State of Kentucky.

##### IV. Fiduciary Fund Type (Agency and Trust Funds)

The Activity Funds account for activities of student groups and other types of activities requiring clearing accounts. These funds are accounted for in accordance with Uniform Program of Accounting for School Activity Funds.

The District applies all Governmental Accounting Standards Board (GASB) pronouncements to proprietary funds as well as the Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements.



## DAYTON INDEPENDENT SCHOOL DISTRICT

### Notes to the Financial Statement (Continued)

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### ***Basis of Accounting***

The basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. District-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, is 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 sixty days of the fiscal year end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On 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 nonexchange transactions must also be available before they can be recognized.

Unearned Revenue – Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

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

##### ***Taxes***

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

## DAYTON INDEPENDENT SCHOOL DISTRICT

### Notes to the Financial Statement (Continued)

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### ***Budgetary Process***

Budgetary Basis of Accounting: The District's budgetary process accounts for certain transactions on a basis other than Generally Accepted Accounting Principles (GAAP) of the United States of America. 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 susceptible to accrual (GAAP).

##### ***Cash and Cash Equivalents***

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

##### ***Inventories***

Supplies and materials are charged to expenditures when purchased, except for inventories in the Proprietary Fund, which are capitalized at the lower of cost or market.

##### ***Fair Value Measurements***

Generally accepted accounting principles has established a three-level hierarchy for fair value measurements based on transparency of valuation inputs as of the measurement date. The hierarchy is based on the lowest level of input that is significant to the fair value measurement. The three levels are defined as follows: Level 1 inputs are unadjusted to the fair value.

##### ***Capital Assets***

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the district-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 district-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 their fair market values as of the date received. The District maintains a capitalization threshold of one thousand dollars, with the exception of computers, digital cameras and real property, for which there is no threshold. 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.

## DAYTON INDEPENDENT SCHOOL DISTRICT

### Notes to the Financial Statement (Continued)

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

| <u>Description</u>         | <u>Governmental Activities<br/>Estimated Lives</u> |
|----------------------------|--|
| Buildings and improvements | 25-50 years  |
| Land improvements          | 20 years   |
| Technology equipment       | 5 years  |
| Vehicles                   | 5-10 years   |
| General equipment          | 10 years   |
| Food service equipment     | 10-12 years  |
| Furniture and fixtures     | 7 years  |
| Other                      | 10 years   |

#### ***Accumulated Unpaid Sick Leave Benefits***

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

#### ***Interfund Balances***

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

#### ***Accrued Liabilities and Long-Term Obligations***

All payables, accrued liabilities and long-term obligations are reported in the district-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, the noncurrent portion of capital leases, accumulated sick leave, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year-end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

## DAYTON INDEPENDENT SCHOOL DISTRICT

### Notes to the Financial Statement (Continued)

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### ***Fund Balance Reserves***

Beginning with fiscal year 2012 the District implemented GASB Statement 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 the District's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable fund balance - amounts that are not in a 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 decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the District takes the action to remove or change the constraint.

Assigned fund balance – amounts the District intends to use for specific purpose (such as encumbrances); intent can be expressed by the District or by an official or body to which the District delegates the authority.

Unassigned fund balance – amounts that are available for purpose; positive amounts are reported only in the General fund.

It is the Board's practice to liquidate funds when conditions have been met releasing these funds from legal, contractual, Board or managerial obligations, using restricted funds first, followed by committed funds, assigned funds, then unassigned funds.

Encumbrances are not liabilities and are not recorded as expenditures until receipt of material or service. Encumbrances remaining open at the end of the fiscal year are automatically re-budgeted in the following fiscal year. Encumbrances are considered a managerial assignment of fund balance in the governmental funds balance sheet.

##### ***Net Position***

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

##### ***Operating Revenues and Expenses***

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, those revenues are primarily charges for meals provided by the various schools.

## DAYTON INDEPENDENT SCHOOL DISTRICT

### Notes to the Financial Statement (Continued)

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### *Interfund Activity*

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

##### *Pensions*

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

##### *Postemployment Benefits Other Than Pensions (OPEB)*

For purposes of measuring the District's OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Teachers' Retirement System of the State of Kentucky (TRS) and additions to/deductions from TRS's fiduciary net position have been determined on the same basis as they are reported by TRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

#### NOTE 2 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 reported amounts of assets, liabilities, designated fund balances, and disclosure of contingent assets and liabilities at the date of the general purpose financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

#### NOTE 3 CASH AND CASH EQUIVALENTS

The District maintains its cash in bank deposit accounts which, at times, exceed federally insured limits. The amounts exceeding the federally insured limits are covered by a collateral agreement and the collateral is held by the pledging banks' trust departments in the District's name. The District has not experienced any losses in such accounts and the District believes it is not exposed to any significant credit risk on cash and cash equivalents.

**DAYTON INDEPENDENT SCHOOL DISTRICT**

**Notes to the Financial Statement  
(Continued)**

**NOTE 4 CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2020 was as follows:

| <u>Governmental Activities</u>                     | Balance<br>June 30, 2019 | Additions          | Deductions      | Balance<br>June 30, 2020 |
|--|--------------------------|--------------------|-----------------|--------------------------|
| Land   | \$ 194,053               | \$ -               | \$ -            | \$ 194,053               |
| Land improvements                                  | 99,757                   | -                  | -               | 99,757                   |
| Buildings and improvements                         | 13,036,039               | 1,072,081          | -               | 14,108,120               |
| Technology equipment                               | 956,169                  | -                  | 2,490           | 953,679                  |
| Vehicles   | 482,685                  | -                  | -               | 482,685                  |
| General equipment                                  | 310,068                  | 62,131             | -               | 372,199                  |
| Totals at historical cost                          | 15,078,771               | 1,134,212          | 2,490           | 16,210,493               |
| Less: accumulated depreciation                     |                          |                    |                 |                          |
| Land improvements                                  | 85,552                   | 2,368              | -               | 87,920                   |
| Buildings and improvements                         | 6,715,356                | 358,410            | -               | 7,073,766                |
| Technology equipment                               | 793,670                  | 9,439              | 3,419           | 799,690                  |
| Vehicles   | 453,745                  | 13,474             | -               | 467,219                  |
| General equipment                                  | 205,896                  | 17,877             | -               | 223,773                  |
| Total accumulated depreciation                     | 8,254,219                | 401,568            | 3,419           | 8,652,368                |
| Governmental activities<br>capital assets - net    | <u>\$ 6,824,552</u>      | <u>\$ 732,644</u>  | <u>\$ (929)</u> | <u>\$ 7,558,125</u>      |
| <u>Business - Type Activities</u>                  |                          |                    |                 |                          |
| Buildings and improvements                         | \$ 165,279               | \$ -               | \$ -            | \$ 165,279               |
| Vehicles   | 4,000                    | -                  | -               | 4,000                    |
| Technology equipment                               | 9,332                    | -                  | -               | 9,332                    |
| General equipment                                  | 331,741                  | 4,759              | -               | 336,500                  |
| Totals at historical cost                          | 510,352                  | 4,759              | -               | 515,111                  |
| Less: accumulated depreciation                     |                          |                    |                 |                          |
| Buildings and improvements                         | 132,152                  | 3,306              | -               | 135,458                  |
| Vehicles   | 4,000                    | -                  | -               | 4,000                    |
| Technology equipment                               | 9,332                    | -                  | -               | 9,332                    |
| General equipment                                  | 193,788                  | 17,394             | -               | 211,182                  |
| Total accumulated depreciation                     | 339,272                  | 20,700             | -               | 359,972                  |
| Business - type activities<br>capital assets - net | <u>\$ 171,080</u>        | <u>\$ (15,941)</u> | <u>\$ -</u>     | <u>\$ 155,139</u>        |

**DAYTON INDEPENDENT SCHOOL DISTRICT**

**Notes to the Financial Statement  
(Continued)**

**NOTE 4 CAPITAL ASSETS (CONTINUED)**

Depreciation expense by function for the fiscal year ended June 30, 2020 was as follows:

|                                 | <u>Governmental</u> | <u>Business-Type</u> |
|---------------------------------|---------------------|----------------------|
| Instructional                   | \$ 162,815          | \$ -                 |
| Student support services        | -                   | -                    |
| Staff support services          | 2,582               | -                    |
| District administration         | 5,681               | -                    |
| School administration           | -                   | -                    |
| Business support services       | -                   | -                    |
| Plant operation and maintenance | 216,944             | -                    |
| Student transportation          | 13,474              | -                    |
| Community services              | 72                  | -                    |
| Food service                    | -                   | 19,742               |
| Daycare                         | -                   | 958                  |
|                                 | <hr/>               | <hr/>                |
| Total                           | <u>\$ 401,568</u>   | <u>\$ 20,700</u>     |

**NOTE 5 ACCUMULATED UNPAID SICK LEAVE BENEFITS**

Upon providing proof of qualification as an annuitant from the Kentucky Teacher's Retirement System, certified and classified employees will receive from the District an amount equal to 30% of the value of accumulated sick leave. At June 30, 2020 this amount totaled approximately \$158,711 for those employees with twenty-seven or more years of experience.

**NOTE 6 COMMITMENTS UNDER NONCAPITALIZED LEASES**

The district has operating leases for equipment expiring in 2024. Expenditures for the equipment under the operating leases totaled \$27,960 for the year ended June 30, 2020.

Future minimum rental payments under the leases as are as follows:

| Year Ending<br><u>June 30,</u>              |                          |
|---|--------------------------|
| 2020-2021                                   | \$ 27,960                |
| 2021-2022                                   | 27,960                   |
| 2022-2023                                   | 27,960                   |
| 2023-2024                                   | 27,960                   |
| 2024-2025                                   | <hr/> -                  |
| Total minimum payments                      | \$ 111,840               |
| Less amount representing interest           | <hr/> -                  |
| Present value of net minimum lease payments | <u><u>\$ 111,840</u></u> |

## DAYTON INDEPENDENT SCHOOL DISTRICT

### Notes to the Financial Statement (Continued)

#### NOTE 7 BONDED DEBT

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

| <u>Issue Date</u> | <u>Proceeds</u> | <u>Rates</u>    |
|-------------------|-----------------|-----------------|
| January 2011      | \$ 83,893       | 1.300% - 4.000% |
| June 2011         | 950,000         | 3.000% - 4.375% |
| May 2013          | 1,735,000       | 1.250% - 3.000% |
| November 2016     | 1,645,000       | 2.000% - 3.125% |
| July 2019         | 990,000         | 1.800% - 3.100% |
| August 2019       | 1,320,000       | 1.600% - 2.400% |

The District, through the General Fund (including the Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund) is obligated to make lease payments in amounts sufficient to satisfy debt service requirements on bonds issued by the Kenton County Fiscal Court and the Dayton Independent School District Finance Corporation to construct school facilities.

The District entered into "participation agreements" with the School Facility Construction Commission (Commission). The Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting school construction needs. Note 15 sets forth the amount to be paid by the District and the Commission for each year until maturity of all bond issues. The liability for the total bond amount remains with the District and, as such, the total principal has been recorded in the financial statements.

All issues 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, including amounts to be paid by the Commission, at June 30, 2020 for debt service (principal and interest) are reported in Note 15.

#### NOTE 8 CONTINGENCIES

##### Grant Fund Approval

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



## DAYTON INDEPENDENT SCHOOL DISTRICT

### Notes to the Financial Statement (Continued)

#### NOTE 9 INSURANCE AND RELATED ACTIVITIES

The District is exposed to various forms of loss of assets associated with the risks of fire, personal liability, theft, vehicular accidents, errors and omissions, fiduciary responsibility, etc. Each of these risk areas are covered through the purchase of commercial insurance. The District has purchased certain policies which are retrospectively rated, which includes workers' compensation insurance.

#### NOTE 10 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. To obtain insurance for errors and omissions, and general liability coverage, the District participates in the Kentucky School Boards Insurance Trust Liability Insurance Fund. These public entity risk pools operate as common risk management and insurance programs for all school districts and other tax supported educational agencies of Kentucky who are members of the Kentucky School Boards Association. The District pays an annual premium to each fund for coverage. The Liability Insurance fund pays insurance premiums of the participating members established by the insurance carrier. The Trust can terminate coverage if it is unable to obtain acceptable excess general liability coverage and for any reason by giving ninety (90) days' notice. In the event the Trust terminated coverage, any amount remaining in the Fund (after payment of operational and administrative costs and claims for which coverage was provided) would be returned to the member on a pro rata basis.

The District utilizes a private company for workers compensation insurance. The District reimburses the state for any claims paid. The District utilizes the Kentucky School Boards Insurance Trust for unemployment insurance. 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.

#### NOTE 11 DEFICIT OPERATING/FUND BALANCES

There are no funds of the District's that currently have a deficit fund balance. However, the following funds have operations that resulted in a current year deficit of revenues over expenditures, resulting in a corresponding reduction of fund balance:

|                   |           |
|-------------------|-----------|
| General Fund      | \$ 42,018 |
| Construction Fund | 6,036     |
| Food Service      | 10,959    |
| Daycare Fund      | 2,498     |

#### NOTE 12 COBRA

Under COBRA, employers are mandated to notify terminated employees of available continuing insurance coverage. Failure to comply with this requirement may put the District at risk for a substantial loss (contingency).

**DAYTON INDEPENDENT SCHOOL DISTRICT**

**Notes to the Financial Statement  
(Continued)**

**NOTE 13 TRANSFER OF FUNDS**

The following transfers were made during the year.

| From Fund            | To Fund                | Purpose                          | Amount    |
|----------------------|------------------------|----------------------------------|-----------|
| General Fund         | Special Revenue Fund   | KETS Match                       | \$ 16,909 |
| Capital Outlay Fund  | General Fund           | Capital Funds Request            | 43,391    |
| Construction Fund    | General Fund           | Capital Funds Request            | 1,338     |
| Building Fund        | General Fund           | Capital Funds Request            | 19,808    |
| School Activity Fund | District Activity Fund | District Activity Funds Transfer | 12,822    |
| Capital Outlay Fund  | Debt Service Fund      | Transfer Bond Payments           | 38,864    |
| Building Fund        | Debt Service Fund      | Transfer Bond Payments           | 323,197   |
| General Fund         | Debt Service Fund      | Energy Bond Payment              | 51,565    |
| Food Service         | General Fund           | Indirect Cost Transfer           | 59,108    |

**NOTE 14 ON-BEHALF PAYMENTS**

For the year ended June 30, 2020 total payments of \$2,537,795 were made for life insurance, health insurance, TRS matching and administrative fees by the Commonwealth of Kentucky on behalf of the District. These payments were recognized as on-behalf payments and recorded in the appropriate revenue and expense accounts on the statement of activities.

|                 |                     |
|-----------------|---------------------|
| General Fund    | \$ 2,364,964        |
| Debt Service    | 85,645              |
| Day Care        | 7,958               |
| Food Service    | 79,228              |
| Total On-Behalf | <u>\$ 2,537,795</u> |

**DAYTON INDEPENDENT SCHOOL DISTRICT**

**Notes to the Financial Statements  
(Continued)**

**NOTE 15 SCHEDULE OF LONG-TERM OBLIGATIONS**

| Fiscal<br>Year | 2011, 2011 KISTA, 2013, 2016, 2019EN, 2019R |              |              |   |            |              |                       |
|----------------|---|--------------|--------------|---|------------|--------------|-----------------------|
|                | Dayton Independent<br>School District       |              |              | KY School Facilities<br>Construction Commission |            |              | Total<br>Requirements |
|                | Principal                                   | Interest     | Total        | Principal                                       | Interest   | Total        |                       |
| 2020-2021      | \$ 276,115                                  | \$ 157,128   | \$ 433,243   | \$ 61,711                                       | \$ 23,935  | \$ 85,646    | \$ 518,889            |
| 2021-2022      | 276,823                                     | 149,894      | 426,717      | 63,177  | 22,468     | 85,645       | 512,363               |
| 2022-2023      | 285,318                                     | 142,699      | 428,017      | 64,682  | 20,964     | 85,646       | 513,663               |
| 2023-2024      | 293,694                                     | 135,186      | 428,880      | 66,306  | 19,339     | 85,645       | 514,525               |
| 2024-2025      | 306,837                                     | 126,492      | 433,329      | 68,163  | 17,483     | 85,646       | 518,975               |
| 2025-2026      | 309,928                                     | 117,353      | 427,281      | 70,072  | 15,572     | 85,644       | 512,925               |
| 2026-2027      | 322,892                                     | 107,765      | 430,657      | 72,108  | 13,535     | 85,643       | 516,300               |
| 2027-2028      | 340,795                                     | 97,661       | 438,456      | 74,205  | 11,439     | 85,644       | 524,100               |
| 2028-2029      | 348,600                                     | 86,626       | 435,226      | 76,400  | 9,243      | 85,643       | 520,869               |
| 2029-2030      | 354,480                                     | 74,555       | 429,035      | 35,520  | 6,982      | 42,502       | 471,538               |
| 2030-2031      | 368,392                                     | 62,561       | 430,953      | 36,608  | 5,895      | 42,503       | 473,456               |
| 2031-2032      | 317,259                                     | 49,860       | 367,119      | 37,741  | 4,762      | 42,503       | 409,622               |
| 2032-2033      | 326,091                                     | 40,143       | 366,234      | 38,909  | 3,594      | 42,503       | 408,738               |
| 2033-2034      | 213,135                                     | 29,532       | 242,667      | 21,865  | 2,390      | 24,255       | 266,922               |
| 2034-2035      | 217,440                                     | 22,879       | 240,319      | 22,560  | 1,696      | 24,256       | 264,575               |
| 2035-2036      | 226,724                                     | 16,092       | 242,816      | 23,276  | 980        | 24,256       | 267,072               |
| 2036-2037      | 235,288                                     | 9,033        | 244,321      | 19,712  | 308        | 20,020       | 264,341               |
| 2037-2038      | 70,000                                      | 4,350        | 74,350       | -   | -          | -            | 74,350                |
| 2038-2039      | 75,000                                      | 2,250        | 77,250       | -   | -          | -            | 77,250                |
|                | \$ 5,164,811                                | \$ 1,432,058 | \$ 6,596,869 | \$ 853,015                                      | \$ 180,586 | \$ 1,033,601 | \$ 7,630,470          |

There was a bond refinanced in the current year. Total payments to close the existing bond was \$1,335,000 for the refinanced total bond of \$1,320,000.

**DAYTON INDEPENDENT SCHOOL DISTRICT**

**Notes to the Financial Statements  
(Continued)**

**NOTE 15 SCHEDULE OF LONG-TERM OBLIGATIONS (CONTINUED)**

A summary of the changes in the principal of the outstanding bond obligations and sick leave liability for the District during the year ended June 30, 2020 is as follows:

| <u>Governmental Activities</u> | <u>Balance<br/>July 1, 2019</u> | <u>Additions</u>    | <u>Reductions</u>   | <u>Balance<br/>June 30, 2020</u> |
|--------------------------------|---------------------------------|---------------------|---------------------|----------------------------------|
| Bond Obligations               | <u>\$ 5,360,394</u>             | <u>\$ 2,310,000</u> | <u>\$ 1,652,568</u> | <u>\$ 6,017,826</u>              |
| Sick Leave Liability           | <u>\$ 137,096</u>               | <u>\$ 50,084</u>    | <u>\$ 28,469</u>    | <u>\$ 158,711</u>                |

**NOTE 16 RETIREMENT PLANS**

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

**General information about the County Employees Retirement System Non-Hazardous**

***Plan description***

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

## DAYTON INDEPENDENT SCHOOL DISTRICT

### Notes to the Financial Statement (Continued)

#### NOTE 16 RETIREMENT PLANS (CONTINUED)

##### ***Benefits provided***

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

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

Cost of living adjustments are provided at the discretion of the General Assembly. Retirement is based on a factor of the number of years' service and hire date multiplied by the average of the highest five years' earnings. Reduced benefits are based on factors of both of these components. Participating employees become eligible to receive the health insurance benefit after at least 180 months of service. Death benefits are provided for both death after retirement and death prior to retirement. Death benefits after retirement are \$5,000 in lump sum. One month's service is required for death benefits prior to retirement and the employee must have suffered a duty-related death. The decedent's spouse will receive the higher of the normal death benefit and \$10,000 plus 75% of the decedent's monthly average rate of pay. If the surviving spouse remarries, the monthly rate will be recalculated to 25% of the decedent's monthly average. Any dependent child will receive 50% of the decedent's monthly average rate of pay up to 75% for all dependent children. Five years' service is required for nonservice-related disability benefits.

##### ***Contributions***

Required contributions by the employee are based on the following tier:

|        | Required contribution |
|--------|-----------------------|
| Tier 1 | 5%                    |
| Tier 2 | 5% + 1% for insurance |
| Tier 3 | 5% + 1% for insurance |

## DAYTON INDEPENDENT SCHOOL DISTRICT

### Notes to the Financial Statement (Continued)

#### NOTE 16 RETIREMENT PLANS (CONTINUED)

##### *Contributions (Continued)*

The contribution requirement for CERS for the year ended June 30, 2020, was \$396,586, which consisted of \$325,349 from the District and \$71,237 from the employees. Total contributions for the year ended June 30, 2019 and 2018 were \$357,940 and \$302,900, respectively. The contributions have been contributed in full for fiscal years 2020, 2019 and 2018.

##### **General information about the Teachers' Retirement System of the State of Kentucky**

##### *Plan description*

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

##### *Benefits provided*

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

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

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

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

## DAYTON INDEPENDENT SCHOOL DISTRICT

### Notes to the Financial Statement (Continued)

#### NOTE 16 RETIREMENT PLANS (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. Non-university employees are required to contribute 12.855% of their salaries to the System. University employees are required to contribute 10.400% of their salaries. KRS 161.580 allows each university to reduce the contribution of its employees by 2.215%; therefore, university employees contribute 8.185% of their salary to TRS. The contribution requirement for TRS for the year ended June 30, 2020, was \$881,364, which consisted of \$237,834 from the District and \$643,530 from the employees. Total contributions for the year ended June 30, 2020 and 2019 were \$842,872 and \$834,558, respectively. The contributions have been contributed in full for fiscal years 2020, 2019 and 2018.

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

##### **Medical Insurance Plan**

##### *Plan description*

In addition to the pension benefits described above, KRS 161.675 requires TRS to provide post-employment healthcare benefits to eligible employees and dependents. The TRS Medical Insurance Fund is a cost-sharing multiple employer defined benefit plan. 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.

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

##### *Funding policy*

In order to fund the post-retirement healthcare benefit, 6.59% of the gross annual payroll of employees before July 1, 2008 is contributed. 3.75% is paid by member contributions, 0.16% is credited to the Commonwealth, and 3.00% is contributed by the employer. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan.

# DAYTON INDEPENDENT SCHOOL DISTRICT

## Notes to the Financial Statement (Continued)

### NOTE 16 RETIREMENT PLANS (CONTINUED)

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

At June 30, 2020, the District reported a liability for its proportionate share of the net pension liability for CERS. The District did not report a liability for the District's proportionate share of the net pension liability for TRS because the Commonwealth of Kentucky provides the pension support directly to TRS on behalf of the District. The amount recognized by the District as its proportionate share of the net pension liability, the related Commonwealth support, and the total portion of the net pension liability that was associated with the District were as follows:

|  |                      |
|--|----------------------|
| District's proportionate share of the CERS net pension liability                                 | \$ 3,496,056         |
| Commonwealth's proportionate share of the TRS net pension liability associated with the District | <u>18,173,823</u>    |
|  | <u>\$ 21,669,879</u> |

The net pension liability for each plan was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The District's proportion of the net pension liability for CERS was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2019, the District's proportion was 0.049709% percent.

For the year ended June 30, 2020, the District recognized pension expense of \$726,442 related to CERS. The District also recognized a reduction of expense of \$3,267,626 and a reduction of revenue of \$3,267,626 for TRS support provided by the Commonwealth due to a change in assumptions. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | <u>Deferred<br/>Outflows of<br/>Resources</u> | <u>Deferred<br/>Inflows of<br/>Resources</u> |
|--|---|--|
| Difference between expected and actual experience  | \$ 89,265                                     | \$ 14,772                                    |
| Net difference between projected and actual earnings on pension plan investments                             | 67,111  | 123,468                                      |
| Changes of Assumptions   | 353,843                                       | -  |
| Changes in proportion and differences between employer contributions and proportionate share of contribution | 143,728                                       | -  |
| District contributions subsequent to the measurement date  | <u>325,349</u>                                | <u>-</u>                                     |
| Total  | <u>\$ 979,296</u>                             | <u>\$ 138,240</u>                            |



**DAYTON INDEPENDENT SCHOOL DISTRICT**

**Notes to the Financial Statement  
(Continued)**

**NOTE 16 RETIREMENT PLANS (CONTINUED)**

\$325,349 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows related to pensions will be recognized in pension expense as follows:

| Year ended June 30: |            |
|---------------------|------------|
| 2021                | \$ 315,134 |
| 2022                | 141,641    |
| 2023                | 54,930     |
| 2024                | 4,002      |
| 2025                | -          |

***Actuarial assumptions***

The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|   | <b>CERS</b> | <b>TRS</b> |
|---|-------------|------------|
| Inflation   | 2.30%       | 3.00%      |
| Projected salary increases  | 3.30%       | 3.5 - 7.3% |
| Investment rate of return, net of<br>investment expense and inflation | 6.25%       | 7.50%      |

For CERS, mortality rates used for active members was RP-2000 Combined Mortality table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females). For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females). For disabled members, the RP-2000 Combined Disabled Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement. There is some margin in the current mortality tables for possible future improvement in mortality rates and that margin will be reviewed again when the next experience investigation is conducted.

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

For CERS, the long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years. The most recent analysis, performed for the period covering fiscal years 2008 through 2013, is outlined in a report dated April 30, 2014. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed, by the investment

# DAYTON INDEPENDENT SCHOOL DISTRICT

## Notes to the Financial Statement (Continued)

### NOTE 16 RETIREMENT PLANS (CONTINUED)

#### *Actuarial assumptions (Continued)*

Consultant, are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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

| <b>Asset Class</b>    | <b>TRS Target Allocation</b> | <b>TRS Long-Term Expected Real Rate of Return</b> | <b>CERS Target Allocation</b> | <b>CERS Long-Term Expected Real Rate of Return</b> |
|-----------------------|------------------------------|---|-------------------------------|--|
| US equity             | 40.0%                        | 4.20%   | 18.8%                         | 4.30%  |
| International Equity  | 22.0%                        | 5.20%   | 18.8%                         | 4.80%  |
| Core bonds            |                              |   | 13.5%                         | 1.35%  |
| Private equity        | 7.0%                         | 6.30%   | 10.0%                         | 6.65%  |
| High yield            |                              |   | 15.0%                         | 2.60%  |
| Fixed income          | 15.0%                        | 1.20%   |                               |  |
| Additional categories | 8.0%                         | 3.30%   |                               |  |
| Real estate           | 6.0%                         | 3.80%   | 5.0%                          | 4.85%  |
| Opportunistic         |                              |   | 3.0%                          | 2.97%  |
| Real return           |                              |   | 15.0%                         | 4.10%  |
| Cash                  | 2.0%                         | 0.90%   | 1.0%                          | 0.20%  |
| Total                 | 100%                         |   | 100%                          |  |

#### *Discount rate*

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

For TRS, the discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at statutorily required rates, adjusted by 95%, 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.

**DAYTON INDEPENDENT SCHOOL DISTRICT**

**Notes to the Financial Statement  
(Continued)**

**NOTE 16 RETIREMENT PLANS (CONTINUED)**

***Sensitivity of CERS and TRS proportionate share of net pension liability to changes in the discount rate***

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

|   | <u>1% Decrease</u> | <u>Current Discount Rate</u> | <u>1% Increase</u> |
|---|--------------------|------------------------------|--------------------|
| CERS  | 5.25%              | 6.25%                        | 7.25%              |
| District's proportionate share of net pension liability | 4,372,575          | 3,496,056                    | 2,765,486          |
| TRS   | 6.50%              | 7.50%                        | 8.50%              |
| District's proportionate share of net pension liability | -                  | -                            | -                  |

***Pension plan fiduciary net position***

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

**NOTE 17 OPEB PLANS**

**General information about the Teachers' Retirement System OPEB Plan**

***Plan description***

Teaching-certified employees of the Dayton Independent School District are provided OPEBs through the Teachers' Retirement System of the State of Kentucky (TRS) – a cost-sharing multiple-employer defined benefit OPEB 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 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/administration/financial-reports-information>.

**General information about the Teachers' Retirement System OPEB Plan**

***Plan description***

The state reports a liability, deferred outflows of resources and deferred inflows of resources, and expense as a result of its statutory requirement to contribute to the TRS Medical Insurance and Life Insurance Plans. The following information is about the TRS plans.

## DAYTON INDEPENDENT SCHOOL DISTRICT

### Notes to the Financial Statement (Continued)

#### NOTE 17 OPEB PLANS (CONTINUED)

##### **Medical Insurance Plan**

###### ***Plan description***

In addition to the OPEB benefits described above, Kentucky Revised Statute 161.675 requires TRS to provide post-employment healthcare benefits to eligible members and dependents. The TRS Medical Insurance benefit 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 TRS Medical Insurance Fund (MIF) offers coverage to members under the age of 65 through the Kentucky Employees Health Plan administered by the Kentucky Department of Employee Insurance. TRS retired members are given a supplement to be used for payment of their health insurance premium. The amount of the member's supplement is based on a contribution supplement table approved by the TRS Board of Trustees. The retired member pays premiums in excess of the monthly supplement. Once retired members and eligible spouses attain age 65 and are Medicare eligible, coverage is obtained through the TRS Medicare Eligible Health Plan.

###### ***Contributions***

In order to fund the post-retirement healthcare benefit, seven and one-half percent (7.50%) of the gross annual payroll of members is contributed. Three and three quarters 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.

##### **General information about the County Employees Retirement System Non-Hazardous OPEB Plan**

###### ***Plan description***

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

**DAYTON INDEPENDENT SCHOOL DISTRICT**

**Notes to the Financial Statement  
(Continued)**

**NOTE 17 OPEB PLANS (CONTINUED)**

**General information about the County Employees Retirement System Non-Hazardous OPEB Plan (Continued)**

***Benefits***

CERS provides health insurance, death and disability benefits to Plan employees and beneficiaries. Employees are vested in the plan after five years' service. For retirement purposes, employees are grouped into three tiers, based on hire date. See footnote 16 for tier classifications.

***Contributions***

Required contributions by the employee are based on the tier disclosed in footnote 16.

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

At June 30, 2020, the Dayton Independent School District reported a liability of \$2,895,864 for its proportionate share of the collective net OPEB liability that reflected a reduction for state OPEB support provided to the District. The collective net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the collective net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the District's proportion was 0.07 percent for TRS, which is a .05 increase from its proportion measured as of June 30, 2018 and 0.05 percent for CERS, which was the same as its proportion measured as of June 30, 2019.

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

|   |                            |
|---|----------------------------|
| District's proportionate share of the CERS net OPEB liability                         | \$ 835,864                 |
| District's proportionate share of the TRS net OPEB liability                          | 2,060,000                  |
| State's proportionate share of the net OPEB liability<br>associated with the District | <u>1,664,000</u>           |
|   | <u><u>\$ 4,559,864</u></u> |

**DAYTON INDEPENDENT SCHOOL DISTRICT**

**Notes to the Financial Statement  
(Continued)**

**NOTE 17 OPEB PLANS (CONTINUED)**

For the year ended June 30, 2020, the District recognized OPEB expense of \$136,778 and revenue of \$109,771 for support provided by the State. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

|   | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
|---|---|--|
| Difference between expected and actual performance  | \$ -  | \$ 751,200                                   |
| Net difference between projected and actual<br>earnings on OPEB plan investments                                    | 14,506  | 42,631                                       |
| Change of Assumptions   | 302,340                                       | 1,654  |
| Changes in proportion and differences between<br>employer contributions and proportionate share<br>of contributions | 45,550  | 43,335                                       |
| District contributions subsequent to the<br>measurement date  | 188,514                                       | -  |
| Total   | <u>\$ 550,910</u>                             | <u>\$ 838,820</u>                            |

Of the total amount reported as deferred outflows of resources related to OPEB, \$188,514 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 OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

| Year ended June 30: |             |
|---------------------|-------------|
| 2020                | \$ (86,732) |
| 2021                | (86,732)    |
| 2022                | (69,928)    |
| 2023                | (93,560)    |
| 2024                | (84,606)    |

# DAYTON INDEPENDENT SCHOOL DISTRICT

## Notes to the Financial Statement (Continued)

### NOTE 17 OPEB PLANS (CONTINUED)

#### *Actuarial assumptions*

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                                 | TRS  | CERS  |
|---------------------------------|--|---|
| Investment rate of return       | 8.00%, net of OPEB plan investment expense, including inflation.     | 6.25%   |
| Projected salary increases      | 3.50 - 7.20%, including inflation                                    | 3.30% to 11.55%, varies by service  |
| Inflation rate                  | 3.00%  | 2.30%   |
| Real Wage Growth                | 0.50%  |   |
| Wage Inflation                  | 3.50%  |   |
| Healthcare cost trend rates     |  |   |
| Under 65                        | 7.50% for FY 2019 decreasing to an ultimate rate of 5.00% by FY 2024 | Initial trend starting at 7.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 5 years. |
| Ages 65 and Older               | 5.50% for FY 2019 decreasing to an ultimate rate of 5.00% by FY 2021 | Initial trend starting at 5.50% and gradually decreasing to an ultimate trend rate of 5.00% over a period of 2 years. |
| Medicare Part B Premiums        | 2.63% for FY 2019 with an ultimate rate of 5.00% by 2031             |   |
| Municipal Bond Index Rate       | 3.50%  | 3.13%   |
| Discount Rate                   | 8.00%  | 5.68%   |
| Single Equivalent Interest Rate | 8.00%, net of OPEB plan investment expense, including inflation      |   |

For TRS, mortality rates were based on the RP-2000 Combined Mortality Table projected to 2025 with projection scale BB and set forward two years for males and one year for females is used for the period after service retirement and for dependent beneficiaries. The RP-2000 Disabled Mortality Table set forward two years for males and seven years for females is used for the period after disability retirement.

For CERS, mortality rates were based on RP-2000 Combined Mortality Table projected to 2013 with projection scale BB and set back 1 year for females.

The remaining actuarial assumptions (e.g. initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2018 valuation were based on a review of recent plan experience done concurrently with the June 30, 2015 valuation.

The long-term expected rate of return on OPEB 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 OPEB 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.

**DAYTON INDEPENDENT SCHOOL DISTRICT**

**Notes to the Financial Statement  
(Continued)**

**NOTE 17 OPEB PLANS (CONTINUED)**

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

| Asset Class                 | Target<br>Allocation | 30 Year Expected Geometric<br>Real Rate of Return |
|-----------------------------|----------------------|---|
| Global Equity               | 58.0%                | 5.1%  |
| Fixed Income                | 9.0%                 | 1.2%  |
| Real Estate                 | 6.5%                 | 3.8%  |
| Private Equity              | 8.5%                 | 6.3%  |
| Other Additional Categories | 17.0%                | 3.2%  |
| Cash (LIBOR)                | 1.0%                 | 0.9%  |
| Total                       | <u>100.0%</u>        |   |

*\*Modeled as 50% High Yield and 50% Bank Loans.*

***Discount rate***

For TRS, the discount rate used to measure the total OPEB liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at statutorily required rates. Based on those assumptions, the OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

For CERS, the discount rate used to measure the total OPEB liability was 5.68%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the employer contributions will be made at statutorily required rates. Based on those assumptions, the OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.



**DAYTON INDEPENDENT SCHOOL DISTRICT**

**Notes to the Financial Statement  
(Continued)**

**NOTE 17 OPEB PLANS (CONTINUED)**

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

|                               | <u>1% Decrease<br/>(7.00%)</u> | <u>Current Discount<br/>Rate (8.00%)</u> |
|-------------------------------|--------------------------------|--|
| TRS                           |                                |  |
| Districts' net OPEB liability | \$ 2,440,000                   | \$ 2,060,000                             |
|                               | <u>1% Decrease<br/>(4.68%)</u> | <u>Current Discount<br/>Rate (5.68%)</u> |
| CERS                          |                                |  |
| Districts' net OPEB liability | \$ 1,119,714                   | \$ 835,864                               |

***Sensitivity of the District's proportionate share of the collective net OPEB liability to changes in the healthcare cost trend rates***

The following presents the District's proportionate share of the collective net OPEB liability, as well as what the District's proportionate share of the collective net 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> |
|-------------------------------|--------------------|---------------------------|
| TRS                           |                    |                           |
| Districts' net OPEB liability | \$ 1,677,000       | \$ 2,060,000              |
|                               | <u>1% Decrease</u> | <u>Current Trend Rate</u> |
| CERS                          |                    |                           |
| Districts' net OPEB liability | \$ 621,637         | \$ 835,864                |

***OPEB plan fiduciary net position***

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

DAYTON INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statement  
(Continued)

NOTE 17 OPEB PLANS (CONTINUED)

Life Insurance Plan

*Plan description*

TRS administers the life insurance plan as provided by Kentucky Revised Statute 161.655 to eligible active and retired members. The TRS Life Insurance benefit 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 funded by the Life Insurance Fund (LIF) 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.

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

At June 30, 2020, the Dayton Independent School District did not report a liability for its proportionate share of the collective net OPEB liability for life insurance benefits because the State of Kentucky provides the OPEB support directly to TRS on behalf of the District. The amount recognized by the District as its proportionate share of the OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

|   |                         |
|---|-------------------------|
| District's proportionate share of the net OPEB liability                              | \$ -                    |
| State's proportionate share of the net OPEB liability<br>associated with the District | <u>39,000</u>           |
|   | <u><u>\$ 39,000</u></u> |

For the year ended June 30, 2020, the District recognized OPEB expense of \$-0- and revenue of \$1,274 for support provided by the State.

# DAYTON INDEPENDENT SCHOOL DISTRICT

## Notes to the Financial Statement (Continued)

### NOTE 17 OPEB PLANS (CONTINUED)

#### *Actuarial assumptions*

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                                 |  |
|---------------------------------|--|
| Investment rate of return       | 7.50%, net of OPEB plan investment expense, including inflation. |
| Projected salary increases      | 3.50 - 7.20%, including inflation                                |
| Inflation rate                  | 3.00%  |
| Real Wage Growth                | 0.50%  |
| Wage Inflation                  | 3.50%  |
| Municipal Bond Index Rate       | 3.89%  |
| Discount Rate                   | 7.50%  |
| Single Equivalent Interest Rate | 7.50%, net of OPEB plan investment expense, including inflation  |

Mortality rates were based on the RP-2000 Combined Mortality Table projected to 2025 with projection scale BB and set forward two years for males and one year for females is used for the period after service retirement and for dependent beneficiaries. The RP-2000 Disabled Mortality Table set forward two years for males and seven years for females is used for the period after disability retirement.

The remaining actuarial assumptions (e.g. initial per capita costs, rate of plan participation, rates of plan election, etc.) used in the June 30, 2018 valuation were based on a review of recent plan experience done concurrently with the June 30, 2015 valuation.

The long-term expected rate of return on OPEB 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 OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

| Asset Class*                | Target Allocation | 30 Year Expected Geometric Real Rate of Return |
|-----------------------------|-------------------|--|
| U.S. Large Cap Equity       | 40.0%             | 4.3%   |
| International Equity        | 23.0%             | 5.2%   |
| Fixed Income                | 18.0%             | 1.2%   |
| Real Estate                 | 6.0%              | 3.8%   |
| Private Equity              | 5.0%              | 6.3%   |
| Other Additional Categories | 6.0%              | 3.2%   |
| Cash (LIBOR)                | 2.0%              | 0.9%   |
| Total                       | 100.0%            |  |

\* As the LIF investment policy is to change, the above reflects the pension allocation and returns that achieve the target 7.5% long-term rate of return

**DAYTON INDEPENDENT SCHOOL DISTRICT**

**Notes to the Financial Statement  
(Continued)**

**NOTE 17 OPEB PLANS (CONTINUED)**

***Discount rate***

The discount rate used to measure the total OPEB liability for life insurance was 7.50%. The projection of cash flows used to determine the discount rate assumed that the employer contributions will be made at statutorily required rates. Based on those assumptions, the OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The following table presents the District's proportionate share of the collective net OPEB liability of the System, calculated using the discount rate of 7.50%, as well as what the District's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

|                               | 1% Decrease<br>(6.50%) | Current Discount<br>Rate (7.50%) |
|-------------------------------|------------------------|----------------------------------|
| Districts' net OPEB liability | \$ -                   | \$ -                             |

***OPEB plan fiduciary net position***

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

**NOTE 18 CHANGE IN ACCOUNTING PRINCIPLE**

Effective July 1, 2019, the District elected to adopt Governmental Accounting Standards Board ("GASB") Statement no. 84 "Fiduciary Activities", as it relates to accounting and financial reporting for fiduciary funds. As a result of this statement, school activity funds are considered governmental special revenue funds and not fiduciary funds.

GASB 84 required retrospective application. Since the District only presents one year of financial information, the beginning net position balance was adjusted to reflect the retrospective application. The adjustment resulted in a \$145,946 addition in the beginning net position on the Statement of Activities.

**NOTE 19 SUBSEQUENT EVENTS**

The COVID-19 outbreak in the United States has caused disruption through limited district activities. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the disruption. At this time, the District is uncertain on the disruption's impact on its operating results.

Subsequent events were considered through December 8, 2020, which represents the release date of our report.

SUPPLEMENTARY  
INFORMATION

**DAYTON INDEPENDENT SCHOOL DISTRICT**

**Combining Balance Sheet – Nonmajor Governmental Funds  
As of June 30, 2020**

|                                      | <u>Capital Outlay<br/>Fund</u> | <u>Building<br/>Fund</u> | <u>Construction<br/>Fund</u> | <u>Debt<br/>Service<br/>Fund</u> | <u>District<br/>Activity<br/>Fund</u> | <u>School<br/>Activity<br/>Fund</u> | <u>Total<br/>Non-major<br/>Government<br/>Funds</u> |
|--------------------------------------|--------------------------------|--------------------------|------------------------------|----------------------------------|---------------------------------------|-------------------------------------|---|
| <b>Assets</b>                        |                                |                          |                              |                                  |                                       |                                     |   |
| <b>Current:</b>                      |                                |                          |                              |                                  |                                       |                                     |   |
| Cash and cash equivalents            | \$ 31,967                      | \$ -                     | \$ 17,452                    | \$ -                             | \$ 43,901                             | \$ 154,061                          | \$ 247,381  |
| Accounts receivable                  | -                              | -                        | -                            | -                                | 1,825                                 | -                                   | 1,825   |
| Total current                        | <u>\$ 31,967</u>               | <u>\$ -</u>              | <u>\$ 17,452</u>             | <u>\$ -</u>                      | <u>\$ 45,726</u>                      | <u>\$ 154,061</u>                   | <u>\$ 249,206</u>                                   |
| <b>Liabilities and Fund Balances</b> |                                |                          |                              |                                  |                                       |                                     |   |
| <b>Liabilities:</b>                  |                                |                          |                              |                                  |                                       |                                     |   |
| Accounts payable                     | \$ -                           | \$ -                     | \$ -                         | \$ -                             | \$ 1,283                              | \$ -                                | \$ 1,283  |
| Total liabilities                    | <u>-</u>                       | <u>-</u>                 | <u>-</u>                     | <u>-</u>                         | <u>1,283</u>                          | <u>-</u>                            | <u>1,283</u>  |
| <b>Fund Balances:</b>                |                                |                          |                              |                                  |                                       |                                     |   |
| Restricted                           | <u>31,967</u>                  | <u>-</u>                 | <u>17,452</u>                | <u>-</u>                         | <u>44,443</u>                         | <u>154,061</u>                      | <u>247,923</u>                                      |
| Total fund balances                  | <u>31,967</u>                  | <u>-</u>                 | <u>17,452</u>                | <u>-</u>                         | <u>44,443</u>                         | <u>154,061</u>                      | <u>247,923</u>                                      |
| Total liabilities and fund balances  | <u>\$ 31,967</u>               | <u>\$ -</u>              | <u>\$ 17,452</u>             | <u>\$ -</u>                      | <u>\$ 45,726</u>                      | <u>\$ 154,061</u>                   | <u>\$ 249,206</u>                                   |

**DAYTON INDEPENDENT SCHOOL DISTRICT**

**Combining Statement of Revenues, Expenditures and Changes  
In Fund Balances – Nonmajor Governmental Funds  
Year Ended June 30, 2020**

|  | <b>Capital Outlay<br/>Fund</b> | <b>Building<br/>Fund</b> | <b>Construction<br/>Fund</b> | <b>Debt<br/>Service<br/>Fund</b> | <b>District<br/>Activity<br/>Fund</b> | <b>School<br/>Activity<br/>Fund</b> | <b>Total<br/>Nonmajor<br/>Government<br/>Funds</b> |
|--|--------------------------------|--------------------------|------------------------------|----------------------------------|---------------------------------------|-------------------------------------|--|
| <b>Revenues:</b>                               |                                |                          |                              |                                  |                                       |                                     |  |
| Taxes  | \$ -                           | \$ 106,617               | \$ -                         | \$ -                             | \$ -                                  | \$ -                                | \$ 106,617   |
| Earnings on investments                        | -                              | -                        | 12,926                       | -                                | -                                     | 3,100                               | 16,026   |
| State sources                                  | 82,255                         | 236,388                  | -                            | 85,645                           | -                                     | 274,199                             | 678,487  |
| Other sources                                  | -                              | -                        | -                            | -                                | 1,825                                 | 16,800                              | 18,625   |
| <b>Total revenues</b>                          | <b>82,255</b>                  | <b>343,005</b>           | <b>12,926</b>                | <b>85,645</b>                    | <b>1,825</b>                          | <b>294,099</b>                      | <b>819,755</b>                                     |
| <b>Expenditures:</b>                           |                                |                          |                              |                                  |                                       |                                     |  |
| Instructional                                  | -                              | -                        | -                            | -                                | 10,785                                | 271,463                             | 282,248  |
| Staff support services                         | -                              | -                        | -                            | -                                | 166                                   | 1,699                               | 1,865  |
| Facility acquisition and construction          | -                              | -                        | 1,007,624                    | -                                | -                                     | -                                   | 1,007,624  |
| Debt service:                                  |                                |                          |                              |                                  |                                       |                                     |  |
| Principal                                      | -                              | -                        | -                            | 313,070                          | -                                     | -                                   | 313,070  |
| Interest                                       | -                              | -                        | -                            | 186,201                          | -                                     | -                                   | 186,201  |
| <b>Total expenditures</b>                      | <b>-</b>                       | <b>-</b>                 | <b>1,007,624</b>             | <b>499,271</b>                   | <b>10,951</b>                         | <b>273,162</b>                      | <b>1,791,008</b>                                   |
| Excess (deficit) of revenues over expenditures | 82,255                         | 343,005                  | (994,698)                    | (413,626)                        | (9,126)                               | 20,937                              | (971,253)  |
| <b>Other Financing Sources (Uses)</b>          |                                |                          |                              |                                  |                                       |                                     |  |
| Proceeds from sale of bonds                    | -                              | -                        | 990,000                      | -                                | -                                     | -                                   | 990,000  |
| Operating transfers in                         | -                              | -                        | -                            | 413,626                          | 12,822                                | -                                   | 426,448  |
| Operating transfers out                        | (82,255)                       | (343,005)                | (1,338)                      | -                                | -                                     | (12,822)                            | (439,420)  |
| <b>Total other financing sources(uses)</b>     | <b>(82,255)</b>                | <b>(343,005)</b>         | <b>988,662</b>               | <b>413,626</b>                   | <b>12,822</b>                         | <b>(12,822)</b>                     | <b>977,028</b>                                     |
| Net change in fund balance                     | -                              | -                        | (6,036)                      | -                                | 3,696                                 | 8,115                               | 5,775  |
| Fund balance, June 30, 2019                    | 31,967                         | -                        | 23,488                       | -                                | 40,747                                | -                                   | 96,202   |
| Net position adjustment (Note 18)              | -                              | -                        | -                            | -                                | -                                     | 145,946                             | 145,946  |
| Fund balance, June 30, 2020                    | \$ 31,967                      | \$ -                     | \$ 17,452                    | \$ -                             | \$ 44,443                             | \$ 154,061                          | \$ 247,923   |

**DAYTON INDEPENDENT SCHOOL DISTRICT**

**Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget to Actual – General Fund  
Year Ended June 30, 2020**

|                                 | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>       | <u>Variance with<br/>Final Budget<br/>Favorable<br/>(Unfavorable)</u> |
|---------------------------------|----------------------------|-------------------------|---------------------|---|
| <b>Revenues</b>                 |                            |                         |                     |   |
| Taxes                           | \$ 2,307,187               | \$ 2,307,187            | \$ 2,268,656        | \$ (38,531)   |
| Earnings on investments         | 20,000                     | 20,000                  | 51,115              | 31,115  |
| State sources                   | 6,427,697                  | 6,427,697               | 6,538,864           | 111,167   |
| Federal sources                 | 12,000                     | 12,000                  | 80,226              | 68,226  |
| Other sources                   | <u>88,400</u>              | <u>88,400</u>           | <u>196,983</u>      | <u>108,583</u>  |
| Total revenues                  | <u>8,855,284</u>           | <u>8,855,284</u>        | <u>9,135,844</u>    | <u>280,560</u>  |
| <b>Expenditures</b>             |                            |                         |                     |   |
| Instructional                   | 5,196,770                  | 5,175,636               | 4,999,191           | 176,445   |
| Student support services        | 772,134                    | 772,134                 | 753,620             | 18,514  |
| Staff support services          | 649,708                    | 670,842                 | 665,386             | 5,456   |
| District administration         | 559,449                    | 559,449                 | 560,981             | (1,532)   |
| School administration           | 774,760                    | 774,760                 | 793,967             | (19,207)  |
| Business support services       | 393,254                    | 393,254                 | 393,475             | (221)   |
| Plant operation and maintenance | 986,951                    | 986,951                 | 815,251             | 171,700   |
| Student transportation          | 176,208                    | 176,208                 | 101,435             | 74,773  |
| Food service operation          | 6,951                      | 6,951                   | 8,131               | (1,180)   |
| Day Care Operations             | 7,700                      | 7,700                   | 5,937               | 1,763   |
| Community service operations    | 1,900                      | 1,900                   | 3,849               | (1,949)   |
| Debt service:                   |                            |                         |                     |   |
| Principal                       | 4,498                      | 4,498                   | 4,498               | -   |
| Interest                        | 3,667                      | 3,667                   | 3,667               | -   |
| Other                           | <u>1,313,070</u>           | <u>1,313,070</u>        | <u>68,474</u>       | <u>1,244,596</u>  |
| Total expenditures              | <u>10,847,020</u>          | <u>10,847,020</u>       | <u>9,177,862</u>    | <u>1,669,158</u>  |
| Net change in fund balance      | (1,991,736)                | (1,991,736)             | (42,018)            | 1,949,718   |
| Fund balance, July 1, 2019      | <u>-</u>                   | <u>(113,900)</u>        | <u>1,991,734</u>    | <u>2,105,634</u>  |
| Fund balance, June 30, 2020     | <u>\$ (1,991,736)</u>      | <u>\$ (2,105,636)</u>   | <u>\$ 1,949,716</u> | <u>\$ 4,055,352</u>   |



**DAYTON INDEPENDENT SCHOOL DISTRICT**

**Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget to Actual – Special Revenue Fund  
Year Ended June 30, 2020**

|                                 | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>    | <u>Variance with<br/>Final Budget<br/>Favorable<br/>(Unfavorable)</u> |
|---------------------------------|----------------------------|-------------------------|------------------|---|
| <b>Revenues</b>                 |                            |                         |                  |   |
| State sources                   | \$ 583,677                 | \$ 1,013,922            | \$ 541,685       | \$ (472,237)  |
| Federal sources                 | 869,487                    | 2,178,752               | 1,302,710        | (876,042)   |
| Other sources                   | 25,000                     | 54,197                  | 128,426          | 74,229  |
| Total revenues                  | <u>1,478,164</u>           | <u>3,246,871</u>        | <u>1,972,821</u> | <u>(1,274,050)</u>  |
| <b>Expenditures</b>             |                            |                         |                  |   |
| Instructional                   | 1,179,337                  | 2,590,873               | 1,585,744        | 1,005,129   |
| Student support services        | 67,105                     | 134,210                 | 63,278           | 70,932  |
| Staff support services          | 43,047                     | 80,648                  | 58,904           | 21,744  |
| Business support services       | 36,000                     | 72,000                  | 18,923           | 53,077  |
| Plant operation and maintenance | 6,552                      | 74,826                  | 99,024           | (24,198)  |
| Student transportation          | 8,000                      | 16,000                  | 3,303            | 12,697  |
| Food service operation          | -                          | -                       | 11,167           | (11,167)  |
| Community service operations    | 138,123                    | 278,314                 | 132,478          | 145,836   |
| Total expenditures              | <u>1,478,164</u>           | <u>3,246,871</u>        | <u>1,972,821</u> | <u>1,274,050</u>  |
| Net change in fund balance      | -                          | -                       | -                | -   |
| Fund balance, July 1, 2019      | <u>-</u>                   | <u>-</u>                | <u>-</u>         | <u>-</u>  |
| Fund balance, June 30, 2020     | <u>\$ -</u>                | <u>\$ -</u>             | <u>\$ -</u>      | <u>\$ -</u>   |

**DAYTON INDEPENDENT SCHOOL DISTRICT**

**Statement of Receipts, Disbursements and Fund Balance  
Bond and Interest Redemption Funds  
Year Ended June 30, 2020**

|  | <u>Issue of<br/>2009</u> | <u>Issue of<br/>2011</u> | <u>Issue of<br/>2011 KISTA</u> | <u>Issue of<br/>2013</u> | <u>Issue of<br/>2016</u> |
|--|--------------------------|--------------------------|--------------------------------|--------------------------|--------------------------|
| <b>Cash at July 1, 2019</b>              | \$ -                     | \$ -                     | \$ -                           | \$ -                     | \$ -                     |
| <b>Receipts:</b>                         |                          |                          |                                |                          |                          |
| Transfers and miscellaneous deposits     | 27,993                   | 88,863                   | 8,165                          | 118,813                  | 81,600                   |
| <b>Disbursements:</b>                    |                          |                          |                                |                          |                          |
| Bonds paid                               | -                        | 55,000                   | 7,568                          | 80,000                   | 35,000                   |
| Interest coupons                         | 27,993                   | 33,863                   | 597                            | 38,813                   | 46,600                   |
| Transfers and miscellaneous              | -                        | -                        | -                              | -                        | -                        |
| Call fee                                 | -                        | -                        | -                              | -                        | -                        |
| Total disbursements                      | 27,993                   | 88,863                   | 8,165                          | 118,813                  | 81,600                   |
| Excess of receipts<br>over disbursements | -                        | -                        | -                              | -                        | -                        |
| <b>Cash at June 30, 2020</b>             | -                        | -                        | -                              | -                        | -                        |
| <b>Accounts Receivable and Payable</b>   |                          |                          |                                |                          |                          |
| Matured interest and bonds outstanding   | -                        | -                        | -                              | -                        | -                        |
| Due from other funds                     | -                        | -                        | -                              | -                        | -                        |
| Due to other funds                       | -                        | -                        | -                              | -                        | -                        |
| Total accounts receivable and payable    | -                        | -                        | -                              | -                        | -                        |
| <b>Fund Balance at June 30, 2020</b>     | \$ -                     | \$ -                     | \$ -                           | \$ -                     | \$ -                     |

|  | <u>Issue of<br/>2019EN</u> | <u>Issue of<br/>2019R</u> | <u>Total</u> |
|--|----------------------------|---------------------------|--------------|
| <b>Cash at July 1, 2019</b>              | \$ -                       | \$ -                      | \$ -         |
| <b>Receipts:</b>                         |                            |                           |              |
| Transfers and miscellaneous deposits     | 51,565                     | 134,030                   | 511,029      |
| <b>Disbursements:</b>                    |                            |                           |              |
| Bonds paid                               | 25,000                     | 115,000                   | 317,568      |
| Interest coupons                         | 26,565                     | 19,030                    | 193,461      |
| Transfers and miscellaneous              | -                          | -                         | -            |
| Call fee                                 | -                          | -                         | -            |
| Total disbursements                      | 51,565                     | 134,030                   | 511,029      |
| Excess of receipts<br>over disbursements | -                          | -                         | -            |
| <b>Cash at June 30, 2020</b>             | -                          | -                         | -            |
| <b>Accounts Receivable and Payable</b>   |                            |                           |              |
| Matured interest and bonds outstanding   | -                          | -                         | -            |
| Due from other funds                     | -                          | -                         | -            |
| Due to other funds                       | -                          | -                         | -            |
| Total accounts receivable and payable    | -                          | -                         | -            |
| <b>Fund Balance at June 30, 2020</b>     | \$ -                       | \$ -                      | \$ -         |

**DAYTON INDEPENDENT SCHOOL DISTRICT**

**Statement of Receipts, Disbursements and Fund Balance  
Dayton High School  
Year Ended June 30, 2020**

|  | <b>Fund<br/>Balance<br/>July 1, 2019</b> | <b>Receipts</b> | <b>Disbursements</b> | <b>Fund<br/>Balance<br/>June 30, 2020</b> |
|--|--|-----------------|----------------------|---|
| 3D printer club                        | \$ 337                                   | \$ -            | \$ -                 | \$ 337                                    |
| 7th grade account                      | 283                                      | -               | -                    | 283                                       |
| 8th grade account                      | 161                                      | -               | -                    | 161                                       |
| Academic Team                          | 123                                      | -               | -                    | 123                                       |
| After Prom                             | 191                                      | -               | -                    | 191                                       |
| Agendas                                | -  | 40              | 40                   | -   |
| Alumni Association                     | 762                                      | 435             | 85                   | 1,112                                     |
| Angie Buschles community based account | 1,693                                    | 2,086           | 1,842                | 1,937                                     |
| Annual Yearbook                        | 637                                      | 680             | 1,172                | 145                                       |
| Art club                               | 385                                      | 105             | 211                  | 279                                       |
| Art department                         | -  | 70              | 70                   | -   |
| Athletic Booster club                  | 8,121                                    | 28,973          | 21,940               | 15,154                                    |
| Athletic facilities                    | 2,850                                    | -               | 2,850                | -   |
| Athletic fundraiser transportation     | 4,467                                    | -               | 3,006                | 1,461                                     |
| Athletics                              | 15,480                                   | 13,335          | 10,586               | 18,229                                    |
| Band                                   | 1,437                                    | 1,570           | 2,969                | 38  |
| Band boosters                          | 2,337                                    | 2,460           | 4,133                | 664                                       |
| Band fundraiser transportation         | 53                                       | -               | 53                   | -   |
| Baseball                               | -  | 750             | 750                  | -   |
| Baseball fundraiser                    | 2,107                                    | -               | 1,079                | 1,028                                     |
| Bowling                                | -  | 1,035           | 1,035                | -   |
| Bowling fundraiser                     | 454                                      | 2,012           | 1,554                | 912                                       |
| Boys basketball                        | -  | 7,652           | 7,652                | -   |
| Boys basketball fundraiser             | 1,564                                    | 9,460           | 9,206                | 1,818                                     |
| Boys cross county                      | -  | 548             | 548                  | -   |
| Boys track                             | -  | 169             | 169                  | -   |
| C.A.K.E.                               | 8,454                                    | 1,406           | 696                  | 9,164                                     |
| Cheerleading                           | -  | 773             | 773                  | -   |
| Cheerleading fundraiser                | 2,116                                    | 10,313          | 11,082               | 1,347                                     |
| Class of 2017                          | 10                                       | 490             | -                    | 500                                       |
| Class of 2018                          | 75                                       | -               | 75                   | -   |
| Class of 2019                          | 610                                      | -               | 610                  | -   |
| Class of 2020                          | 2,154                                    | -               | 653                  | 1,501                                     |
| Class of 2021                          | 1,863                                    | 78              | 1,500                | 441                                       |
| Class of 2022                          | 93                                       | 1,636           | 1,682                | 47  |
| Coke                                   | 4,218                                    | 1,482           | 640                  | 5,060                                     |
| Color/Winter guard                     | 17                                       | -               | -                    | 17  |
| Cross country fundraiser               | 1,425                                    | 50              | 33                   | 1,442                                     |
| Day treatment                          | -  | 2,103           | 1,690                | 413                                       |
| District activity fund sweep account   | -  | 1,825           | 1,825                | -   |
| Drama                                  | 535                                      | 655             | 760                  | 430                                       |
| E sports                               | -  | 1,303           | 1,303                | -   |
| E sports misc                          | 100                                      | -               | -                    | 100                                       |
| Edmentum                               | -  | 585             | 585                  | -   |
| FBLA                                   | 236                                      | 1,701           | 1,936                | 1   |
| Fellowship of Christian athletes       | 9  | -               | -                    | 9   |

**DAYTON INDEPENDENT SCHOOL DISTRICT**

**Statement of Receipts, Disbursements and Fund Balance  
Dayton High School  
Year Ended June 30, 2020  
(Continued)**

|   | <b>Fund<br/>Balance<br/>July 1, 2019</b> | <b>Receipts</b> | <b>Disbursements</b> | <b>Fund<br/>Balance<br/>June 30, 2020</b> |
|---|--|-----------------|----------------------|---|
| Fellowship of Christian students            | 37                                       | -               | -                    | 37  |
| Football                                    | -  | 16,683          | 16,683               | -   |
| Football fundraiser                         | 517                                      | 17,698          | 16,931               | 1,284                                     |
| Future educators association                | 23                                       | -               | -                    | 23  |
| Girls all A classic basketball tournament   | -  | 874             | 874                  | -   |
| Girls basketball                            | -  | 5,846           | 5,846                | -   |
| Girls basketball fundraiser                 | 791                                      | 5,932           | 6,370                | 353                                       |
| Girls cross country                         | -  | 388             | 388                  | -   |
| Girls soccer                                | -  | 2,584           | 2,584                | -   |
| Girls track                                 | -  | 264             | 264                  | -   |
| Golf outing                                 | 500                                      | 13,125          | 13,525               | 100                                       |
| Green zone                                  | 164                                      | -               | -                    | 164                                       |
| Guidance department                         | 232                                      | -               | 46                   | 186                                       |
| High school field trips                     | 696                                      | -               | -                    | 696                                       |
| High school student council                 | 95                                       | -               | -                    | 95  |
| Instructional technology                    | -  | 1,548           | 295                  | 1,253                                     |
| Library                                     | 1,666                                    | -               | 1,313                | 353                                       |
| Middle school basketball tournament         | -  | 1,215           | 1,215                | -   |
| Middle school cheerleading                  | -  | 37              | 37                   | -   |
| Middle school cheerleading fundraiser       | 369                                      | 3,558           | 3,409                | 518                                       |
| Middle school dance                         | 1,744                                    | -               | -                    | 1,744                                     |
| Middle school field trips                   | 708                                      | 1,300           | 1,222                | 786                                       |
| Middle school girls basketball fundraiser   | 1  | -               | -                    | 1   |
| Middle school holiday basketball tournament | 700                                      | 15,000          | 15,700               | -   |
| Middle school robotics                      | 401                                      | -               | -                    | 401                                       |
| Middle school science club                  | 504                                      | 7               | 56                   | 455                                       |
| Middle school student council               | 382                                      | -               | 38                   | 344                                       |
| National honor society                      | 484                                      | -               | 111                  | 373                                       |
| National Jr. honor society                  | 843                                      | 360             | 279                  | 924                                       |
| Pep squad fundraiser                        | -  | 314             | 263                  | 51  |
| Practical living                            | 14                                       | 284             | 240                  | 58  |
| Principals account                          | 12,456                                   | 6,220           | 4,872                | 13,804                                    |
| River City classic volleyball tournament    | -  | 1,389           | 1,389                | -   |
| Scholarships                                | 13,740                                   | 11,892          | 10,300               | 15,332                                    |
| Science department                          | -  | 130             | 130                  | -   |
| Senior banquet                              | 615                                      | 500             | -                    | 1,115                                     |
| Senior trip                                 | 2,720                                    | 1,000           | -                    | 3,720                                     |
| Soccer fundraiser                           | 295                                      | 325             | 291                  | 329                                       |
| Softball                                    | -  | 340             | 340                  | -   |
| Softball fundraiser                         | 3,303                                    | 1,000           | 694                  | 3,609                                     |
| Staff flower fund                           | 200                                      | -               | 71                   | 129                                       |
| Start-up change                             | -  | 5,600           | 5,600                | -   |
| Student devices                             | 4,379                                    | 4,640           | 6,212                | 2,807                                     |
| Student/teacher incentives                  | 1,115                                    | 695             | -                    | 1,810                                     |
| Track fundraiser                            | 1,008                                    | 550             | 858                  | 700                                       |

**DAYTON INDEPENDENT SCHOOL DISTRICT**

**Statement of Receipts, Disbursements and Fund Balance  
Dayton High School  
Year Ended June 30, 2020  
(Continued)**

|                         | <b>Fund<br/>Balance<br/>July 1, 2019</b> | <b>Receipts</b> | <b>Disbursements</b> | <b>Fund<br/>Balance<br/>June 30, 2020</b> |
|-------------------------|--|-----------------|----------------------|---|
| Transcript fees         | 1,042                                    | 50              | -                    | 1,092                                     |
| Volleyball              | -  | 2,979           | 2,979                | -   |
| Volleyball fundraiser   | 3,468                                    | 7,509           | 6,437                | 4,540                                     |
| Washington D.C. trip    | 2,457                                    | -               | -                    | 2,457                                     |
| Youth league basketball | -  | 22,281          | 22,281               | -   |
| Youth service center    | 5,282                                    | 441             | 747                  | 4,976                                     |
|                         | <hr/>                                    | <hr/>           | <hr/>                | <hr/>                                     |
| Total                   | \$ 128,308                               | \$ 250,338      | \$ 247,683           | \$ 130,963                                |
|                         | <hr/>                                    | <hr/>           | <hr/>                | <hr/>                                     |

**DAYTON INDEPENDENT SCHOOL DISTRICT**

**Statement of Receipts, Disbursements and Fund Balance  
School Activity Fund  
Year Ended June 30, 2020**

|                               | <u>Lincoln<br/>Elementary</u> | <u>Total</u>     |
|-------------------------------|-------------------------------|------------------|
| Fund balances at July 1, 2019 | \$ 17,637                     | \$ 17,637        |
| Add: receipts                 | 78,352                        | 78,352           |
| Less: disbursements           | <u>(72,895)</u>               | <u>(72,895)</u>  |
| Fund balance at June 30, 2020 | <u>\$ 23,094</u>              | <u>\$ 23,094</u> |

# DAYTON INDEPENDENT SCHOOL DISTRICT

## Schedule of District's Proportionate Share of the Net Pension Liability - TRS Year Ended June 30, 2020

|   | Last 10 Fiscal Years* |                      |                      |                      |                      |                      |              |              |          |          |
|---|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|--------------|--------------|----------|----------|
|   | 2019                  | 2018                 | 2017                 | 2016                 | 2015                 | 2014                 | 2013         | 2012         | 2011     | 2010     |
| District's proportion of the net pension liability  | 0%                    | 0%                   | 0%                   | 0%                   | 0%                   | 0%                   | *            | *            | *        | *        |
| District's proportionate share of the net pension liability   | \$ -                  | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 | *            | *            | *        | *        |
| State's proportionate share of the net pension liability associated with the District                       | 18,173,823            | 18,310,857           | 37,116,653           | 40,720,474           | 30,776,138           | 29,749,812           | *            | *            | *        | *        |
| <b>Total</b>  | <b>\$ 18,173,823</b>  | <b>\$ 18,310,857</b> | <b>\$ 37,116,653</b> | <b>\$ 40,720,474</b> | <b>\$ 30,776,138</b> | <b>\$ 29,749,812</b> | <b>*</b>     | <b>*</b>     | <b>*</b> | <b>*</b> |
| District's covered-employee payroll   | \$ 4,759,401          | \$ 4,803,543         | \$ 4,670,750         | \$ 4,629,144         | \$ 4,544,045         | \$ 4,537,035         | \$ 4,521,703 | \$ 4,630,015 | *        | *        |
| District's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 0%                    | 0%                   | 0%                   | 0%                   | 0%                   | 0%                   | *            | *            | *        | *        |
| Plan fiduciary net position as a percentage of the total pension liability                                  | 58.76%                | 59.27%               | 39.83%               | 35.22%               | 42.49%               | 45.59%               | *            | *            | *        | *        |

\* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

*Changes of benefit terms:* None

*Changes of assumption:* In the 2011 valuation and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Table rather than the 1994 Group Annuity Mortality Table, which was used prior to 2011. In the 2011 valuation, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience. In the 2011 valuation, the Board adopted an interest smoothing methodology to calculate liabilities for purposes of determining the actuarially determined contributions.

*Changes of assumption:* In 2014, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 5.16% to 5.23%.

*Changes of assumption:* In 2015, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 5.23% to 4.88%.

*Changes of assumption:* In the 2016 valuation, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience. In the 2016 valuation, the Assumed Salary Scale, Price Inflation, and Wage Inflation were adjusted to reflect a decrease. In addition, the calculation for the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 4.88% to 4.20%.

*Changes of assumption:* In 2017, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 4.20% to 4.49%.

*Changes of assumption:* In 2018, the calculation of the Single Equivalent Interest Rate (SEIR) resulted in an assumption change from 4.49% to 7.50%.

# DAYTON INDEPENDENT SCHOOL DISTRICT

## Schedule of District's Proportionate Share of the Net Pension Liability - TRS Year Ended June 30, 2020

|  | Last 10 Fiscal Years* |              |              |              |              |              |              |              |              |          |
|--|-----------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|----------|
|  | 2020                  | 2019         | 2018         | 2017         | 2016         | 2015         | 2014         | 2013         | 2012         | 2011     |
| Contractually required contribution                                  | \$ 237,834            | \$ 231,111   | \$ 217,120   | \$ 214,496   | \$ 209,888   | \$ 193,387   | \$ 145,458   | \$ 116,304   | \$ 99,188    | *        |
| Contributions in relation to the contractually required contribution |                       |              |              |              |              |              |              |              | *            | *        |
| Contributions in relation to the contractually required contribution | (237,834)             | (231,111)    | (217,120)    | (214,496)    | (209,888)    | (193,387)    | (145,458)    | (116,304)    | (99,188)     | *        |
| Contribution deficiency  | <u>\$ -</u>           | <u>\$ -</u>  | <u>\$ -</u>  | <u>\$ -</u>  | <u>\$ -</u>  | <u>\$ -</u>  | <u>\$ -</u>  | <u>\$ -</u>  | <u>\$ -</u>  | <u>*</u> |
| District's covered-employee payroll                                  | \$ 5,006,400          | \$ 4,759,401 | \$ 4,803,543 | \$ 4,670,750 | \$ 4,629,144 | \$ 4,544,045 | \$ 4,537,035 | \$ 4,521,703 | \$ 4,630,015 | *        |
| Contributions as a percentage of covered-employee payroll            | 4.75%                 | 4.86%        | 4.52%        | 4.59%        | 4.53%        | 4.26%        | 3.21%        | 2.57%        | 2.14%        | *        |

\* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.



# DAYTON INDEPENDENT SCHOOL DISTRICT

## Schedule of the District's Proportionate Share of the Net Pension Liability - CERS Year Ended June 30, 2020

|   | Last 10 Fiscal Years* |                  |                  |                  |                  |                  |              |              |      |      |
|---|-----------------------|------------------|------------------|------------------|------------------|------------------|--------------|--------------|------|------|
|   | 2019                  | 2018             | 2017             | 2016             | 2015             | 2014             | 2013         | 2012         | 2011 | 2010 |
| District's proportion of net pension liability  | 0.049709%             | 0.046810%        | 0.046067%        | 0.044263%        | 0.047081%        | 0.044647%        | *            | *            | *    | *    |
| District's proportionate share of the net pension liability   | \$ 3,496,056          | \$ 2,850,872     | \$ 2,696,443     | \$ 2,179,334     | \$ 2,024,238     | \$ 1,449,000     | *            | *            | *    | *    |
| Total net pension liability   | \$ 7,033,044,552      | \$ 6,090,304,793 | \$ 5,853,307,482 | \$ 4,923,618,237 | \$ 4,299,525,565 | \$ 3,244,377,000 | *            | *            | *    | *    |
| District's covered-employee payroll   | \$ 1,343,179          | \$ 1,243,533     | \$ 1,123,109     | \$ 1,060,537     | \$ 1,052,781     | \$ 1,018,168     | \$ 1,089,064 | \$ 1,081,100 | *    | *    |
| District's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 260.3%                | 229.3%           | 240.1%           | 205.5%           | 192.3%           | 142.3%           | *            | *            | *    | *    |
| Plan fiduciary net position as a percentage of the total pension liability                                  | 50.45%                | 53.54%           | 53.30%           | 55.50%           | 59.97%           | 66.80%           | *            | *            | *    | *    |

\* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

*Changes of benefit terms:* The following changes were made by the Kentucky Legislature and reflected in the valuation performed as of June 30 listed below:

2009: A new benefit tier for members who first participate on or after September 1, 2008 was introduced which included the following changes:

1. Tiered structure for benefit accrual rates
2. New retirement eligibility requirements
3. Different rules for the computation of final average compensation

2014: As cash balance plan was introduced for member whose participation date is on or after January 1, 2014.

2015

- The assumed investment rate of return 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 mortality table used for active members is RP-2000 Combined Mortality Table projected with Scale BB to 2013 (multiplied by 50% for males and 30% for females).
- For healthy retired members and beneficiaries, the mortality table used is the RP-2000 Combined Mortality Table projected with Scale BB to 2013 (set back 1 year for females).
- For disabled members, the RP-2000 Combined Disability Mortality Table projected with Scale BB to 2013 (set back 4 years for males) is used for the period after disability retirement.
- There is some margin in the current mortality tables for possible future improvement in the mortality rates and that margin will be reviewed again when the next experience investigation conducted.
- The assumed rates of Retirement, Withdrawal and Disability were updated to more accurately reflect experience.

2017

- The assumed investment rate of return was decreased from 7.5% to 6.25%.
- The assumed rate of inflation was reduced from 3.25% to 2.30%.
- The assumed rate of salary growth was reduced from 4.00% to 3.05%.

# DAYTON INDEPENDENT SCHOOL DISTRICT

## Schedule of District Contributions - CERS Year Ended June 30, 2020

|  | Last 10 Fiscal Years* |              |              |              |              |              |              |              |              |      |
|--|-----------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|------|
|  | 2020                  | 2019         | 2018         | 2017         | 2016         | 2015         | 2014         | 2013         | 2012         | 2011 |
| Contractually required contribution                                  | \$ 325,349            | \$ 288,514   | \$ 238,509   | \$ 209,010   | \$ 180,927   | \$ 185,267   | \$ 203,855   | \$ 212,912   | \$ 204,976   | *    |
| Contributions in relation to the contractually required contribution | (325,349)             | (288,514)    | (238,509)    | (209,010)    | (180,927)    | (185,267)    | (203,855)    | (212,912)    | (204,976)    | *    |
| Contribution deficiency  | \$ -                  | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | *    |
| District's covered-employee payroll                                  | \$ 1,352,244          | \$ 1,343,179 | \$ 1,243,533 | \$ 1,123,109 | \$ 1,060,537 | \$ 1,052,781 | \$ 1,018,168 | \$ 1,089,064 | \$ 1,081,100 | *    |
| Contributions as a percentage of covered-employee payroll            | 24.06%                | 21.48%       | 19.18%       | 18.61%       | 17.06%       | 17.60%       | 20.02%       | 19.55%       | 18.96%       | *    |

\* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available. No changes were made to the assumptions or benefit terms.

# DAYTON INDEPENDENT SCHOOL DISTRICT

## Schedule of District's Proportionate Share of Net OPEB Liability – LIF Year Ended June 30, 2020

|   | Last 10 Fiscal Years* |              |              |      |      |      |      |      |      |      |
|---|-----------------------|--------------|--------------|------|------|------|------|------|------|------|
|   | 2019                  | 2018         | 2017         | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
| District's proportion of the collective trust OPEB liability  | 0%                    | 0%           | 0%           | *    | *    | *    | *    | *    | *    | *    |
| District's proportionate share of the collective net OPEB liability   | \$ -                  | \$ -         | \$ -         | *    | *    | *    | *    | *    | *    | *    |
| State's proportionate share of the collective net OPEB liability (asset) associated with the District               | 39,000                | 37,000       | 28,000       | *    | *    | *    | *    | *    | *    | *    |
| Total net OPEB liability  | \$ 39,000             | \$ 37,000    | \$ 28,000    | *    | *    | *    | *    | *    | *    | *    |
| District's covered-employee payroll   | \$ 4,759,401          | \$ 4,803,543 | \$ 4,670,750 | *    | *    | *    | *    | *    | *    | *    |
| District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll | 0.0%                  | 0.0%         | 0.0%         | *    | *    | *    | *    | *    | *    | *    |
| Plan fiduciary net position as a percentage of the total OPEB liability   | 73.40%                | 74.97%       | 79.99%       | *    | *    | *    | *    | *    | *    | *    |

\* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

*Changes of benefit terms* - None.

*Methods and assumptions used in the actuarially determined contributions* - The actuarially determined contribution rates, as a percentage of payroll, used to determine the actuarially determined contribution amounts in the Schedule of Employer Contributions are calculated as the of the indicated valuation date. The following actuarial methods and assumptions (from the indicated actuarial valuations) were used to determine contribution rates reported in that schedule for the year ending June 30, 2019:

|  |                          |
|--|--------------------------|
| Valuation date                             | June 30, 2016            |
| Actuarial cost method                      | Entry Age Normal         |
| Amortization method                        | Level Percent of Payroll |
| Amortization period                        | 30 years, Open           |
| Asset valuation method                     | Five-year smoothed value |
| Inflation                                  | 3.50%                    |
| Real wage growth                           | 0.50%                    |
| Wage inflation                             | 4.00%                    |
| Salary increases, including wage inflation | 4.00% - 8.10%            |
| Discount rate                              | 7.50%                    |

**DAYTON INDEPENDENT SCHOOL DISTRICT**

**Schedule of District Contributions – LIF  
Year Ended June 30, 2020**

Last 10 Fiscal Years\*

|   | <u>2020</u>  | <u>2019</u>  | <u>2018</u>  | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> |
|---|--------------|--------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Contractually required contribution                                     | \$ -         | \$ -         | \$ -         | *           | *           | *           | *           | *           | *           | *           |
| Contributions in relation to the<br>contractually required contribution | <u>-</u>     | <u>-</u>     | <u>-</u>     | <u>*</u>    | <u>*</u>    | <u>*</u>    | <u>*</u>    | <u>*</u>    | <u>*</u>    | <u>*</u>    |
| Contribution deficiency   | <u>-</u>     | <u>-</u>     | <u>-</u>     | <u>*</u>    | <u>*</u>    | <u>*</u>    | <u>*</u>    | <u>*</u>    | <u>*</u>    | <u>*</u>    |
| District's covered-employee payroll                                     | \$ 5,006,400 | \$ 4,759,401 | \$ 4,803,543 | *           | *           | *           | *           | *           | *           | *           |
| Contributions as a percentage of<br>of covered-employee payroll         | 0.00%        | 0.00%        | 0.00%        | *           | *           | *           | *           | *           | *           | *           |

\* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available. No changes were made to the assumptions or benefit terms.

# DAYTON INDEPENDENT SCHOOL DISTRICT

## Schedule of District's Proportionate Share of Net OPEB Liability – MIF) Year Ended June 30, 2020

|   | Last 10 Fiscal Years* |              |              |      |      |      |      |      |      |      |
|---|-----------------------|--------------|--------------|------|------|------|------|------|------|------|
|   | 2019                  | 2018         | 2017         | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
| District's proportion of the collective trust OPEB liability  | 0.070386%             | 0.017760%    | 0.071819%    | *    | *    | *    | *    | *    | *    | *    |
| District's proportionate share of the collective net OPEB liability   | \$ 2,060,000          | \$ 2,481,000 | \$2,561,000  | *    | *    | *    | *    | *    | *    | *    |
| State's proportionate share of the collective net OPEB liability associated with the District                       | \$ 1,664,000          | \$ 2,138,000 | \$2,092,000  | *    | *    | *    | *    | *    | *    | *    |
| Total net OPEB liability  | \$ 3,724,000          | \$ 4,619,000 | \$4,653,000  | *    | *    | *    | *    | *    | *    | *    |
| District's covered-employee payroll   | \$ 5,006,400          | \$ 4,759,401 | \$ 4,803,543 | *    | *    | *    | *    | *    | *    | *    |
| District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll | 41.1%                 | 52.1%        | 53.3%        | *    | *    | *    | *    | *    | *    | *    |
| Plan fiduciary net position as a percentage of the total OPEB liability   | 32.58%                | 25.54%       | 21.18%       | *    | *    | *    | *    | *    | *    | *    |

\* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

*Changes of benefit terms* - With the passage of 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" contributions, the costs of the NSS related to those KEHP-participating members who retired on or after July 1, 2010.

*Methods and assumptions used in the actuarially determined contributions* - The actuarially determined contributions rates, as a percentage of payroll, used to determine the actuarially determined contribution amounts in the Schedule of Employer Contributions are calculated as the of the indicated valuation date. The following actuarial methods and assumptions (from the indicated actuarial valuations) were used to determine contribution rates reported in that schedule for the year ending June 30, 2019:

|  |   |
|--|---|
| Valuation date                             | June 30, 2018   |
| Actuarial cost method                      | Entry Age Normal  |
| Amortization method                        | Level Percent of Payroll  |
| Amortization period                        | 30 years, Open  |
| Asset valuation method                     | Five-year smoothed value  |
| Inflation                                  | 3.00%   |
| Real wage growth                           | 0.50%   |
| Wage inflation                             | 3.50%   |
| Salary increases, including wage inflation | 3.50% - 7.20%   |
| Discount rate                              | 8.00%   |
| Health care cost trends                    |   |
| Under 65                                   | 7.50% for FY 2018 decreasing to an ultimate rate of 5.00% by FY 2024  |
| Ages 65 and older                          | 5.50% for FY 2018 decreasing to an ultimate rate of 5.00% by FY 2021  |
| Medicare Part B premiums                   | 0% for FY 2018 with an ultimate rate of 5.00% by 2030   |
| Under age 65 claims                        | The current premium charged by KEHP is used as the base cost and is projected forward using only the health care trend assumption (no implicit rate subsidy is recognized). |

# DAYTON INDEPENDENT SCHOOL DISTRICT

## Schedule of District Contributions - MIF Year Ended June 30, 2020

|   | Last 10 Fiscal Years* |              |              |      |      |      |      |      |      |      |
|---|-----------------------|--------------|--------------|------|------|------|------|------|------|------|
|   | 2020                  | 2019         | 2018         | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
| Contractually required contribution                                     | \$ 122,561            | \$ 127,374   | \$ 123,045   | *    | *    | *    | *    | *    | *    | *    |
| Contributions in relation to the<br>contractually required contribution | (122,561)             | (127,374)    | (123,045)    | *    | *    | *    | *    | *    | *    | *    |
| Contribution deficiency   | -                     | -            | -            | *    | *    | *    | *    | *    | *    | *    |
| District's covered-employee payroll                                     | \$ 5,006,400          | \$ 4,759,401 | \$ 4,803,543 | *    | *    | *    | *    | *    | *    | *    |
| Contributions as a percentage of<br>of covered-employee payroll         | 2.45%                 | 2.68%        | 2.56%        | *    | *    | *    | *    | *    | *    | *    |

\* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available. No changes were made to the assumptions or benefit terms.

*Changes of benefit terms* - None

*Methods and assumptions used in the actuarially determined contributions* - The actuarially determined contributions rates, as a percentage of payroll, used to determine the actuarially determined contribution amounts in the Schedule of Employer Contributions are calculated as the of the indicated valuation date. The following actuarial methods and assumptions (from the indicated actuarial valuations) were used to determine contribution rates reported in that schedule for the year ending June 30, 2019:

|  |   |
|--|---|
| Valuation date                             | June 30, 2018   |
| Actuarial cost method                      | Entry Age Normal  |
| Amortization method                        | Level Percent of Payroll  |
| Amortization period                        | 22 years, Closed  |
| Asset valuation method                     | Five-year smoothed value  |
| Inflation                                  | 3.00%   |
| Real wage growth                           | 0.50%   |
| Wage inflation                             | 3.50%   |
| Salary increases, including wage inflation | 3.50% - 7.20%   |
| Discount rate                              | 8.00%   |
| Health care cost trends                    |   |
| Under 65                                   | 7.50% for FY 2018 decreasing to an ultimate rate of 5.00% by FY 2024  |
| Ages 65 and older                          | 5.50% for FY 2018 decreasing to an ultimate rate of 5.00% by FY 2021  |
| Medicare Part B premiums                   | 0% for FY 2018 with an ultimate rate of 5.00% by 2030   |
| Under age 65 claims                        | The current premium charged by KEHP is used as the base cost and is projected forward using only the health care trend assumption (no implicit rate subsidy is recognized). |

# DAYTON INDEPENDENT SCHOOL DISTRICT

## Schedule of District's Proportionate Share of Net OPEB Liability – MIF (CERS) Year Ended June 30, 2020

|   | Last 10 Fiscal Years* |              |              |      |      |      |      |      |      |      |
|---|-----------------------|--------------|--------------|------|------|------|------|------|------|------|
|   | 2019                  | 2018         | 2017         | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
| District's proportion of the collective trust OPEB liability  | 0.049696%             | 0.046808%    | 0.046067%    | *    | *    | *    | *    | *    | *    | *    |
| District's proportionate share of the collective net OPEB liability   | \$ 835,864            | \$ 831,067   | \$ 926,104   | *    | *    | *    | *    | *    | *    | *    |
| State's proportionate share of the collective net OPEB liability associated with the District                       | \$ -                  | \$ -         | \$ -         | *    | *    | *    | *    | *    | *    | *    |
| Total net OPEB liability  | \$ 835,864            | \$ 831,067   | \$ 926,104   | *    | *    | *    | *    | *    | *    | *    |
| District's covered-employee payroll   | \$ 1,343,179          | \$ 1,243,533 | \$ 1,123,109 | *    | *    | *    | *    | *    | *    | *    |
| District's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll | 62.2%                 | 66.8%        | 82.5%        | *    | *    | *    | *    | *    | *    | *    |
| Plan fiduciary net position as a percentage of the total OPEB liability   | 60.44%                | 57.62%       | 52.40%       | *    | *    | *    | *    | *    | *    | *    |

\* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

### Changes in assumptions:

1. The assumed investment return was changed from 7.50% to 6.25%.
2. 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.
3. The payroll growth assumption (applicable for the amortization of unfunded actuarial accrued liabilities) was changed from 4.00% to 2.00%.
4. For the Non-Hazardous Plan, the single discount rate changed from 6.89% to 5.84%.

**DAYTON INDEPENDENT SCHOOL DISTRICT**  
**Schedule of District Contributions – MIF (CERS)**  
**Year Ended June 30, 2020**

|   | Last 10 Fiscal Years* |                 |                 |          |          |          |          |          |          |          |
|---|-----------------------|-----------------|-----------------|----------|----------|----------|----------|----------|----------|----------|
|   | 2020                  | 2019            | 2018            | 2017     | 2016     | 2015     | 2014     | 2013     | 2012     | 2011     |
| Contractually required contribution                                     | \$ 65,953             | \$ 54,528       | \$ 53,053       | *        | *        | *        | *        | *        | *        | *        |
| Contributions in relation to the<br>contractually required contribution | <u>(65,953)</u>       | <u>(54,528)</u> | <u>(53,053)</u> | <u>*</u> | <u>*</u> | <u>*</u> | <u>*</u> | <u>*</u> | <u>*</u> | <u>*</u> |
| Contribution deficiency   | <u>-</u>              | <u>-</u>        | <u>-</u>        | <u>*</u> | <u>*</u> | <u>*</u> | <u>*</u> | <u>*</u> | <u>*</u> | <u>*</u> |
| District's covered-employee payroll                                     | \$ 1,352,244          | \$ 1,343,179    | \$ 1,243,533    | *        | *        | *        | *        | *        | *        | *        |
| Contributions as a percentage of<br>of covered-employee payroll         | 4.88%                 | 4.06%           | 4.27%           | *        | *        | *        | *        | *        | *        | *        |

\* The amounts presented for each fiscal year were determined as of June 30. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available. No changes were made to the assumptions or benefit terms.



**DAYTON INDEPENDENT SCHOOL DISTRICT**

**Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2020**

| <b>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</b>      | <b>Federal<br/>CFDA<br/>Number</b> | <b>Agreement Number</b> | <b>Federal<br/>Expenditures<br/>for FYE<br/>6/30/2020</b> |
|--|------------------------------------|-------------------------|---|
| <b><u>U.S. Department of Education</u></b>                                 |                                    |                         |   |
| <b><i>Passed through Kentucky Department of Education</i></b>              |                                    |                         |   |
| Special Education Cluster  |                                    |                         |   |
| Special Education_Grants to States   | 84.027                             | 3810002 19              | 3,998   |
| Special Education_Grants to States   | 84.027                             | 3810002 20              | 283,567   |
| Special Education_Preschool Grants   | 84.173                             | 3800002 20              | 31,612  |
| Total Special Education Cluster  |                                    |                         | 319,177   |
| Title I Grants to Local Educational Agencies                               | 84.010                             | 3100002 19              | 42,649  |
| Title I Grants to Local Educational Agencies                               | 84.010                             | 3100002 20              | 355,575   |
| Title I School Improvement (summer novice)                                 | 84.377A                            | 3100002 17              | 158,513   |
| Total CFDA # 84.010  |                                    |                         | 556,737   |
| Title II Improving Teacher Quality State Grants                            | 84.367                             | 3230002 19              | 4,729   |
| Title II Improving Teacher Quality State Grants                            | 84.367                             | 3230002 20              | 36,291  |
| Total CFDA # 84.367  |                                    |                         | 41,020  |
| McKinney Vento Homeless Grant  | 84.196A                            | 3990002-19              | 1,231   |
| McKinney Vento Homeless Grant  | 84.196A                            | 3990002-20              | 53,825  |
| Total CFDA # 84.196A   |                                    |                         | 55,056  |
| River Country Readers Grant (IAL)  | 84.215G                            | S215G180045             | 127,796   |
| River Country Readers Grant (IAL)  | 84.215G                            | S215G180045             | 112,427   |
| Total CFDA # 84.196A   |                                    |                         | 240,223   |
| Title IV, Part A Student Support and Academic Enrichment                   | 84.424A                            | 3420002 18              | 4,925   |
| Title IV, Part A Student Support and Academic Enrichment                   | 84.424A                            | 3420002 19              | 27,239  |
| Title IV, Part A Student Support and Academic Enrichment                   | 84.424A                            | 3420002 20              | 22,534  |
| Total CFDA # 84.424A   |                                    |                         | 54,698  |
| CDC Profile Health - DHS   | 84.079                             | 2100001 19              | 150   |
| Governor's Emergency Education Relief Fund                                 | 84.425                             | S425C200008             | 4,730   |
| FEMA Disaster Recovery   | 97.036                             | N/A                     | 25,472  |
| <b><i>Passed through the Walton-Verona Independent School District</i></b> |                                    |                         |   |
| Career and technical Education -Basic Grants to States                     | 84.048                             | 3710002-20              | 5,447   |
| <b>Total U.S. Department of Education</b>                                  |                                    |                         | 1,302,710   |

**DAYTON INDEPENDENT SCHOOL DISTRICT**

**Schedule of Expenditures of Federal Awards (Continued)  
For the Year Ended June 30, 2020**

| <b>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</b> | <b>Federal<br/>CFDA<br/>Number</b> | <b>Agreement Number</b> | <b>Federal<br/>Expenditures<br/>for FYE<br/>6/30/2020</b> |
|---|------------------------------------|-------------------------|---|
| <b><u>U.S. Department of Agriculture</u></b>                          |                                    |                         |   |
| Child Nutrition Cluster   |                                    |                         |   |
| <b><i>Passed through Kentucky Department of Education</i></b>         |                                    |                         |   |
| National School Lunch Program   | 10.555                             | 7750002 19              | 119,526   |
| National School Lunch Program   | 10.555                             | 7750002 20              | 250,828   |
| School Breakfast Program  | 10.553                             | 7760005 19              | 40,021  |
| School Breakfast Program  | 10.553                             | 7760005 20              | 92,866  |
| Summer Food Program   | 10.559                             | 7690024 19              | 2,209   |
| Summer Food Program   | 10.559                             | 7690024 20              | 18,121  |
| Summer Food Program   | 10.559                             | 7720012 20              | 27,063  |
| Summer Food Program   | 10.559                             | 7740023 19              | 21,305  |
| Summer Food Program   | 10.559                             | 7740023 20              | 204,461   |
| <b><i>Passed through Kentucky Department of Agriculture</i></b>       |                                    |                         |   |
| National School Lunch Program - Food Donation                         | 10.555                             | 4000814                 | 31,099  |
| Total Child Nutrition Cluster   |                                    |                         | 807,499   |
| <b><i>Passed through Kentucky Department of Education</i></b>         |                                    |                         |   |
| National School Lunch Program - CACFP                                 | 10.558                             | 7790021 19              | 20,494  |
| National School Lunch Program - CACFP                                 | 10.558                             | 7790021 20              | 65,213  |
| National School Lunch Program - CACFP                                 | 10.558                             | 7800016 19              | 1,427   |
| National School Lunch Program - CACFP                                 | 10.558                             | 7800016 20              | 4,542   |
| Total CFDA # 10.558   |                                    |                         | 91,676  |
| <b>Total U.S. Department of Agriculture</b>                           |                                    |                         | 899,175   |
| <b>Total Expenditures of Federal Awards</b>                           |                                    |                         | <u>\$ 2,201,885</u>                                       |

## **DAYTON INDEPENDENT SCHOOL DISTRICT**

### **Notes to the Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2020**

#### **NOTE 1 BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Dayton Independent School District under programs of the federal government for the year ended June 30, 2020, and is reported on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Because the schedule presents only a selected portion of the operations of Dayton Independent School District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

#### **NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the schedule are reported on the accrual basis of accounting in accordance with generally accepted accounting principles. 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 3 FOOD DISTRIBUTION**

Nonmonetary assistance is reported in the schedule at the fair value of the commodities disbursed. For the year ended June 30, 2020, the District reported food commodities expended in the amount of \$31,099.

#### **NOTE 4 INDIRECT COST RATE**

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

#### **NOTE 5 SUBRECIPIENTS**

The District did not have any subrecipients during the year ended June 30, 2020.

**INDEPENDENT AUDITORS' 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**

To the Members of the Board of Education  
Dayton Independent School District  
Dayton, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Dayton Independent School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Dayton Independent School District's basic financial statements, and have issued our report thereon dated December 8, 2020.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Dayton Independent School District's financial statements are free from 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*.

We noted other matters that we reported to management of the District on pages 78 to 79 of the audited financial statements.

**INDEPENDENT AUDITORS' 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  
(CONTINUED)**

**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.

*Barnes, Dennig & Co., Ltd.*

Crestview Hills, Kentucky  
December 8, 2020

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

Members of the Board of Education  
Dayton Independent School District  
Dayton, Kentucky

**Report on Compliance for Each Major Federal Program**

We have audited Dayton Independent School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Dayton Independent School District's major federal programs for the year ended June 30, 2020. Dayton Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the City of Dayton Independent School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Dayton Independent School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Dayton Independent School District's compliance.

***Opinion on Each Major Federal Program***

In our opinion, Dayton Independent School 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, 2020.

**Report on Internal Control Over Compliance**

Management of Dayton Independent School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Dayton Independent School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Dayton Independent School District's internal control over compliance.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE  
(CONTINUED)**

*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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as 2020-01, that we consider to be a significant deficiency.

Dayton Independent School District's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Dayton Independent School District's response was not subject to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Barnes, Dennig & Co., Ltd.*

Crestview Hills, Kentucky  
December 8, 2020

DAYTON INDEPENDENT SCHOOL DISTRICT

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2020

SECTION I -SUMMARY OF AUDITOR'S RESULTS

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?            Yes   X   No
- Significant deficiency(ies) identified that are not considered to be material weaknesses?            Yes   X   None noted

Noncompliance material to financial statements noted?            Yes   X   No

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified?            Yes   X   No
- Significant deficiency(ies) identified that are not considered to be material weaknesses?   X   Yes            None noted

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR Section 200.516(a)?            Yes   X   No

**Identification of major programs**

| CFDA No.             | Name of Federal Program or Cluster |
|----------------------|------------------------------------|
| 10.553/10.555/10.559 | Child Nutrition Cluster            |

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?   X   Yes            No

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters are reportable



## **DAYTON INDEPENDENT SCHOOL DISTRICT**

### **Schedule of Findings and Questioned Costs For the Year Ended June 30, 2020**

#### **SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COST**

##### **2020-01 – Controls over expenditures**

**Criteria:** The District is responsible for establishing and following controls that prevent, detect and correct errors in a timely manner.

**Condition and Context:** During the course of the audit, we identified errors in controls surrounding the payroll allocations that were not initially identified by the District's internal controls. The errors resulted in incorrect amounts being charged to grants.

**Effect:** Improper allocation of payroll to Child Nutrition Cluster grants.

**Cause:** Lack of review of payroll allocations.

**Recommendation:** Secondary review of payroll allocations for each pay period.

**Views of Responsible Officials and Planned Corrective Actions:** The payroll clerk will review and recalculate hours entered on employee timesheets each pay period prior to submitting the payroll. Furthermore, the Finance Director will also review the payroll and compare to supporting timesheets to ensure accuracy prior to submitting the payroll.

**DAYTON INDEPENDENT SCHOOL DISTRICT**

**Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2020**

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

No matters are reportable

**SECTION II – PRIOR YEAR FINANCIAL STATEMENT FINDINGS**

No matters are reportable

**SECTION III – PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COST**

No matters are reportable

## **DAYTON INDEPENDENT SCHOOL DISTRICT**

### **Management Letter Comments Year Ended June 30, 2020**

In planning and performing our audit of the financial statements of Dayton Independent School District for the year ended June 30, 2020, we considered the District's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

This letter summarizes our comments and suggestions regarding those matters. A separate report dated December 8, 2020 contains our report on significant deficiencies and material weaknesses in the District's internal control structure. This letter does not affect our report dated December 8, 2020, on the financial statements of the Dayton Independent School District.

#### **CURRENT YEAR RECOMMENDATIONS**

##### **CENTRAL OFFICE**

No matters are reportable

##### **ACTIVITY FUNDS**

###### **Dayton High School**

No matters are reportable

###### **Lincoln Elementary**

No matters are reportable

**DAYTON INDEPENDENT SCHOOL DISTRICT**

**Management Letter Comments  
(Continued)  
Year Ended June 30, 2020**

**STATUS OF PRIOR YEAR RECOMMENDATIONS**

**CENTRAL OFFICE**

None matters are reportable

**ACTIVITY FUNDS**

**Dayton Independent High School**

No matters are reportable

**Lincoln Elementary**

No matters are reportable

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