

Dayton Independent School District

**Financial Statements
With Supplementary Information
Year Ended June 30, 2021
With Independent Auditors' Report**

DAYTON INDEPENDENT SCHOOL DISTRICT

Year Ended June 30, 2021

Table of Contents

Independent Auditors' Report	1-2
Management's Discussion and Analysis (MD&A) – Unaudited	3-7
Basic Financial Statements:	
District Wide Financial Statements:	
Statement of Net Position - District Wide	8
Statement of Activities - District Wide	9
Fund Financial Statements:	
Balance Sheet - Governmental Funds	10
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	11
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	12
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities	13
Statement of Net Position – Proprietary Funds	14
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	15
Statement of Cash Flows - Proprietary Funds	16
Notes to the Financial Statements	17-47

DAYTON INDEPENDENT SCHOOL DISTRICT

Year Ended June 30, 2021

Table of Contents (Continued)

Required Supplementary Information and Other information:

Combining Statements - Nonmajor Funds

Combining Balance Sheet - Nonmajor Governmental Funds	48
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	49
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual - General Fund	50
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual - Special Revenue Fund	51
Statement of Receipts, Disbursements and Fund Balance – Bond and Interest Redemption Funds	52
Statement of Receipts, Disbursements and Fund Balance – Dayton High School	53-55
Statement of Receipts, Disbursements and Fund Balance - School Activity Fund	56
Schedule of District's Proportionate Share of the Net Pension Liability - TRS	57
Schedule of District Contributions - TRS	58
Schedule of District's Proportionate Share of the Net Pension Liability – CERS	59
Schedule of District Contributions - CERS	60
Schedule of District's Proportionate Share of the Net OPEB Liability – LIF	61
Schedule of District Contributions – LIF	62
Schedule of District's Proportionate Share of the Net OPEB Liability – MIF	63
Schedule of District Contributions – MIF	64
Schedule of District's Proportionate Share of the Net OPEB Liability – MIF (CERS)	65
Schedule of District Contributions – MIF (CERS)	66
Schedule of Expenditures of Federal Awards	67-68
Notes to the Schedule of Expenditures of Federal Awards	69

DAYTON INDEPENDENT SCHOOL DISTRICT

Year Ended June 30, 2021

Table of Contents (Continued)

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 <i>Government Auditing Standards</i>	70-71
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by Uniform Guidance	72-73
Schedule of Findings and Questioned Costs	74-75
Management Letter Comments	76-77

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, 2021, 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, 2021, 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.

**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 3-7, 50-51, and 57-66 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 November 10, 2021 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.

Barnes, Dennig & Co., Ltd.

Crestview Hills, Kentucky
November 10, 2021

DAYTON INDEPENDENT SCHOOL DISTRICT

Management's Discussion and Analysis (MD&A) - Unaudited Year Ended June 30, 2021

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, 2021. 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 2% increase in tax revenues for the 2020-2021 school year which lowers the current rate of 119.7 to 106.1 cents per \$100 assessment. The continuing property development on the river gives the opportunity for the district to lower the tax rate. The overall tax assessment increased over \$28M for 2020-2021. The board also approved to accept an Industrial Revenue Bond with Manhattan Harbour for the next 30 years which will allow the district to use these funds for future development and planning of the district's facilities.
- Fiscal year 2020 AADA was approved by KDE to remain constant for the 2020-2021 school year for SEEK funding. Due to the ongoing COVID Pandemic, even currently in the Fall of 2021, many schools are going through rough times with quarantining students; NTI instruction; New Covid Variant cases which is highly contagious with the school age children; along with shortages of substitutes while employees are ill or quarantining themselves. The USDE awarded districts financially to help get through the Pandemic. Dayton Schools received a little over \$4.37 million in funds to be used over the next three years. These ESSER funds at Dayton are planned for various aspects of School Safety, Mental Health, and Learning Loss. Dayton Ind has hired new positions in Mental Health, Interventionists, School Advocates, and additional classroom staff. Other items in the ESSER Plan include Summer School to help with the Learning Loss; New furniture to help with Social Distancing; Safety and cleaning items for the schools; one to one devices for the students; new software programs; and new Math and Reading adoptions series. All these items are to help with student learning loss and safety protocol to keep the students in school.
- Salary increases were given to all staff. The board is trying to keep salaries competitive with other area school districts.
- The board was approved to use Capital Funds for the Re-roofing of the Daycare and Davis Field Stadium.
- The following new grants were awarded to the District for 2020-2021:
 - Mental Health Grant
 - School Security State Funds
- The board was able to fund the following:
 - Mental Health Coordinator
 - Access Controls updated at the schools with help of School Security State Funds
 - Nurse Assistant
 - Dual Credit Course Tuition for the Juniors and Seniors at DHS
- The General Fund ended the year with a carryover balance of \$2,333,628.

DAYTON INDEPENDENT SCHOOL DISTRICT

Management's Discussion and Analysis (MD&A) - Unaudited Year Ended June 30, 2021 (Continued)

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 8 and 9 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 10 through 16 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 17 through 47 of this report.

DAYTON INDEPENDENT SCHOOL DISTRICT

Management's Discussion and Analysis (MD&A) - Unaudited Year Ended June 30, 2021 (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 \$1,614,030 as of June 30, 2021.

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.

Net Position for the periods ending June 30, 2021 and 2020

The following is a summary of net position for the fiscal years ended June 30, 2021 and 2020.

	<u>2021</u>	<u>2020</u>
Current assets	\$ 3,491,308	\$ 2,558,511
Noncurrent assets	7,292,224	7,713,264
Total assets	<u>10,783,532</u>	<u>10,271,775</u>
Total deferred outflows	<u>1,786,975</u>	<u>1,530,206</u>
Current liabilities	610,649	609,189
Noncurrent liabilities	12,459,970	12,214,760
Total liabilities	<u>13,070,619</u>	<u>12,823,949</u>
Total deferred inflows	<u>1,125,907</u>	<u>977,060</u>
Net position		
Investment in capital assets (net of debt)	1,582,671	1,695,438
Restricted	(5,083,710)	(5,432,184)
Unassigned	1,875,020	1,737,718
Total net position	<u>\$ (1,626,019)</u>	<u>\$ (1,999,028)</u>

Comments on General Fund Budget Comparisons

- The District's total revenues in the General Fund for the fiscal year ended June 30, 2021, were \$9,162,297 net of inter-fund transfers and sale of assets of \$57,306 and \$12,410, respectively.

DAYTON INDEPENDENT SCHOOL DISTRICT

**Management's Discussion and Analysis (MD&A) - Unaudited
Year Ended June 30, 2021
(Continued)**

DISTRICT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Comments on General Fund Budget Comparisons (Continued)

- General Fund budgeted revenue compared to actual revenue varied slightly from line item to line item with the ending actual balance being \$160,772 more than budget or approximately 2% increase.
- General Fund actual expenditures were \$8,771,921, net of inter-fund transfers of \$76,180.
- General Fund actual expenditures were less than budgeted expenditures by \$2,173,856.

The following table presents a summary of revenues and expenses for the fiscal years ended June 30, 2021 and 2020.

	<u>2021</u>	<u>2020</u>
Revenues		
Program revenues		
Charges for services	\$ 74,416	\$ 80,365
Operating grants	4,509,919	2,961,440
Capital grants	570,648	678,487
Total grant revenues	<u>5,154,983</u>	<u>3,720,292</u>
General Revenues		
Taxes	2,874,560	2,375,273
Grants and entitlements	2,755,867	3,349,830
Earnings on investments	11,772	67,803
Miscellaneous	348,286	436,544
Total general revenues	<u>5,990,485</u>	<u>6,229,450</u>
Total revenues	<u>11,145,468</u>	<u>9,949,742</u>
Expenses		
Instructional	4,259,655	3,302,111
Student support services	969,614	816,898
Instructional support	826,702	728,737
District administration	533,477	566,662
School administration	814,027	793,967
Business support	509,929	412,398
Plant operations	1,217,213	1,131,219
Student transportation	117,020	118,212
Community service activities	153,778	136,399
Facilities acquisition and construction	12,192	1,007,624
Other	59,495	25,235
Debt services	181,365	183,515
Food service	1,046,638	971,956
Daycare service	71,355	70,317
Total expenses	<u>10,772,459</u>	<u>10,265,249</u>
Change in net position	<u>\$ 373,009</u>	<u>\$ (315,507)</u>

DAYTON INDEPENDENT SCHOOL DISTRICT

Management's Discussion and Analysis (MD&A) - Unaudited Year Ended June 30, 2021 (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 \$971,917 in contingency (11.0%). The cash balance for the beginning of the fiscal year was \$2,179,204.

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, 2021**

	Governmental Activities	Business-Type Activities	Total
Assets			
Current:			
Cash and cash equivalents	\$ 2,352,648	\$ 418,808	\$ 2,771,456
Accounts receivable	529,864	176,154	706,018
Inventories for consumption	-	2,177	2,177
Prepaid expenses	11,657	-	11,657
Total current	2,894,169	597,139	3,491,308
Noncurrent:			
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	1,755,791	349,349	2,105,140
Less: accumulated depreciation	(9,004,578)	(375,547)	(9,380,125)
Total noncurrent	7,153,143	139,081	7,292,224
Total assets	10,047,312	736,220	10,783,532
Deferred outflows	1,703,733	83,242	1,786,975
Liabilities and Net Position			
Liabilities			
Current:			
Current portion of bonds payable	345,000	-	345,000
Accounts payable	194,503	1,183	195,686
Accrued interest	30,771	-	30,771
Current portion of accrued sick leave	23,187	-	23,187
Accrued payroll and related expenses	16,005	-	16,005
Total current	609,466	1,183	610,649
Noncurrent:			
Accrued sick leave	208,684	-	208,684
CERS net pension liability	3,645,128	178,096	3,823,224
MIF net OPEB liability	2,920,803	142,706	3,063,509
Bond obligations	5,364,553	-	5,364,553
Total noncurrent	12,139,168	320,802	12,459,970
Total liabilities	12,748,634	321,985	13,070,619
Deferred inflows	1,073,460	52,447	1,125,907
Net Position			
Invested in capital assets, net of related debt	1,443,590	139,081	1,582,671
Restricted	(5,389,659)	305,949	(5,083,710)
Unrestricted	1,875,020	-	1,875,020
Total net position	\$ (2,071,049)	\$ 445,030	\$ (1,626,019)

The accompanying notes are an integral part of these financial statements

DAYTON INDEPENDENT SCHOOL DISTRICT

**Statement of Activities – District Wide
Year Ended June 30, 2021**

Function/Programs	Expenses	Program Revenues			Net (expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instructional	\$ 4,259,655	\$ -	\$ 2,128,846	\$ -	\$ (2,130,809)	\$ -	\$ (2,130,809)
Student support services	969,614	-	112,459	-	(857,155)	-	(857,155)
Staff support services	826,702	-	289,067	-	(537,635)	-	(537,635)
District administration	533,477	-	-	-	(533,477)	-	(533,477)
School administration	814,027	-	-	-	(814,027)	-	(814,027)
Business support services	509,929	-	106,204	-	(403,725)	-	(403,725)
Plant operation and maintenance	1,217,213	-	164,226	-	(1,052,987)	-	(1,052,987)
Student transportation	117,020	-	22,109	-	(94,911)	-	(94,911)
Food Service	46,381	-	-	-	(46,381)	-	(46,381)
Day Care Operations	13,114	-	-	-	(13,114)	-	(13,114)
Community service operations	153,778	-	144,112	-	(9,666)	-	(9,666)
Facility acquisition and construction	12,192	-	-	570,648	558,456	-	558,456
Interest on long-term debt	181,365	-	-	-	(181,365)	-	(181,365)
Total governmental activities	9,654,466	-	2,967,023	570,648	(6,116,795)	-	(6,116,795)
Business-type activities							
Food service	1,046,638	5,296	1,533,259	-	-	491,917	491,917
Daycare	71,355	69,120	9,637	-	-	7,402	7,402
Total business-type activities	1,117,993	74,416	1,542,896	-	-	499,319	499,319
Total school district	<u>\$ 10,772,459</u>	<u>\$ 74,416</u>	<u>\$ 4,509,919</u>	<u>\$ 570,648</u>	<u>(6,116,795)</u>	<u>499,319</u>	<u>(5,617,476)</u>
General revenues:							
Taxes					2,874,560	-	2,874,560
State and federal sources					2,755,867	-	2,755,867
Investment earnings					10,975	797	11,772
Miscellaneous					335,221	655	335,876
Special items:							
Gain on sale of assets					12,410	-	12,410
Fund transfer					57,306	(57,306)	-
Total general and special revenues					<u>6,046,339</u>	<u>(55,854)</u>	<u>5,990,485</u>
Change in net position					(70,456)	443,465	373,009
Net position - beginning					(2,000,593)	1,565	(1,999,028)
Net position - ending					<u>\$ (2,071,049)</u>	<u>\$ 445,030</u>	<u>\$ (1,626,019)</u>

The accompanying notes are an integral part of these financial statements

DAYTON INDEPENDENT SCHOOL DISTRICT

**Balance Sheet – Governmental Funds
As of June 30, 2021**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Current:				
Cash (cash overdraft) and cash equivalents	\$ 2,327,110	\$ (290,948)	\$ 316,486	\$ 2,352,648
Accounts receivable	58,144	471,720	-	529,864
Prepaid expenses	-	-	11,657	11,657
Total assets	<u>\$ 2,385,254</u>	<u>\$ 180,772</u>	<u>\$ 328,143</u>	<u>\$ 2,894,169</u>
Liabilities				
Current:				
Accounts payable	\$ 13,731	\$ 180,772	\$ -	\$ 194,503
Accrued payroll and related expenses	16,005	-	-	16,005
Total current	<u>29,736</u>	<u>180,772</u>	<u>-</u>	<u>210,508</u>
Fund Balances				
Restricted:				
Capital projects	-	-	328,143	328,143
Assigned	26,521	191,335	-	217,856
Unassigned	<u>2,328,997</u>	<u>(191,335)</u>	<u>-</u>	<u>2,137,662</u>
Total fund balances	<u>2,355,518</u>	<u>-</u>	<u>328,143</u>	<u>2,683,661</u>
Total liabilities and fund balances	<u>\$ 2,385,254</u>	<u>\$ 180,772</u>	<u>\$ 328,143</u>	<u>\$ 2,894,169</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, 2021**

Total governmental fund balance		\$ 2,683,661
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		
Cost of capital assets	16,157,721	
Accumulated depreciation	<u>(9,004,578)</u>	
		7,153,143
Deferred outflows		
CERS contributions made after the measurement date	300,820	
MIF contributions made after the measurement date	182,019	
Related to CERS	472,809	
Related to MIF	<u>748,085</u>	
		1,703,733
Deferred inflows related to pensions	(66,790)	
Deferred inflows related to MIF	<u>(1,006,670)</u>	
		(1,073,460)
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 and premium	(5,709,553)	
Accrued interest on bonds	(30,771)	
Net pension liability	(3,645,128)	
Net OPEB liability	(2,920,803)	
Accrued sick leave	<u>(231,871)</u>	
		<u>(12,538,126)</u>
Net position for governmental activities		<u>\$ (2,071,049)</u>

The accompanying notes are an integral part of these financial statements

DAYTON INDEPENDENT SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds Year Ended June 30, 2021

	General Fund	Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 2,753,674	\$ -	\$ 120,886	\$ 2,874,560
Earnings on investments	10,517	-	458	10,975
State sources	6,266,211	750,527	570,648	7,587,386
Federal sources	91,811	2,107,359	-	2,199,170
Other sources	61,974	109,137	49,464	220,575
	<u>9,184,187</u>	<u>2,967,023</u>	<u>741,456</u>	<u>12,892,666</u>
Total revenues				
	<u>9,184,187</u>	<u>2,967,023</u>	<u>741,456</u>	<u>12,892,666</u>
Expenditures				
Instructional	4,718,753	2,102,731	197,244	7,018,728
Student support services	854,573	112,459	-	967,032
Staff support services	537,635	289,067	-	826,702
District administration	527,796	-	-	527,796
School administration	814,027	-	-	814,027
Business support services	403,725	106,204	-	509,929
Plant operation and maintenance	798,694	164,226	-	962,920
Student transportation	82,835	22,109	-	104,944
Food service operation	10,890	35,491	-	46,381
Day care operations	5,260	7,854	-	13,114
Community service operations	9,594	144,112	-	153,706
Facility acquisition and construction	-	-	12,192	12,192
Debt service:				
Principal	7,826	-	330,000	337,826
Interest	313	-	184,570	184,883
	<u>8,771,921</u>	<u>2,984,253</u>	<u>724,006</u>	<u>12,480,180</u>
Total expenditures				
	<u>8,771,921</u>	<u>2,984,253</u>	<u>724,006</u>	<u>12,480,180</u>
Excess (deficit) of revenues over expenditures	<u>412,266</u>	<u>(17,230)</u>	<u>17,450</u>	<u>412,486</u>
Other financing sources (uses)				
Loan and bond proceeds	-	-	730,000	730,000
Bond refunding	-	-	(749,951)	(749,951)
Bond premium	-	-	35,417	35,417
Bond issue cost	-	-	(11,646)	(11,646)
Proceeds from sale of assets	12,410	-	-	12,410
Operating transfers in	57,306	17,230	486,204	560,740
Operating transfers out	(76,180)	-	(427,254)	(503,434)
	<u>(6,464)</u>	<u>17,230</u>	<u>62,770</u>	<u>73,536</u>
Total other financing sources (uses)				
	<u>(6,464)</u>	<u>17,230</u>	<u>62,770</u>	<u>73,536</u>
Net change in fund balance	405,802	-	80,220	486,022
Fund balance, July 1, 2020	<u>1,949,716</u>	<u>-</u>	<u>247,923</u>	<u>2,197,639</u>
Fund balance, June 30, 2021	<u>\$ 2,355,518</u>	<u>\$ -</u>	<u>\$ 328,143</u>	<u>\$ 2,683,661</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 Year Ended June 30, 2021

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

Net changes-governmental funds	\$ 486,022
--------------------------------	------------

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	(432,392)	
Capital outlays	<u>27,410</u>	(404,982)

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	337,826	
Proceeds from bonds	(730,000)	
Refunding of bonds	735,000	
Bond premium	(35,417)	
Amortization of bond premium	<u>864</u>	308,273

Deferred outflows related to pensions	(156,482)
---------------------------------------	-----------

Deferred outflows related to other post-employment retirement benefits	406,862
--	---------

Deferred inflows related to pensions	64,507
--------------------------------------	--------

Deferred inflows related to other post-employment retirement benefits	(209,978)
---	-----------

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.

(564,678)

Changes in net position of governmental activities	<u>\$ (70,456)</u>
--	--------------------

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, 2021**

	<u>Food Service</u>	<u>Daycare Fund</u>	<u>Total</u>
Assets			
Current			
Cash (cash overdraft) and cash equivalents	\$ 407,857	\$ 10,951	\$ 418,808
Accounts receivable	176,154	-	176,154
Inventories for consumption	2,177	-	2,177
Total current	<u>586,188</u>	<u>10,951</u>	<u>597,139</u>
Noncurrent			
Buildings and Improvements	117,379	47,900	165,279
Furniture and Fixtures	349,349	-	349,349
Less: accumulated depreciation	<u>(327,647)</u>	<u>(47,900)</u>	<u>(375,547)</u>
Total noncurrent	<u>139,081</u>	<u>-</u>	<u>139,081</u>
Total assets	<u>725,269</u>	<u>10,951</u>	<u>736,220</u>
Deferred outflows	<u>83,242</u>	<u>-</u>	<u>83,242</u>
Liabilities and Net Position			
Liabilities			
Current			
Accounts payable	<u>1,183</u>	<u>-</u>	<u>1,183</u>
Total current	<u>1,183</u>	<u>-</u>	<u>1,183</u>
Noncurrent			
MIF net OPEB liability	142,706	-	142,706
CERS net pension liability	<u>178,096</u>	<u>-</u>	<u>178,096</u>
Total noncurrent	<u>320,802</u>	<u>-</u>	<u>320,802</u>
Total liabilities	<u>321,985</u>	<u>-</u>	<u>321,985</u>
Deferred inflows	<u>52,447</u>	<u>-</u>	<u>52,447</u>
Net Position			
Invested in assets, net of debt	139,081	-	139,081
Restricted - net position	<u>294,998</u>	<u>10,951</u>	<u>305,949</u>
Total net position	<u>\$ 434,079</u>	<u>\$ 10,951</u>	<u>\$ 445,030</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, 2021**

	Food Service	Daycare Fund	Total
Operating revenues			
Lunchroom sales	\$ 5,296	\$ -	\$ 5,296
Other operating revenues	655	69,120	69,775
Total operating revenues	<u>5,951</u>	<u>69,120</u>	<u>75,071</u>
Operating expenses			
Salaries and benefits	447,791	-	447,791
Contract services	27,319	70,876	98,195
Materials and supplies	552,205	-	552,205
Depreciation	18,887	479	19,366
Other operating expenses	436	-	436
Total operating expenses	<u>1,046,638</u>	<u>71,355</u>	<u>1,117,993</u>
Operating loss	<u>(1,040,687)</u>	<u>(2,235)</u>	<u>(1,042,922)</u>
Nonoperating revenues (expenses)			
Federal grants	1,420,174	-	1,420,174
State grants	81,856	9,637	91,493
Donated commodities and other donations	31,229	-	31,229
Transfers	(57,306)	-	(57,306)
Interest income	797	-	797
Total nonoperating revenues	<u>1,476,750</u>	<u>9,637</u>	<u>1,486,387</u>
Net change in fund balance	436,063	7,402	443,465
Total net position, July 1, 2020	<u>(1,984)</u>	<u>3,549</u>	<u>1,565</u>
Total net position, June 30, 2021	<u><u>\$ 434,079</u></u>	<u><u>\$ 10,951</u></u>	<u><u>\$ 445,030</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, 2021**

	Food Service Fund	Daycare Fund	Total
Cash flows from operating activities			
Cash received from lunchroom sales	\$ 5,296	\$ -	\$ 5,296
Cash received from other activities	(84,398)	69,120	(15,278)
Cash payments to employees for services	(451,027)	-	(451,027)
Cash payments to suppliers for goods and services	(579,617)	(70,876)	(650,493)
Cash transfers	(57,306)	-	(57,306)
Net cash used in operating activities	<u>(1,167,052)</u>	<u>(1,756)</u>	<u>(1,168,808)</u>
Cash flows from capital financing activities			
Purchase of capital assets	<u>(5,582)</u>	-	<u>(5,582)</u>
Net cash used in capital financing activities	<u>(3,308)</u>	-	<u>(3,308)</u>
Cash flows from noncapital financing activities			
Non-operating revenues received	<u>1,533,259</u>	<u>9,637</u>	<u>1,542,896</u>
Net cash provided by noncapital financing activities	<u>1,533,259</u>	<u>9,637</u>	<u>1,542,896</u>
Cash flows from investing activities			
Interest on investments	<u>797</u>	-	<u>797</u>
Net cash flows provided by investing activities	<u>797</u>	-	<u>797</u>
Net increase in cash and cash equivalents	363,696	7,881	371,577
Cash and cash equivalents - beginning	<u>44,161</u>	<u>3,070</u>	<u>47,231</u>
Cash and cash equivalents - ending	<u><u>\$ 407,857</u></u>	<u><u>\$ 10,951</u></u>	<u><u>\$ 418,808</u></u>
Reconciliation of operating loss to net cash used in operating activities			
Operating loss	\$ (1,040,687)	\$ (2,235)	\$ (1,042,922)
Adjustments to reconcile operating loss to net cash used in operating activities			
Depreciation	18,887	479	19,366
Transfers	(57,306)	-	(57,306)
Changes in assets and liabilities:			
Increase in deferred outflows	(6,389)	-	(6,389)
Increase in deferred inflows	3,376	-	3,376
Increase in CERS net pension liability	2,512	-	2,512
Decrease in CERS net OPEB liability	(2,735)	-	(2,735)
Increase in accounts payable	1,016	-	1,016
Increase in accounts receivable	(85,053)	-	(85,053)
Net cash used in operating activities	<u><u>\$ (1,167,052)</u></u>	<u><u>\$ (1,756)</u></u>	<u><u>\$ (1,168,808)</u></u>
Schedule of non-cash transactions:			
Donated commodities received from federal government	<u>\$ 31,229</u>	<u>\$ -</u>	<u>\$ 31,229</u>
On-behalf payments	<u><u>\$ 75,493</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 75,493</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 Statements (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 67-68. This is a major fund of the District.

DAYTON INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

I. Governmental Fund Types (continued)

- (C) 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.
- (D) 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 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 Statements (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 Statements (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 Statements (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 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 Statements (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 Statements (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 Statements
(Continued)**

NOTE 4 CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2021 was as follows:

<u>Governmental Activities</u>	Balance June 30, 2020	Additions	Deductions	Balance June 30, 2021
Land	\$ 194,053	\$ -	\$ -	\$ 194,053
Land improvements	99,757	-	-	99,757
Buildings and improvements	14,108,120	-	-	14,108,120
Technology equipment	953,679	-	2,396	951,283
Vehicles	482,685	-	74,836	407,849
General equipment	372,199	27,410	2,950	396,659
Totals at historical cost	16,210,493	27,410	80,182	16,157,721
Less: accumulated depreciation				
Land improvements	87,920	2,368	-	90,288
Buildings and improvements	7,073,766	389,610	-	7,463,376
Technology equipment	799,690	9,439	2,396	806,733
Vehicles	467,219	12,076	74,836	404,459
General equipment	223,773	18,899	2,950	239,722
Total accumulated depreciation	8,652,368	432,392	80,182	9,004,578
Governmental activities capital assets - net	<u>\$ 7,558,125</u>	<u>\$ (404,982)</u>	<u>\$ -</u>	<u>\$ 7,153,143</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	336,500	5,582	6,065	336,017
Totals at historical cost	515,111	5,582	6,065	514,628
Less: accumulated depreciation				
Buildings and improvements	135,458	2,827	-	138,285
Vehicles	4,000	-	-	4,000
Technology equipment	9,332	-	-	9,332
General equipment	211,182	16,539	3,791	223,930
Total accumulated depreciation	359,972	19,366	3,791	375,547
Business - type activities capital assets - net	<u>\$ 155,139</u>	<u>\$ (13,784)</u>	<u>\$ 2,274</u>	<u>\$ 139,081</u>

DAYTON INDEPENDENT SCHOOL DISTRICT

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

NOTE 4 CAPITAL ASSETS (CONTINUED)

Depreciation expense by function for the fiscal year ended June 30, 2021 was as follows:

	<u>Governmental</u>	<u>Business-Type</u>
Instructional	\$ 157,688	\$ -
Student support services	2,582	-
District administration	5,681	-
Plant operation and maintenance	254,293	-
Student transportation	12,076	-
Community services	72	-
Food service	-	18,887
Daycare	-	479
	<u> </u>	<u> </u>
Total	<u>\$ 432,392</u>	<u>\$ 19,366</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, 2021 this amount totaled approximately \$231,871 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 between 2023 and 2024. Expenditures for the equipment under the operating leases totaled \$60,946 for the year ended June 30, 2021.

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

	Year Ending <u>June 30,</u>	
	2021-2022	\$ 60,946
	2022-2023	60,946
	2023-2024	<u>27,960</u>
Total minimum payments		\$ 149,852
Less amount representing interest		<u>(4,919)</u>
Present value of net minimum lease payments		<u>\$ 144,933</u>

DAYTON INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements (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>
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%
March 2021	730,000	2.000%

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, 2021 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 Statements (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:

Lincoln Elementary	\$	5,531
Dayton High School		6,564
School Activity Fund		12,102

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 Statements
(Continued)**

NOTE 13 TRANSFER OF FUNDS

The following transfers were made during the year.

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
General Fund	Special Revenue Fund	KETS Match	\$ 17,230
Capital Outlay Fund	Construction Fund	Capital Funds Request	50,725
School Activity Fund	District Activity Fund	District Activity Funds Transfer	10,374
Building Fund	Debt Service Fund	Transfer Bond Payments	366,155
General Fund	Debt Service Fund	Energy Bond Payment	58,950
Food Service	General Fund	Indirect Cost Transfer	57,306

NOTE 14 ON-BEHALF PAYMENTS

For the year ended June 30, 2021 total payments of \$2,585,006 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	\$ 2,415,451
Debt Service	85,645
Day Care	8,417
Food Service	<u>75,493</u>
Total On-Behalf	<u><u>\$ 2,585,006</u></u>

DAYTON INDEPENDENT SCHOOL DISTRICT

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

NOTE 15 SCHEDULE OF LONG-TERM OBLIGATIONS

Fiscal Year	2013, 2016, 2019EN, 2019R and 2021R							Total Requirements
	Dayton Independent School District			KY School Facilities Construction Commission				
	Principal	Interest	Total	Principal	Interest	Total		
2021-2022	\$ 281,823	\$ 134,482	\$ 416,305	\$ 63,177	\$ 22,468	\$ 85,645	\$ 501,950	
2022-2023	290,318	128,086	418,404	64,682	20,964	85,646	504,050	
2023-2024	298,694	121,448	420,142	66,306	19,339	85,645	505,788	
2024-2025	306,837	113,955	420,792	68,163	17,483	85,646	506,438	
2025-2026	309,928	106,215	416,143	70,072	15,572	85,644	501,788	
2026-2027	322,892	98,027	420,919	72,108	13,535	85,643	506,563	
2027-2028	340,795	89,423	430,218	74,205	11,439	85,644	515,863	
2028-2029	343,600	80,169	423,769	76,400	9,243	85,643	509,413	
2029-2030	349,480	70,218	419,698	35,520	6,982	42,502	462,200	
2030-2031	358,392	60,342	418,734	36,608	5,895	42,503	461,238	
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	
	\$ 4,883,696	\$ 1,176,505	\$ 6,060,201	\$ 791,304	\$ 156,651	\$ 947,955	\$ 7,008,156	

There was a bond refinanced in the current year. Total payments to close the existing bond were \$735,000 for the refinanced total bond of \$730,000.

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, 2021 is as follows:

<u>Governmental Activities</u>	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2021</u>
Bond Obligations	<u>\$ 6,017,826</u>	<u>\$ 730,000</u>	<u>\$ 1,072,826</u>	<u>\$ 5,675,000</u>
Bond Premium	<u>\$ -</u>	<u>\$ 35,417</u>	<u>\$ 864</u>	<u>\$ 34,553</u>
Sick Leave Liability	<u>\$ 158,711</u>	<u>\$ 95,647</u>	<u>\$ 22,487</u>	<u>\$ 231,871</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 Statements (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 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 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 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:

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

DAYTON INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements (Continued)

NOTE 16 RETIREMENT PLANS (CONTINUED)

Contributions (Continued)

The contribution requirement for CERS for the year ended June 30, 2021, was \$382,884, which consisted of \$315,518 from the District and \$67,366 from the employees. Total contributions for the year ended June 30, 2020 and 2019 were \$396,586 and \$357,940, respectively. The contributions have been contributed in full for fiscal years 2021, 2020 and 2019.

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.

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 Statements (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, 2021, was \$905,235, which consisted of \$244,232 from the District and \$661,003 from the employees. Total contributions for the year ended June 30, 2020 and 2019 were \$881,364 and \$842,872, respectively. The contributions have been contributed in full for fiscal years 2021, 2020 and 2019.

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 Statements
(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, 2021, 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	\$ 3,823,224
Commonwealth's proportionate share of the TRS net pension liability associated with the District	<u>19,635,506</u>
	<u><u>\$ 23,458,730</u></u>

The net pension liability for each plan was measured as of June 30, 2020, 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, 2020, the District's proportion was 0.049847% percent.

For the year ended June 30, 2021, the District recognized pension expense of \$258,981 related to CERS. The District also recognized a reduction of expense of \$3,599,986 and a reduction of revenue of \$3,599,986 for TRS support provided by the Commonwealth due to a change in assumptions. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 95,339	\$ -
Net difference between projected and actual earnings on pension plan investments	165,724	70,053
Changes of Assumptions	149,290	-
Changes in proportion and differences between employer contributions and proportionate share of contribution	85,557	-
District contributions subsequent to the measurement date	<u>315,518</u>	<u>-</u>
Total	<u><u>\$ 811,428</u></u>	<u><u>\$ 70,053</u></u>

DAYTON INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements (Continued)

NOTE 16 RETIREMENT PLANS (CONTINUED)

\$315,518 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, 2022. 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:		
2022	\$	213,599
2023		126,741
2024		47,094
2025		38,423

Actuarial assumptions

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

	<u>CERS</u>	<u>TRS</u>
Inflation	2.30%	3.00%
Projected salary increases	3.30%	3.5 - 7.3%
Investment rate of return, net of 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 Statements (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:

Asset Class	TRS Target Allocation	TRS Long-Term Expected Real Rate of Return	CERS Target Allocation	CERS Long-Term Expected Real Rate of Return
US equity	40.0%	4.60%	18.8%	4.50%
International Equity	22.0%	5.60%	18.8%	5.25%
Core bonds			13.5%	-0.25%
Private equity	7.0%	7.70%	10.0%	6.65%
High yield			15.0%	3.90%
Fixed income	15.0%	0.00%		
Additional categories	7.0%	2.50%		
Real estate	7.0%	4.30%	5.0%	5.30%
Opportunistic			3.0%	2.25%
Real return			15.0%	3.95%
Cash	2.0%	-0.50%	1.0%	-0.75%
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 Statements (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	4,714,867	3,823,224	3,084,909
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 Statements (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 Statements
(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, 2021, the Dayton Independent School District reported a liability of \$3,063,509 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, 2020, 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, 2020 and 2020, the District's proportion was 0.07 percent for TRS and 0.05 percent for CERS.

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	\$ 1,203,509
District's proportionate share of the TRS net OPEB liability	1,860,000
State's proportionate share of the net OPEB liability associated with the District	<u>1,490,000</u>
	<u><u>\$ 4,553,509</u></u>

DAYTON INDEPENDENT SCHOOL DISTRICT

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

NOTE 17 OPEB PLANS (CONTINUED)

For the year ended June 30, 2021, the District recognized OPEB expense of \$384,679 and revenue of \$104,236 for support provided by the State. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual performance	\$ 201,081	\$ 994,238
Net difference between projected and actual earnings on OPEB plan investments	125,559	24,558
Change of Assumptions	322,339	1,273
Changes in proportion and differences between employer contributions and proportionate share of contributions	135,655	35,785
District contributions subsequent to the measurement date	<u>190,913</u>	<u>-</u>
Total	<u><u>\$ 975,547</u></u>	<u><u>\$ 1,055,854</u></u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$190,913 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, 2022. 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:

<u>Year ended June 30:</u>	
2022	\$ (40,751)
2023	(23,913)
2024	(46,611)
2025	(43,068)
2026	(91,877)
Thereafter	(25,000)

DAYTON INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements (Continued)

NOTE 17 OPEB PLANS (CONTINUED)

Actuarial assumptions

The total OPEB liability in the June 30, 2020 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	7.25% for FY 2020 decreasing to an ultimate rate of 5.00% by FY 2029	Initial trend starting at 7.00% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years
Ages 65 and Older	5.25% for FY 2020 decreasing to an ultimate rate of 5.00% by FY 2022	Initial trend starting at 5.00% and gradually decreasing to an ultimate trend rate of 4.05% over a period of 10 years
Medicare Part B Premiums	6.49% for FY 2020 with an ultimate rate of 5.00% by 2031	
Municipal Bond Index Rate	2.19%	2.45%
Discount Rate	8.00%	5.34%
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 Statements
(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 Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	58.0%	5.4%
Fixed Income	9.0%	0.0%
Real Estate	6.5%	4.3%
Private Equity	8.5%	7.7%
Other Additional Categories	17.0%	2.5%
Cash (LIBOR)	1.0%	-0.5%
Total	100.0%	

**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 5.34%. 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 Statements
(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 (7.00%)</u>	<u>Current Discount Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
TRS			
Districts' net OPEB liability	\$ 2,247,000	\$ 1,860,000	\$ 1,536,000
	<u>1% Decrease (4.34%)</u>	<u>Current Discount Rate (5.34%)</u>	<u>1% Increase (6.34%)</u>
CERS			
Districts' net OPEB liability	\$ 1,546,155	\$ 1,203,509	\$ 922,082

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>	<u>1% Increase</u>
TRS			
Districts' net OPEB liability	\$ 1,474,000	\$ 1,860,000	\$ 2,335,000
	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
CERS			
Districts' net OPEB liability	\$ 931,816	\$ 1,203,509	\$ 1,533,213

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 Statements
(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, 2021, 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 associated with the District	<u>45,000</u>
	<u><u>\$ 45,000</u></u>

For the year ended June 30, 2021, the District recognized OPEB expense of \$-0- and revenue of \$2,169 for support provided by the State.

DAYTON INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements (Continued)

NOTE 17 OPEB PLANS (CONTINUED)

Actuarial assumptions

The total OPEB liability in the June 30, 2020 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. Equity	40.0%	4.6%
International Equity	23.0%	5.6%
Fixed Income	18.0%	0.0%
Real Estate	6.0%	4.3%
Private Equity	5.0%	7.7%
Other Additional Categories	6.0%	2.5%
Cash (LIBOR)	2.0%	-0.5%
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 Statements
(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 (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
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 COVID-19 PANDEMIC

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.

NOTE 19 SUBSEQUENT EVENTS

Subsequent events were considered through November 10, 2021, which represents the release date of our report.

SUPPLEMENTARY
INFORMATION

DAYTON INDEPENDENT SCHOOL DISTRICT

**Combining Balance Sheet – Nonmajor Governmental Funds
As of June 30, 2021**

	<u>Capital Outlay Fund</u>	<u>Building Fund</u>	<u>Construction Fund</u>	<u>Debt Service Fund</u>	<u>District Activity Fund</u>	<u>School Activity Fund</u>	<u>Total Non-major Government Funds</u>
Assets							
Current:							
Cash and cash equivalents	\$ 63,290	\$ 9,622	\$ 55,985	\$ (11,657)	\$ 57,287	\$ 141,959	\$ 316,486
Prepaid expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,657</u>	<u>-</u>	<u>-</u>	<u>11,657</u>
Total current	<u>\$ 63,290</u>	<u>\$ 9,622</u>	<u>\$ 55,985</u>	<u>\$ -</u>	<u>\$ 57,287</u>	<u>\$ 141,959</u>	<u>\$ 328,143</u>
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:							
Restricted	<u>63,290</u>	<u>9,622</u>	<u>55,985</u>	<u>-</u>	<u>57,287</u>	<u>141,959</u>	<u>328,143</u>
Total fund balances	<u>63,290</u>	<u>9,622</u>	<u>55,985</u>	<u>-</u>	<u>57,287</u>	<u>141,959</u>	<u>328,143</u>
Total liabilities and fund balances	<u>\$ 63,290</u>	<u>\$ 9,622</u>	<u>\$ 55,985</u>	<u>\$ -</u>	<u>\$ 57,287</u>	<u>\$ 141,959</u>	<u>\$ 328,143</u>

DAYTON INDEPENDENT SCHOOL DISTRICT

**Combining Statement of Revenues, Expenditures and Changes
In Fund Balances – Nonmajor Governmental Funds
Year Ended June 30, 2021**

	Capital Outlay Fund	Building Fund	Construction Fund	Debt Service Fund	District Activity Fund	School Activity Fund	Total Nonmajor Government Funds
Revenues:							
Taxes	\$ -	\$ 120,886	\$ -	\$ -	\$ -	\$ -	\$ 120,886
Earnings on investments	-	-	-	-	-	458	458
State sources	82,048	254,891	-	85,645	-	148,064	570,648
Other sources	-	-	-	-	20,372	29,092	49,464
Total revenues	<u>82,048</u>	<u>375,777</u>	<u>-</u>	<u>85,645</u>	<u>20,372</u>	<u>177,614</u>	<u>741,456</u>
Expenditures:							
Instructional	-	-	-	-	17,902	179,342	197,244
Facility acquisition and construction	-	-	12,192	-	-	-	12,192
Debt service:							
Principal	-	-	-	330,000	-	-	330,000
Interest	-	-	-	184,570	-	-	184,570
Total expenditures	<u>-</u>	<u>-</u>	<u>12,192</u>	<u>514,570</u>	<u>17,902</u>	<u>179,342</u>	<u>724,006</u>
Excess (deficit) of revenues over expenditures	<u>82,048</u>	<u>375,777</u>	<u>(12,192)</u>	<u>(428,925)</u>	<u>2,470</u>	<u>(1,728)</u>	<u>17,450</u>
Other Financing Sources (Uses)							
Proceeds from sale of bonds	-	-	-	730,000	-	-	730,000
Bond refunding	-	-	-	(749,951)	-	-	(749,951)
Bond premium	-	-	-	35,417	-	-	35,417
Bond issue cost	-	-	-	(11,646)	-	-	(11,646)
Operating transfers in	-	-	50,725	425,105	10,374	-	486,204
Operating transfers out	<u>(50,725)</u>	<u>(366,155)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,374)</u>	<u>(427,254)</u>
Total other financing sources(uses)	<u>(50,725)</u>	<u>(366,155)</u>	<u>50,725</u>	<u>428,925</u>	<u>10,374</u>	<u>(10,374)</u>	<u>62,770</u>
Net change in fund balance	31,323	9,622	38,533	-	12,844	(12,102)	80,220
Fund balance, June 30, 2020	<u>31,967</u>	<u>-</u>	<u>17,452</u>	<u>-</u>	<u>44,443</u>	<u>154,061</u>	<u>247,923</u>
Fund balance, June 30, 2021	<u>\$ 63,290</u>	<u>\$ 9,622</u>	<u>\$ 55,985</u>	<u>\$ -</u>	<u>\$ 57,287</u>	<u>\$ 141,959</u>	<u>\$ 328,143</u>

DAYTON INDEPENDENT SCHOOL DISTRICT

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual – General Fund
Year Ended June 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Revenues				
Taxes	\$ 2,473,073	\$ 2,473,073	\$ 2,753,674	\$ 280,601
Earnings on investments	7,000	7,000	10,517	3,517
State sources	6,482,768	6,482,768	6,266,211	(216,557)
Federal sources	20,000	20,000	91,811	71,811
Other sources	89,400	89,400	131,690	42,290
	<u>9,072,241</u>	<u>9,072,241</u>	<u>9,253,903</u>	<u>181,662</u>
Total revenues				
Expenditures				
Instructional	5,437,980	5,432,980	4,718,753	714,227
Student support services	860,693	860,693	854,573	6,120
Staff support services	672,971	677,971	537,635	140,336
District administration	572,577	572,577	527,796	44,781
School administration	805,484	805,484	814,027	(8,543)
Business support services	432,778	432,778	403,725	29,053
Plant operation and maintenance	978,439	978,439	798,694	179,745
Student transportation	170,204	170,204	82,835	87,369
Food service operation	16,375	16,375	10,890	5,485
Day Care Operations	7,550	7,550	5,260	2,290
Community service operations	9,900	9,900	9,594	306
Debt service:				
Principal	7,826	7,826	7,826	-
Interest	313	313	313	-
Other	1,048,867	1,048,867	76,180	972,687
	<u>11,021,957</u>	<u>11,021,957</u>	<u>8,848,101</u>	<u>2,173,856</u>
Total expenditures				
Net change in fund balance	(1,949,716)	(1,949,716)	405,802	2,355,518
Fund balance, July 1, 2020	1,949,716	1,949,716	1,949,716	-
Fund balance, June 30, 2021	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,355,518</u>	<u>\$ 2,355,518</u>

DAYTON INDEPENDENT SCHOOL DISTRICT

**Statement of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual – Special Revenue Fund
Year Ended June 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Revenues				
State sources	\$ 436,988	\$ 678,282	\$ 750,527	\$ 72,245
Federal sources	1,173,804	2,848,998	2,107,359	(741,639)
Other sources	<u>18,000</u>	<u>18,000</u>	<u>126,367</u>	<u>108,367</u>
Total revenues	<u>1,628,792</u>	<u>3,545,280</u>	<u>2,984,253</u>	<u>(561,027)</u>
Expenditures				
Instructional	1,256,855	2,997,690	2,102,731	894,959
Student support services	108,066	108,548	112,459	(3,911)
Staff support services	35,146	35,147	289,067	(253,920)
Business support services	36,000	128,949	106,204	22,745
Plant operation and maintenance	37,034	190,008	164,226	25,782
Student transportation	15,500	36,576	22,109	14,467
Food service operation	-	-	35,491	(35,491)
Day care operation	-	-	7,854	(7,854)
Community service operations	<u>140,191</u>	<u>249,889</u>	<u>144,112</u>	<u>105,777</u>
Total expenditures	<u>1,628,792</u>	<u>3,746,807</u>	<u>2,984,253</u>	<u>762,554</u>
Net change in fund balance	-	(201,527)	-	201,527
Fund balance, July 1, 2020	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2021	<u>\$ -</u>	<u>\$ (201,527)</u>	<u>\$ -</u>	<u>\$ 201,527</u>

DAYTON INDEPENDENT SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balance
Bond and Interest Redemption Funds
Year Ended June 30, 2021**

	<u>Issue of 2011</u>	<u>Issue of 2011 KISTA</u>	<u>Issue of 2013</u>	<u>Issue of 2016</u>	<u>Issue of 2019EN</u>	<u>Issue of 2019R</u>	<u>Issue of 2021R</u>	<u>Total</u>
Cash at July 1, 2020	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:								
Transfers and miscellaneous deposits	86,938	8,139	122,499	80,900	58,950	161,150	3,820	518,576
Disbursements:								
Bonds paid	55,000	7,826	85,000	35,000	30,000	125,000	-	337,826
Interest coupons	31,938	313	37,499	45,900	28,950	36,150	3,820	184,570
Transfers and miscellaneous	-	-	-	-	-	-	-	-
Call fee	-	-	-	-	-	-	-	-
Total disbursements	86,938	8,139	122,499	80,900	58,950	161,150	3,820	522,396
Excess of receipts over disbursements	-	-	-	-	-	-	-	-
Cash at June 30, 2021	-	-	-	-	-	-	-	-
Accounts Receivable and Payable								
Matured interest and bonds outstanding	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-
Total accounts receivable and payable	-	-	-	-	-	-	-	-
Fund Balance at June 30, 2021	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

DAYTON INDEPENDENT SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balance
Dayton High School
Year Ended June 30, 2021**

	Fund Balance July 1, 2020	Receipts	Disbursements	Fund Balance June 30, 2021
3D printer club	\$ 337	\$ -	\$ -	\$ 337
7th grade account	283	-	-	283
8th grade account	161	-	-	161
Academic Team	123	-	-	123
After Prom	191	-	-	191
Agendas	-	1,023	1,023	-
Alumni Association	1,112	-	17	1,095
Angie Buschles community based account	1,937	-	-	1,937
Annual Yearbook	145	1,600	610	1,135
Art club	279	-	-	279
Art department	-	93	93	-
Athletic Booster club	15,154	5,145	14,175	6,124
Athletic fundraiser transportation	1,461	-	1,461	-
Athletics	18,229	1,428	19,320	337
Band	38	300	17	321
Band boosters	664	2,372	1,078	1,958
Band Misc	-	200	200	-
Baseball	-	2,248	2,248	-
Baseball fundraiser	1,028	-	669	359
Bowling	-	761	761	-
Bowling fundraiser	912	-	317	595
Boys basketball	-	5,531	5,250	281
Boys basketball fundraiser	1,818	2,750	4,568	-
Boys cross county	-	37	37	-
Boys track	-	2,729	2,729	-
C.A.K.E.	9,164	1,441	1,232	9,373
Cheerleading	-	580	580	-
Cheerleading fundraiser	1,347	9,501	9,303	1,545
Class of 2020	1,501	-	1,501	-
Class of 2021	441	500	686	255
Class of 2022	47	5,695	4,557	1,185
Class of 2023	500	-	139	361
Coke	5,060	186	351	4,895
Color/Winter guard	17	-	-	17
Cross country fundraiser	1,442	-	-	1,442
Day treatment	413	-	-	413
District activity fund sweep account	-	7,451	7,451	-
District 36 Basketball Tournament	-	4,243	4,243	-
District 36 Volleyball Tournament	-	1,970	1,970	-
Drama	430	182	-	612
E sports	-	968	968	-
E sports misc	100	-	-	100
Edmentum	-	170	170	-
FBLA	1	30	-	31
Fellowship of Christian athletes	9	-	-	9

DAYTON INDEPENDENT SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balance
Dayton High School (Continued)
Year Ended June 30, 2021**

	Fund Balance July 1, 2020	Receipts	Disbursements	Fund Balance June 30, 2021
Fellowship of Christian students	37	-	-	37
Football	-	15,863	15,668	195
Football fundraiser	1,284	32,400	15,894	17,790
Future educators association	23	-	23	-
General Athletics fundraiser	-	1,750	1,750	-
Girls basketball	-	6,536	5,960	576
Girls basketball fundraiser	353	4,478	2,328	2,503
Girls cross country	-	9	9	-
Girls soccer	-	3,282	3,282	-
Girls track	-	1,260	1,260	-
Golf outing	100	8,363	8,463	-
Green zone	164	-	-	164
Guidance department	186	-	-	186
High school field trips	696	-	-	696
High school student council	95	-	-	95
Instructional technology	1,253	-	-	1,253
Library	353	296	-	649
Middle school cheerleading fundraiser	518	1,119	1,437	200
Middle school dance	1,744	-	-	1,744
Middle school field trips	786	24	-	810
Middle school girls basketball fundraiser	1	-	-	1
Middle school robotics	401	-	-	401
Middle school science club	455	-	-	455
Middle school student council	344	-	-	344
National honor society	373	-	-	373
National Jr. honor society	924	-	-	924
NKAC Basketball Conference Tournament	-	1,873	1,873	-
Pep squad fundraiser	51	-	-	51
Practical living	58	-	-	58
Principals account	13,804	7,670	8,131	13,343
Regional volleyball tournament	-	80	80	-
Scholarships	15,332	14,290	8,708	20,914
Science department	-	195	195	-
Senior banquet	1,115	-	-	1,115
Senior trip	3,720	-	-	3,720
Soccer fundraiser	329	200	515	14
Softball	-	2,236	2,236	-
Softball fundraiser	3,609	1,000	1,686	2,923
Staff flower fund	129	-	129	-
Start-up change	-	5,200	5,200	-
Student devices	2,807	74	2,881	-
Student/teacher incentives	1,810	90	-	1,900
Track fundraiser	700	6,037	6,000	737

DAYTON INDEPENDENT SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balance
Dayton High School (Continued)
Year Ended June 30, 2021**

	Fund Balance July 1, 2020	Receipts	Disbursements	Fund Balance June 30, 2021
Transcript fees	1,092	189	2	1,279
Volleyball	-	8,440	8,440	-
Volleyball fundraiser	4,540	8,034	11,052	1,522
Washington D.C. trip	2,457	-	-	2,457
Youth league basketball	-	90	90	-
Youth service center	4,976	4,544	304	9,216
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>\$ 130,963</u>	<u>\$ 194,756</u>	<u>\$ 201,320</u>	<u>\$ 124,399</u>

DAYTON INDEPENDENT SCHOOL DISTRICT

**Statement of Receipts, Disbursements and Fund Balance
School Activity Fund
Year Ended June 30, 2021**

	<u>Lincoln Elementary</u>	<u>Total</u>
Fund balances at July 1, 2020	\$ 23,094	\$ 23,094
Add: receipts	18,772	18,772
Less: disbursements	<u>(24,303)</u>	<u>(24,303)</u>
Fund balance at June 30, 2021	<u>\$ 17,563</u>	<u>\$ 17,563</u>

DAYTON INDEPENDENT SCHOOL DISTRICT

Schedule of District's Proportionate Share of the Net Pension Liability - TRS Year Ended June 30, 2021

	Last 10 Fiscal Years*									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
District's proportion of the net pension liability	0%	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	19,635,506	18,173,823	18,310,857	37,116,653	40,720,474	30,776,138	29,749,812	*	*	*
Total	<u>\$ 19,635,506</u>	<u>\$ 18,173,823</u>	<u>\$ 18,310,857</u>	<u>\$ 37,116,653</u>	<u>\$ 40,720,474</u>	<u>\$ 30,776,138</u>	<u>\$ 29,749,812</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	*
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0%	0%	0%	0%	0%	0%	0%	*	*	*
Plan fiduciary net position as a percentage of the total pension liability	58.27%	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 Contributions - TRS
Year Ended June 30, 2021**

	Last 10 Fiscal Years*									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 244,232	\$ 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	<u>(244,232)</u>	<u>(237,834)</u>	<u>(231,111)</u>	<u>(217,120)</u>	<u>(214,496)</u>	<u>(209,888)</u>	<u>(193,387)</u>	<u>(145,458)</u>	<u>(116,304)</u>	<u>(99,188)</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	\$ 5,141,994	\$ 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 of covered-employee payroll	4.75%	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, 2021

	Last 10 Fiscal Years*									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
District's proportion of net pension liability	0.049847%	0.049709%	0.046810%	0.046067%	0.044263%	0.047081%	0.044647%	*	*	*
District's proportionate share of the net pension liability	\$ 3,823,224	\$ 3,496,056	\$ 2,850,872	\$ 2,696,443	\$ 2,179,334	\$ 2,024,238	\$ 1,449,000	*	*	*
Total net pension liability	\$ 7,669,917,211	\$ 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	\$ 1,352,244	\$ 1,343,179	\$ 1,243,533	\$ 1,123,109	\$ 1,060,537	\$ 1,052,781	\$ 1,018,168	\$ 1,089,064	\$ 1,081,100	*
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	282.7%	260.3%	229.3%	240.1%	205.5%	192.3%	142.3%	*	*	*
Plan fiduciary net position as a percentage of the total pension liability	47.81%	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. Tied 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.

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

2015: The assumed investment rate of return was decreased from 7.75% to 7.50%.

2015: The assumed rate of inflation was reduced from 3.50% to 3.25%.

2015: The assumed rate of wage inflation was reduced from 1.00% to 0.75%.

2015: Payroll growth assumption was reduced from 4.50% to 4.00%.

2015: 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).

2015: 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.

2015: The assumed rates of Retirement, Withdrawal and Disability were updated to more accurately reflect experience.

DAYTON INDEPENDENT SCHOOL DISTRICT

**Schedule of District Contributions - CERS
Year Ended June 30, 2021**

	Last 10 Fiscal Years*									
	<u>2021</u>	<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>
Contractually required contribution	\$ 315,518	\$ 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	<u>(315,518)</u>	<u>(325,349)</u>	<u>(288,514)</u>	<u>(238,509)</u>	<u>(209,010)</u>	<u>(180,927)</u>	<u>(185,267)</u>	<u>(203,855)</u>	<u>(212,912)</u>	<u>(204,976)</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	\$ 1,312,381	\$ 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 of covered-employee payroll	24.04%	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, 2021

	Last 10 Fiscal Years*									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
District's proportion of the collective trust OPEB liability	0%	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	45,000	39,000	37,000	28,000	*	*	*	*	*	*
Total net OPEB liability	\$ 45,000	\$ 39,000	\$ 37,000	\$ 28,000	*	*	*	*	*	*
District's covered-employee payroll	\$ 5,006,400	\$ 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%	0.0%	*	*	*	*	*	*
Plan fiduciary net position as a percentage of the total OPEB liability	71.57%	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, 2020:

Valuation date	June 30, 2017
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll
Amortization period	27 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	7.50%

DAYTON INDEPENDENT SCHOOL DISTRICT

**Schedule of District Contributions – LIF
Year Ended June 30, 2021**

	Last 10 Fiscal Years*									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	*	*	*	*	*	*
Contributions in relation to the contractually required contribution	-	-	-	-	*	*	*	*	*	*
Contribution deficiency	-	-	-	-	*	*	*	*	*	*
District's covered-employee payroll	\$ 5,141,994	\$ 5,006,400	\$ 4,759,401	\$ 4,803,543	*	*	*	*	*	*
Contributions as a percentage of of covered-employee payroll	0.00%	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, 2021

	Last 10 Fiscal Years*									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
District's proportion of the collective trust OPEB liability	0.073681%	0.070386%	0.017760%	0.071819%	*	*	*	*	*	*
District's proportionate share of the collective net OPEB liability	\$ 1,860,000	\$ 2,060,000	\$ 2,481,000	\$ 2,561,000	*	*	*	*	*	*
State's proportionate share of the collective net OPEB liability associated with the District	\$ 1,490,000	\$ 1,664,000	\$ 2,138,000	\$ 2,092,000	*	*	*	*	*	*
Total net OPEB liability	\$ 3,350,000	\$ 3,724,000	\$ 4,619,000	\$ 4,653,000	*	*	*	*	*	*
District's covered-employee payroll	\$ 5,141,994	\$ 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	36.2%	41.1%	52.1%	53.3%	*	*	*	*	*	*
Plan fiduciary net position as a percentage of the total OPEB liability	39.05%	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 - 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, 2020:

Valuation date	June 30, 2019
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll
Amortization period	21 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	7.25% for FY 2020 decreasing to an ultimate rate of 5.00% by FY 2029
Ages 65 and older	5.25% for FY 2020 decreasing to an ultimate rate of 5.00% by FY 2022
Medicare Part B premiums	6.49% for FY 2020 with an ultimate rate of 5.00% by 2032
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, 2021

	Last 10 Fiscal Years*									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 130,126	\$ 122,561	\$ 127,374	\$ 123,045	*	*	*	*	*	*
Contributions in relation to the contractually required contribution	(130,126)	(122,561)	(127,374)	(123,045)	*	*	*	*	*	*
Contribution deficiency	-	-	-	-	*	*	*	*	*	*
District's covered-employee payroll	\$ 5,141,994	\$ 5,006,400	\$ 4,759,401	\$ 4,803,543	*	*	*	*	*	*
Contributions as a percentage of covered-employee payroll	2.53%	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.

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, 2020:

Valuation date	June 30, 2019
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll
Amortization period	21 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	7.25% for FY 2020 decreasing to an ultimate rate of 5.00% by FY 2029
Ages 65 and older	5.25% for FY 2020 decreasing to an ultimate rate of 5.00% by FY 2022
Medicare Part B premiums	6.49% for FY 2020 with an ultimate rate of 5.00% by 2032
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, 2021

	Last 10 Fiscal Years*									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
District's proportion of the collective trust OPEB liability	0.049841%	0.049696%	0.046808%	0.046067%	*	*	*	*	*	*
District's proportionate share of the collective net OPEB liability	\$ 1,203,509	\$ 835,864	\$ 831,067	\$ 926,104	*	*	*	*	*	*
State's proportionate share of the collective net OPEB liability associated with the District	\$ -	\$ -	\$ -	\$ -	*	*	*	*	*	*
Total net OPEB liability	\$ 1,203,509	\$ 835,864	\$ 831,067	\$ 926,104	*	*	*	*	*	*
District's covered-employee payroll	\$ 1,352,244	\$ 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	89.0%	62.2%	66.8%	82.5%	*	*	*	*	*	*
Plan fiduciary net position as a percentage of the total OPEB liability	51.67%	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: None

2018: Updated healthcare trend rates were implemented.

DAYTON INDEPENDENT SCHOOL DISTRICT
Schedule of District Contributions – MIF (CERS)
Year Ended June 30, 2021

	Last 10 Fiscal Years*									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 60,787	\$ 65,953	\$ 54,528	\$ 53,053	*	*	*	*	*	*
Contributions in relation to the contractually required contribution	<u>(60,787)</u>	<u>(65,953)</u>	<u>(54,528)</u>	<u>(53,053)</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>	<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	\$ 1,312,381	\$ 1,352,244	\$ 1,343,179	\$ 1,243,533	*	*	*	*	*	*
Contributions as a percentage of covered-employee payroll	4.63%	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, 2021**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Agreement Number	Federal Expenditures for FYE 6/30/2021
<u>U.S. Department of Education</u>			
<i>Passed through Kentucky Department of Education</i>			
Special Education Cluster			
Special Education_Grants to States	84.027	3810002 21	279,099
Special Education_Preschool Grants	84.173	3800002 20	1,088
Special Education_Preschool Grants	84.173	3800002 21	29,562
Total Special Education Cluster			309,749
Title I Grants to Local Educational Agencies	84.010	3100002 20	47,086
Title I Grants to Local Educational Agencies	84.010	3100002 21	444,169
Title I School Improvement (summer novice)	84.377A	3100002 17	112,818
Total CFDA # 84.010			604,073
McKinney Vento Homeless Grant	84.196A	3990002-20	26,017
McKinney Vento Homeless Grant	84.196A	3990002-21	53,034
Total CFDA # 84.196A			79,051
Title IV, Part A Student Support and Academic Enrichment	84.424A	3420002 20	10,767
Title IV, Part A Student Support and Academic Enrichment	84.424A	3420002 21	17,864
Total CFDA # 84.424A			28,631
Daycare CARES Funds	93.575		2,824
CARES Funds	93.575		1,317
CRRSA Daycare Sustain Funds	93.575		3,713
Total CFDA # 93.575			7,854
Governor's Emergency Education Relief Fund	84.425	S425D200026	321,281
CARES Act Stabilization Fund	84.425	S425D210026	447,362
Elementary and Secondary School Emergency Relief Fund II	84.425	S425C200008	51,548
Total CFDA # 84.196A			820,191
Title II Improving Teacher Quality State Grants	84.367	3230002 20	6,852
River Country Readers Grant	84.215	S215G180045	271,150
Coronavirus Relief Fund	21.019		237,681
FEMA Disaster Recovery	97.036	N/A	(25,471)
<i>Passed through the Walton-Verona Independent School District</i>			
Career and technical Education -Basic Grants to States	84.048	3710002-21	5,279
Total U.S. Department of Education			2,345,040

DAYTON INDEPENDENT SCHOOL DISTRICT

**Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2021**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Agreement Number	Federal Expenditures for FYE 6/30/2021
<u>U.S. Department of Agriculture</u>			
Child Nutrition Cluster			
<i>Passed through Kentucky Department of Education</i>			
National School Lunch Program	10.555	7750002 20	29,011
School Breakfast Program	10.553	7760005 20	20,378
Summer Food Program	10.559	7690024 20	21,622
Summer Food Program	10.559	7690024 21	58,747
Summer Food Program	10.559	7740023 20	210,643
Summer Food Program	10.559	7740023 21	656,802
<i>Passed through Kentucky Department of Agriculture</i>			
National School Lunch Program - Food Donation	10.555	4000814	31,229
Total Child Nutrition Cluster			<u>1,028,432</u>
<i>Passed through Kentucky Department of Education</i>			
National School Lunch Program - CACFP	10.558	7790021 20	60,407
National School Lunch Program - CACFP	10.558	7790021 21	302,367
National School Lunch Program - CACFP	10.558	7800016 20	4,216
National School Lunch Program - CACFP	10.558	7800016 21	21,269
Total CFDA # 10.558			<u>388,259</u>
Summer Food Program	10.582	7720012 20	1,121
Summer Food Program	10.582	7720012 21	28,796
Total CFDA # 10.582			<u>29,917</u>
Food Service Equipment Grant	10.579	7840027 18	3,750
Warehouse Storage Distribution Reimbursement	10.560	7700001 20	1,045
Total U.S. Department of Agriculture			<u>1,451,403</u>
Total Expenditures of Federal Awards			<u><u>\$ 3,796,443</u></u>

DAYTON INDEPENDENT SCHOOL DISTRICT

**Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021**

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, 2021, 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, 2021, the District reported food commodities expended in the amount of \$31,229.

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, 2021.

**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, 2021, 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 November 10, 2021.

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 76-77 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.



Crestview Hills, Kentucky
November 10, 2021

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, 2021. 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, 2021.

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 not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.



Crestview Hills, Kentucky
November 10, 2021

DAYTON INDEPENDENT SCHOOL DISTRICT

Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

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? _____ Yes X 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
84.425	Education Stabilization Fund Under the Coronavirus Aid, Relief, And Economic Security Act
21.019	Coronavirus Relief Fund

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

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

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters are reportable

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COST

No matters are reportable

DAYTON INDEPENDENT SCHOOL DISTRICT

**Summary Schedule of Prior Audit Findings
Year Ended June 30, 2021**

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

2020-01 – Controls over expenditures

Summary of Finding: During the prior year 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. These incorrect amounts are not in compliance with 2 CFR 200.430.

Status: The payroll clerk has been reviewing and recalculating hours entered on employee timesheets each pay period prior to submitting the payroll. Furthermore, the Finance Director has also been reviewing the payroll and comparing to supporting timesheets to ensure accuracy prior to submitting the payroll.

DAYTON INDEPENDENT SCHOOL DISTRICT

Management Letter Comments Year Ended June 30, 2021

In planning and performing our audit of the financial statements of Dayton Independent School District for the year ended June 30, 2021, 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 November 10, 2021 contains our report on significant deficiencies and material weaknesses in the District's internal control structure. This letter does not affect our report dated November 10, 2021, on the financial statements of the Dayton Independent School District.

CURRENT YEAR RECOMMENDATIONS

CENTRAL OFFICE

Statement of deficiency: District was not in compliance with the minimum insurance requirements.

Management response: The insurance company has updated the recommended state per square footage rates. The renewal pricing package for our district was delivered and billed before the KDE rates were published. The property limits have been updated with the new rates.

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, 2021**

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

.