

DAYTON INDEPENDENT SCHOOL DISTRICT
FINANCIAL STATEMENTS
JUNE 30, 2024

Independent Auditor’s Report	1-3
Management’s Discussion and Analysis	4-8
Basic Financial Statements	
<i>Government-Wide Financial Statements</i>	
Statement of Net Position.....	9
Statement of Activities.....	10
<i>Fund Financial Statements</i>	
Balance Sheet – Governmental Funds	11
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	12
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	13-14
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to Statement of Activities.....	15
Statement of Net Position – Proprietary Funds.....	16
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	17
Statement of Cash Flows – Proprietary Funds.....	18
Notes to the Financial Statements	19-50
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund	52
Budgetary Comparison Schedule – Special Revenue Fund.....	53
Notes to Budgetary Comparison Schedules.....	54
Schedule of District’s Proportionate Share of the Net Pension Liability and Contributions – CERS.....	55
Schedule of District’s Proportionate Share of the Net Pension Liability and Contributions – TRS.....	56
Schedule of District’s Proportionate Share of the Net OPEB Liability and Contributions – CERS.....	57
Schedule of District’s Proportionate Share of the Net OPEB Liability and Contributions – TRS Medical Insurance Fund	58

Schedule of District’s Proportionate Share of the Net OPEB Liability
and Contributions – TRS Life Insurance Fund 59

Supplementary Information

Combining Balance Sheet – Nonmajor Governmental Funds 60

Combining Statement of Revenues, Expenditures and Changes in Fund
Balances – Nonmajor Governmental Funds..... 61

Combining Statement of School Activity Funds 62

Statement of High School Activity Fund..... 63-65

Schedule of Expenditures of Federal Awards..... 66-67

Notes to the Schedule of Expenditures of Federal Awards..... 68

**Independent Auditor’s Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on and Audit of Financial
Statements Performed in Accordance with *Government Auditing Standards* 69-70**

**Independent Auditor’s Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required by Uniform Guidance 71-73**

Schedule of Findings and Questioned Costs 74

Summary Schedule of Prior Audit Findings..... 75

Management Letter 76-77

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Dayton Independent School District (District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2024 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Maddox & Associates CPAs Inc.

Fort Thomas, Kentucky

November 4, 2024

As management of the Dayton Independent School District (District) we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information found within the body of this report.

FINANCIAL HIGHLIGHTS

The assets and deferred outflows of the District were less than its liabilities and deferred outflows at the close of the most recent fiscal year by \$(3,003,603) (net deficit). The unrestricted net position, which represents the amounts available to meet the District's ongoing obligations to citizens and creditors, was a deficit of \$(2,299,832). The District is committed to provide postemployment benefits to its employees. As a result, the District has recognized substantial liabilities in the financial statements for these benefits. As of year-end, the District has liabilities of for postemployment benefits of \$5,017,433 which caused the deficit balance in net position. The District's total net position decreased by \$934,999.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

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

The government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, district and school administration, business and plant operations, student transportation, and operation of non-instructional services. Fixed assets and debt is also supported by taxes and intergovernmental revenues. The government-wide financial statements can be found on pages 9-10 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. This is the state mandated accounting system including a chart of accounts for all Kentucky public school districts utilizing the MUNIS administrative software. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. The proprietary fund is for food service operations. The fiduciary fund is a trust fund established by benefactors to aid in student education, welfare, and teacher support. All other activities of the District are included in the governmental funds. The basic governmental fund financial statements can be found on pages 11-18 of this report.

Notes to the Financial Statements

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19-50 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Net Position

	Governmental Activities		Business-Type Activities	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Assets				
Current assets	\$ 4,378,186	\$ 5,333,001	\$ 110,458	\$ 122,525
Noncurrent assets	7,281,152	7,803,669	93,212	144,760
Total assets	11,659,338	13,136,670	203,670	267,285
Deferred outflows	2,000,601	2,433,922	168,529	188,867
Liabilities				
Current liabilities	1,439,904	586,734	-	7,025
Noncurrent liabilities	12,150,196	15,041,043	636,287	867,921
Total liabilities	13,590,100	15,627,777	636,287	874,946
Deferred inflows	2,518,683	1,494,003	290,671	98,622
Net position				
Net investment in capital assets	(862,888)	(536,017)	79,521	144,760
Restricted	713,876	474,731	(634,280)	(662,176)
Unrestricted	(2,299,832)	(1,489,902)	-	-
Total net position	\$ (2,448,844)	\$ (1,551,188)	\$ (554,759)	\$ (517,416)

Change in Net Position

	Governmental Activities		Business-Type Activities	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Revenues:				
Local revenue	\$ 4,483,982	\$ 4,076,024	\$ 123,635	\$ 121,410
State revenue	7,887,820	8,513,463	127,751	171,393
Federal revenue	3,338,425	2,815,905	752,376	653,409
Total revenues	15,710,227	15,405,392	1,003,762	946,212
Expenses:				
Instruction	8,038,354	8,329,554	-	-
Student support	1,507,095	1,327,421	-	-
Instruction staff	1,275,570	882,759	-	-
District administrative	691,661	635,938	-	-
School administrative	821,203	890,364	-	-
Business support	472,801	599,807	-	-
Plant operations	1,389,759	1,376,694	-	-
Student transportation	291,258	230,113	-	-
Food service	22,253	8,174	904,387	946,736
Day care services	14,341	8,219	113,496	107,122
Community services	257,728	244,837	-	-
Land/site acquisition	1,282,853	828,760	-	-
Land improvements	48,296	-	-	-
Building improvements	230,027	552,094	-	-
Interest on long-term debt	287,906	259,609	-	-
Total expenditures	16,631,105	16,174,343	1,017,883	1,053,858
Transfers	23,222	62,699	(23,222)	(62,699)
Change in net position	\$ (897,656)	\$ (706,252)	\$ (37,343)	\$ (170,345)

GOVERNMENTAL FUND FINANCIAL ANALYSIS

Governmental Funds

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

At the end of the current fiscal year, the District's government funds reported combined fund balances of \$3,511,662, a decrease of \$ 1,289,409 in comparison with the prior year.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$2,764,247. The total general fund balance increased \$83,535.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year, the District had \$7,177,237 in capital assets net of depreciation. Net capital assets decreased \$771,192.

	Governmental Activities		Business-Type Activities	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Land and land improvements	\$ 1,242,598	\$ 1,236,704	\$ -	\$ -
Buildings and improvements	5,035,923	5,885,348	-	9,957
Technology equipment	89,378	237,355	3,696	5,332
Vehicles	119,750	21,724	12,780	20,678
General equipment	576,173	388,644	63,045	108,793
Construction in progress	33,894	33,894	-	-
Total capital assets	\$ 7,097,716	\$ 7,803,669	\$ 79,521	\$ 144,760

Long-Term Obligations

At the end of the fiscal year, the District had \$13,303,725 in long-term liabilities. Long-term liabilities decreased \$2,605,567.

	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Bonds payable	\$ 7,960,604	\$ 8,339,686	\$ -	\$ -
Operating leases	128,674	-	-	-
Compensated absences	197,014	485,641	-	-
Net OPEB liability	1,836,000	3,363,970	-	198,993
Net pension liability	2,545,146	2,852,074	636,287	668,928
Total long-term liabilities	\$ 12,667,438	\$ 15,041,371	\$ 636,287	\$ 867,921

GENERAL FUND BUDGET

Kentucky state statutes and the Kentucky Department of Education require school districts to adopt a budget that has a minimum 2% contingency. The District adopted a general fund budget that had a contingency of 17%.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

General fund revenue for the District is expected to decrease approximately \$960,000 due mainly to lower tax revenue, investment income, and state support. Expenditures are expected to increase approximately \$530,000 due mainly to higher personnel costs. The 2025 budget has a contingency of 10%.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Finance Officer, Anthony Hughey, 200 Clay St., Dayton, KY 41054.

Dayton Independent School District
Statement of Net Position
June 30, 2024

	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 3,976,764	\$ 101,895	\$ 4,078,659
Receivables	401,422	7,647	409,069
Noncurrent assets			
Right of use assets, net	128,674	-	128,674
Net OPEB asset - CERS	54,762	13,691	68,453
Capital assets, net	7,097,716	79,521	7,177,237
Total assets	11,659,338	203,670	11,863,008
Deferred outflows of resources			
OPEB related	1,507,030	44,472	1,551,502
Pension related	493,571	124,057	617,628
Total deferred outflows of resources	2,000,601	168,529	2,169,130
Liabilities			
Current liabilities			
Accounts payable	196,759	-	196,759
Unearned revenue	669,765	-	669,765
Accrued interest payable	56,138	-	56,138
Operating lease	23,160	-	23,160
Bonds payable	494,082	-	494,082
Noncurrent liabilities			
Compensated absences	197,014	-	197,014
Operating lease	105,514	-	105,514
Bonds payable	7,466,522	-	7,466,522
Net OPEB liability - TRS	1,836,000	-	1,836,000
Net pension liability	2,545,146	636,287	3,181,433
Total liabilities	13,590,100	636,287	14,226,387
Deferred inflows of resources			
OPEB related	2,240,248	221,062	2,461,310
Pension related	278,435	69,609	348,044
Total deferred inflows of resources	2,518,683	290,671	2,809,354
Net position			
Net investment in capital assets	(862,888)	79,521	(783,367)
Restricted (deficit)	713,876	(634,280)	79,596
Unrestricted (deficit)	(2,299,832)	-	(2,299,832)
Total net position (deficit)	\$ (2,448,844)	\$ (554,759)	\$ (3,003,603)

The notes to the financial statements are an integral part of this statement.

Dayton Independent School District
Statement of Activities
Year Ended June 30, 2024

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contribution</u>	<u>Capital Grants and Contributions</u>	<u>Revenue over Expenses</u>
Governmental Activities					
Instruction	\$ 8,038,354	\$ 2,528	\$ 3,679,920	\$ -	\$ (4,355,906)
Support services:					
Student	1,507,095	-	522,995	-	(984,100)
Instructional staff	1,275,570	-	923,091	-	(352,479)
District administration	691,661	-	115,717	-	(575,944)
School administration	821,203	-	253,225	-	(567,978)
Business	472,801	-	166,959	-	(305,842)
Plant operation	1,389,759	-	154,137	-	(1,235,622)
Student transportation	291,258	-	157,809	-	(133,449)
Food service	22,253	-	-	-	(22,253)
Day care operations	14,341	-	-	-	(14,341)
Community service	257,728	-	218,219	-	(39,509)
Land/site acquisition	1,282,853	-	-	-	(1,282,853)
Land improvements	48,296	-	-	-	(48,296)
Building improvements	230,027	-	-	-	(230,027)
Interest on long-term debt	287,906	-	-	85,644	(202,262)
Total governmental activities	16,631,105	2,528	6,192,072	85,644	(10,350,861)
Business-Type Activities					
Food service	1,017,883	119,573	880,127	-	(18,183)
Total business-type activities	1,017,883	119,573	880,127	-	(18,183)
Total school district	\$ 17,648,988	\$ 122,101	\$ 7,072,199	\$ 85,644	(10,369,044)
			Governmental Activities	Business-Type Activities	Total
Revenue over expenses			\$ (10,350,861)	\$ (18,183)	\$ (10,369,044)
General Revenues					
Property taxes			3,298,602	-	3,298,602
Motor vehicle taxes			307,174	-	307,174
State aid			55,673	-	55,673
SEEK			4,668,764	-	4,668,764
Federal direct revenue			224,092	-	224,092
Investment earnings			275,824	3,190	279,014
Other			599,854	872	600,726
Transfers			23,222	(23,222)	-
Total general revenues			9,453,205	(19,160)	9,434,045
Change in net position			(897,656)	(37,343)	(934,999)
Net position (deficit) - beginning of year			(1,551,188)	(517,416)	(2,068,604)
Net position (deficit) - end of year			\$ (2,448,844)	\$ (554,759)	\$ (3,003,603)

The notes to the financial statements are an integral part of this statement.

Dayton Independent School District
Balance Sheet – Governmental Funds
June 30, 2024

	General Fund	Special Revenue Fund	Construction Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 2,706,660	\$ 341,250	\$ 164,926	\$ 763,928	\$ 3,976,764
Receivables	66,319	335,103	-	-	401,422
Total assets	\$ 2,772,979	\$ 676,353	\$ 164,926	\$ 763,928	\$ 4,378,186
Liabilities					
Accounts payable	8,732	6,432	143,775	\$ 37,820	\$ 196,759
Unearned revenue	-	669,765	-	-	669,765
Total liabilities	8,732	676,197	143,775	37,820	866,524
Fund balances					
Restricted	-	(32,932)	21,151	725,657	713,876
Assigned	21,888	33,088	-	451	55,427
Unassigned	2,742,359	-	-	-	2,742,359
Total fund balances	2,764,247	156	21,151	726,108	3,511,662
Total liabilities and fund balances	\$ 2,772,979	\$ 676,353	\$ 164,926	\$ 763,928	\$ 4,378,186

The notes to the financial statements are an integral part of this statement.

Dayton Independent School District
 Reconciliation of the Balance Sheet – Governmental Funds
 to the Statement of Net Position
 June 30, 2024

Total fund balances - governmental funds	\$	3,511,662
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		7,097,716
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Deferred outflow and inflow of resources are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows - OPEB		1,507,030
Deferred outflows - pensions		493,571
Deferred inflows - OPEB		(2,240,248)
Deferred inflows - pension		(278,435)

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

Accrued interest payable		(56,138)
Bonds payable		(7,960,604)
Compensated absences		(197,014)
Net OPEB liability (asset)		(1,781,238)
Net pension liability		(2,545,146)

Net position of governmental activities	\$	(2,448,844)
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The notes to the financial statements are an integral part of this statement.

Dayton Independent School District
Statement of Revenues, Expenditures and Changes in Fund
Balances – Governmental Funds
Year Ended June 30, 2024

	General Fund	Special Revenue Fund	Construction Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
From local sources:					
Property taxes	\$ 2,728,642	\$ -	\$ -	\$ 569,960	\$ 3,298,602
Motor vehicle taxes	307,174	-	-	-	307,174
Earnings on investments	262,511	13,313	-	-	275,824
Tuition	2,528	-	-	-	2,528
Other local revenue	77,272	184,501	-	338,081	599,854
Intergovernmental state:					
SEEK	4,167,993	-	-	500,771	4,668,764
On-behalf	2,665,859	-	-	85,644	2,751,503
Other	41,277	426,276	-	-	467,553
Intergovernmental federal	30,842	3,083,491	-	-	3,114,333
Federal direct reimbursement	224,092	-	-	-	224,092
Total revenues	10,508,190	3,707,581	-	1,494,456	15,710,227

Dayton Independent School District
Statement of Revenues, Expenditures and Changes in Fund
Balances – Governmental Funds - Continued
Year Ended June 30, 2024

	General	Special	Construction	Non-Major	Total
	Fund	Revenue	Fund	Governmental	Governmental
Expenditures	Fund	Fund	Fund	Funds	Funds
Instruction	5,381,204	2,058,808	-	322,377	7,762,389
Support services:					
Student	1,310,066	150,975	-	1,013	1,462,054
Instruction staff	538,224	753,741	-	962	1,292,927
District administrative	695,028	-	-	-	695,028
School administrative	853,367	-	-	-	853,367
Business	398,359	110,334	-	-	508,693
Plant operation	995,228	99,751	-	55,930	1,150,909
Student transportation	291,760	134,385	-	989	427,134
Other instructional	-	-	-	-	-
Food service	22,253	-	-	-	22,253
Day care operations	8,895	5,446	-	-	14,341
Community services	33,276	218,219	-	9,960	261,455
Land/site acquisition	63,050	-	1,565,281	-	1,628,331
Land improvements	-	-	-	48,296	48,296
Building improvements	-	-	230,027	-	230,027
Debt service				-	
Principal	-	-	-	375,000	375,000
Interest	-	-	-	290,654	290,654
Total expenditures	10,590,710	3,531,659	1,795,308	1,105,181	17,022,858
Excess of revenues over (under) expenditures	(82,520)	175,922	(1,795,308)	389,275	(1,312,631)
Other financing sources (uses)					
Transfers in	181,000	14,945	-	580,010	775,955
Transfers out	(14,945)	(157,778)	-	(580,010)	(752,733)
Total other financing sources (uses)	166,055	(142,833)	-	-	23,222
Net change in fund balances	83,535	33,089	(1,795,308)	389,275	(1,289,409)
Fund balances - beginning	2,680,712	(32,933)	1,816,459	336,833	4,801,071
Fund balances - end of year	\$ 2,764,247	\$ 156	\$ 21,151	\$ 726,108	\$ 3,511,662

The notes to the financial statements are an integral part of this statement.

Dayton Independent School District
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes in Fund Balances – Governmental Funds
 to the Statement of Activities
 Year Ended June 30, 2024

<hr/>	
Net change in fund balances - total governmental funds	\$ (1,289,409)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those asset is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay	479,863
Depreciation expense	(1,185,816)
Repayment of long-term debt are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	375,000
Some expenses reported in the statement of activities do not require current financial resources and, therefore, are not reported as expenditures in the funds.	
Amortization of bond premium	4,082
Change in accrued interest payable	(1,334)
Change in compensated absences	288,627
Change in OPEB liabilities and deferred amounts	263,178
Change in pension liabilities and deferred amounts	168,153
<hr/> Change in net position of governmental activities <hr/>	<hr/> \$ (897,656) <hr/>

The notes to the financial statements are an integral part of this statement.

Dayton Independent School District
Statement of Net Position – Proprietary Fund
June 30, 2024

	Food Service	Day Care	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 101,505	\$ 390	\$ 101,895
Accounts receivable	-	7,647	7,647
Inventories for consumption	916	-	916
Total current assets	102,421	8,037	110,458
Noncurrent assets			
Net OPEB asset	13,691	-	13,691
Capital assets, net	79,521	-	79,521
Total noncurrent assets	93,212	-	93,212
Total assets	195,633	8,037	203,670
Deferred outflows of resources			
OPEB related	44,472	-	44,472
Pension related	124,057	-	124,057
Total deferred outflows of resources	168,529	-	168,529
Liabilities			
Long-term liabilities			
Net pension liability	636,287	-	636,287
Total long-term liabilities	636,287	-	636,287
Total liabilities	636,287	-	636,287
Deferred inflows of resources			
OPEB related	221,062	-	221,062
Pension related	69,609	-	69,609
Total deferred inflow of resources	290,671	-	290,671
Net position			
Net investment in capital assets	79,521	-	79,521
Restricted	(642,317)	8,037	(634,280)
Tota net position (deficit)	\$ (562,796)	\$ 8,037	\$ (554,759)

The notes to the financial statements are an integral part of this statement.

Dayton Independent School District
Statement of Revenue, Expenses, and Changes
In Fund Net Position – Proprietary Fund
Year Ended June 30, 2024

	Food Service	Day Care	Total
Operating revenues			
Food service	\$ 35,519	\$ -	\$ 35,519
Tuition	-	84,054	84,054
Other operating revenue	872	-	872
Total operating revenues	36,391	84,054	120,445
Operating expenses			
Salaries and wages	273,683	71,251	344,934
Employee benefits	125,753	36,253	162,006
Purchased services	40,248	250	40,498
Materials and supplies	359,636	5,742	365,378
Other operating expenses	645	-	645
Depreciation	104,422	-	104,422
Total operating expenses	904,387	113,496	1,017,883
Operating loss	(867,996)	(29,442)	(897,438)
Non operating revenues			
Operating grants - state	27,808	4,690	32,498
On-behalf revenue	82,153	13,100	95,253
Operating grants - federal	734,687	-	734,687
Donated commodities	17,689	-	17,689
Transfers out	(23,222)	-	(23,222)
Interest income	3,190	-	3,190
Total other financing sources (uses)	842,305	17,790	860,095
Net change in fund balances	(25,691)	(11,652)	(37,343)
Fund balances - beginning of year	(537,105)	19,689	(517,416)
Fund balances - end of year	\$ (562,796)	\$ 8,037	\$ (554,759)

The notes to the financial statements are an integral part of this statement.

Dayton Independent School District
Statement of Cash Flows – Proprietary Fund
Year Ended June 30, 2024

Cash flows from operating activities	<u>Food Service</u>	<u>Day Care</u>	<u>Total</u>
Cash received:			
From food service sales	\$ 35,519	\$ -	\$ 35,519
From tuition	-	84,054	84,054
From other activities	872	-	872
Cash paid:			-
To employees	(432,374)	(107,504)	(539,878)
To suppliers	(363,207)	(7,499)	(370,706)
For operating expenses	(40,893)	(250)	(41,143)
Cash transfer	(23,222)	-	(23,222)
Net cash used in operating activities	<u>(823,305)</u>	<u>(31,199)</u>	<u>(854,504)</u>
Cash flows from noncapital financing activities			
Operating grants	862,337	17,790	880,127
Net cash provided by noncapital financing activities	<u>862,337</u>	<u>17,790</u>	<u>880,127</u>
Cash flows from investing activities			
Purchases of equipment	(39,183)	-	(39,183)
Interest on investments	3,190	-	3,190
Net cash provided by investing activities	<u>(35,993)</u>	<u>-</u>	<u>(35,993)</u>
Net increase in cash	<u>3,039</u>	<u>(13,409)</u>	<u>(10,370)</u>
Cash - beginning of year	98,466	13,799	112,265
Cash - end of year	<u>\$ 101,505</u>	<u>\$ 390</u>	<u>\$ 101,895</u>
Reconciliation of operating loss to net cash used in operating activities			
Operating loss	\$ (867,996)	\$ (29,442)	\$ (897,438)
Adjustments to reconcile operating loss to net cash in operating activities			
Depreciation	104,422	-	104,422
Transfers out	(23,222)	-	(23,222)
Changes in:			-
Inventory	3,474	-	3,474
Receivables	-	(1,757)	(1,757)
Payables	(7,025)	-	(7,025)
Deferred outflows	119,380	-	119,380
Deferred inflows	92,987	-	92,987
Net OPEB liability (asset)	(212,684)	-	(212,684)
Net pension liability	(32,641)	-	(32,641)
Net cash used in operating activities	<u>\$ (823,305)</u>	<u>\$ (31,199)</u>	<u>\$ (854,504)</u>
Noncash activities			
Commodities received from federal	\$ 17,689	\$ -	\$ 17,689
On-behalf payments received state	\$ 95,253	\$ 13,100	\$ 108,353

The notes to the financial statements are an integral part of this statement.

NOTE 1: ACCOUNTING POLICIES

Reporting Entity

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

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

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

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

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

Basis of Presentation

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

Government-Wide Financial Statements

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

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

NOTE 1: ACCOUNTING POLICIES (CONTINUED)

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

Fund Financial Statements

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

Governmental Fund Types

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

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

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

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

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

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

NOTE 1: ACCOUNTING POLICIES (CONTINUED)

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

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

Proprietary Fund Types (Enterprise Funds)

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

The *Day Care Fund* accounts for the school-based day care activities. The District chooses to report this a major fund

Measurement Focus and Basis of Accounting

Government-wide Financial Statements

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

Fund Financial Statements

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

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

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

Cash and Cash Equivalent

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

NOTE 1: ACCOUNTING POLICIES (CONTINUED)

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

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

Investments

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

Receivables

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

Capital Assets

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

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

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

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

NOTE 1: ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows

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

Payables and Accrued Liabilities

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

Compensated Absences

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

Long-Term Obligations

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

Pensions

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

NOTE 1: ACCOUNTING POLICIES (CONTINUED)

Other Post Employment Benefits (OPEB)

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

Deferred Inflows

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

Net Position

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

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

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

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

Fund Balance

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

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

NOTE 1: ACCOUNTING POLICIES (CONTINUED)

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

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

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

Unassigned. All amounts not included in other spendable classifications.

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

Revenues and Expenditures/Expenses

Property Taxes

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

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

Revenues

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

Expenses/Expenditures

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

NOTE 1: ACCOUNTING POLICIES (CONTINUED)

Interfund Activity

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

Interfund Balances

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

Extraordinary and Special Items

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

Estimates

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

Budgetary Process

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

Subsequent Events

The District evaluated subsequent events for potential recognition and disclosure through November 4, 2024 the date the financial statements were available to be issued.

NOTE 2: CASH AND INVESTMENTS

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

At year end, the District’s bank balance was \$4,416,200 and the carrying amount was \$4,078,659. The bank balance was fully covered by FDIC insurance and collateralized securities held by the financial institution, but not in the name of the District.

NOTE 3: CAPITAL ASSETS

Capital assets activity for the year is summarized below:

	Balance July 1, 2023	Additions	Disposals	Balance June 30, 2024
Governmental Activities				
Land and land improvements	\$ 1,331,728	\$ 63,050	\$ -	\$ 1,394,778
Buildings and improvements	14,108,120	17,387	-	14,125,507
Technology equipment	1,060,315	-	-	1,060,315
Vehicles	442,151	134,385	-	576,536
General equipment	684,116	265,041	-	949,157
Construction in progress	33,894	-	-	33,894
Total at historical cost	17,660,324	479,863	-	18,140,187
Less accumulated depreciation				
Land improvements	95,024	57,156	-	152,180
Buildings and improvements	8,222,772	866,812	-	9,089,584
Technology equipment	822,960	147,977	-	970,937
Vehicles	420,427	36,359	-	456,786
General equipment	295,472	77,512	-	372,984
Total accumulated depreciation	9,856,655	1,185,816	-	11,042,471
Capital assets - net	\$ 7,803,669	\$ (705,953)	\$ -	\$ 7,097,716

NOTE 3: CAPITAL ASSETS - CONTINUED

	Balance July 1, 2023	Additions	Disposals	Balance June 30, 2024
Business-type Activities				
Buildings and improvements	\$ 165,279	\$ -	\$ -	\$ 165,279
Technology equipmenmt	9,332	-	-	9,332
Vehicles	41,156	-	-	41,156
General equipment	308,798	40,942	14,982	334,758
Total at historical cost	524,565	40,942	14,982	550,525
Less accumulated depreciation				
Buildings and improvements	155,322	12,170	-	167,492
Technology equipmenmt	4,000	1,636	-	5,636
Vehicles	20,478	7,898	-	28,376
General equipment	200,005	82,718	13,223	269,500
Total accumulated depreciation	379,805	104,422	13,223	471,004
Capital assets - net	\$ 144,760	\$ (63,480)	\$ 1,759	\$ 79,521

Depreciation was charged to following government functions:

	Governmental	Business-type
Instruction	\$ 745,614	\$ -
Student support	85,127	-
Instructional staff	412	-
District administration	11,354	-
School administration	326	-
Business support	1,942	-
Plant operations	311,987	-
Student transportation	28,982	-
Community service	72	-
Food service	-	104,422
	\$ 1,185,816	\$ 104,422

NOTE 4: LONG-TERM LIABILITIES

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

Governmental Activities	Balance			Balance June 30, 2024	Amount	
	July 1, 2023	Additions	Reductions		Due Within One Year	Long- Term
Bonds payable	\$ 8,339,686	\$ -	\$ 379,082	\$ 7,960,604	\$ 494,082	\$ 7,466,522
Operating leases	-	128,674	-	128,674	23,160	105,514
Compensated absences	485,641	-	288,627	197,014	-	197,014
Net OPEB liability	3,363,970	-	1,527,970	1,836,000	-	1,836,000
Net pension liability	2,851,746	-	306,600	2,545,146	-	2,545,146
Total long-term liabilities	\$ 15,041,043	\$ 128,674	\$ 2,502,279	\$ 12,667,438	\$ 517,242	\$ 12,150,196

Business-type Activities	Balance			Balance June 30, 2024	Amount	
	July 1, 2023	Additions	Reductions		Due Within One Year	Long- Term
Net OPEB liability	198,993	\$ -	\$ 198,993	\$ -	\$ -	\$ -
Net pension liability	668,928	-	32,641	636,287	-	636,287
Total long-term liabilities	\$ 867,921	\$ -	\$ 231,634	\$ 636,287	\$ -	\$ 636,287

NOTE 5: BONDS PAYABLE

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

Issue	Proceeds	Rates	Balance June 30, 2024
Series 2013	\$ 1,735,000	1.250% - 3.000%	\$ 1,175,000
Series 2016	\$ 1,645,000	2.000% - 3.125%	1,380,000
Series 2019 REF	\$ 990,000	1.800% - 3.100%	695,000
Series 2019 ECB	\$ 1,320,000	1.600% - 2.400%	835,000
Series 2021 REF	\$ 730,000	2.000%	525,000
Series 2022	\$ 3,500,000	4.000% - 5.000%	3,285,000
Total bonds			7,895,000
Bond premium			65,604
Total			\$ 7,960,604

NOTE 5: BONDS PAYABLE - CONTINUED

Bond activity for the year is summarized below:

Issue	Balance			Balance June 30, 2024	Amount	
	July 1, 2023	Additions	Reductions		Due Within One Year	Long- Term
Series 2013	\$ 1,265,000	\$ -	\$ 90,000	\$ 1,175,000	\$ 90,000	\$ 1,085,000
Series 2016	1,420,000	-	40,000	1,380,000	40,000	1,340,000
Series 2019 REF	825,000	-	130,000	695,000	135,000	560,000
Series 2019 ECB	870,000	-	35,000	835,000	40,000	795,000
Series 2021 REF	595,000	-	70,000	525,000	70,000	455,000
Series 2022	3,295,000	-	10,000	3,285,000	115,000	3,170,000
Total bonds payable	8,270,000	-	375,000	7,895,000	490,000	7,405,000
Bond premium	69,686	-	4,082	65,604	4,082	61,522
Total bonds, net	\$ 8,339,686	\$ -	\$ 379,082	\$ 7,960,604	\$ 494,082	\$ 7,466,522

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

Year End June 30	Dayton Independent School District		School Facility Construction Commission		Total Debt Service
	Principal	Interest	Principal	Interest	
2025	421,837	264,730	68,163	17,483	772,213
2026	434,928	251,240	70,072	15,573	771,813
2027	452,892	236,802	72,108	13,536	775,338
2028	470,795	221,698	74,205	11,440	778,138
2029	488,600	205,942	76,400	9,243	780,185
2030-2034	2,404,357	764,719	170,643	23,625	3,363,344
2035-2039	1,874,452	369,429	65,548	2,982	2,312,411
2040-2042	750,000	69,999	-	-	819,999
Total	\$ 7,297,861	\$ 2,384,559	\$ 597,139	\$ 93,882	\$ 10,373,441
Total principal					\$ 7,895,000
Total interest					2,478,441
Total debt service					\$ 10,373,441

NOTE 6: OPERATING LEASES

The District entered into as lease are classified as an operating lease – Type B.

Lease activity for the year is as follows:

Lease	Balance			Amount		
	July 1, 2023	Additions	Reductions	June 30, 2024	Due Within One Year	Long-Term
US Bank 2024	\$ -	\$ 128,674	\$ -	\$ 128,674	\$ 23,160	\$ 105,514
Total operating leases	\$ -	\$ 128,674	\$ -	\$ 128,674	\$ 23,160	\$ 105,514

Lease contract payment requirements for the District are as follows:

June 30	
2025	\$ 28,944
2026	28,944
2027	28,944
2028	28,944
2029	28,944
Total remaining payments	144,720
Less interest component	16,046
	<u>\$ 128,674</u>

Right-of-use assets related to the lease are as follows:

Right-of-use equipment	\$ 128,674
Accumulated amortization	-
	<u>\$ 128,674</u>

A summary of lease costs and other lease information is as follows:

Operating lease cost \$ -

Cash paid for amounts included in the measurement of lease liabilities:

Operating leases \$ -

Weighted-average remaining lease term:

Years 5

Weighted-average discount rate:

Rate 5.00%

NOTE 7: COMPENSATED ABSENCES

Upon retirement from the school system, employees will receive from the District an amount equal to 30.00% of the value of accumulated sick leave. The compensated absences at year end is \$197,014.

NOTE 8: PENSION PLANS

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

General Information about the CERS Pension Plan

Plan Description

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

Benefits Provided

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

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

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

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

NOTE 8: PENSION PLANS – CONTINUED

Contributions

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

Employers – The contribution rate for the current year was 23.34%. The District made all required contributions for fiscal year in the amount of \$375,654

General Information about the TRS Pension Plan

Plan Description

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

Benefits Provided

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

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

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

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

NOTE 8: PENSION PLANS – CONTINUED

Benefits Provided - Continued

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

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

Contributions

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

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

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

CERS

At June 30, 2024, the District reported a liability of \$3,181,433 for its proportionate share of the net pension liability for CERS. The net pension liability for the plan was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The District's proportion of the net pension liability for CERS was based on the actual liability of the employees and former employees relative to the total liability of the System as determined by the actuary. At June 30, 2022, the District's proportion was 0.04958%.

For the year ended June 30, 2024, the District recognized pension expense of \$204,620 related to CERS.

NOTE 8: PENSION PLANS – CONTINUED

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

TRS

The District did not report a liability for the District’s proportionate share of the net pension liability for TRS because the Commonwealth of Kentucky provides the pension support directly to TRS on behalf of the District. The State’s proportionate share of the TRS net pension liability associated with the district is \$24,422,033.

For the year ended June 30, 2024, the District recognized pension expense of \$1,593,213 related to TRS. The District also recognized revenue of \$1,593,213 for TRS support provided by the Commonwealth.

At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow	Deferred Inflow	Net Deferral
Change in liability experience	\$ 164,697	\$ 8,645	
Change of assumptions	-	291,581	
Change in investment experience	-	43,396	
Change in proportionate share of contributions	77,277	4,422	
	<u>241,974</u>	<u>\$ 348,044</u>	<u>\$ (106,070)</u>
Subsequent contributions	<u>375,654</u>		
Total	<u>\$ 617,628</u>		

The contributions subsequent to the measurement date of \$375,654 will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. The net deferral of \$(106,070) will be recognized in pension expense as follows:

Year ending June 30	Net Deferral
2025	\$ (42,985)
2026	(103,309)
2027	71,022
2028	<u>(30,798)</u>
	<u>\$ (106,070)</u>

NOTE 8: PENSION PLAN (CONTINUED)

Actuarial assumptions

CERS

The total pension liability, net pension liability, and sensitivity information as of June 30, 2023 were based on an actuarial valuation date of June 30, 2021. The total pension liability was rolled forward from the valuation date to the plan's fiscal year ending June 30, 2023, using generally accepted actuarial principles

There was a change in the investment return assumption from 6.25% to 6.50%. The total pension liability as of June 30, 2023 was determined using these updated assumptions.

The actuarial assumptions are:

Employer fiscal year end	2024
Plan year end	2023
Actuarial valuation date	June 30, 2021
Actuarial cost method	Entry age normal
Asset valuation method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Amortization method	Level percent of pay
Amortization period	30-year closed period at June 30, 2019
Payroll growth rate	2.00%
Investment return	6.25%
Inflation	2.30%
Salary increase - nonhazardous	3.30% to 10.30%
Salary increase - hazardous	3.55% to 19.05%
Mortality	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from P-2014 mortality improvement scale using a base year of 2019
Phase-in provision	Board certified rate is phased into the actuarially determined rate in accordance with HB 362 enacted in 2018

TRS

The total pension liability, net pension liability, and sensitivity information as of June 30, 2023 were based on an actuarial valuation date of June 30, 2022. The total pension liability was rolled forward from the valuation date to the plan's fiscal year ending June 30, 2023, using generally accepted actuarial principles

There were no changes in the assumptions effecting the total pension liability as of June 30, 2023.

NOTE 8: PENSION PLAN (CONTINUED)

Actuarial assumptions - Continued

TRS - Continued

The actuarial assumptions are:

Employer fiscal year end	2024
Plan year end	2023
Actuarial valuation date	June 30, 2022
Inflation	2.50%
Salary increases, including inflation	3.00% - 7.50%
Investment return	7.10%
Municipal bond index rate:	
Prior measurement date	3.37%
Measurement date	3.66%
Year FNP is expected to be depleted	NA
Single equivalent interest rate:	
Prior measurement date	7.10%
Measurement date	7.10%
Post-retirement benefit increases	1.50% annually
Mortality	Rates based on the Pub2010 (Teachers Benefit-Weighted) Mortality Table projected generationally with MP-2020 with various set-forwards, set-backs, and adjustments for each of the groups; service, retirees, contingent annuitants, disabled retirees, and active members. The actuarial assumptions used were based on the results of an actuarial experience study for the 5-year period ending June 30, 2020, adopted by the board on September 20, 2021. The Municipal Bond Index Rate used for this purpose is the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index.

Long-term expected rate of return

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

NOTE 8: PENSION PLAN (CONTINUED)

Long-term expected rate of return – continued

CERS

Asset Class	Target Allocation	Long-term Expected Nominal Return
Public equity	50.00%	5.90%
Private Equity	10.00%	11.73%
Core bonds	10.00%	2.45%
Specialty credit/high yield	10.00%	3.65%
Cash	0.00%	1.39%
Real estate	7.00%	4.99%
Real return	13.00%	5.15%
Expected real return	100.00%	5.75%
Long-term inflation assumption		2.50%

TRS

Asset Class	Target Allocation	Long-term Expected Nominal Return
Large Cap US Equity	35.40%	5.00%
Small Cap US Equity	2.60%	5.50%
Developed International Equity	15.70%	5.50%
Emerging Markets Equity	5.30%	6.10%
Fixed Income	15.00%	1.90%
High Yield Bonds	5.00%	3.80%
Additional categories	5.00%	3.60%
Real Estate	7.00%	3.20%
Private Equity	7.00%	8.00%
Cash	2.00%	1.60%
Expected real return	100.00%	7.10%
Long-term inflation assumption		2.50%

NOTE 8: PENSION PLAN (CONTINUED)

Discount rate

A single discount rate of 6.50% and 7.10% was used to measure the total pension liability for CERS and TRS, respectively, for the fiscal year ending June 30, 2023. The single discount rate is based on the expected rate of return on pension plan investments for each plan. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the non-hazardous and hazardous pension plans' fiduciary net position and future contributions were separately projected and were each sufficient to finance all the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability for each plan.

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

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

	1% Decrease	Current Discount Rate	1% Increase
	5.50%	6.50%	7.50%
District's proportionate share of the CERS net pension liability	\$ 4,016,752	\$ 3,181,433	\$ 2,487,252

Pension plan fiduciary net position

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

NOTE 9: OPEB PLAN

General Information about the CERS Plan

Plan Description

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

Benefits Provided

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

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

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

Contributions

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

Employer Contributions – The contribution rate for the current year was 0.00%. The District made all required contributions for the fiscal year in the amount of \$0.

NOTE 9: OPEB PLAN (CONTINUED)

General Information about the TRS Plan

Plan Description

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

Benefits Provided

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

Contributions

In order to fund the post-retirement healthcare benefit, six percent (6%) of the gross annual payroll of employees before July 1, 2008 is contributed. Three percent (3%) is paid by member contributions and three quarters percent (.75%) from Commonwealth appropriation and two and one quarter percent (2.25%) from the employer. Also, the premiums collected from retirees as described in the plan description and investment interest help meet the medical expenses of the plan. The District made all required contributions for the fiscal year in the amount of \$173,144.

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

CERS

At June 30, 2024, the District reported an asset of \$68,453 for its proportionate share of the net OPEB asset for CERS. The net OPEB asset for the plan was measured as of June 30, 2023, and the total OPEB asset used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

The District's proportion of the net OPEB liability was based on the District's share of 2023 contributions to the OPEB plan relative to the 2023 contributions of all participating employers, actuarially determined. At June 30, 2023 the District's proportionate share was 0.04958%.

For the year ended June 30, 2024, the District recognized OPEB expense of \$(145,897) related to CERS.

NOTE 9: OPEB PLAN (CONTINUED)

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

TRS

At June 30, 2024, the District reported a liability of \$1,836,000 for its proportionate share of the net OPEB liability for TRS . The net OPEB liability for the plan was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

The District’s proportion of the net OPEB liability was based on the District’s share of 2023 contributions to the OPEB plan relative to the 2023 contributions of all participating employers, actuarially determined. At June 30, 2023 the District’s proportionate share was 0.07538%.

For the year ended June 30, 2024, the District recognized OPEB expense of \$25,806 related to TRS.

CERS and TRS

At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	CERS		
	Deferred Outflow	Deferred Inflow	Net Deferral
Change in liability experience	\$ 47,722	\$ 971,971	
Change of assumptions	134,712	93,881	
Change in investment experience	-	15,887	
Change in proportionate share of contributions	39,924	23,571	
	222,358	\$ 1,105,310	\$ (882,952)
Subsequent contributions	-		
Total	\$ 222,358		
		TRS	
	Deferred Outflow	Deferred Inflow	Net Deferral
Change in liability experience	\$ -	\$ 622,000	
Change of assumptions	417,000	-	
Change in investment experience	34,000	-	
Change in proportionate share of contributions	705,000	734,000	
	1,156,000	\$ 1,356,000	\$ (200,000)
Subsequent contributions	173,144		
Total	\$ 1,329,144		

NOTE 9: OPEB PLAN (CONTINUED)

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

	Total		
	Deferred Outflow	Deferred Inflow	Net Deferral
Change in liability experience	\$ 47,722	\$ 1,593,971	
Change of assumptions	551,712	93,881	
Change in investment experience	34,000	15,887	
Change in proportionate share of contributions	744,924	757,571	
	<u>1,378,358</u>	<u>\$ 2,461,310</u>	<u>\$ (1,082,952)</u>
Subsequent contributions	<u>173,144</u>		
Total	<u>\$ 1,551,502</u>		

The contributions subsequent to the measurement date of \$173,144 will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. The net deferral of \$(1,082,952) will be recognized as pension expense as follows:

Year ending June 30	Net Deferral
2025	\$ (296,040)
2026	(343,117)
2027	(148,120)
2028	(171,675)
2029	(52,000)
Thereafter	<u>(72,000)</u>
	<u>\$ (1,082,952)</u>

Implicit Subsidy

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

NOTE 9: OPEB PLAN (CONTINUED)

Actuarial assumptions

CERS

The total OPEB liability, net OPEB liability, and sensitivity information as of June 30, 2023 were based on an actuarial valuation date of June 30, 2021. The total OPEB liability was rolled forward from the valuation date to the plan’s fiscal year ending June 30, 2023, using generally accepted actuarial principles

There was a change in the investment return assumption from 5.70% to 5.93%. The total pension liability as of June 30, 2023 was determined using these updated assumptions.

Employer fiscal year end	2024
Plan year end	2023
Actuarial valuation date	June 30, 2021
Actuarial cost method	Entry age normal
Asset valuation method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Amortization method	Level percent of pay
Amortization period	30-year closed period at June 30, 2019
Payroll growth rate	2.00%
Investment return	6.25%
Inflation	2.30%
Salary increase - nonhazardous	3.30% to 10.30%
Salary increase - hazardous	3.55% to 19.05%
Mortality	System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from P-2014 mortality improvement scale using a base year of 2019
Healthcare trend rates:	
Pre-65	Initial trend starting at 6.30% at January 1, 2023, gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2022 premiums were known at the time of the valuation and were incorporated into the liability measurement.
Post-65	Initial trend starting at 6.30% at January 1, 2023, gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2022 premiums were known at the time of the valuation and were incorporated into the liability measurement.

NOTE 9: OPEB PLAN (CONTINUED)

Actuarial assumptions – continued

TRS

Employer fiscal year end	2024
Plan year end	2023
Actuarial valuation date	June 30, 2022
Inflation	2.50%
Real wage growth	0.25%
Wage inflation	2.75%
Salary increases, including inflation	3.00% - 7.50%
Investment return	
Health trust	7.10%
Life trust	7.10%
Municipal bond index rate:	3.66%
Year FNP is expected to be depleted	
Health trust	NA
Life trust	NA
Single equivalent interest rate:	
Health trust	7.10%
Life trust	7.10%
Health trust health care cost trends	
Medical trend	6.75% for FYE 2023 decreasing to an ultimate rate of 4.50% by FYE 2032
Medicare Part B premiums	1.55% for FYE 2023 with an ultimate rate of 4.50% by FYE 2034

Long-term expected rate of return

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

NOTE 9: OPEB PLAN (CONTINUED)

Long-term expected rate of return - continued

CERS

Asset Class	Target Allocation	Long-term Expected Nominal Return
Public equity	50.00%	5.90%
Private Equity	10.00%	11.73%
Core bonds	10.00%	2.45%
Specialty credit/high yield	10.00%	3.65%
Cash	0.00%	1.39%
Real estate	7.00%	4.99%
Real return	13.00%	5.15%
Expected real return	100.00%	5.75%
Long-term inflation assumption		2.50%

TRS - MIF

Asset Class	Target Allocation	Long-term Expected Nominal Return
Large Cap US Equity	35.40%	5.00%
Small Cap US Equity	2.60%	5.50%
Developed International Equity	15.00%	5.50%
Emerging Markets Equity	5.00%	6.10%
Fixed Income	9.00%	1.90%
High Yield Bonds	8.00%	3.80%
Additional categories	9.00%	3.70%
Real Estate	6.50%	3.20%
Private Equity	8.50%	8.00%
Cash	1.00%	1.60%
Expected real return	100.00%	7.10%
Long-term inflation assumption		2.50%

NOTE 9: OPEB PLAN (CONTINUED)

Long-term expected rate of return - continued

TRS - LIF

Asset Class	Target Allocation	Long-term Expected Nominal Return
US Equity	40.00%	5.20%
Developed International Equity	15.00%	5.50%
Emerging Markets Equity	5.00%	6.10%
Fixed Income	21.00%	1.90%
Additional categories	5.00%	4.00%
Real Estate	7.00%	3.20%
Private Equity	5.00%	8.00%
Cash	2.00%	1.60%
<u>Expected real return</u>	<u>100.00%</u>	<u>7.10%</u>
<u>Long-term inflation assumption</u>		<u>2.50%</u>

Discount rate

Single discount rates of (409,890) and (141,145) for CERS and TRS respectively were used to measure the total OPEB liability as of June 30, 2023. The single discount rates are based on the expected rate of return on OPEB plan investments of 5.93%, and a municipal bond rate of (1,060,000), as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2023. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, each plan's fiduciary net position and future contributions were projected separately and were sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the plan. However, the cost associated with the implicit employer subsidy was not included in the calculation of the plans actuarially determined contributions, and any cost associated with the implicit subsidy will not be paid out of the plan trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

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

NOTE 9: OPEB PLAN (CONTINUED)

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

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

	1% Decrease	Current	1% Increase
	4.93%	Discount Rate	6.93%
		5.93%	
District's proportionate share of the CERS net OPEB liability (asset)	\$ 128,461	\$ (68,453)	\$ (233,345)
	1% Decrease	Current	1% Increase
	6.10%	Discount Rate	8.10%
		7.10%	
District's proportionate share of the TRS net OPEB liability	\$ 2,361,000	\$ 1,836,000	\$ 1,402,000
Total	\$ 2,489,461	\$ 1,767,547	\$ 1,168,655

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

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

	1% Decrease	Current	1% Increase
		Trend Rate	
District's proportionate share of the CERS net OPEB liability (asset)	\$ (219,405)	\$ (68,453)	\$ 116,977
District's proportionate share of the TRS net OPEB liability	1,322,000	1,836,000	2,476,000
Total	\$ 1,102,595	\$ 1,767,547	\$ 2,592,977

OPEB plan fiduciary net position

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

NOTE 10: ON-BEHALF

For the year ended June 30, 2024, payments made by the Commonwealth of Kentucky on behalf of the District for insurance benefits, retirement benefits, technology, and debt service. The following amounts were recorded in the Statement of Activities and the Statement of Revenue, Expenditures, and Changes in Fund Balance:

Fund	
General	\$ 2,665,859
Debt service	85,644
Food service	95,253
	<u>\$ 2,846,756</u>

Type	
Retirement	\$ 1,593,213
Health insurance less federal reimbursement	1,067,756
Life insurance	1,571
Administrative fee	12,548
HRA/Dental/Vision insurance	27,125
Technology	58,899
Debt service	85,644
	<u>\$ 2,846,756</u>

NOTE 11: FUND TRANSFERS

The following transfers were made during the year:

From	To	Purpose	Amount
General fund	Special revenue	Technology Match	\$ 14,945
Special revenue	General fund	Projects	157,778
Building fund	Debt service	Debt service	580,010
Food	General fund	Indirect costs	23,222
		<u>Total transfers</u>	<u>\$ 775,955</u>

Transfers are summarized as follows:

	Transfers In	Transfers Out	Net Transfer
Governmental funds	\$ 775,955	\$ 752,733	\$ 23,222
Proprietary fund	-	23,222	(23,222)
<u>Total</u>	<u>\$ 775,955</u>	<u>\$ 775,955</u>	<u>\$ -</u>

NOTE 12: CONTINGENCIES

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

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

NOTE 13: RISK MANAGEMENT

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

Management estimates that the amount of actual or potential claims against the District as of June 30, 2024, will not materially affect the financial condition of the District. Therefore, the General Fund contains no provision for estimated claims. No claim has exceeded insurance coverage amounts in the past three fiscal years.

REQUIRED SUPPLEMENTARY INFORMATION

Dayton Independent School District
 Budgetary Comparison Schedule – General Fund
 Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance
	Original	Final		Final to Actual
Revenues				
Local sources	\$ 3,114,462	\$ 3,114,462	\$ 3,378,127	\$ 263,665
State sources	6,547,160	6,547,160	6,875,129	327,969
Federal sources	75,000	75,000	254,934	179,934
Total revenues	9,736,622	9,736,622	10,508,190	771,568
Expenditures				
Instruction	5,591,942	5,591,942	5,381,204	210,738
Support services:				-
Student	1,226,089	1,226,089	1,310,066	(83,977)
Instruction staff	646,074	646,074	538,224	107,850
District administrative	643,719	643,719	695,028	(51,309)
School administrative	834,051	834,051	853,367	(19,316)
Business	450,632	450,632	398,359	52,273
Plant operations	1,118,875	1,118,875	995,228	123,647
Student transportation	218,848	218,848	291,760	(72,912)
Food service	18,941	18,941	22,253	(3,312)
Day care	7,550	7,550	8,895	(1,345)
Community services	11,240	11,240	33,276	(22,036)
Land acquisitions	-	-	63,050	(63,050)
Contingency	1,675,020	1,675,020	-	1,675,020
Total expenditures	12,442,981	12,442,981	10,590,710	1,852,271
Excess (deficiency) of revenues over expenditures	(2,706,359)	(2,706,359)	(82,520)	2,623,839
Other financing sources (uses)				
Transfers in	56,000	56,000	181,000	125,000
Transfers out	(78,600)	(78,600)	(14,945)	63,655
Total other financing sources (uses)	(22,600)	(22,600)	166,055	188,655
Net change in fund balances	(2,728,959)	(2,728,959)	83,535	2,812,494
Fund balances - beginning of year	2,678,405	2,678,405	2,680,712	2,307
Fund balances - end of year	\$ (50,554)	\$ (50,554)	\$ 2,764,247	\$ 2,814,801

Dayton Independent School District
 Budgetary Comparison Schedule – Special Revenue Fund
 Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance
	Original	Final		Final to Actual
Revenues				
Local sources	\$ (5,421)	\$ (5,421)	\$ 197,814	\$ 203,235
State sources	513,870	513,870	426,276	(87,594)
Federal sources	1,005,078	1,005,078	3,083,491	2,078,413
Total revenues	1,513,527	1,513,527	3,707,581	2,194,054
Expenditures				
Instruction	1,201,948	1,201,948	2,058,808	(856,860)
Support services:				
Student	72,739	72,739	150,975	(78,236)
Instuction staff	73,497	73,497	753,741	(680,244)
Business	-	-	110,334	(110,334)
Plant operations	38,488	38,488	99,751	(61,263)
Student transportation	-	-	134,385	(134,385)
Day care	-	-	5,446	(5,446)
Community services	154,513	154,513	218,219	(63,706)
Total expenditures	1,541,185	1,541,185	3,531,659	(1,990,474)
Excess (deficiency) of revenues over expenditures	(27,658)	(27,658)	175,922	203,580
Other financing sources (uses)				
Transfers in	17,500	17,500	14,945	(2,555)
Transfers out	(54,182)	(54,182)	(157,778)	(103,596)
Total other financing sources (uses)	(36,682)	(36,682)	(142,833)	(106,151)
Net change in fund balances	(64,340)	(64,340)	33,089	97,429
Fund balances - beginning of year	-	-	(32,933)	(32,933)
Fund balances - end of year	\$ (64,340)	\$ (64,340)	\$ 156	\$ 64,496

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

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

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

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

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

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

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

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

The Board has the ability to amend the working budget.

Dayton Independent School District
Schedule of District's Share of Net Pension Liability and Contributions – CERS
June 30, 2024

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

Year ended June 30	Measurement period June 30	District's proportion of the net pension liability	District's proportionate share of the net pension liability	District's covered payroll	District's proportionate share of the net pension liability as a percentage covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2024	2023	0.0496%	\$ 3,181,433	\$ 1,503,714	211.57%	57.48%
2023	2022	0.0487%	\$ 3,520,674	\$ 1,455,904	241.82%	52.42%
2022	2021	0.0469%	\$ 2,992,283	\$ 1,312,381	228.00%	55.95%
2021	2020	0.0498%	\$ 3,823,224	\$ 1,352,244	282.73%	47.81%
2020	2019	0.0497%	\$ 3,496,056	\$ 1,343,179	260.28%	50.45%
2019	2018	0.0468%	\$ 2,850,872	\$ 1,243,533	229.26%	53.54%
2018	2017	0.0461%	\$ 2,696,443	\$ 1,123,109	240.09%	53.32%
2017	2016	0.0442%	\$ 2,179,334	\$ 1,060,537	205.49%	55.50%
2016	2015	0.0471%	\$ 2,024,238	\$ 1,052,781	192.28%	59.97%
2015	2014	0.0446%	\$ 1,449,000	\$ 2,958,220	48.98%	66.80%

Schedule of District's Contributions - CERS

Year ended June 30	Contractually required contribution	Actual contribution	Contribution deficiency (excess)	District's covered payroll	Contributions as a percentage of covered payroll
2024	\$ 375,654	\$ 375,654	\$ -	\$ 1,609,486	23.34%
2023	\$ 351,869	\$ 351,869	\$ -	\$ 1,503,714	23.40%
2022	\$ 308,215	\$ 308,215	\$ -	\$ 1,455,904	21.17%
2021	\$ 315,518	\$ 315,518	\$ -	\$ 1,312,381	24.04%
2020	\$ 325,249	\$ 325,249	\$ -	\$ 1,352,244	24.05%
2019	\$ 288,514	\$ 288,514	\$ -	\$ 1,343,179	21.48%
2018	\$ 238,509	\$ 238,509	\$ -	\$ 1,243,533	19.18%
2017	\$ 209,010	\$ 209,010	\$ -	\$ 1,123,109	18.61%
2016	\$ 180,927	\$ 180,927	\$ -	\$ 1,060,537	17.06%
2015	\$ 185,267	\$ 185,267	\$ -	\$ 1,052,781	17.60%

Dayton Independent School District
 Schedule of District's Share of Net Pension Liability and Contributions - TRS
 June 30, 2024

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

Year ended June 30	Measurement period June 30	District's proportion of the net pension liability	District's proportionate share of the net pension liability	State's proportionate share of the net pension liability associated with the District	District's covered payroll	District's proportionate share of the net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2024	2023	0.0000%	\$ -	\$ 24,422,033	\$ 5,526,867	0.00%	57.62%
2023	2022	0.0000%	\$ -	\$ 24,787,158	\$ 4,635,300	0.00%	56.41%
2022	2021	0.0000%	\$ -	\$ 18,522,407	\$ 5,141,994	0.00%	65.59%
2021	2020	0.0000%	\$ -	\$ 19,635,506	\$ 5,006,400	0.00%	58.27%
2020	2019	0.0000%	\$ -	\$ 18,173,923	\$ 4,759,401	0.00%	58.76%
2019	2018	0.0000%	\$ -	\$ 18,310,857	\$ 4,803,543	0.00%	59.30%
2018	2017	0.0000%	\$ -	\$ 37,116,653	\$ 4,607,500	0.00%	39.83%
2017	2016	0.0000%	\$ -	\$ 40,720,474	\$ 4,629,144	0.00%	35.22%
2016	2015	0.0000%	\$ -	\$ 30,776,138	\$ 4,544,045	0.00%	42.49%
2015	2014	0.0000%	\$ -	\$ 29,749,812	\$ 11,466,263	0.00%	45.59%

Schedule of District's Contributions - TRS

Year ended June 30	Contractually required contribution	Actual contribution	Contribution deficiency (excess)	District's covered payroll	Contributions as a percentage of covered payroll
2024	\$ -	\$ -	\$ -	\$ 5,771,467	0.00%
2023	\$ -	\$ -	\$ -	\$ 5,526,867	0.00%
2022	\$ -	\$ -	\$ -	\$ 4,635,300	0.00%
2021	\$ -	\$ -	\$ -	\$ 5,141,994	0.00%
2020	\$ -	\$ -	\$ -	\$ 5,006,400	0.00%
2019	\$ -	\$ -	\$ -	\$ 4,759,401	0.00%
2018	\$ -	\$ -	\$ -	\$ 4,803,543	0.00%
2017	\$ -	\$ -	\$ -	\$ 4,607,500	0.00%
2016	\$ -	\$ -	\$ -	\$ 4,629,144	0.00%
2015	\$ -	\$ -	\$ -	\$ 4,544,045	0.00%

Dayton Independent School District
Schedule of District's Share of Net OPEB Liability and Contributions - CERS
June 30, 2024

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

Year ended June 30	Measurement period June 30	District's proportion of the net OPEB liability (asset)	District's proportionate share of the net OPEB liability (asset)	District's covered payroll	District's proportionate share of the net OPEB liability (asset) as a percentage covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2024	2023	0.0496%	\$ (68,453)	\$ 1,503,714	-4.55%	104.23%
2023	2022	0.0487%	\$ 960,963	\$ 1,455,904	66.00%	60.95%
2022	2021	0.0498%	\$ 898,279	\$ 1,312,381	68.45%	58.41%
2021	2020	0.0498%	\$ 1,203,509	\$ 1,352,244	89.00%	51.67%
2020	2019	0.0497%	\$ 835,864	\$ 1,343,179	62.23%	60.44%
2019	2018	0.0468%	\$ 831,067	\$ 1,243,533	66.83%	57.62%
2018	2017	0.0461%	\$ 926,104	\$ 1,123,109	82.46%	52.39%

Schedule of District's Contributions - CERS

Year ended June 30	Contractually required contribution	Actual contribution	Contribution deficiency (excess)	District's covered payroll	Contributions as a percentage of covered payroll
2024	\$ -	\$ -	\$ -	\$ 1,609,486	0.00%
2023	\$ 50,975	\$ 50,975	\$ -	\$ 1,503,714	3.39%
2022	\$ 84,150	\$ 84,150	\$ -	\$ 1,455,904	5.78%
2021	\$ 60,787	\$ 60,787	\$ -	\$ 1,312,381	4.63%
2020	\$ 65,953	\$ 65,953	\$ -	\$ 1,352,244	4.88%
2019	\$ 54,528	\$ 54,528	\$ -	\$ 1,343,179	4.06%
2018	\$ 53,053	\$ 53,053	\$ -	\$ 1,243,533	4.27%

Dayton Independent School District
Schedule of District's Share of Net OPEB Liability and Contributions – TRS Medical Insurance Plan
June 30, 2024

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

Year ended June 30	Measurement period June 30	District's proportion of the net OPEB liability	District's proportionate share of the net OPEB liability	State's proportionate share of the net OPEB liability associated with the District	District's covered payroll	District's proportionate share of the net OPEB liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2024	2023	0.0754%	\$ 1,836,000	\$ 1,547,000	\$ 5,526,867	33.22%	52.97%
2023	2022	0.1048%	\$ 2,602,000	\$ 855,000	\$ 5,583,409	46.60%	47.75%
2022	2021	0.0753%	\$ 1,616,000	\$ 2,738,000	\$ 5,141,994	31.43%	51.47%
2021	2020	0.0737%	\$ 1,860,000	\$ 3,350,000	\$ 5,006,400	37.15%	32.58%
2020	2019	0.0704%	\$ 2,060,000	\$ 3,724,000	\$ 4,759,901	43.28%	32.58%
2019	2018	0.0178%	\$ 2,481,000	\$ 4,619,000	\$ 4,803,543	51.65%	25.54%
2018	2017	0.0718%	\$ 2,561,000	\$ 4,653,000	\$ 4,670,750	54.83%	21.18%

Schedule of District's Contributions - TRS Medical Insurance Plan

Year ended June 30	Contractually required contribution	Actual contribution	Contribution deficiency (excess)	District's covered payroll	Contributions as a percentage of covered payroll
2024	\$ 173,144	\$ 173,144	\$ -	\$ 5,771,467	3.00%
2023	\$ 165,806	\$ 165,806	\$ -	\$ 5,526,867	3.00%
2022	\$ 139,059	\$ 139,059	\$ -	\$ 5,583,409	2.49%
2021	\$ 130,126	\$ 130,126	\$ -	\$ 5,141,994	2.53%
2020	\$ 122,561	\$ 122,561	\$ -	\$ 5,006,400	2.45%
2019	\$ 127,374	\$ 127,374	\$ -	\$ 4,759,901	2.68%
2018	\$ 123,045	\$ 123,045	\$ -	\$ 4,803,543	2.56%

Dayton Independent School District
 Schedule of District's Share of Net OPEB Liability and Contributions – TRS Life Insurance Plan
 June 30, 2024

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

Year ended June 30	Measurement period June 30	District's proportion of the net OPEB liability	District's proportionate share of the net OPEB liability	State's proportionate share of the net OPEB liability associated with the District	District's covered payroll	District's proportionate share of the net OPEB liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2024	2023	0.0000%	\$ -	\$ 38,000	\$ 5,526,867	0.00%	76.91%
2023	2022	0.0000%	\$ -	\$ 17,000	\$ 5,583,409	0.00%	73.97%
2022	2021	0.0000%	\$ -	\$ 45,000	\$ 5,141,994	0.00%	89.15%
2021	2020	0.0000%	\$ -	\$ 45,000	\$ 5,006,400	0.00%	71.57%
2020	2019	0.0000%	\$ -	\$ 39,000	\$ 4,759,901	0.00%	73.40%
2019	2018	0.0000%	\$ -	\$ 37,000	\$ 4,803,543	0.00%	74.97%
2018	2017	0.0000%	\$ -	\$ 28,000	\$ 4,670,750	0.00%	79.99%

Schedule of District's Contributions - TRS Life Insurance Plan

Year ended June 30	Contractually required contribution	Actual contribution	Contribution deficiency (excess)	District's covered payroll	Contributions as a percentage of covered payroll
2024	\$ -	\$ -	\$ -	\$ 5,771,467	0.00%
2023	\$ -	\$ -	\$ -	\$ 5,526,867	0.00%
2022	\$ -	\$ -	\$ -	\$ 5,583,409	0.00%
2021	\$ -	\$ -	\$ -	\$ 5,141,994	0.00%
2020	\$ -	\$ -	\$ -	\$ 5,006,400	0.00%
2019	\$ -	\$ -	\$ -	\$ 4,759,901	0.00%
2018	\$ -	\$ -	\$ -	\$ 4,803,543	0.00%

SUPPLEMENTARY INFORMATION

Dayton Independent School District
Combining Balance Sheet – Nonmajor Funds
June 30, 2024

	District Activity Fund	School Activity Fund	Capital Outlay Fund	Building Fund	Debt Service Fund	Total Nonmajor Governmental Funds
Assets						
Cash and cash equivalents	\$ 23,183	\$ 140,093	\$ 83,433	\$ 517,219	\$ -	\$ 763,928
Total assets	<u>\$ 23,183</u>	<u>\$ 140,093</u>	<u>\$ 83,433</u>	<u>\$ 517,219</u>	<u>\$ -</u>	<u>\$ 763,928</u>
Liabilities						
Accounts payable	1,588	(1,418)	37,650	-	-	\$ 37,820
Total liabilities	<u>1,588</u>	<u>(1,418)</u>	<u>37,650</u>	<u>-</u>	<u>-</u>	<u>37,820</u>
Fund balances						
Restricted	21,595	141,060	45,783	517,219	-	725,657
Assigned	-	451	-	-	-	451
Total fund balances	<u>21,595</u>	<u>141,511</u>	<u>45,783.00</u>	<u>517,219</u>	<u>-</u>	<u>726,108</u>
Total liabilities and fund balances	<u>\$ 23,183</u>	<u>\$ 140,093</u>	<u>\$ 83,433</u>	<u>\$ 517,219</u>	<u>\$ -</u>	<u>\$ 763,928</u>

Dayton Independent School District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance – Nonmajor Funds
Year Ended June 30, 2024

	District Activity Fund	Student Activity Fund	Capital Outlay Fund	Building Fund	Debt Service Fund	Total Nonmajor Governmental Funds
Revenues						
From local sources:						
Property taxes	\$ -	\$ -	\$ -	\$ 569,960	\$ -	\$ 569,960
Other local revenue	12,657	325,424	-	-	-	338,081
Intergovernmental state:						
SEEK	-	-	82,889	417,882	-	500,771
On-behalf	-	-	-	-	85,644	85,644
Total revenues	12,657	325,424	82,889	987,842	85,644	1,494,456
Expenditures						
Instruction	18,370	304,007	-	-	-	322,377
Support services:						
Student	1,013	-	-	-	-	1,013
Instruction staff	962	-	-	-	-	962
Plant operation and maintenance	-	-	55,930	-	-	55,930
Student transportation	989	-	-	-	-	989
Community services	-	9,960	-	-	-	9,960
Land improvements	-	-	-	48,296	-	48,296
Debt service						
Principal	-	-	-	-	375,000	375,000
Interest	-	-	-	-	290,654	290,654
Total expenditures	21,334	313,967	55,930	48,296	665,654	1,105,181
Excess of revenues over (under) expenditures	(8,677)	11,457	26,959	939,546	(580,010)	389,275
Other financing sources (uses)						
Transfers in	-	-	-	-	580,010	580,010
Transfers out	-	-	-	(580,010)	-	(580,010)
Total other financing sources (uses)	-	-	-	(580,010)	580,010	-
Net change in fund balances	(8,677)	11,457	26,959	359,536	-	389,275
Fund balances - beginning	30,272	130,054	18,824	157,683	-	336,833
Fund balances - end of year	\$ 21,595	\$ 141,511	\$ 45,783	\$ 517,219	\$ -	\$ 726,108

Dayton Independent School District
 Combining Statement of School Activity Funds
 Year Ended June 30, 2024

	Cash Balance			Cash Balance
	July 1, 2023	Receipts	Expenditure	June 30, 2024
Dayton High School	\$ 104,175	\$ 159,492	\$ 178,216	\$ 85,451
Lincoln Elementary	25,879	103,132	73,969	55,042
	<u>\$ 130,054</u>	<u>\$ 262,624</u>	<u>\$ 252,185</u>	<u>\$ 140,493</u>

Dayton Independent School District
Statement of School Activity Funds
Dayton Independent High School
Year Ended June 30, 2024

	Cash Balance			Cash Balance
	July 1, 2023	Receipts	Expenditure	June 30, 2024
7TH GRADE	\$ 286	\$ -	\$ 185	\$ 101
8TH GRADE	161	-	125	36
ACADEMIC TEAM	123	-	-	123
AFTER PROM	999	2,796	827	2,968
ALUMNI ASSOCIATION	4,516	-	-	4,516
COMMUNITY BASED	1,748	570	1,751	567
ANNUAL YEARBOOK	72	780	-	852
ART DEPT	278	-	-	278
BOOSTER CLUB	6,191	26,135	26,151	6,175
ATHLETIC FUNDRAISERS	35	-	-	35
BAND	1,031	2,447	1,982	1,496
BAND BOOSTERS	2,120	-	-	2,120
BASEBALL FUNDRAISER	7,335	-	5,274	2,061
BOWLING FUNDRAISER	743	3,807	3,809	741
STUDENT GENERATED	6,690	3,305	2,195	7,800
BOYS BASKETBALL FUNDRAISER	12	7,323	5,274	2,061
BOYS TRACK	(1)	1	-	-
CHEER FUNDRAISER	3,872	12,497	12,964	3,405
CLASS OF 25	1,575	5,545	7,120	-
STAFF GENERATED	1,738	915	1,397	1,256
COLOR/WINTER GUARD	17	-	17	-
CROSS COUNTRY FUNDRAISERS	6	-	-	6
DAF SWEEP ACCOUNT	2,711	1,133	3,737	107
DAY TREATMENT	413	-	413	-
DRAMA CLUB	2,664	4,151	4,523	2,292
ENGLISH DEPT	55	-	-	55
FBLA	-	1,314	1,090	224
FELLOWSHIP OF CHRISTIAN ATHLETI	46	-	46	-
FOOTBALL FUNDRAISERS	1,148	19,163	19,670	641
GOLF OUTING	1,600	14,290	15,890	-
GUIDANCE	186	-	186	-
HS FIELD TRIPS	576	-	-	576
STUDENT COUNCIL	240	-	-	240
INSTRUCTIONAL TECHNOLOGY	1,131	294	-	1,425
LIBRARY	60	50	-	110
MS BASKETBALL FUNDRAISER	830	70	866	34
MS DANCE	135	170	135	170
MS FIELD TRIPS	1,024	-	-	1,024
MS ROBOTICS	402	-	-	402
MS SCIENCE CLUB	56	-	-	56

Dayton Independent School District
Statement of School Activity Funds - Continued
Dayton Independent High School
Year Ended June 30, 2024

	Cash Balance			Cash Balance
	July 1, 2023	Receipts	Expenditure	June 30, 2024
MS STUDENT COUNCIL	344	-	-	344
NAT'L HONOR SOCIETY	267	-	-	267
NJHS	909	-	-	909
PEP SQUAD FUNDRAISER	51	-	51	-
PRINCIPALS ACCOUNT	6,963	1,745	1,695	7,013
PROM FUNDRAISER	804	-	804	-
RIDDER/DAPPER SCHOLARSHIP	250	500	750	-
SENIOR BANQUET	487	10	-	497
SENIOR TRIP	358	3,017	929	2,446
SOCCER FUNDRAISERS	2,576	910	2,526	960
GIRLS BASKETBALL FUNDRAISER	2,507	10,854	6,811	6,550
SOFTBALL FUNDRAISER	6,258	500	5,857	901
SPEC ED DEPT	16	-	12	4
SPIDER/DOYEN SCHOLARSHIP	1,500	-	-	1,500
STUDENT DEVICES	74	25	-	99
TCHR/STUDENT INCENTIVES	341	-	341	-
THERAPUTIC RESOURCES	1	-	-	1
TRACK FUNDRAISER	-	5,873	5,056	817
TRANSCRIPT FEES	1,385	12	-	1,397
VOLLEYBALL FUNDRAISERS	2,382	25,623	27,363	642
VOLTER MEMORIAL SCHOLARSHIP	-	750	-	750
WASHINGTON DC TRIP	2,457	-	2,457	-
YOUTH LEAGUE	(1)	1	-	-
YOUTHSERVICE CENTER	125	375	462	38
WOODEN SCHOLARSHIP	5	-	-	5
VOLTER TRACK SCHOLARSHIP	500	250	750	-
SCIENCE SCHOLARSHIP	200	-	-	200
S.WATSON MEMORIAL SCHOLARSHI	1,375	500	-	1,875
SCANTRELL MEMORIAL SCHOLARSHI	1,000	-	500	500
LINGERFELGER/MCKIERNAN SCHOL	2,887	-	300	2,587
MORELAND SCHOLARSHIP	3,500	-	1,000	2,500
K.RANKLE SCHOLARSHIP	300	250	300	250
KROGMAN/MCHALE SCHOLARSHIP	2,000	-	1,000	1,000
L.BRANDENBURG SCHOLARSHIP	150	-	-	150
DAYTON ED ASSOC SCHOLARSHIP	250	250	250	250
DEAD INN SCHOLARSHIP	250	-	-	250
DHS ALUMNI ASSOC SCHOLARSHIP	1,500	-	1,000	500
DHS BOOSTER SCHOLARSHIP	659	91	250	500
DHS SCHOLARSHIP	1,066	-	250	816

Dayton Independent School District
Statement of School Activity Funds - Continued
Dayton Independent High School
Year Ended June 30, 2024

	Cash Balance			Cash Balance
	July 1, 2023	Receipts	Expenditure	June 30, 2024
COXPELLMAN SCHOLARSHIP	2,000	1,000	1,000	2,000
CAMPBELL FAMILY SCHOLARSHIP	80	-	-	80
CAMPOMOR SCHOLARSHIP	1,450	200	250	1,400
BOYS BB SCHOLARSHIP	125	-	125	-
CC RETIRED TCHR SCHOLARSHIP	1,000	-	500	500
BARNES LODGE SCHOLARSHIP	1,000	-	-	1,000
Due to student groups	<u>\$ 104,175</u>	<u>\$ 159,492</u>	<u>\$ 178,216</u>	<u>\$ 85,451</u>

Dayton Independent School District
 Schedule of Expenditures of Federal Awards - Continued
 Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/ Program or Cluste	Federal Assistanc Listing	Pass Through Grantor's Number	Federal Expenditures for FYE 6/30/2024	
U.S. Department of Education				
<i>Passed through Kentucky Department of Education</i>				
Special Education Cluster (IDEA)				
Special Education_Grants to States (IDEA, Part B)	84.027	3810002 22	77,661	
	84.027	3810002 23	239,827	
	84.173	3800002 23	33,235	350,723
<hr/>				
Title I Grants to Local Educational Agencies	84.010	3100002-22	40,584	
	84.010	3100002-23	469,148	509,732
<hr/>				
Perkins Vocational Education	84.048	3710002-23	5,402	5,402
<hr/>				
McKinney Homeless Education	84.196	3990002-21	4,329	
	84.196	3990002-22	40,945	
	84.196	3990002-23	81,899	127,173
<hr/>				
Student Support and Academic Enrichment	84.424	3420002-22	2,422	
	84.424	3420002-23	33,572	35,994
<hr/>				
Education and Stabilization Fund				
<i>Passed through Kentucky Department of Education</i>				
Governor's Emergency Education Relief Fund	84.425C	4200002-21	12,322	
Elementary and Secondary Schools Emergency	84.425D	4200002-21	6,547	
ARP Elementary and Secondary Schools Emergency	84.425U	4200002-21	1,659,332	
ARP Homeless	84.425W	4200002-21	26,906	
<i>Passed through NKCES</i>				
ARP Elementary and Secondary Schools Emergency	84.425U	NA	22,870	1,727,977
<hr/>				
<i>Passed through The Prichard Committee</i>				
Innovative Approaches to Literacy	84.215	NA	54,507	54,507
<hr/>				
<i>Passed through NKCES</i>				
School Based Mental Health	84.184H	NA	77,732	77,732
<hr/>				
Arts in Education	84.351	NA	8,562	8,562
<hr/>				
Total U.S Department of Education				2,897,802

Dayton Independent School District
 Schedule of Expenditures of Federal Awards - Continued
 Year Ended June 30, 2024

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluste</u>	<u>Federal Assistanc Listing</u>	<u>Pass Through Grantor's Number</u>	<u>Federal Expenditures for FYE 6/30/2024</u>	
<u>U.S. Department of Agriculture</u>				
<i>Passed through Kentucky Department of Education</i>				
Child Nutrition Cluster				
School Breakfast Program	10.553	7760005 23	29,509	
	10.553	7760002 24	123,054	
National School Lunch Program	10.555	7750002-23	85,451	
	10.555	7750002-24	383,261	
	10.555	9980000-23	31,607	
Summer Food Service Program for Children	10.559	7690024-24	726	
	10.559	7740023-24	7,045	660,653
Child and Adult Care Food Program	10.558	7790021 23	11,547	
	10.558	7790021 24	57,681	
	10.558	7800016 23	802	
	10.558	7800016 24	3,207	73,237
State Administrative Expenses for Child Nutrition	10.560	7700001 23	797	797
<i>Passed through Kentucky Department of Agriculture</i>				
Commodities	10.565	Commodities	17,689	17,689
Total U.S. Department of Agriculture				752,376
<u>U.S. Department of Health and Human Services</u>				
<i>Passed through Kentucky Department of Education</i>				
State Innovation Waivers	93.423		3,290	3,290
Childcare and Development Block Grant	93.575		180,624	180,624
Total U.S. Department of Health and Human Services				183,914
<u>Federal Emergency Management Agency</u>				
<i>Passed through Commonwealth of Kentucky Emergency Management</i>				
Disaster Grants - Public Assistance	97.036	4497-DR-KY	30,842	30,842
Total Federal Emergency Management Agency				30,842
<u>U.S. Department of Justice</u>				
<i>Passed through Kentucky Department of Education</i>				
Stop School Violence	16.839	NA	1,775	1,775
Total U.S. Department of Justice				1,775
Total Expenditures of Federal Awards				\$ 3,866,709

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal grant activity of Dayton Independent School District (District) under programs of the federal government for the year ended June 30, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3: INDIRECT COST RATE

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

NOTE 4: SUBRECIPIENTS

The District did not provide federal funds to subrecipients for the year ended June 30, 2024.

NOTE 5: COMMODITIES

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

NOTE 6: FEDERAL AWARDS RECONCILIATION

Federal revenues reported on the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	\$ 3,114,333
Federal grants reported on the Statement or Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund	734,687
Donated commodities reported on the Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund	17,689
<hr/> Schedule of expenditures of federal awards <hr/>	<hr/> 3,866,709 <hr/>



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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Dayton Independent School District (District) as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 4, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

We noted certain matters that we reported to management of the District in a separate letter dated November 4, 2024.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Maddox & Associates CPAs Inc.

Fort Thomas, Kentucky

November 4, 2024

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Program

We have audited Dayton Independent School District's (District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2024. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities of those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Maddox & Associates CPAs Inc.

Fort Thomas, Kentucky

November 4, 2024

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified?

_____ Yes X None reported

Noncompliance material to financial statements noted?

_____ Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified?

_____ Yes X None reported

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

Unmodified

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

_____ Yes X None reported

Identification of Major Programs

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

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

\$ 750,000

Auditee qualified as low-risk auditee

_____ Yes X No

SECTION II - FINANCIAL STATEMENT FINDINGS

None reported

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported

NO PRIOR FINDINGS

Dayton Independent School District
Management Letter
June 30, 2024

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

In planning and performing our audit of the financial statements of Dayton Independent School District (District) for the year ended June 30, 2024, we considered the District's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of matters that our opportunities for strengthening internal controls and operating efficiencies. The memorandum that accompanies this letter summarizes our comments and recommendations regarding these matters. Any uncorrected comments from the prior year have been listed in this letter. A separate report dated November 4, 2024 contains our report on the District's internal control. This letter does not affect our report dated November 4, 2024 on the financial statements of the District.

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

Maddox & Associates CPAs Inc.
November 4, 2024

Dayton High School

2024-01 Several student organizations/clubs had no activity during the fiscal year and, therefore, are considered inactive. *Accounting Procedures for Kentucky School Activity Funds* (Redbook) requires these accounts to be closed and transferred to the organization designated by the inactive account sponsor or transferred to the general activity fund if no designation is made.

2024-02 During testing of student activity fund receipts, we noted instances of receipts that were deposited timely as required by *Accounting Procedures for Kentucky School Activity Funds* (Redbook).

Prior year comments 2023-01, 2023-02, and 2023-03 were not repeated in the current year.

Lincoln Elementary School

2024-03 During testing of student activity fund receipts, we noted instances of receipts that were deposited timely as required by *Accounting Procedures for Kentucky School Activity Funds* (Redbook).

Prior year comment 2023-04 was not repeated in the current year.

District Response

Redbook procedures will be reviewed with the appropriate staff.