

# **Dayton Independent School District**

Annual Financial Report

For the Fiscal Year Ended June 30, 2020

**Dayton Independent School District**  
Annual Financial Report  
For the Fiscal Year Ended June 30, 2020  
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**Certificate of the Board**

**Dayton Independent School District**

Name of School District

**Liberty**

County

**146-902**

Co.-Dist Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and   X   approved        disapproved for the fiscal year ended June 30, 2020 at a meeting of the Board of Trustees of such school district on the  15<sup>th</sup>  day of December, 2020.

**C.D. Williams**

Signature of Board Secretary

**Linda Harris**

Signature of Board President

If the Board of Trustees disapproved the auditor's report, the reason(s) for disapproving it is/are (attach list as necessary):

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## **Financial Section**

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## Independent Auditor's Report

To the Board of Trustees of  
Dayton Independent School District  
Dayton, Texas

### Report on the Financial Statements

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

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

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

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Dayton Independent School District, as of June 30, 2020, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.



To the Board of Trustees of  
Dayton Independent School District

## ***Other Matters***

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary and Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Dayton Independent School District's basic financial statements. The Supplementary Information and Schedule of Required Responses to Selected School FIRST Indicators, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Supplementary Information and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information 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.

The Schedule of Required Responses to Selected School FIRST Indicators has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

To the Board of Trustees of  
Dayton Independent School District

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2020 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 Dayton Independent School District's internal control over financial reporting and compliance.

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Houston, Texas  
December 11, 2020

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## Management's Discussion and Analysis

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, 2020.

### Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$5,490,509 (*net position*). Of this amount, \$11,080,476 (*unrestricted net position*) is in a deficit due to the recognition of liabilities related to pension and other postemployment benefits (OPEB).
- The District's total net position decreased by \$1,381,774, due to depreciation of capital assets, offset by a decrease in long-term liabilities.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$25,306,763, an increase of \$2,030,359.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$11,695,137, or 24% of total general fund expenditures.
- The District's net bonded debt decreased by \$3,378,865 during the current fiscal year.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information and supplementary information in addition to the basic financial statements themselves.

**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 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 changing.

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

The government-wide financial statements of the District are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the District include Instruction, Instructional Resources and Media Services, Curriculum and Instructional Staff Development, Instructional Leadership, School Leadership, Guidance, Counseling, and Evaluation Services, Health Services, Student Transportation, Food Services, Extracurricular Activities, General Administration, Plant Maintenance and Operations, Security and Monitoring Services, Data Processing Services, Community Services, Interest on Long-term Debt, Issuance Costs and Fees, Facilities Repair and Maintenance, Payments Related to Shared Services Arrangements, and Other Intergovernmental Charges.

**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. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

**Governmental Funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintained twenty-one individual governmental funds during the year. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and debt service fund, which are considered to be major funds. Data from the other nineteen governmental funds are combined into a single, aggregated presentation titled *total nonmajor funds*.

The District adopts an annual revenue and appropriations budget for its general fund, debt service fund and national school breakfast and lunch program special revenue fund. All other governmental funds adopt project length budgets. Subsequent to adoption, amendments approved by the governing body are reflected in a revised budget column. A budgetary comparison statement has been provided for the general fund and national school breakfast and lunch program special revenue fund to demonstrate compliance with its budget.

The basic governmental fund financial statements can be found as noted in the table of contents of this report.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of students. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the District's own programs.

The basic fiduciary fund financial statements can be found as noted in the table of contents of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found as noted in the table of contents of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information and supplementary information, which includes schedules required by the Texas Education Agency. Such supplementary information can be found as noted in the table of contents of this report.

## Government-wide Financial Analysis

As noted earlier, net position may serve, over time, as a useful indicator of a District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$5,490,509 at the close of the most recent fiscal year.

### Dayton Independent School District's Net Position

	Governmental Activities					
	2020		2019		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Current and other assets	\$ 36,091,136	27	\$ 33,716,773	25	\$ 2,374,363	7
Capital assets	96,283,926	73	100,752,339	75	(4,468,413)	(4)
Total assets	132,375,062	100	134,469,112	100	(2,094,050)	
Total deferred outflows of resources	9,138,813	100	9,842,132	100	(703,319)	(7)
Other liabilities	8,062,328	6	7,663,022	6	399,306	5
Noncurrent liabilities	116,947,769	94	121,872,532	94	(4,924,763)	(4)
Total liabilities	125,010,097	100	129,535,554	100	(4,525,457)	
Total deferred inflows of resources	11,013,269	100	7,903,407	100	3,109,862	39
Net position:						
Net investment in capital assets	12,130,393	221	13,409,476	195	(1,279,083)	(10)
Restricted	4,440,592	81	4,768,263	69	(327,671)	(7)
Unrestricted	(11,080,476)	(202)	(11,305,456)	(164)	224,980	(2)
<b>Total net position</b>	<b>\$ 5,490,509</b>	<b>100</b>	<b>\$ 6,872,283</b>	<b>100</b>	<b>\$ (1,381,774)</b>	

Net Investment in Capital Assets (\$12,130,393 or 221% of net position) reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, and furniture and equipment); less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted Net Position (\$4,440,592 or 81% of net position) is restricted for debt service and grants. The remaining balance of *unrestricted net position* (\$11,080,476) is in a deficit due to the recognition of liabilities, and deferred inflows/outflows of resources, related to pension and OPEB in a net amount of \$33,895,284.

**Governmental Activities.** Governmental activities decreased the District's net position by \$1,381,774 from current operations. Key elements of this change are as follows:

**Dayton Independent School District's Changes in Net Position**

	Governmental Activities					
	2020		2019		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Revenue:						
Program revenues:						
Charges for services	\$ 1,073,949	2	\$ 1,297,168	2	\$ (223,219)	(17)
Operating grants and contributions	11,141,904	17	9,268,413	15	1,873,491	20
General revenues:						
Property taxes, levied for general purposes	20,385,860	31	19,999,645	32	386,215	2
Property taxes, levied for debt service	6,276,589	10	6,297,149	10	(20,560)	-
Grants and contributions not restricted to specific programs	26,586,487	40	24,645,485	40	1,941,002	8
Investment earnings	327,937	-	389,357	1	(61,420)	(16)
Miscellaneous	153,200	-	301,312	1	(148,112)	(49)
Total revenues	65,945,926	100	62,198,529	101	3,747,397	
Expenses:						
Instruction	34,662,909	51	31,700,258	50	2,962,651	9
Instructional resources and media services	634,187	1	600,258	1	33,929	6
Curriculum and instructional staff development	2,395,527	4	2,289,363	4	106,164	5
Instructional leadership	1,215,342	2	1,143,294	2	72,048	6
School leadership	3,381,338	5	3,151,889	5	229,449	7
Guidance, counseling, and evaluation services	2,408,064	4	2,060,885	3	347,179	17
Social work services	190,191	-	156,267	-	33,924	22
Health services	554,095	1	536,791	1	17,304	3
Student transportation	3,268,761	5	3,337,183	5	(68,422)	(2)
Food services	2,829,494	4	3,020,629	5	(191,135)	(6)
Extracurricular activities	2,533,196	4	2,446,812	4	86,384	4
General administration	1,967,259	3	1,779,413	3	187,846	11
Plant maintenance and operations	5,717,463	8	5,402,642	9	314,821	6
Security and monitoring services	620,312	1	610,716	1	9,596	2
Data processing services	850,792	1	835,115	1	15,677	2
Community services	75,512	-	85,305	-	(9,793)	(11)
Interest on long-term debt	3,159,849	5	3,316,648	5	(156,799)	(5)
Issuance costs and fees	51,737	-	3,450	-	48,287	1,400
Facilities repair and maintenance	31,707	-	59,536	-	(27,829)	(47)
Payment related to shared services arrangements	59,613	-	110,985	-	(51,372)	(46)
Other intergovernmental charges	720,352	1	698,153	1	22,199	3
Total expenses	67,327,700	100	63,345,592	100	3,982,108	
Change in net position	(1,381,774)		(1,147,063)		(234,711)	
Net position - beginning	6,872,283		8,019,346		(1,147,063)	
Net position - ending	\$ 5,490,509		\$ 6,872,283		\$ (1,381,774)	

Revenues are generated primarily from two sources. Grants and contributions (program and general revenues totaling \$37,728,391) represent 57% of total revenues and property taxes (\$26,662,449) represent 41% of total revenues. The remaining 3% is generated from charges for services, investment earnings, and miscellaneous revenues. The most significant change in revenues was an increase in grants and contributions, due to an increase in state Foundation revenue and the ESSER grant.

The primary functional expense of the District is Instruction (\$34,662,909), which represents 51% of total expenses. The remaining functional categories of expenses are individually 10% or less of total expenses.

### **Financial Analysis of the Government's Funds**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**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 District's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$25,306,763, an increase of \$2,030,359.

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 \$11,695,137 while total fund balance reached \$20,426,369. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 24% of total general fund expenditures, while total fund balance represents 42% of that same amount. The fund balance of the District's general fund increased by \$2,471,509 during the current fiscal year primarily due to the increases in state Foundation revenue.

The debt service fund has a total fund balance of \$3,800,028, all of which is restricted for the payment of debt service. The net decrease in fund balance during the current year in the debt service fund was \$46,281 due to the scheduled payments of debt.

### **General Fund Budgetary Highlights**

The District amended the budget several times throughout the year. There were significant variations between original and final budget. There was an increase to budgeted local and intermediate resources revenue of \$1,480,147 and an increase to budgeted state program revenues of \$1,973,266.

There were significant variations between the final budget and actual results. There was \$986,176 more in local and intermediate resources revenue than budgeted and \$1,169,489 less in state program revenues than budgeted.



## Capital Assets and Long-term Liabilities

**Capital Assets.** The District's investment in capital assets for its governmental type activities as of June 30, 2020, amounts to \$96,283,926 (net of accumulated depreciation). This investment in capital assets includes land and improvements, construction in progress, buildings and improvements, and furniture and equipment.

Major capital asset additions during the current fiscal year included the following:

- \$412,332 Four (4) new buses
- \$116,254 Cafeteria Out Take
- \$110,713 New roof for Nottingham Cafeteria

### Dayton Independent School District's Capital Assets (net of depreciation)

	Governmental Activities					
	2020		2019		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Land and improvements	\$ 2,115,346	2	\$ 2,115,346	2	\$ -	-
Construction in progress	39,834	-	-	-	39,834	100
Buildings and improvements	88,406,423	92	93,114,860	92	(4,708,437)	(5)
Furniture and equipment	5,722,323	6	5,522,133	6	200,190	4
<b>Totals</b>	<b>\$ 96,283,926</b>	<b>100</b>	<b>\$ 100,752,339</b>	<b>100</b>	<b>\$ (4,468,413)</b>	

Additional information on the District's capital assets can be found in the notes to the financial statements as noted in the table of contents of this report.

**Long-Term Liabilities.** At year-end, the District had the following long-term liabilities:

### Dayton Independent School District's Outstanding Debt

	Governmental Activities					
	2020		2019		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
General obligation bonds (net)	\$ 84,181,215	72	\$ 87,560,080	72	\$ (3,378,865)	(4)
Compensated absences	773,408	1	719,567	1	53,841	7
Net pension liability	14,599,983	12	15,407,318	12	(807,335)	(5)
Net OPEB liability	17,393,163	15	18,185,567	15	(792,404)	(4)
<b>Totals</b>	<b>\$ 116,947,769</b>	<b>100</b>	<b>\$ 121,872,532</b>	<b>100</b>	<b>\$ (4,924,763)</b>	

The District's net bonded debt decreased by \$3,378,865 (4%) during the current fiscal year. This is due to scheduled debt payments. The District's general obligation debt is backed by the full faith and credit of the District and is further guaranteed by the Texas Permanent School Fund Bond Guarantee Program. State statutes do not limit the tax rate or amount for the support of school districts' bonded indebtedness. However, approval of the Attorney General of the State of Texas is required prior to the sale of bonds.

Additional information on the District's long-term debt, net pension liability and OPEB liability can be found in the notes to the financial statements as indicated in the table of contents of this report.

## **Economic Factors and Next Year's Budgets and Rates**

- Student enrollment for 2020-2021 is projected to be similar to the prior year.
- District staff totals 786 employees, which includes 389 teachers and 184 teachers' aides and secretaries.
- The District maintains 7 campuses for instruction.
- Property values of the District are projected to increase 9%.
- A maintenance and operations tax rate of \$0.9196 and a debt service tax rate of \$0.28, a total of \$1.1996 were adopted for 2020-2021.

All of these factors were considered in preparing the District's budget for the 2020-2021 fiscal year.

During the current fiscal year, unassigned fund balance in the general fund increased to \$11,695,137. The District plans to utilize unassigned fund balance to fund current period expenditures prior to collecting the current year tax levy.

## **Requests for Information**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Associate Superintendent of Business Services, Dayton Independent School District, 100 Cherry Creek Road, Dayton, Texas 77535.

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## **Basic Financial Statements**

**Dayton Independent School District**  
Statement of Net Position  
June 30, 2020

**Exhibit A-1**

<b>Data Control Codes</b>		<b>Primary Governmental Activities</b>
<b>ASSETS</b>		
1110	Cash and cash equivalents	\$ 3,344,642
1120	Current investments	19,465,914
1220	Property taxes receivable	9,015,510
1230	Allowance for uncollectible taxes	(4,542,182)
1240	Due from other governments	7,738,228
1250	Accrued interest	10,484
1290	Other receivables	547,805
1410	Prepaid items	131,232
1910	Long-term investments	379,503
	Capital assets:	
1510	Land and improvements	2,115,346
1520	Buildings and improvements (net)	88,406,423
1530	Furniture and equipment (net)	5,722,323
1580	Construction in progress	39,834
1000	Total assets	132,375,062
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
1705	Deferred outflows - pension	6,859,423
1706	Deferred outflows - OPEB	2,251,708
1710	Deferred charge on refunding	27,682
1700	Total deferred outflows of resources	9,138,813
<b>LIABILITIES</b>		
2110	Accounts payable	995,772
2140	Interest payable	1,224,410
2150	Payroll deductions and withholdings	357,101
2160	Accrued wages payable	5,166,078
2180	Due to other governments	7,551
2300	Unearned revenue	311,416
	Noncurrent liabilities:	
2501	Due within one year	3,290,000
2502	Due in more than one year	81,664,623
2540	Net pension liabilities	14,599,983
2545	Net OPEB liabilities	17,393,163
2000	Total liabilities	125,010,097
<b>DEFERRED INFLOWS OF RESOURCES</b>		
2605	Deferred inflows - pension	2,941,327
2606	Deferred inflows - OPEB	8,071,942
2600	Total deferred inflows of resources	11,013,269
<b>NET POSITION</b>		
3200	Net investment in capital assets	12,130,393
3820	Restricted for grants	1,077,936
3850	Restricted for debt service	3,362,656
3900	Unrestricted	(11,080,476)
3000	<b>TOTAL NET POSITION</b>	<b>\$ 5,490,509</b>

The Notes to the Financial Statements are an integral part of this statement.

**Dayton Independent School District**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2020**

**Exhibit B-1**

Data Control Codes	Functions/Programs	1	3	4	Net (Expense) Revenue and Changes in Net Position
		Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	Governmental Activities
	<b>PRIMARY GOVERNMENT</b>				
	Governmental activities:				
0011	Instruction	\$ 34,662,909	\$ 211,630	\$ 5,879,885	\$ (28,571,394)
0012	Instructional resources and media services	634,187	-	38,843	(595,344)
0013	Curriculum and instructional staff development	2,395,527	-	425,083	(1,970,444)
0021	Instructional leadership	1,215,342	-	176,379	(1,038,963)
0023	School leadership	3,381,338	-	430,256	(2,951,082)
0031	Guidance, counseling, and evaluation services	2,408,064	-	869,187	(1,538,877)
0032	Social work services	190,191	-	17,358	(172,833)
0033	Health services	554,095	-	42,753	(511,342)
0034	Student transportation	3,268,761	-	269,705	(2,999,056)
0035	Food services	2,829,494	613,492	2,008,987	(207,015)
0036	Extracurricular activities	2,533,196	213,781	123,970	(2,195,445)
0041	General administration	1,967,259	-	168,181	(1,799,078)
0051	Plant maintenance and operations	5,717,463	35,046	403,466	(5,278,951)
0052	Security and monitoring services	620,312	-	29,415	(590,897)
0053	Data processing services	850,792	-	40,180	(810,612)
0061	Community services	75,512	-	14,106	(61,406)
0072	Interest on long-term debt	3,159,849	-	154,150	(3,005,699)
0073	Issuance costs and fees	51,737	-	-	(51,737)
0081	Facilities repair and maintenance	31,707	-	-	(31,707)
0093	Payments related to shared services arrangements	59,613	-	-	(59,613)
0095	Payments to juvenile justice alternative education program	-	-	50,000	50,000
0099	Other intergovernmental charges	720,352	-	-	(720,352)
TG	Total governmental activities	67,327,700	1,073,949	11,141,904	(55,111,847)
TP	<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 67,327,700</b>	<b>\$ 1,073,949</b>	<b>\$ 11,141,904</b>	<b>(55,111,847)</b>
	General revenues:				
MT	Property taxes, levied for general purposes				20,385,860
DT	Property taxes, levied for debt service				6,276,589
GC	Grants and contributions not restricted to specific programs				26,586,487
IE	Investment earnings				327,937
MI	Miscellaneous				153,200
TR	Total general revenues				53,730,073
CN	Change in net position				(1,381,774)
NB	Net position				6,872,283
NE	<b>NET POSITION - ENDING</b>				<b>\$ 5,490,509</b>

The Notes to the Financial Statements are an integral part of this statement.

# Dayton Independent School District

## Balance Sheet – Governmental Funds

June 30, 2020

		199	599
Data Control Codes		General Fund	Debt Service Fund
ASSETS			
1110	Cash and cash equivalents	\$ 1,282,057	\$ 1,330,321
1120	Current investments	16,336,367	2,244,616
1220	Property taxes receivable	7,372,990	1,642,520
1230	Allowance for uncollectible taxes	(3,806,990)	(735,192)
1240	Due from other governments	6,316,649	-
1250	Accrued interest	10,484	-
1260	Due from other funds	1,012,738	-
1290	Other receivables	435,453	112,352
1410	Prepaid items	131,232	-
1910	Long-term investment	379,503	-
1000	Total assets	29,470,483	4,594,617
1000a	TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 29,470,483	\$ 4,594,617
LIABILITIES			
2110	Accounts payable	\$ 426,462	\$ -
2150	Payroll deductions and withholdings	357,101	-
2160	Accrued wages payable	4,854,054	-
2170	Due to other funds	47,080	-
2180	Due to other governments	-	7,551
2300	Unearned revenue	200,000	-
2000	Total liabilities	5,884,697	7,551
DEFERRED INFLOWS OF RESOURCES			
2600	Unavailable revenue - property taxes	3,159,417	787,038
	Total deferred inflows of resources	3,159,417	787,038
FUND BALANCES			
3430	Nonspendable - prepaid items	131,232	-
3450	Restricted - grant funds	-	-
3480	Restricted - debt service	-	3,800,028
3510	Committed - construction	8,600,000	-
3545	Committed - other	-	-
3600	Unassigned	11,695,137	-
3000	Total fund balances	20,426,369	3,800,028
4000	TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 29,470,483	\$ 4,594,617

The Notes to the Financial Statements are an integral part of this statement.

		98	
Total Nonmajor Funds		Total Governmental Funds	
\$	732,264	\$	3,344,642
	884,931		19,465,914
	-		9,015,510
	-		(4,542,182)
	1,421,579		7,738,228
	-		10,484
	183,657		1,196,395
	-		547,805
	-		131,232
	-		379,503
	<u>3,222,431</u>		<u>37,287,531</u>
\$	<u><u>3,222,431</u></u>	\$	<u><u>37,287,531</u></u>
\$	569,310	\$	995,772
	-		357,101
	312,024		5,166,078
	1,149,315		1,196,395
	-		7,551
	<u>111,416</u>		<u>311,416</u>
	2,142,065		8,034,313
	-		3,946,455
	-		3,946,455
	-		131,232
	1,077,936		1,077,936
	-		3,800,028
	-		8,600,000
	2,430		2,430
	<u>-</u>		<u>11,695,137</u>
	<u>1,080,366</u>		<u>25,306,763</u>
\$	<u><u>3,222,431</u></u>	\$	<u><u>37,287,531</u></u>



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**Dayton Independent School District****Exhibit C-1R**

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

**TOTAL FUND BALANCES - GOVERNMENTAL FUNDS (EXHIBIT C-1)** \$ 25,306,763

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 as assets in governmental funds. The governmental capital assets at year-end consist of:

Governmental capital assets costs	\$ 157,761,866	
Accumulated depreciation of governmental capital assets	<u>(61,477,940)</u>	96,283,926

Property taxes receivable which will be collected subsequent to year-end but are not available soon enough to pay the current period's expenditures are deferred in the funds.	3,946,455
--	-----------

Long-term liabilities, including bonds payable, compensated absences, and net pension and OPEB liabilities, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Liabilities at year-end related to such items consist of:

Bonds payable, at original par	\$ (81,815,000)	
Premiums on bonds payable	(2,366,215)	
Accrued interest on the bonds	(1,224,410)	
Compensated absences	(773,408)	
Net pension liability	(14,599,983)	
Net OPEB liability	<u>(17,393,163)</u>	(118,172,179)

Deferred charge on refunding is reported as deferred outflow of resources in the statement of net position and is not reported in the governmental funds due to it is not a current financial resource available to pay for current expenditures.	27,682
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Deferred outflows of resources for pension represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditures) until then.	6,859,423
---	-----------

Deferred inflows for pension represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.	(2,941,327)
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Deferred outflows of resources for OPEB represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditures) until then.	2,251,708
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Deferred inflows for OPEB represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.	<u>(8,071,942)</u>
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**TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES (EXHIBIT A-1)** \$ 5,490,509

**Dayton Independent School District**  
Statement of Revenues, Expenditures, and Changes  
in Fund Balances – Governmental Funds  
For the Fiscal Year Ended June 30, 2020

Data Control Codes		199	599
		General Fund	Debt Service Fund
REVENUES			
5700	Local and intermediate sources	\$ 21,332,604	\$ 6,325,718
5800	State program revenues	28,360,995	154,150
5900	Federal program revenues	1,165,412	-
5020	Total revenues	50,859,011	6,479,868
EXPENDITURES			
Current:			
0011	Instruction	26,547,231	-
0012	Instructional resources and media services	548,448	-
0013	Curriculum and instructional staff development	1,835,940	-
0021	Instructional leadership	1,031,828	-
0023	School leadership	2,617,808	-
0031	Guidance, counseling, and evaluation services	1,404,171	-
0032	Social work services	174,810	-
0033	Health services	462,122	-
0034	Student transportation	2,948,520	-
0035	Food services	-	-
0036	Extracurricular activities	1,895,459	-
0041	General administration	1,790,510	-
0051	Plant maintenance and operations	4,945,996	-
0052	Security and monitoring services	540,572	-
0053	Data processing services	719,261	-
0061	Community services	56,293	-
Debt service:			
0071	Principal on long-term debt	-	3,180,000
0072	Interest on long-term debt	-	3,340,321
0073	Issuance costs and fees	-	51,737
Capital outlay:			
0081	Facilities acquisition and construction	138,568	-
Intergovernmental:			
0093	Payments related to shared services arrangements	9,613	-
0099	Other intergovernmental charges	720,352	-
6030	Total expenditures	48,387,502	6,572,058
1100	Excess (deficiency) of revenues over (under) expenditures	2,471,509	(92,190)
OTHER FINANCING SOURCES (USES)			
7901	Refunding bonds issued	-	4,110,000
7916	Premium or discount on issuance of bonds	-	153,809
8940	Payment to bond refunding escrow agent	-	(4,217,900)
7080	Total other financing sources (uses)	-	45,909
1200	Net change in fund balances	2,471,509	(46,281)
0100	Fund balances - beginning	17,954,860	3,846,309
3000	FUND BALANCES - ENDING	\$ 20,426,369	\$ 3,800,028

The Notes to the Financial Statements are an integral part of this statement.

Total Nonmajor Funds	98 Total Governmental Funds
\$ 657,463	\$ 28,315,785
920,597	29,435,742
5,254,826	6,420,238
6,832,886	64,171,765
2,650,621	29,197,852
-	548,448
220,933	2,056,873
71,689	1,103,517
180,350	2,798,158
622,280	2,026,451
-	174,810
-	462,122
116,800	3,065,320
2,894,949	2,894,949
-	1,895,459
38,161	1,828,671
232,012	5,178,008
23,391	563,963
-	719,261
8,802	65,095
-	3,180,000
-	3,340,321
-	51,737
117,767	256,335
50,000	59,613
-	720,352
7,227,755	62,187,315
(394,869)	1,984,450
-	4,110,000
-	153,809
-	(4,217,900)
-	45,909
(394,869)	2,030,359
1,475,235	23,276,404
\$ 1,080,366	\$ 25,306,763

**Dayton Independent School District**  
Reconciliation of the Statement of Revenues,  
Expenditures, and Changes in Fund Balances of  
Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2020

**Exhibit C-3**

**TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS (EXHIBIT C-2)** \$ 2,030,359

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation expense.

Capital assets increased	\$ 1,637,157	
Depreciation expense	<u>(6,105,570)</u>	(4,468,413)

Because some property taxes will not be collected for several months after the District's fiscal year end, they are not considered "available" revenues and are deferred in the governmental funds. Deferred tax revenues increased (decreased) by this amount this year. (94,530)

Issuance of bonds provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Issuance of refunding bonds - principal	\$ (4,110,000)	
Issuance of refunding bonds - premium	(153,809)	
Principal paid on bonds	3,180,000	
Payment to escrow agent	<u>4,217,900</u>	3,134,091

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due, and includes amortization of related long-term debt accounts. The change reported in the statement of activities consists of the following:

Accrued interest on current interest bonds payable (increased) decreased	\$ 39,228	
Amortization of bond premiums	164,149	
Amortization of deferred charge on refunding	<u>(22,905)</u>	180,472

The (increase) decrease in compensated absences is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. (53,841)

The net change in net pension liability, deferred outflows, and deferred inflows is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. The net change consists of the following:

Deferred outflows increased (decreased)	\$ (1,362,585)	
Deferred inflows (increased) decreased	(1,413,806)	
Net pension liability (increased) decreased	<u>807,335</u>	(1,969,056)

The net change in net OPEB liability, deferred outflows, and deferred inflows is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. The net change consists of the following:

Deferred outflows increased (decreased)	\$ 762,796	
Deferred inflows (increased) decreased	(1,696,056)	
Net OPEB liability (increased) decreased	<u>792,404</u>	(140,856)

**CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES (EXHIBIT B-1)** \$ (1,381,774)

Dayton Independent School District  
Statement of Net Position  
Fiduciary Funds  
June 30, 2020

Exhibit E-1

		829	865
<u>Data Control Codes</u>		<u>Private Purpose Trust Fund</u>	<u>Agency Funds</u>
	<b>ASSETS</b>		
1110	Cash and cash equivalents	\$ 22,108	\$ 893,359
1120	Current investments	13,808	52,484
1000	<b>TOTAL ASSETS</b>	35,916	<u>\$ 945,843</u>
	<b>LIABILITIES</b>		
2110	Accounts payable	500	\$ 540,761
2190	Due to student groups	-	349,174
2300	Unearned revenue	-	55,908
	<b>TOTAL LIABILITIES</b>	500	<u>\$ 945,843</u>
	<b>NET POSITION</b>		
3800	Held in trust	35,416	
2000	<b>TOTAL NET POSITION</b>	<u>\$ 35,416</u>	

The Notes to the Financial Statements are an integral part of this statement.

**Dayton Independent School District**  
Statement of Changes in Net Position  
Fiduciary Fund  
For the Fiscal Year Ended June 30, 2020

**Exhibit E-2**

829

<u>Data Control Codes</u>		<u>Private Purpose Trust Fund</u>
	<b>ADDITIONS</b>	
5000	Donations and earnings	<u>\$ 2,519</u>
	<b>TOTAL</b>	2,519
	<b>DEDUCTIONS</b>	
6499	Scholarship granted	<u>7,600</u>
	Change in net position	(5,081)
3800	Net position - beginning	<u>40,497</u>
2000	<b>NET POSITION ENDING</b>	<u><u>\$ 35,416</u></u>

The Notes to the Financial Statements are an integral part of this statement.

# Dayton Independent School District

## Notes to the Financial Statements

### Note 1. Summary of Significant Accounting Policies

#### A. Reporting Entity

The Dayton Independent School District (the District) is governed by a seven-member board of trustees (the Board), which has governance responsibilities over all activities related to public, elementary and secondary, education within the District. Members of the Board are elected by the public; have authority to make decisions; appoint management and significantly influence operations; and have primary accountability for fiscal matters. The District is not included in any other governmental reporting entity and there are no component units included within the District's reporting entity.

#### B. Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government (the District). All fiduciary activities are reported only in the fund financial statements. *Governmental activities* normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions.

#### C. Basis of Presentation – Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

#### D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category—governmental and fiduciary—are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

The *general fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those accounted for in another fund.

The *debt service fund* is used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.



## Dayton Independent School District

### Notes to the Financial Statements

Additionally, the District reports the following fund types:

The *special revenue funds* account for resources restricted to, or committed for, specific purposes by the District or a grantor. Most federal and some state financial assistance is accounted for in a special revenue fund, and sometimes unused balances must be returned to the grantor at the close of specific project periods.

The *capital projects fund* accounts for the acquisition and construction of the District's major capital facilities.

The *private purpose trust funds* account for donations for which the donor has stipulated that both the principal and the income may be used for purposes that benefit parties outside the District. The District's private purpose trust fund is the Scholarship Trust Fund. These funds are held in a trustee capacity and are not available to support District programs. Therefore, they are not included in the government-wide statements.

The *agency fund* accounts for assets held by the District for student organizations and unallocated property tax collections. The fund is custodial in nature (assets equal liabilities) and does not involve measurement or results of operations.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds are eliminated in governmental activities.

#### **E. Measurement Focus and Basis of Accounting**

*Government-wide and Fiduciary Fund Financial Statements:* These 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 the 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, entitlements and donations are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

*Governmental Fund Financial Statements:* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses). The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District considers all revenues available if they are collectible within 150 days after year end, with the exception of property taxes for which the period of availability is 60 days.

## Dayton Independent School District

### Notes to the Financial Statements

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as unearned revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors may require the District to refund all or part of the unused amount.

#### **F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

##### **1. Cash and Cash Equivalents**

The District's cash and cash equivalents are considered to be cash on hand and bank demand or time deposits with original maturities of three months or less from the date of acquisition.

##### **2. Investments**

Investments for the District, except for certain investment pools and certificates of deposit, are reported at fair value. The investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized cost or fair value. The non-negotiable certificates of deposits are reported at cost. Negotiable certificates of deposit are measured at amortized cost if the maturity date at time of purchase is less than one year.

##### **3. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

##### **4. Capital Assets**

Capital assets, which include land and improvements, construction in progress, buildings and improvements, and furniture and equipment, are reported in the applicable governmental activities column in the government-wide financial statements. The District's infrastructure includes parking lots and sidewalks associated with various buildings. The cost of the infrastructure was initially capitalized with the building cost and is being depreciated over the same useful life as the building. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000, and an estimated useful life in excess of one year.

As the District constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

## Dayton Independent School District

### Notes to the Financial Statements

Land and improvements and construction in progress are not depreciated. The buildings and improvements and furniture and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

Capital Asset Classes	Lives
Buildings	30
Buildings and improvements	20-30
Vehicles and other equipment	5-10

#### **5. *Deferred Outflows/Inflows of Resources***

Deferred outflows of resources represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditures) until then. Deferred inflows of resources represents an acquisition of net position/fund balance that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

Deferred outflows/inflows of resources are amortized as follows:

- Deferred outflows/inflows from pension and OPEB activities are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and OPEB plan, except for projected and actual earnings differences on investments which are amortized on a closed basis over a 5-year period.
- District contributions to the pension and OPEB plans after the measurement date of each plan are recognized in the subsequent fiscal year.
- Deferred charge/gain on refunding is amortized over the shorter of the life of the refunded or refunding debt.
- Property taxes are recognized in the period the amount becomes available.

#### **6. *Compensated Absences***

It is the District's policy to permit employees with a minimum of ten years of service with the District to accumulate earned but unused sick pay benefits. A liability is calculated for unpaid accumulated sick leave since the District has a policy to pay such amounts when employees separate from service with the District through retirement. The liability is accrued when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

#### **7. *Net Position Flow Assumption***

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

## Dayton Independent School District

### Notes to the Financial Statements

#### **8. Fund Balance Flow Assumptions**

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

#### **9. Fund Balance Policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The board of trustees (the Board) is the highest level of decision-making authority for the District that can, by board action or adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the board action or resolution remains in place until a similar action is taken (the board action or adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board has, by policy, authorized the Superintendent and the Associate Superintendent of Business Services to assign fund balance. Assigned fund balance can be established through adoption or amendment of the budget for a specific purpose (such as purchase of fixed assets, construction, or other purposes). Unlike commitments, assignments generally exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

#### **10. Pension**

The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS's Pension Plan fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### **11. Other Postemployment Benefits**

The fiduciary net position of the Teacher Retirement System of Texas (TRS) TRS Care Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other postemployment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from TRS Care's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as-you-go plan and all cash is held in a cash account.

## Dayton Independent School District

### Notes to the Financial Statements

#### G. Revenues and Expenditures/Expenses

##### 1. Program 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 by a given function or segment and 2) grants and contributions 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.

##### 2. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available, (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.

The District's current year tax rate was \$0.97 for maintenance and operations, and \$0.30 for debt service, for a total rate of \$1.27 per \$100 valuation. Total net assessed value for the current year was \$2,054,255,118.

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the General and Debt Service Funds are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

#### H. Use of Estimates

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

#### I. Data Control Codes

The Data Control Codes refer to the account code structure prescribed by the Texas Education Agency (TEA) in the Financial Accountability System Resource Guide. TEA requires school districts to display these codes in the financial statements filed with TEA in order to ensure accuracy in building a statewide database for policy development and funding plans.

## **Dayton Independent School District**

### Notes to the Financial Statements

#### **Note 2. Stewardship, Compliance, and Accountability**

##### **A. Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund, National School Breakfast and Lunch Program special revenue fund and debt service fund. All other governmental funds adopt project length budgets. All annual appropriations lapse at fiscal year-end. The following procedures are followed in establishing the budgetary data reflected in the financial statements.

1. Prior to the end of its fiscal period, the District prepares a budget for the next succeeding fiscal period. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days public notice of the meeting must be given.
3. Prior to the beginning of the succeeding fiscal year, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year, with such amendments being reflected in the final budget amounts in the applicable budgetary comparison schedule.
4. Each budget is controlled by the budget coordinator at the revenue and expenditure function level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.

The appropriated budget is prepared by fund, function, and campus/department. The District's campus/department heads may make transfers of appropriations within a campus/department. Transfers of appropriations between campus/departments require the approval of the District's management. Transfers of appropriations between functions require the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. There were no significant differences between the original and final amended budget of the general fund.

##### **B. Encumbrances**

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at year end, and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year's budget. The District had no significant end-of-year outstanding encumbrances that were provided for in the subsequent year's budget.

# Dayton Independent School District

## Notes to the Financial Statements

### Note 3. Detailed Notes on All Funds

#### A. Deposits and Investments

##### Cash Deposits

The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to the Texas School Depository Act. The depository bank pledges securities which comply with state law and these securities are held for safekeeping and trust with the District's and the depository banks' agent bank. The pledged securities shall be in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

##### Investments

The District's investment policy is in accordance with the Public Funds Investment Act, the Public Funds Collateral Act, and federal and state laws. State law and District policy limits credit risk by allowing investing in 1) Obligations of the United States or its agencies which are backed by the full faith and credit of the United States, obligations of the State of Texas or its agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized statistical rating organization (NRSRO) not less than A or its equivalent; 2) Certificates of deposit issued by a broker or depository located in Texas which is insured by the FDIC or purchased through a broker who has an office located in Texas; 3) Fully collateralized repurchase agreements secured by obligations of the United States or its agencies not to exceed 90 days to maturity from the date of purchase; 4) Securities lending program as permitted by Government Code 2256.0015; 5) Bankers acceptances with a stated maturity of 270 days or fewer which are eligible for collateral for borrowing from a Federal Reserve Bank; 6) Commercial paper if it has a stated maturity of 270 days or fewer from the date of its issuance and is rated not less than A-1 or P-1 or an equivalent rating by at least two nationally recognized credit rating agencies or one nationally recognized agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state; 7) No-load money market mutual funds which shall be registered with the Securities and Exchange Commission and have a dollar-weighted average stated maturity of 90 days or fewer; 8) No-load mutual funds which shall be registered with the Securities and Exchange Commission, have an average weighted maturity of less than two years, include investments that comply with the Public Funds Investment Act and are continuously rated not less than AAA by at least one NRSRO; 9) A guaranteed investment contract (for bond proceeds only) which meets the criteria and eligibility requirements established by the Public Funds Investment Act; 10) Public funds investment pools which meet the requirements of the Public Funds Investment Act.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, *Fair Value Measurement and Application* provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs—other than quoted prices included within Level 1—that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

## Dayton Independent School District

### Notes to the Financial Statements

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

The District's, including the investments in the Private Purpose Trust and Agency funds, investment measurements and balances, weighted average maturity, and credit risks of such investments are as follows:

	June 30, 2020	Fair Value Measurements Using		Percent of Total Investments	Weighted Average Maturity (Days)	Credit Risk
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)			
Investments measured at amortized cost/cost:						
Investment pools:						
TexStar	\$ 6,511,163	\$ -	\$ -	33%	31	AAAm *
Lone Star	5,714,032	-	-	29%	35	AAA *
Commercial paper	5,785,720	-	-	29%	53	P-1 **
Certificates of deposit	1,900,794	-	-	10%	322	***
<b>Total value</b>	<b>\$ 19,911,709</b>	<b>\$ -</b>	<b>\$ -</b>	<b>100%</b>		
<b>Portfolio weighted average maturity</b>					<b>66</b>	

\* Standard & Poor's Rating

\*\* Moody's Rating

\*\*\* Certificates of Deposit are FDIC insured or Collateralized

Investments measured at amortized cost and cost are exempt from classification within the fair value hierarchy.

#### Investment Pools

TexSTAR and Lone Star are duly chartered by the State of Texas Interlocal Cooperation Act. TexSTAR is administered by Hilltop Securities, Inc. and J.P. Morgan Investment Management, Inc. (JPMIM), and managed by JPMIM, who provides custody and investment management. Lone Star is administered by First Public, LLC, a subsidiary of the Texas Association of School Boards, and managed by Standish Mellon Asset Management and American Beacon Advisors. State Street Bank and Trust Company is the custodial bank.

The TexSTAR and Lone Star investment pools are external investment pools measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, investment pools must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity and diversification requirements within the investment pool. The investment pools transact at a net asset value of \$1.00 per share, have weighted average maturity of 60 days or less and weighted average life of 120 days or less, investments held are highly rated by nationally recognized statistical rating organization, have no more than 5% of portfolio with one issuer (excluding US government securities), and can meet reasonably foreseeable redemptions. TexStar and Lone Star have a redemption notice period of one day and no maximum transaction amounts. The investment pools' authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pools' liquidity.



**Dayton Independent School District**

Notes to the Financial Statements

**Credit Risk**

At year end, the District’s investments were rated as noted in the preceding table. All credit ratings met acceptable levels required by legal guidelines prescribed by both the PFIA and the District’s investment policy.

**Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates may adversely affect the value of the investments. The District monitors interest rate risk utilizing weighted average maturity analysis. In accordance with its investment policy, the District reduces its exposure to declines in fair values by limiting the maturity of any individual investment from the time of purchase not to exceed three years and any internally created pool of investments not to exceed a dollar weighted maturity of 180 days.

**Concentration of Credit Risk**

The District’s investment policy dictates that no individual investment transaction shall be undertaken that jeopardizes the total capital position of the overall portfolio.

**Custodial Credit Risk – Deposits**

In the case of deposits, this is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. As of June 30, 2020, District’s bank balance was not exposed to custodial credit risk because it was insured and collateralized with securities held by the District’s agent and in the District’s name.

**Custodial Credit Risk – Investments**

For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District’s policy requires investments to be in the District’s name or held by the District’s agent in the District’s name. The District is not exposed to custodial risk due to the investments are insured or registered and are held by the District or its agent in the District’s name.

**B. Receivables**

Tax revenues of the general and debt service fund are reported net of uncollectible amounts. Total change in uncollectible amounts related to revenues of the current period (increased) decreased revenues as follows:

Change in uncollectibles related to general fund property taxes	\$	199,263
Change in uncollectibles related to debt service property taxes		<u>61,628</u>
<b>Total change in uncollectibles of the current fiscal year</b>	<b>\$</b>	<b><u>260,891</u></b>

Approximately 82% of the outstanding balance of property taxes receivable is not anticipated to be collected within the next year.

## Dayton Independent School District

### Notes to the Financial Statements

#### C. Due From Other Governments

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from other governments as of June 30, 2020, are summarized below. All grants shown below are reported on the financial statements as Due from Other Governments.

Fund	State Entitlements	State or Federal Grants	Other Governmental Entities	Total
General	\$ 6,310,616	\$ -	\$ 6,033	\$ 6,316,649
Nonmajor	-	1,421,579	-	1,421,579
<b>Totals</b>	<b>\$ 6,310,616</b>	<b>\$ 1,421,579</b>	<b>\$ 6,033</b>	<b>\$ 7,738,228</b>

#### D. Interfund Receivables, Payables, and Transfers

##### Receivables/Payables

The composition of interfund receivable/payable balances as of June 30, 2020, is as follows:

Interfund Receivables	Interfund Payables	Amount
General fund	Other governmental funds - nonmajor	\$ 1,012,738
Other governmental funds - nonmajor	General fund	47,080
Other governmental funds - nonmajor	Other governmental funds - nonmajor	136,577

Interfund balances consist of short-term lending/borrowing arrangements that generally result from payroll and other regularly occurring charges that are primarily paid by the general fund and then charged back to the appropriate other fund. Additionally, some lending/borrowing may occur between two or more nonmajor governmental funds.

##### Transfers

Interfund transfers are defined as "flows of assets without equivalent flow of assets in return and without a requirement for repayment." Transfers are the use of funds collected in one fund and are transferred to finance various programs accounted for in other funds. There were no interfund transfers for the fiscal year ended June 30, 2020.

# Dayton Independent School District

## Notes to the Financial Statements

### E. Capital Assets

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

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land and improvements	\$ 2,115,346	\$ -	\$ -	\$ 2,115,346
Construction in progress	-	39,834	-	39,834
Total capital assets, not being depreciated	2,115,346	39,834	-	2,155,180
Capital assets, being depreciated:				
Buildings and improvements	140,438,515	393,820	-	140,832,335
Furniture and equipment	13,570,848	1,203,503	-	14,774,351
Total capital assets, being depreciated	154,009,363	1,597,323	-	155,606,686
Less accumulated depreciation for:				
Buildings and improvements	(47,323,655)	(5,102,257)	-	(52,425,912)
Furniture and equipment	(8,048,715)	(1,003,313)	-	(9,052,028)
Total accumulated depreciation	(55,372,370)	(6,105,570)	-	(61,477,940)
Total capital assets, being depreciated, net	98,636,993	(4,508,247)	-	94,128,746
<b>Governmental activities capital assets, net</b>	<b>\$ 100,752,339</b>	<b>\$ (4,468,413)</b>	<b>\$ -</b>	<b>\$ 96,283,926</b>

Depreciation expense was charged to functions of the District as follows:

Governmental activities:	
11 Instruction	\$ 3,375,440
12 Instructional resources and media services	54,096
13 Curriculum and instructional staff development	150,624
21 Instructional leadership	16,960
23 School leadership	375,290
31 Guidance, counseling, and evaluation services	124,260
33 Health services	56,449
34 Student transportation	610,560
35 Food services	137,640
36 Extracurricular activities	542,125
41 General administration	29,537
51 Plant maintenance and operations	465,307
52 Security and monitoring services	56,869
53 Data processing services	104,357
61 Community services	6,056
<b>Total depreciation expense-governmental activities</b>	<b>\$ 6,105,570</b>

# Dayton Independent School District

## Notes to the Financial Statements

### F. Long-term Liabilities

The District's long-term liabilities consist of bond indebtedness, compensated absences, net pension liability and net OPEB liability. The current requirements for general obligation bonds principal and interest expenditures are accounted for in the debt service fund. Other long-term liabilities are generally liquidated with resources of the general fund. The District has no local policies regarding debt limitation or debt margin, but must comply with state requirements.

### Changes in Long-term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2020, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 85,025,000	\$ 4,110,000	\$ (7,320,000)	\$ 81,815,000	\$ 3,290,000
Issuance premiums (CIB's)	2,535,080	153,809	(322,674)	2,366,215	-
Total bonds payable, net	87,560,080	4,263,809	(7,642,674)	84,181,215	3,290,000
Compensated absences	719,567	181,753	(127,912)	773,408	-
Net pension liability	15,407,318	2,166,007	(2,973,342)	14,599,983	-
Net OPEB liability	18,185,567	2,070,750	(2,863,154)	17,393,163	-
<b>Governmental activities long-term liabilities</b>	<b>\$ 121,872,532</b>	<b>\$ 8,682,319</b>	<b>\$ (13,607,082)</b>	<b>\$ 116,947,769</b>	<b>\$ 3,290,000</b>

### General Obligation Bonds

The District issues general obligation bonds to provide funds for the construction and equipment of school buildings (BLDG) and to refund general obligation bonds (REF). General obligation bonds are direct obligations and pledge the full faith and credit of the District. The following is a summary of changes in the general obligation bonds for the fiscal year.

Series	Interest Rate	Original Issue	Maturity Date	Beginning Balance	Additions	Reductions	Ending Balance
Unlimited Tax Refunding Bonds, Series 2011	2.00-4.00%	\$ 8,130,000	2024	\$ 5,085,000	\$ -	\$ (5,085,000)	\$ -
Unlimited Tax School Building Bonds, Series 2014	2.40-4.00%	9,900,000	2034	9,900,000	-	-	9,900,000
Unlimited Tax School Building Bonds, Series 2015	2.00-5.00%	75,435,000	2045	70,040,000	-	(2,210,000)	67,830,000
Unlimited Tax Refunding Bonds, Series 2019	3.00%	4,110,000	2024	-	4,110,000	(25,000)	4,085,000
<b>Total general obligation bonds</b>				<b>\$ 85,025,000</b>	<b>\$ 4,110,000</b>	<b>\$ (7,320,000)</b>	<b>\$ 81,815,000</b>

## Dayton Independent School District

### Notes to the Financial Statements

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending June 30,	Principal	Interest	Total Requirements
2021	\$ 3,290,000	\$ 3,277,098	\$ 6,567,098
2022	3,390,000	3,132,098	6,522,098
2023	2,490,000	2,982,798	5,472,798
2024	2,625,000	2,879,098	5,504,098
2025	2,645,000	2,769,048	5,414,048
2026 - 2030	14,925,000	12,282,137	27,207,137
2031 - 2035	15,825,000	9,393,526	25,218,526
2036 - 2040	16,490,000	6,058,200	22,548,200
2041 - 2045	20,135,000	2,480,600	22,615,600
<b>Totals</b>	<b>\$ 81,815,000</b>	<b>\$ 45,254,603</b>	<b>\$ 127,069,603</b>

As of June 30, 2020, the District did not have any authorized but unissued bonds.

#### Current refunding

In the current fiscal year, the District issued \$4,110,000 in Series 2019 unlimited tax refunding bonds with interest rates of 3.0%. The proceeds were used to refund \$4,140,000 of outstanding Series 2011 refunding bonds which had interest rates ranging from 3.0% to 4.0%. The net proceeds of \$4,217,900 (including a District contribution of \$23,103, a \$153,809 premium and after payment of \$69,012 in underwriting fees and other issuance costs) were deposited with an escrow agent to provide funds to refund the Series 2011 bonds. As a result, the Series 2011 have been removed from the statement of net position. The reacquisition price exceeded the net carrying amount of the refunded debt by \$32,087. This amount is reported as a deferred outflow of resources and amortized over the remaining life of the refunding debt. The advance refunding reduced the District's total debt service payments by \$155,950 and resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$149,511.

In prior years the District defeased certain outstanding bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts and the liability for the defeased bonds are not included in the District's financial statements. There were no outstanding defeased bonds as of June 30, 2020.

## Dayton Independent School District

### Notes to the Financial Statements

#### G. Commitment for Leases

The District has the following commitments under operating (noncapitalized) lease agreements for copiers and bus GPS systems which provide for minimum future rental payments beyond the current year:

Year Ending June 30,	Amount
2021	\$ 134,772
2022	77,765
2023	43,200
<b>Total Minimum Rentals</b>	<b>\$ 255,737</b>
Rental expenditures for the fiscal year ended June 30, 2020	<b>\$ 238,087</b>

#### H. Fund Balance

Committed fund balance includes the following:

General fund:	
Construction	\$ 8,600,000
Other governmental funds:	
Campus activity funds	2,430
<b>Total committed fund balance</b>	<b>\$ 8,602,430</b>

#### I. Revenues from Local and Intermediate Sources

During the current year, revenues from local and intermediate sources consisted of the following:

	General	Debt Service	Nonmajor Funds	Totals
Property taxes	\$ 20,468,636	\$ 6,288,343	\$ -	\$ 26,756,979
Investment income	278,260	37,375	12,302	327,937
Food sales	-	-	613,492	613,492
Extracurricular activities	213,781	-	-	213,781
Other	371,927	-	31,669	403,596
<b>Totals</b>	<b>\$ 21,332,604</b>	<b>\$ 6,325,718</b>	<b>\$ 657,463</b>	<b>\$ 28,315,785</b>

# **Dayton Independent School District**

## Notes to the Financial Statements

### **Note 4. Other Information**

#### **A. Risk Management**

##### **Property/Liability**

The District is exposed to various risks of loss related to property/liability losses. The District participates in the Texas Association of School Boards (TASB) Risk Management Fund for general and professional liability, fleet and automobile and crime coverage. The Fund was created to formulate, develop and administer a program of modified self-funding for the Fund's membership, obtain competitive costs for coverages, and develop a comprehensive loss control program. The District pays an annual premium to the Fund for its liability coverage and transfers the risk of loss to the Fund. The District's agreement with the Fund provides that the Fund will be self-sustaining through member premiums and may provide, through commercial companies, reinsurance contracts. In the event that the Fund was to discontinue operations, the member districts would be responsible for any eligible claims not funded by the Fund. In addition, there were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

The District's property insurance is provided through a commercial insurance carrier.

##### **Health Insurance**

During the year ended June 30, 2020, employees of the District were covered by TRS Active-Care ("the Plan") a statewide health coverage program of Texas public education employees, implemented by the Teacher Retirement System of Texas (TRS). The District paid premiums of \$378 per month, per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to the TRS. The legislature created the Plan for public school employee group health coverage in 2002-03, requiring all Districts with fewer than 500 employees to participate in the Plan.

##### **Workers' Compensation**

The Dayton Independent School District also provided unemployment compensation coverage to its employees through commercial insurance.

#### **B. Litigation and Contingencies**

The District is a party to various legal actions, none of which is believed by the administration or its legal counsel to have a material effect on the financial condition of the District. Accordingly, no provision for losses has been recorded in the accompanying basic financial statements for such contingencies.

The District participates in a number of federal and state financial assistance programs. Although the District's grant programs have been audited in accordance with the provisions of the Single Audit Act through June 30, 2020, these programs are subject to financial and compliance audits by the grantor agencies. The District is also subject to audit by the TEA of the attendance data upon which payments from the agency are based. These audits could result in questioned costs or refunds to be paid back to the granting agencies.

## **Dayton Independent School District**

### **Notes to the Financial Statements**

#### **COVID-19**

In March 2020, the World Health Organization declared the novel coronavirus ("COVID-19") a global pandemic and recommended containment and mitigation measures worldwide. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected public education, workforces, economies, and financial markets globally, potentially leading to an economic downturn. It has also disrupted the normal operations of many businesses and organizations. It is not possible for management to predict the duration or magnitude of the adverse results of the outbreak and its disruptive effects on the District's operations and financial results at this time.

#### **C. Defined Benefit Pension Plan**

##### **Plan Description**

The District participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS) and is established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

##### **Pension Plan Fiduciary Net Position**

Detailed information about the TRS's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report (CAFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at [http://www.trs.texas.gov/Pages/about\\_archive\\_cafr.aspx](http://www.trs.texas.gov/Pages/about_archive_cafr.aspx); by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

##### **Benefits Provided**

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3% (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity, except for members who are grandfathered where the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic postemployment benefit changes, including automatic cost of living adjustments (COLAs). Ad hoc postemployment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as previously noted in the Plan Description above.



## Dayton Independent School District

### Notes to the Financial Statements

#### Contributions

Employee contribution rates are set in state statute, Texas Government Code 825.402. Contribution requirements are established or amended pursuant to Article XVI, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Texas Government Code section 821.006 prohibits benefit improvements if, as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

Rates for such plan fiscal years are as follows:

	Contribution Rates	
	2020	2019
Member	7.7%	7.7%
Non-employer contributing entity (State)	7.5%	6.8%
Employers (District)	7.5%	6.8%
Employers (District - Non-OASDI)	1.5%	1.5%

\*SB12 requires an increase in employer contributions by public school districts, charter schools and regional education service centers. Prior to SB12, only those employers not participating in social security were required to pay a 1.5% contributions (Non-OASDI surcharge). Beginning September 1, 2019 all employers are required to pay the Public Education Employer contribution irrespective of participation in social security.

The contribution amounts for the District's fiscal year 2020 are as follows:

District contributions	\$	1,028,789
Member contributions		2,644,868
NECE on-behalf contributions (State)		1,922,602

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State is the employer for senior colleges, medical schools and state agencies including TRS. In each respective role, the State contributes to the plan in accordance with state statutes and the General Appropriations Act.

As the non-employer contributing entity, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during the fiscal year reduced by the amounts described below which are paid by the employers. Employers (public school, junior college, other entities or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, local or non-educational and general funds.

**Dayton Independent School District**

Notes to the Financial Statements

- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

In addition to the employer contributions listed above, there are two surcharges an employer is subject to:

- When employing a retiree of the Teacher Retirement System, the employer shall pay both the member contribution and the state contribution as an employment-after-retirement surcharge.
- When a school district or charter school does not contribute to the Federal Old-Age, Survivors and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5% of the member’s salary.

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

At June 30, 2020, the District reported a liability of \$14,599,983 for its proportionate share of the TRS’s net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District are as follows:

District’s proportionate share of the net pension liability	\$ 14,599,983
State’s proportionate share of the net pension liability associated with the District	<u>23,355,974</u>
<b>Total</b>	<u><u>\$ 37,955,957</u></u>

The net pension liability was measured as of August 31, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as August 31, 2018 rolled forward to August 31, 2019. The District’s proportion of the net pension liability was based on the District’s contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2018 through August 31, 2019.

At the measurement date of August 31, 2019, the District’s proportion of the collective net pension liability was 0.028086% which was an increase of 0.00009% from its proportion measured as of August 31, 2018.

For the fiscal year ended June 30, 2020, the District recognized pension expense of \$6,666,740 and revenue of \$3,668,895 for support provided by the State.

## Dayton Independent School District

### Notes to the Financial Statements

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 61,333	\$ 506,935
Changes of assumptions	4,529,632	1,871,858
Difference between projected and actual earnings on pension plan investments	146,600	-
Changes in proportion and differences between District's contributions and the proportionate share of contributions	1,247,157	562,534
District contributions paid subsequent to the measurement date	874,701	-
<b>Totals</b>	<b>\$ 6,859,423</b>	<b>\$ 2,941,327</b>

\$874,701 reported as deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2021	\$ 847,549
2022	673,611
2023	787,243
2024	700,692
2025	166,734
Thereafter	(132,434)
<b>Total</b>	<b>\$ 3,043,395</b>

## Dayton Independent School District

### Notes to the Financial Statements

#### Actuarial Methods and Assumptions

The actuarial valuation of the total pension liability was performed as of August 31, 2018. Update procedures were used to roll forward the total pension liability to August 31, 2019 and was determined using the following actuarial methods and assumptions:

Actuarial cost method	Individual entry age normal
Asset valuation method	Market value
Single discount rate	7.25%
Long-term expected rate of return	7.25%
Municipal bond rate as of August 2019	2.63%. Source for the rate is the Fixed Income Market Data / Yield Curve / Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."
Last year ending August 31 in projection period (100 years)	2116
Inflation	2.30%
Salary increases	3.05% to 9.05% including inflation
Ad hoc postemployment benefit changes	None
Active mortality rates	Based on 90% of the RP 2014 Employee Mortality Tables for males and females with full generational mortality. The post-retirement mortality rates for healthy lives were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables with full generational projection using the ultimate improvement rates from the most recently published projection scale U-MP.

The actuarial methods and assumptions were primarily based on a study of actual experience for the three year period ending August 31, 2018 and were adopted in July 2018.

# Dayton Independent School District

## Notes to the Financial Statements

### Discount Rate and Long-Term Expected Rate of Return

A single discount rate of 7.25% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 7.25%. The projection of cash flows used to determine the single discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity will be made at the statutorily required rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TRS's target asset allocation as of August 31, 2019 are summarized below:

Asset Class	Target Allocation*	Long-term Expected Arithmetic Real Rate of Return
Global equity:		
U.S.	18.00%	5.70%
Non-U.S. developed	13.00%	6.90%
Emerging markets	9.00%	8.95%
Directional hedge funds	4.00%	3.53%
Private equity	13.00%	10.18%
Stable value:		
U.S. treasuries	11.00%	1.11%
Stable value hedge funds	4.00%	3.09%
Real return:		
Global inflation linked bonds	3.00%	0.70%
Real estate	14.00%	5.21%
Energy, natural resources and infrastructure	5.00%	7.48%
Risk parity:		
Risk parity	5.00%	3.70%
Asset allocation leverage cash	1.00%	-0.30%
<b>Totals</b>	<b>100.00%</b>	

\*FY 2019 target allocation based on the strategic asset allocation dated 10/1/2018.

Dayton Independent School District

Notes to the Financial Statements

Discount Rate Sensitivity Analysis

The following table presents the District’s proportionate share of the TRS net pension liability calculated using the discount rate of 7.25%, as well as what the District’s proportionate share of the net pension liability would be if it was calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
District's proportionate share of the net pension liability	\$ 22,442,295	\$ 14,599,983	\$ 8,246,197

Change of Assumptions Since the Prior Measurement Date

- The single discount rate as of August 31, 2018 was a blended rate of 6.907% and that has changed to the long-term rate of return of 7.25% as of August 31, 2019.
- With the enactment of SB3 by the 2019 Texas Legislature, an assumption has been made about how this would impact future salaries. It is assumed that eligible active members will each receive a \$2,700 increase in fiscal year 2020. This is in addition to the salary increase expected based on the actuarial assumptions.

Change of Benefit Terms Since the Prior Measurement Date

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

D. Defined Other Postemployment Benefit Plan

Plan Description

The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan that has a special funding situation. The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

OPEB Plan Fiduciary Net Position

Detailed information about the TRS-Care’s fiduciary net position is available in the separately-issued TRS Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at [http://www.trs.texas.gov/Pages/about\\_archive\\_cafr.aspx](http://www.trs.texas.gov/Pages/about_archive_cafr.aspx); by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

Benefits Provided

TRS-Care provides health insurance coverage to retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

Eligible non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high-deductible health plan. Eligible Medicare retirees and their dependents may enroll in the TRS-Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. The Board of Trustees of TRS is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052.

## Dayton Independent School District

### Notes to the Financial Statements

The premium rates for retirees are reflected in the following table:

TRS-Care Monthly Premium Rates

	Medicare	Non-medicare
Retiree or surviving spouse	\$ 135	\$ 200
Retiree and spouse	529	689
Retiree or surviving spouse and children	468	408
Retiree and family	1,020	999

#### Contributions

Contribution rates for the TRS-Care plan are established in state statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions and contributions from the state, active employees, and school districts based upon public school district payroll. The TRS Board of trustees does not have the authority to set or amend contribution rates.

Texas Insurance Code, section 1575.202 establishes the State's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act.

Rates for such plan fiscal years are as follows:

	Contribution Rates	
	2020	2019
Active employee	0.65%	0.65%
Non-employer contribution entity (State)	1.25%	1.25%
Employers (District)	0.75%	0.75%
Federal/private funding*	1.25%	1.25%

\*Contributions paid from federal funds and private grants are remitted by the employer (District) and paid at the State rate.

The contribution amounts for the District's fiscal year 2020 are as follows:

District contributions	\$ 276,267
Member contributions	223,268
NECE on-behalf contributions (State)	496,119

In addition, the State of Texas contributed \$150,131, \$100,658 and \$101,833 in 2020, 2019, and 2018, respectively, for on-behalf payments for Medicare Part D.

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (regardless of whether or not they participate in the TRS Care OPEB program). When hiring a TRS retiree, employers are required to pay TRS-Care a monthly surcharge of \$535 per retiree.

TRS-Care received a supplemental appropriation from the State of Texas as the Non-Employer Contributing Entity in the amount of \$73.6 million in fiscal year 2019.

## Dayton Independent School District

### Notes to the Financial Statements

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

At June 30, 2020, the District reported a liability of \$17,393,163 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District are as follows:

District's proportionate share of the net OPEB liability	\$ 17,393,163
State's proportionate share of the net OPEB liability associated with the District	<u>23,111,628</u>
<b>Total</b>	<b><u>\$ 40,504,791</u></b>

The net OPEB liability was measured as of August 31, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as August 31, 2018 rolled forward to August 31, 2019. The District's proportion of the net OPEB liability was based on the District's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2018 through August 31, 2019.

At the measurement date of August 31, 2019, the employer's proportion of the collective net OPEB liability was 0.0367788% which was an increase of 0.0035739% from its proportion measured as of August 31, 2018.

For the fiscal year ended June 30, 2020, the District recognized OPEB expense of \$1,026,251 and revenue of \$609,128 for support provided by the State.

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 853,283	\$ 2,846,207
Changes of assumptions	966,055	4,678,335
Difference between projected and actual earnings on OPEB plan investments	1,877	-
Changes in proportion and difference between District's contributions and the proportionate share of contributions	197,642	547,400
District contributions paid subsequent to the measurement date	<u>232,851</u>	<u>-</u>
<b>Totals</b>	<b><u>\$ 2,251,708</u></b>	<b><u>\$ 8,071,942</u></b>



## Dayton Independent School District

### Notes to the Financial Statements

\$232,851 reported as deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	
2021	\$ (1,012,850)
2022	(1,012,850)
2023	(1,013,458)
2024	(1,013,805)
2025	(1,013,712)
Thereafter	(986,410)
<b>Total</b>	<b>\$ (6,053,085)</b>

#### Actuarial Methods and Assumptions

The actuarial valuation of the total OPEB liability was performed as of August 31, 2018. Update procedures were used to roll forward the total OPEB liability to August 31, 2019.

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The following assumptions used for the valuation of the TRS-Care OPEB liability are identical to the assumptions employed in the August 31, 2019 TRS annual pension actuarial valuation:

<u>Demographic Assumptions</u>	<u>Economic Assumptions</u>
Rates of mortality	General inflation
Rates of retirement	Wage inflation
Rates of termination	Salary increases
Rates of disability	

See Note 4 for detail on these assumptions. The demographic assumptions were developed in the experience study performed for TRS for the period ending August 31, 2017.

The initial medical trend rates were 10.25% for Medicare retirees and 7.50% for non-Medicare retirees. There was an initial prescription drug trend rate of 10.25% for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.50 % over a period of 13 years.

**Dayton Independent School District**

Notes to the Financial Statements

The following methods and additional assumptions were used in the TRS-Care OPEB valuation:

Actuarial cost method	Individual entry age normal
Single discount rate	2.63%
Aging factors	Based on plan specific experience
Election rates	Normal retirement: 65% participation prior to age 65 and 50% after age 65. 25% of pre-65 retirees are assumed to discontinue coverage at age 65.
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Ad hoc postemployment benefit changes	None

The impact of the Cadillac Tax that is returning in fiscal year 2023 has been calculated as a portion of the trend assumption. Assumptions and methods used to determine the impact of the Cadillac Tax include:

- 2018 thresholds of \$850/\$2,292 were indexed annually by 2.30%.
- Premium data submitted was not adjusted for permissible exclusions to the Cadillac Tax.
- There were no special adjustments to the dollar limit other than those permissible for non-Medicare retirees over 55.

Results indicate that the value of the excise tax would be reasonably represented by a 25 basis point addition to the long-term trend rate assumption.

**Discount Rate**

A single discount rate of 2.63% was used to measure the total OPEB liability at August 31, 2019. This was a decrease of 1.06% in the discount rate since the August 31, 2018 measurement date. The plan is essentially a “pay-as-you-go” plan, and based on the assumption that contributions are made at the statutorily required rates, the OPEB plan’s fiduciary net position was projected to not be able to make all future benefit payments to current members and therefore, the single discount rate is equal to the prevailing municipal bond rate. The source for the rate is the Fixed Income Market Data / Yield Curve / Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index’s “20-Year Municipal GO AA Index”.

## Dayton Independent School District

### Notes to the Financial Statements

#### Sensitivity Analysis of Rates

##### Discount Rate

The following table presents the District's proportionate share of the TRS-Care net OPEB liability, 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 was 1% less than and 1% greater than the discount rate that was used (2.63%) in measuring the net OPEB liability.

	1% Decrease (1.63%)	Current Discount Rate (2.63%)	1% Increase (3.63%)
District's proportionate share of the net OPEB liability	\$ 20,999,133	\$ 17,393,167	\$ 14,572,216

##### Healthcare Cost Trend Rates

The following table presents the District's proportionate share of net OPEB liability using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is 1% lower or 1% higher than the assumed health-care cost trend rate:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 14,188,735	\$ 17,393,167	\$ 21,685,634

#### Change of Assumptions Since the Prior Measurement Date

The following were changes to the actuarial assumptions or other inputs that affected measurement of the total OPEB liability since the prior measurement period:

- The discount rate changed from 3.69% as of August 31, 2018 to 2.63% as of August 31, 2019. This change increased the total OPEB liability.
- The participation rate for pre-65 retirees was lowered from 70% to 65%. The participation rate for post-65 retirees was lowered from 75% to 50%. 25% of pre-65 retirees are assumed to discontinue their coverage at age 65. There was no lapse assumption in the prior valuation. These changes decreased the total OPEB liability.
- The trend rates were reset to better reflect the plan's anticipated experience. This change increased the total OPEB liability.
- The percentage of retirees who are assumed to have two-person coverage was lowered from 20% to 15%. In addition, the participation assumption for the surviving spouses of employees that die while actively employed was lowered from 20% to 10%. These changes decreased the total OPEB liability.

#### Change of Benefit Terms Since the Prior Measurement Date

There were no changes in benefit terms since the prior measurement date.

#### E. Defined Contribution Retirement Plans

The District offers its employees voluntary deferred compensation plans created in accordance with Internal Revenue Code Sections 403(b) and 457. The plans, which are administered by third-party administrators, permit employees to defer a portion of their salary until future years. The deferred compensation funds are not available until termination, retirement, death or unforeseeable emergency. However, the plans offer loans to participant employees. The plan assets are not subject to the District's general creditors and are not included in these financial statements.

## **Dayton Independent School District**

### **Notes to the Financial Statements**

#### **F. Shared Services Arrangements**

The District participates in a cooperative program for special education serving deaf and hard of hearing students, which includes five school districts. The Humble Independent School District is the fiscal agent and program administrator and is responsible for reporting all financial activities of the Humble Regional Day School Program for the Deaf. The member districts provide funds to the fiscal agent, with these expenditures being recorded in function 93 in the general or special revenue funds, as applicable.

The District also participates in a shared services arrangement for Orientation and Mobility Services, with the Deer Park ISD as fiscal agent, and a Gulf Coast Pipeline Project shared services arrangement, with Sheldon ISD as fiscal agent.

The District does not account for revenues or expenditures of those entities, and does not disclose them in these financial statements. The District does not have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal requirements that would give rise to a future additional benefit or burden to Dayton Independent School District. The fiscal agent manager is responsible for all financial activities of the shared services arrangement.

#### **G. Nonmonetary Transaction**

During 2020, the District received textbooks purchased by the State of Texas for the benefit of the District for a purchase price of \$498,082. The District receives the textbooks as part of state funding for textbook allotment. The textbooks have been recorded in the amount of \$498,082 in a special revenue fund as both state revenues and expenditures, which represents the amount of consideration given by the State of Texas.

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## **Required Supplementary Information**

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# Dayton Independent School District

# Exhibit G-1

Schedule of Revenues, Expenditures, and Changes in  
Fund Balance - Budget and Actual  
General Fund  
For the Fiscal Year Ended June 30, 2020

Data Control Codes		Budgeted Amounts		Actual	Variance with Final Budget
		Original	Final		Positive (Negative)
REVENUES					
5700	Local and intermediate sources	\$ 18,866,281	\$ 20,346,428	\$ 21,332,604	\$ 986,176
5800	State program revenues	27,557,218	29,530,484	28,360,995	(1,169,489)
5900	Federal program revenues	1,198,295	1,221,395	1,165,412	(55,983)
5020	Total revenues	47,621,794	51,098,307	50,859,011	(239,296)
EXPENDITURES					
Current:					
0011	Instruction	26,986,959	27,484,160	26,547,231	936,929
0012	Instructional resources and media services	549,564	569,114	548,448	20,666
0013	Curriculum and instructional staff development	1,943,996	2,138,128	1,835,940	302,188
0021	Instructional leadership	1,115,229	1,126,507	1,031,828	94,679
0023	School leadership	2,786,886	2,833,084	2,617,808	215,276
0031	Guidance, counseling, and evaluation services	1,647,359	1,686,302	1,404,171	282,131
0032	Social work services	167,944	194,929	174,810	20,119
0033	Health services	468,268	473,367	462,122	11,245
0034	Student transportation	3,470,111	3,572,955	2,948,520	624,435
0036	Extracurricular activities	2,026,182	2,076,916	1,895,459	181,457
0041	General administration	2,070,423	2,178,474	1,790,510	387,964
0051	Plant maintenance and operations	5,630,813	5,582,078	4,945,996	636,082
0052	Security and monitoring services	619,240	602,188	540,572	61,616
0053	Data processing services	695,980	747,379	719,261	28,118
0061	Community services	63,725	62,602	56,293	6,309
Capital outlay:					
0081	Facilities acquisition and construction	-	232,500	138,568	93,932
Intergovernmental:					
0093	Payments related to shared services arrangemen	15,973	15,973	9,613	6,360
0099	Other intergovernmental charges	734,821	734,821	720,352	14,469
6030	Total expenditures	50,993,473	52,311,477	48,387,502	3,923,975
1200	Net change in fund balance	(3,371,679)	(1,213,170)	2,471,509	3,684,679
0100	Fund balance - beginning	17,954,860	17,954,860	17,954,860	-
3000	FUND BALANCE - ENDING	\$ 14,583,181	\$ 16,741,690	\$ 20,426,369	\$ 3,684,679

The Notes to the Required Supplementary Information are an integral part of this schedule.



## Dayton Independent School District

Schedule of the District's Proportionate Share of the Net Pension  
Liability of a Cost-Sharing Multiple-Employer Pension Plan  
Teacher Retirement System of Texas  
For the Last Six Fiscal Years\*

	<u>2020</u>
District's proportion of the net pension liability	0.0280860%
District's proportionate share of the net pension liability	\$ 14,599,983
State's proportionate share of the net pension liability associated with the District	<u>23,355,974</u>
<b>TOTALS</b>	<b><u>\$ 37,955,957</u></b>
District's covered payroll	\$ 32,594,651
District's proportionate share of the net pension liability as a percentage of its covered payroll	44.79%
Plan fiduciary net position as a percentage of the total pension liability	75.24%

\*The amounts presented for the fiscal years were determined as of the Plan's fiscal year end, August 31 of the prior year.  
Ten years of data is not available.

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
0.0279917%	0.030278%	0.028401%	0.028898%	0.018830%
\$ 15,407,318	\$ 9,681,262	\$ 10,732,426	\$ 10,214,882	\$ 5,029,620
<u>25,092,225</u>	<u>15,684,734</u>	<u>17,815,009</u>	<u>16,647,370</u>	<u>14,231,759</u>
<u>\$ 40,499,543</u>	<u>\$ 25,365,996</u>	<u>\$ 28,547,435</u>	<u>\$ 26,862,252</u>	<u>\$ 19,261,379</u>
\$ 31,411,573	\$ 32,546,033	\$ 29,693,323	\$ 28,026,103	\$ 26,579,234
49.05%	29.75%	36.14%	36.45%	18.90%
73.74%	82.17%	78.00%	78.43%	83.25%

## Dayton Independent School District

Schedule of the District's Contributions to the  
Teacher Retirement System of Texas Pension Plan  
For the Last Six Fiscal Years\*

	<u>2020</u>
Contractually required contributions	\$ 1,028,789
Contributions in relation to the contractually required contributions	<u>(1,028,789)</u>
<b>CONTRIBUTION DEFICIENCY (EXCESS)</b>	<u><u>\$ -</u></u>
District's covered payroll	\$ 34,335,624
Contributions as a percentage of covered payroll	3.00%

\*The amounts presented for the fiscal years were determined as of the District's fiscal year end.  
Ten years of data is not available

# Exhibit G-3

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 975,549	\$ 943,490	\$ 983,262	\$ 895,073	\$ 790,151
<u>(975,549)</u>	<u>(943,490)</u>	<u>(983,262)</u>	<u>(895,073)</u>	<u>(790,151)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 32,340,935	\$ 31,572,125	\$ 32,179,182	\$ 29,370,071	\$ 27,758,801
3.02%	2.99%	3.06%	3.05%	2.85%

**Dayton Independent School District****Exhibit G-4**

Schedule of the District's Proportionate Share of the Net OPEB  
 Liability of a Cost-Sharing Multiple-Employer OPEB Plan  
 Teacher Retirement System of Texas  
 For the Last Three Fiscal Years\*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net OPEB liability	0.0367788%	0.0364215%	0.0375602%
District's proportionate share of the net OPEB liability	\$ 17,393,163	\$ 18,185,567	\$ 16,333,530
State's proportionate share of the net OPEB liability associated with the District	<u>23,111,628</u>	<u>27,315,287</u>	<u>25,708,816</u>
<b>TOTALS</b>	<u>\$ 40,504,791</u>	<u>\$ 45,500,854</u>	<u>\$ 42,042,346</u>
District's covered payroll	\$ 32,594,651	\$ 31,411,573	\$ 32,546,033
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	53.36%	57.89%	50.19%
Plan fiduciary net position as a percentage of the total OPEB liability	2.66%	1.57%	0.91%

\*The amounts presented for the fiscal year was determined as of the Plan's fiscal year end, August 31 of the prior year.  
 Ten years of data is not available.

**Dayton Independent School District**  
Schedule of the District's Contributions to the  
Teacher Retirement System of Texas OPEB Plan  
For the Last Three Fiscal Years\*

**Exhibit G-5**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contributions	\$ 276,267	\$ 258,266	\$ 241,243
Contributions in relation to the contractually required contributions	<u>(276,267)</u>	<u>(258,266)</u>	<u>(241,243)</u>
<b>CONTRIBUTION DEFICIENCY (EXCESS)</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
District's covered payroll	\$ 34,335,624	\$ 32,340,935	\$ 31,572,125
Contributions as a percentage of covered payroll	0.80%	0.80%	0.76%

\*The amounts presented for the fiscal year was determined as of the District's fiscal year end.  
Ten years of data is not available

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## Dayton Independent School District

### Notes to the Required Supplementary Information

June 30, 2020

#### Note 1. Budget

##### A. Budgetary Information

Each school district in Texas is required by law to prepare annually a budget of anticipated revenues and expenditures for the general fund, debt service fund, and the National School Breakfast and Lunch Program special revenue fund. The Texas Education Code requires the budget to be prepared not later than June 19 and adopted by June 30 of each year. The budgets are prepared on a basis of accounting that is used for reporting in accordance with generally accepted accounting principles.

The following procedures are followed in establishing the budgetary data reflected in the fund financial schedules:

1. Prior to June 19 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
3. Prior to July 1, the budget is formally approved and adopted by the Board.

The appropriated budget is prepared by fund and function. The District's campus/department heads may make transfers of appropriations within a campus or department. Transfers of appropriations between campuses or departments require the approval of the District's management. Increasing any one of the functional spending categories, or revenues object accounts and other resources require the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the function level within a fund. All annual appropriations lapse at fiscal year end.

#### Note 2. Net Pension Liability and Net OPEB Liability

The following factors significantly affect trends in the amounts reported for the District's proportionate share of the net pension liability and net OPEB liability:

##### Changes in actuarial assumptions and inputs

Measurement Date August 31,	Net Pension Liability		Net OPEB Liability
	Discount Rate	Long-term Expected Rate of Return	Discount Rate
2019	7.250%	7.250%	2.630%
2018	6.907%	7.250%	3.690%
2017	8.000%	8.000%	3.420%
2016	8.000%	8.000%	
2015	8.000%	8.000%	
2014	8.000%	8.000%	



## **Dayton Independent School District**

Notes to the Required Supplementary Information

June 30, 2020

### **Changes in demographic and economic assumptions**

For measurement dates August 31, 2019 and 2014-2017 – No changes in assumptions.

For measurement date August 31, 2018 – Net Pension Liability and Net OPEB Liability:

- Demographic assumptions including post-retirement mortality, termination rates, and rates of retirement and economic assumptions, including rates of salary increase for individual participants were updated based on the experience study performed for TRS for the period ending August 31, 2017.

## **Supplementary Information**

**Dayton Independent School District**  
Combining Balance Sheet  
Nonmajor Governmental Funds - Special Revenue Funds  
June 30, 2020

		211	224	225
<u>Data Control Codes</u>		<u>ESEA Title I Improving Basic Programs</u>	<u>IDEA-B Formula</u>	<u>IDEA-B Preschool</u>
	<b>ASSETS</b>			
1110	Cash and cash equivalents	\$ -	\$ -	\$ -
1120	Current investments	-	-	-
1240	Due from other governments	234,227	251,188	2,735
1260	Due from other funds	-	-	-
		<hr/>	<hr/>	<hr/>
1000	<b>TOTAL ASSETS</b>	<u>\$ 234,227</u>	<u>\$ 251,188</u>	<u>\$ 2,735</u>
	<b>LIABILITIES</b>			
2110	Accounts payable	\$ 1,000	\$ 12,500	\$ -
2160	Accrued wages payable	101,515	119,388	-
2170	Due to other funds	131,712	119,300	2,735
2300	Unearned revenue	-	-	-
		<hr/>	<hr/>	<hr/>
2000	Total liabilities	234,227	251,188	2,735
	<b>FUND BALANCES</b>			
3450	Restricted - grant funds	-	-	-
3545	Committed - other	-	-	-
		<hr/>	<hr/>	<hr/>
3000	Total fund balances	-	-	-
		<hr/>	<hr/>	<hr/>
4000	<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 234,227</u>	<u>\$ 251,188</u>	<u>\$ 2,735</u>

226	240	242	244	255	263	266
IDEA B Discretionary	National School Breakfast/ Lunch Program	Summer Feeding Program	Career and Technical Basic Grant	ESEA Title II, Part A, Teacher & Principal Training & Recruiting	Title III, Part A, English Language Acquisition and Enhancement	ESSER Grant
\$ -	\$ 532,425	\$ 123,303	\$ -	\$ -	\$ -	\$ -
-	884,902	-	-	-	-	-
126,146	-	24,439	3,409	48,238	43,660	685,225
-	137,285	46,372	-	-	-	-
<u>\$ 126,146</u>	<u>\$ 1,554,612</u>	<u>\$ 194,114</u>	<u>\$ 3,409</u>	<u>\$ 48,238</u>	<u>\$ 43,660</u>	<u>\$ 685,225</u>
\$ 8,400	\$ 458,426	\$ -	\$ 75	\$ 3,500	\$ 7,559	\$ 70,796
-	31,330	52	-	14,796	17,967	26,740
117,746	2,146	136,577	3,334	29,942	18,134	587,689
-	38,343	3,916	-	-	-	-
126,146	530,245	140,545	3,409	48,238	43,660	685,225
-	1,024,367	53,569	-	-	-	-
-	-	-	-	-	-	-
-	1,024,367	53,569	-	-	-	-
<u>\$ 126,146</u>	<u>\$ 1,554,612</u>	<u>\$ 194,114</u>	<u>\$ 3,409</u>	<u>\$ 48,238</u>	<u>\$ 43,660</u>	<u>\$ 685,225</u>

# Dayton Independent School District

## Combining Balance Sheet

### Nonmajor Governmental Funds - Special Revenue Funds - Continued

June 30, 2020

		287	288	289
<u>Data Control Codes</u>		<u>Title VI, Part A, Subpart 1</u>	<u>Title IV, Part A SSAEP</u>	<u>Summer School LEP</u>
	<b>ASSETS</b>			
1110	Cash and cash equivalents	\$ -	\$ -	\$ 236
1120	Current investments	-	-	-
1240	Due from other governments	-	-	-
1260	Due from other funds	-	-	-
		<hr/>	<hr/>	<hr/>
1000	<b>TOTAL ASSETS</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 236</u>
	<b>LIABILITIES</b>			
2110	Accounts payable	\$ -	\$ -	\$ -
2160	Accrued wages payable	-	-	236
2170	Due to other funds	-	-	-
2300	Unearned revenue	-	-	-
		<hr/>	<hr/>	<hr/>
2000	Total liabilities	-	-	236
	<b>FUND BALANCES</b>			
3450	Restricted - grant funds	-	-	-
3545	Committed - other	-	-	-
		<hr/>	<hr/>	<hr/>
3000	Total fund balances	-	-	-
		<hr/>	<hr/>	<hr/>
4000	<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 236</u>

397

410

427

429

457

699

Advanced Placement Incentives	State Textbook Fund	LMAA Teacher Stipends	Other State Funded Special Revenue Funds	Liberty Co. Workforce Academy	Capital Projects Fund	Total Nonmajor Funds (See Exhibit C-1)
\$ 577	\$ -	\$ -	\$ 68,580	\$ 118	\$ 7,025	\$ 732,264
-	-	-	-	-	29	884,931
-	-	-	-	2,312	-	1,421,579
-	-	-	-	-	-	183,657
<u>\$ 577</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,580</u>	<u>\$ 2,430</u>	<u>\$ 7,054</u>	<u>\$ 3,222,431</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,054	\$ 569,310
-	-	-	-	-	-	312,024
-	-	-	-	-	-	1,149,315
577	-	-	68,580	-	-	111,416
<u>577</u>	<u>-</u>	<u>-</u>	<u>68,580</u>	<u>-</u>	<u>7,054</u>	<u>2,142,065</u>
-	-	-	-	-	-	1,077,936
-	-	-	-	2,430	-	2,430
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,430</u>	<u>-</u>	<u>1,080,366</u>
<u>\$ 577</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,580</u>	<u>\$ 2,430</u>	<u>\$ 7,054</u>	<u>\$ 3,222,431</u>

# Dayton Independent School District

Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds - Special Revenue Funds  
For the Fiscal Year Ended June 30, 2020

		211	224	225
Data Control Codes		ESEA Title I Improving Basic Programs	IDEA-B Formula	IDEA-B Preschool
<b>REVENUES</b>				
5700	Local and intermediate sources	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-
5900	Federal program revenues	882,165	1,065,490	18,656
5020	Total revenues	882,165	1,065,490	18,656
<b>EXPENDITURES</b>				
Current:				
0011	Instruction	859,516	558,563	18,656
0013	Curriculum and instructional staff development	2,100	-	-
0021	Instructional leadership	-	-	-
0023	School leadership	11,747	-	-
0031	Guidance, counseling, and evaluation services	-	424,920	-
0034	Student transportation	-	32,007	-
0035	Food services	-	-	-
0041	General administration	-	-	-
0051	Plant maintenance and operations	-	-	-
0052	Security and monitoring services	-	-	-
0061	Community services	8,802	-	-
Capital outlay:				
0081	Facilities acquisition and construction	-	-	-
Intergovernmental:				
0093	Payments related to shared services arrangements	-	50,000	-
6030	Total expenditures	882,165	1,065,490	18,656
1200	Net change in fund balances	-	-	-
0100	Fund balances - beginning	-	-	-
3000	<b>FUND BALANCES - ENDING</b>	\$ -	\$ -	\$ -

**Exhibit H-2**  
(Page 1 of 2)

226	240	242	244	255	263	266
<u>IDEA B Discretionary</u>	<u>National School Breakfast/ Lunch Program</u>	<u>Summer Feeding Program</u>	<u>Career and Technical Basic Grant</u>	<u>ESEA Title II, Part A, Teacher &amp; Principal Training &amp; Recruiting</u>	<u>Title III, Part A, English Language Acquisition and Enhancement</u>	<u>ESSER Grant</u>
\$ -	\$ 625,701	\$ -	\$ -	\$ -	\$ -	\$ -
-	14,791	-	-	-	-	-
<u>126,146</u>	<u>1,755,447</u>	<u>190,146</u>	<u>246,237</u>	<u>132,352</u>	<u>119,882</u>	<u>685,225</u>
126,146	2,395,939	190,146	246,237	132,352	119,882	685,225
51,995	-	-	240,593	-	90,456	-
-	-	-	5,569	127,852	29,426	50,786
-	-	-	75	-	-	71,614
-	-	-	-	4,500	-	164,103
-	-	-	-	-	-	114,360
74,151	-	-	-	-	-	10,642
-	2,758,372	136,577	-	-	-	-
-	-	-	-	-	-	38,161
-	-	-	-	-	-	232,012
-	-	-	-	-	-	3,547
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>126,146</u>	<u>2,758,372</u>	<u>136,577</u>	<u>246,237</u>	<u>132,352</u>	<u>119,882</u>	<u>685,225</u>
-	(362,433)	53,569	-	-	-	-
-	1,386,800	-	-	-	-	-
<u>\$ -</u>	<u>\$ 1,024,367</u>	<u>\$ 53,569</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



# Dayton Independent School District

Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances

Nonmajor Governmental Funds - Special Revenue Funds - Continued

For the Fiscal Year Ended June 30, 2020

		287	288	289
Data Control Codes		Title VI, Part A, Subpart 1	Title IV, Part A SSAEP	Summer School LEP
	<b>REVENUES</b>			
5700	Local and intermediate sources	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-
5900	Federal program revenues	4,500	28,344	236
5020	Total revenues	4,500	28,344	236
	<b>EXPENDITURES</b>			
	Current:			
0011	Instruction	-	8,500	236
0013	Curriculum and instructional staff development	4,500	-	-
0021	Instructional leadership	-	-	-
0023	School leadership	-	-	-
0031	Guidance, counseling, and evaluation services	-	-	-
0034	Student transportation	-	-	-
0035	Food services	-	-	-
0041	General administration	-	-	-
0051	Plant maintenance and operations	-	-	-
0052	Security and monitoring services	-	19,844	-
0061	Community services	-	-	-
	Capital outlay:			
0081	Facilities acquisition and construction	-	-	-
	Intergovernmental:			
0093	Payments related to shared services arrangements	-	-	-
6030	Total expenditures	4,500	28,344	236
1200	Net change in fund balances	-	-	-
0100	Fund balances - beginning	-	-	-
3000	<b>FUND BALANCES - ENDING</b>	\$ -	\$ -	\$ -

**Exhibit H-2**  
(Page 2 of 2)

397	410	427	429	457	699	
Advanced Placement Incentives	State Textbook Fund	LMAA Teacher Stipends	Other State Funded Special Revenue Funds	Liberty Co. Workforce Academy	Capital Projects Fund	Total Nonmajor Funds (See Exhibit C-2)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,762	\$ 657,463
-	822,106	700	83,000	-	-	920,597
-	-	-	-	-	-	5,254,826
-	822,106	700	83,000	-	31,762	6,832,886
-	822,106	-	-	-	-	2,650,621
-	-	700	-	-	-	220,933
-	-	-	-	-	-	71,689
-	-	-	-	-	-	180,350
-	-	-	83,000	-	-	622,280
-	-	-	-	-	-	116,800
-	-	-	-	-	-	2,894,949
-	-	-	-	-	-	38,161
-	-	-	-	-	-	232,012
-	-	-	-	-	-	23,391
-	-	-	-	-	-	8,802
-	-	-	-	-	117,767	117,767
-	-	-	-	-	-	50,000
-	822,106	700	83,000	-	117,767	7,227,755
-	-	-	-	-	(86,005)	(394,869)
-	-	-	-	2,430	86,005	1,475,235
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,430</u>	<u>\$ -</u>	<u>\$ 1,080,366</u>

**Dayton Independent School District**  
Schedule of Delinquent Taxes Receivable  
For the Fiscal Year Ended June 30, 2020

Year Ended June 30,	1		2		3	
	Tax Rates				Assessed/Appraised	
	Maintenance		Debt Service		Value For School Tax Purposes	
2011 and prior years	\$	Various	\$	Various	\$	Various
2012		1.0400		0.1680		1,448,196,358
2013		1.0400		0.1680		1,467,200,414
2014		1.0400		0.1680		1,429,109,603
2015		1.0400		0.1580		1,522,940,052
2016		1.0400		0.3917		1,625,659,188
2017		1.0400		0.3817		1,603,392,840
2018		1.0400		0.3500		1,763,845,827
2019		1.0400		0.3300		1,880,525,474
2020 (School year under audit)		0.9700		0.3000		2,054,255,118
1000 TOTALS						

Exhibit J-1

10 Beginning Balance 7/1/19	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 6/30/20
\$ 3,696,437	\$ -	\$ 73,884	\$ 9,619	\$ (18,072)	\$ 3,594,862
316,854	-	16,862	2,724	(1,963)	295,305
327,788	-	22,631	3,656	(1,668)	299,833
364,082	-	34,868	5,633	(1,025)	322,556
375,056	-	42,037	6,386	3,073	329,706
497,051	-	60,425	22,758	2,092	415,960
655,521	-	117,336	43,065	3,531	498,651
920,929	-	211,269	71,100	(5,988)	632,572
1,680,908	-	528,267	167,623	11,135	996,153
-	26,089,040	18,707,923	5,785,955	34,750	1,629,912
<u>\$ 8,834,626</u>	<u>\$ 26,089,040</u>	<u>\$ 19,815,502</u>	<u>\$ 6,118,519</u>	<u>\$ 25,865</u>	<u>\$ 9,015,510</u>

**Dayton Independent School District**  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance – Budget and Actual  
National School Breakfast and Lunch Program  
For the Fiscal Year Ended June 30, 2020

**Exhibit J-2**

Data Control Codes		Budgeted Amounts			Variance with Final Budget Positive (Negative)
		Original	Final*	Actual	
REVENUES					
5700	Local and intermediate sources	\$ 795,058	\$ 795,058	\$ 625,701	\$ (169,357)
5800	State program revenues	15,532	15,532	14,791	(741)
5900	Federal program revenues	2,328,627	2,328,627	1,755,447	(573,180)
5020	Total revenues	3,139,217	3,139,217	2,395,939	(743,278)
EXPENDITURES					
Current:					
0035	Food services	3,775,732	3,775,732	2,758,372	1,017,360
6030	Total expenditures	3,775,732	3,775,732	2,758,372	1,017,360
1200	Net change in fund balance	(636,515)	(636,515)	(362,433)	274,082
0100	Fund balance - beginning	1,386,800	1,386,800	1,386,800	-
3000	FUND BALANCE - ENDING	\$ 750,285	\$ 750,285	\$ 1,024,367	\$ 274,082

**Dayton Independent School District**  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance – Budget and Actual  
Debt Service Fund  
For the Fiscal Year Ended June 30, 2020

**Exhibit J-3**

Data Control Codes		Budgeted Amounts			Variance with Final Budget Positive (Negative)
		Original	Final	Actual	
REVENUES					
5700	Local and intermediate sources	\$ 6,096,803	\$ 6,096,803	\$ 6,325,718	\$ 228,915
5800	State program revenues	146,484	146,484	154,150	7,666
5020	Total revenues	6,243,287	6,243,287	6,479,868	236,581
EXPENDITURES					
Debt service:					
0071	Principal on long-term debt	3,155,000	3,155,000	3,180,000	(25,000)
0072	Interest on long-term debt	3,388,423	3,388,423	3,340,321	48,102
0073	Issuance costs and fees	5,000	70,512	51,737	18,775
6030	Total expenditures	6,548,423	6,613,935	6,572,058	41,877
1100	Excess (deficiency) of revenues over (under) expenditures	(305,136)	(370,648)	(92,190)	278,458
OTHER FINANCING SOURCES (USES)					
7901	Refunding bonds issued	-	4,110,000	4,110,000	-
7916	Premium or discount on issuance of bonds	-	153,809	153,809	-
8940	Payment to bond refunding escrow agent	-	(4,217,900)	(4,217,900)	-
7080	Total other financing sources (uses)	-	45,909	45,909	-
1200	Net change in fund balance	(305,136)	(324,739)	(46,281)	278,458
0100	Fund balance - beginning	3,846,309	3,846,309	3,846,309	-
3000	FUND BALANCE - ENDING	\$ 3,541,173	\$ 3,521,570	\$ 3,800,028	\$ 278,458

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## **Overall Compliance, Internal Control Section and Federal Awards**



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

To the Board of Trustees of  
Dayton Independent School District

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Dayton Independent School District (the District) as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 11, 2020.

***Internal Control over Financial Reporting***

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

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

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

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

The Board of Trustees of  
Dayton Independent School District

**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.

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Houston, Texas  
December 11, 2020

**Independent Auditor's Report on Compliance for Each Major Federal  
Program and Report on Internal Control over Compliance  
in Accordance with the Uniform Guidance**

To the Board of Trustees of  
Dayton Independent School District

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

We have audited Dayton Independent School District's (the District) compliance with the types of compliance requirements described 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, 2020. 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.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

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

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

## **Report on Internal Control over Compliance**

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

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

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

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

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Houston, Texas  
December 11, 2020

**Dayton Independent School District**  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2020

**Section 1. Summary of Auditor's Results**

**Financial Statements**

- |   |               |
|---|---------------|
| 1. Type of auditor's report issued  | Unmodified    |
| 2. Internal control over financial reporting:   |               |
| <i>a.</i> Material weakness(es) identified?   | No            |
| <i>b.</i> Significant deficiency(ies) identified that are not considered to be material weaknesses? | None reported |
| 3. Noncompliance material to financial statements noted?  | No            |

**Federal Awards**

- |   |  |
|---|--|
| 4. Internal control over major programs:  |  |
| <i>a.</i> Material weakness(es) identified?   | No   |
| <i>b.</i> Significant deficiency(ies) identified that are not considered to be material weaknesses?   | None reported  |
| 5. Type of auditor's report issued on compliance with major programs                                  | Unmodified   |
| 6. Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance? | No   |
| 7. Identification of major programs   | 84.027A & 84.173A Special Education Cluster<br>84.425D – Elementary and Secondary School Emergency Relief Fund |
| 8. Dollar Threshold used to distinguish between Type A and Type B federal programs                    | \$750,000  |
| 9. Auditee qualified as a low-risk auditee?   | Yes  |

**Section 2. Financial Statement Findings**

None reported

**Section 3. Federal Award Findings and Questioned Costs**

None reported

**Dayton Independent School District**  
Summary Schedule of Prior Audit Findings  
For the Fiscal Year Ended June 30, 2020

**Prior Year Findings**

None reported

**Dayton Independent School District**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2020**

**Exhibit K-1**

(1) Federal Grantor/ Pass-Through Grantor/ Program Title	(2) Federal CFDA Number	(2A) Pass-Through Entity Identifying Number	(3) Federal Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Child Nutrition Cluster:			
Passed Through State Department of Education:			
School Breakfast Program	10.553	71401901	\$ 340,075
National School Lunch Program	10.555	71301901	1,227,528
Passed Through State Department of Agriculture:			
National School Lunch Program - Non Cash Assistance	10.555	146006A	<u>187,844</u>
Total	10.555		1,415,372
COVID-19 Summer Food Services Program - Lunch	10.559	146902	<u>190,146</u>
Total Child Nutrition Cluster			<u>1,945,593</u>
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			1,945,593
<b>U.S. DEPARTMENT OF DEFENSE</b>			
Direct Programs			
Marine Corps Junior ROTC	12.000	TX310007	<u>70,655</u>
<b>TOTAL U.S. DEPARTMENT OF DEFENSE</b>			70,655
<b>U.S. DEPARTMENT OF EDUCATION</b>			
Passed Through State Department of Education:			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	20610101146902	755,160
ESEA, Title I, Part A - Improving Basic Programs	84.010A	19610101146902	62,855
ESEA, Title I, 1003 School Improvement	84.010A	20610123146902	<u>86,538</u>
Total	84.010A		904,553
Special Education Cluster (IDEA)			
Passed Through Education Service Center 20:			
IDEA - Part B, Evaluation Capacity	84.027A	2265431904007	126,146
Passed Through State Department of Education:			
IDEA - Part B, Formula	84.027A	186600011469026600	17,263
IDEA - Part B, Formula	84.027A	196600011469026600	9,848
IDEA - Part B, Formula	84.027A	206600011469026600	<u>1,040,505</u>
Total	84.027A		1,193,762
IDEA - Part B, Preschool	84.173A	186610011469026610	460
IDEA - Part B, Preschool	84.173A	206610011469026610	<u>18,656</u>
Total	84.173A		<u>19,116</u>
Total Special Education Cluster (IDEA)			1,212,878
Career and Technical - Basic Grant	84.048A	20420006146902	40,328
Career and Technical - Basic Grant	84.048A	19420006146902	2,590
2019-2020 Perkins Reserve	84.048A	V048A190043	<u>203,674</u>
Total	84.048A		246,592
Title III, Part A - English Language Acquisition	84.365A	20671001146902	114,171
Title III, Part A - English Language Acquisition	84.365A	19671001146902	<u>7,577</u>
Total	84.365A		121,748
ESEA, Title II, Part A, Supporting Effective Instruction	84.367A	20694501146902	121,982
ESEA, Title II, Part A, Supporting Effective Instruction	84.367A	19694501146902	<u>13,659</u>
Total	84.367A		135,641
LEP Summer School	84.369A	69551802	236
Title IV, Part A, Subpart 1	84.424A	19680101146902	9,820
Title IV, Part A, Subpart 1	84.424A	20680101146902	<u>18,523</u>
Total	84.424A		28,343
ESSER Grant	84.425D	S425D200042	685,225
RESTART/Hurricane	84.938B	S938B180013	<u>4,500</u>
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			3,339,716
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
Passed Through State Comptroller			
FEMA Disaster Grants - Public Assistance	97.036	1791	62,360
FEMA Disaster Grants - Public Assistance	97.036	4332PA	<u>2,861</u>
Total	97.036		<u>65,221</u>
<b>TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY</b>			<u>65,221</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 5,421,185</u>

The Notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.



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**Dayton Independent School District**  
Notes to Schedule of Expenditures of Federal Awards

**Note 1. Summary of Significant Accounting Policies**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Dayton Independent School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Single Audit Act Amendments of 1996 and Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. National School Lunch Program non-cash commodities are recorded at their estimated market value at the time of donation.

**Note 2. De Minimis Cost Rate**

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

**Note 3. Reconciliation to Basic Financial Statements**

Presented below is a reconciliation of federal revenues:

Total expenditures of federal awards per Exhibit K-1	\$ 5,421,185
Additional federal revenues reported in governmental funds:	
SHARS	689,250
E-Rate	309,803
	<hr/>
<b>Total federal revenues per Exhibit C-2</b>	<b>\$ 6,420,238</b>

**Dayton Independent School District**  
Schedule of Required Responses to Selected  
School FIRST Indicators (Unaudited)  
For the Fiscal Year Ended June 30, 2020

**Exhibit L-1**

<b>Data Codes</b>		<b>Responses</b>
SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement?	No
SF3	Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies? (If the school district was issued a warrant hold and the warrant hold was not cleared within 30 days from the date the warrant hold was issued, the school district is considered to not have made timely payments.)	Yes
SF4	Was the school district issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the school district is considered to have been issued a warrant hold.	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end	\$ -