

DOVER AREA SCHOOL DISTRICT

FINANCIAL REPORT

JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT

Board of School Directors
Dover Area School District
Dover, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Dover Area School District (District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Camp Hill, Pennsylvania
December 12, 2023

**DOVER AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Year Ended June 30, 2023**

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis (MD&A) of the Dover Area School District provides an overview of the District's financial activities for the fiscal year ended June 30, 2023 and June 30, 2022. The intent of the MD&A is to look at the District's financial performance. Please read it in conjunction with the District's financial statements and notes to the financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

For fiscal year ended 2023, the Board of School Directors adopted a General Fund budget of \$69.342 million. Actual results of operation indicated that expenditures were approximately 3% above expectations, and revenues were approximately 5% above expectations. These fluctuations will be discussed further under General Fund Budgetary Highlights.

On June 30, 2023, the Governmental Activities total net position was negative \$54.208 million as compared to negative \$56.651 million in 2022. Negative net position is a result of implementing Government Accounting Standards Board Statement Number 68 for Pensions and Statement Number 75 for Other Post-Employment Benefits (OPEB). The net pension liability and OPEB liabilities represent 47% of the total liabilities.

On June 30, 2023, the total fund balance for the General Fund was \$17.214 million.

Total funds in the amount of \$2.080 million were nonspendable, \$7.789 million were committed, \$1.568 million were assigned, and the remaining \$5.777 million was unassigned and represents approximately 8% of the General Fund budget for the next fiscal year.

USING THE ANNUAL FINANCIAL REPORT

This annual report consists of three parts – management's discussion and analysis, the basic financial statements, and the required supplementary information. The basic financial statements include two kinds of statements that present different perspectives of the District:

The first two basic financial statements are government-wide financial statements that provide both short-term and long-term information about the District's overall financial status.

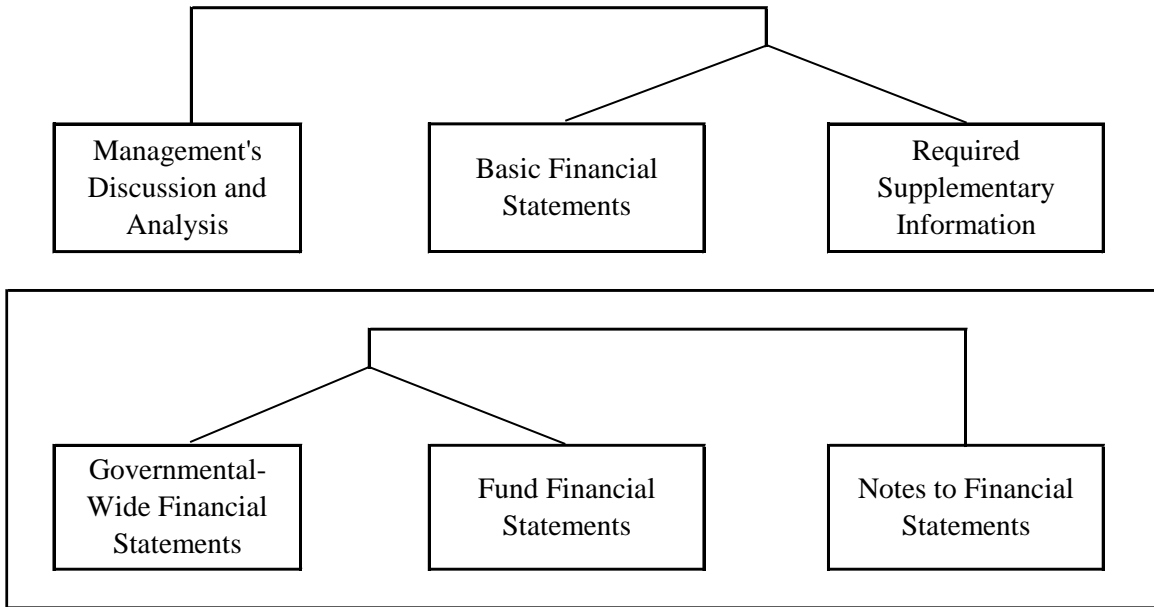
The remaining basic financial statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the government-wide statements. The governmental statements tell how general School District services were financed in the short-term as well as what remains for future spending. Proprietary fund statements offer short-term and long-term financial information about the activities that the School District operates like a business. For Dover, the Food Service Fund is proprietary.

The financial statements also include notes that explain certain data in the statements and provide more comprehensive information.

**DOVER AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Year Ended June 30, 2023**

Figure A-1 shows how the required parts of the Financial Section are arranged and relate to one another:

**Figure A-1
Required Components of Dover Area School District's Financial Report**



**DOVER AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Year Ended June 30, 2023**

Figure A-2 summarizes the major features of the District's financial statements. The remainder of this overview section of the MD&A highlights the structure and contents of each statement.

**Figure A-2
Major Features of the Dover Area School District's Government-wide and Fund Financial Statements**

	Governmental-wide Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Fund
Scope	Entire District	Activities of the District that are not proprietary, such as general operating and capital projects.	Activities the District operates similar to private businesses, such as food service.
Required Financial Statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Revenues, Expenses and Changes in Net Position • Statement of Cash Flows
Accounting Basis & Measurement Focus	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial focus.	Accrual accounting and economic resources focus.
Types of Assets / Liabilities Information	All assets and liabilities, both financial and capital, short-term and long-term and deferred outflows.	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included.	All assets and liabilities, both financial and capital, short-term and long-term.
Types of Inflow / Outflow Information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during the year, regardless of when cash is received or paid.

**DOVER AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Year Ended June 30, 2023**

OVERVIEW OF THE FINANCIAL STATEMENTS

Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private sector companies. The Statement of Net Position includes all of the District's assets, deferred inflows and outflows and liabilities with the difference reported as net position, some of which is restricted in accordance with other commitments. Net position is considered one way to measure the District's financial health. The Statement of Activities accounts for all of the current year's revenues and expenses, regardless of whether the cash is received or paid.

To assess the District's overall financial condition, additional non-financial factors, such as changes in the District's property tax base and condition of the school buildings and other facilities, should be considered.

In the government-wide financial statements, the District activities are divided into two categories:

Governmental Activities: Most of the School District's programs are reported here including regular and special education, transportation, administration, and operation and maintenance of buildings. Property taxes and state subsidies finance most of the activities that occur in the General Fund.

Business-Type Activity: This service charges fees for goods and services to recover the costs of the goods or services provided. The Food Service Program is reported as a business activity.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by State law and by bond covenants. The District established other funds to control and manage money for particular purposes (like repaying its long-term debts) or to show that it is properly using certain revenues (like federal grants).

The District has two types of funds:

Governmental funds: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can be readily converted to cash flow in and out (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or difference) between them.

Proprietary fund: This fund is used to account for District activities that are similar to business operations in the private sector. When the District charges fees for services provided to customers, the services are usually reported as proprietary funds. The Food Service Fund is the District's only proprietary fund.

**DOVER AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Year Ended June 30, 2023**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's total net position was negative \$54.3 million at fiscal year ended 2023, which includes negative \$54.2 million in Governmental Activities and negative \$49 thousand in Business-Type Activities, a positive change of \$2.6 million over fiscal year ended 2022. The District's unrestricted net position represents the funding necessary if all outstanding debts were paid as of the end of the fiscal year.

**Figure A-3
Fiscal Years Ended June 30, 2023 and June 30, 2022
Net Position**

	Governmental Activities		Business-Type Activities		Total District	
	6/30/2023	6/30/2022	6/30/2023	6/30/2022	6/30/2023	6/30/2022
Total assets	\$ 123,006,412	\$ 129,643,819	\$ 1,592,796	\$ 1,530,191	\$ 124,599,208	\$ 131,174,010
Total deferred outflows of resources	\$ 14,199,015	\$ 15,893,210	\$ 271,822	\$ 312,599	\$ 14,470,837	\$ 16,205,809
Total liabilities	\$ 184,189,040	\$ 186,792,523	\$ 1,798,474	\$ 1,747,823	\$ 185,987,514	\$ 188,540,346
Total deferred inflows of resources	\$ 7,223,956	\$ 15,395,134	\$ 114,861	\$ 292,440	\$ 7,338,817	\$ 15,687,574
Investment in capital assets (net of related debt)	\$ 3,277,184	\$ 4,204,056	\$ 98,209	\$ 120,556	\$ 3,375,393	\$ 4,324,612
Restricted	7,361,241	3,168,979	-	-	7,361,241	3,168,979
Unrestricted	(64,845,994)	(64,023,663)	(146,926)	(318,029)	(64,992,920)	(64,341,692)
Total net position	\$ (54,207,569)	\$ (56,650,628)	\$ (48,717)	\$ (197,473)	\$ (54,256,286)	\$ (56,848,101)

For fiscal year ended 2023, total governmental assets decreased 5% or \$6.6 million versus fiscal year ended 2022. The decrease was primarily due to the recording of depreciation expense on the District's capital assets, including buildings and equipment.

The District's construction-in-progress increased slightly year over year. The construction-in-progress balance of \$1.6 million for the fiscal year ended 2023 is due to a roof replacement project at North Salem Elementary School.

Capital assets are not available for future spending. The investment in capital assets is reported net of related debt. Resources necessary to repay this debt will be required to be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities.

Deferred outflow of resources on pension and OPEB liabilities due for governmental activities decreased \$1.7 million year over year while deferred inflow of resources related to governmental activities decreased \$8.2 million.

Governmental liabilities decreased \$2.6 million over fiscal year ended 2022. Several factors contributed to this decrease. Long-term liabilities decreased by \$4.7 million due to principal payments on outstanding bonds and notes. OPEB liabilities decreased approximately \$1.2 million based upon actuarial calculations. In addition, there was an \$806 thousand decrease in accrued expenses due to a decrease in accrued salaries and benefits and an overall decrease in deferred revenues. These decreases were partially offset by a \$4.4 million increase in pension liabilities.

The results of this year's operation as a whole are reported in the Statement of Activities. All expenses are reported in the first column. Specific charges, grants, revenues, and subsidies that directly relate to specific expense categories are represented to determine the final amount of the School District's activities that are supported by other general revenues.

**DOVER AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Year Ended June 30, 2018**

The two largest general revenues are the local taxes assessed to community taxpayers and the Basic Education Subsidy provided by the Commonwealth of Pennsylvania.

In order to more fully understand the composition of the changes in net position for the current year, Figure A-4 presents additional details regarding the results of all activities for the fiscal years ended June 30, 2023 and 2022.

**Figure A-4
Fiscal Years Ended June 30, 2023 and June 30, 2022
Change in Net Position**

	Governmental Activities		Business-Type Activities		Total District	
	2023	2022	2023	2022	2023	2022
Revenues						
Program revenues						
Charges for services	\$ 850,431	\$ 1,207,131	\$ 467,065	\$ 82,105	\$ 1,317,496	\$ 1,289,236
Operating grants and contributions	18,268,627	17,811,760	1,861,010	2,818,547	20,129,637	20,630,307
General revenues and transfers						
Property taxes	29,776,939	28,825,045	-	-	29,776,939	28,825,045
Other taxes	6,706,023	6,468,322	-	-	6,706,023	6,468,322
Grants, subsidies and contributions not restricted	14,938,209	13,548,001	-	-	14,938,209	13,548,001
Investment earnings	941,081	28,008	12,703	479	953,784	28,487
Miscellaneous income	10,930	23,207	-	-	10,930	23,207
Transfers	-	(14,723)	-	14,723	-	-
Gain on disposition of capital assets	27,886	602,468	-	-	27,886	602,468
Total revenues and transfers	71,520,126	68,499,219	2,340,778	2,915,854	73,860,904	71,415,073
Expenses						
Instruction	45,337,544	46,103,971	-	-	45,337,544	46,103,971
Instructional student support	5,685,138	4,945,922	-	-	5,685,138	4,945,922
Administrative and financial services	4,788,220	4,857,570	-	-	4,788,220	4,857,570
Operation and maintenance of plant services	5,204,160	5,151,504	-	-	5,204,160	5,151,504
Pupil transportation	3,477,701	3,360,472	-	-	3,477,701	3,360,472
Student activities	1,434,808	1,303,966	-	-	1,434,808	1,303,966
Community services	29,984	5,135	-	-	29,984	5,135
Interest on long-term debt	3,119,512	3,301,290	-	-	3,119,512	3,301,290
Food service	-	-	2,192,022	2,381,079	2,192,022	2,381,079
Total expenses	69,077,067	69,029,830	2,192,022	2,381,079	71,269,089	71,410,909
Change in net position	\$ 2,443,059	\$ (530,611)	\$ 148,756	\$ 534,775	\$ 2,591,815	\$ 4,164

Governmental revenues saw an increase of \$3.02 million or 4.4%. The primary factors behind this increase are outlined below:

- Real estate taxes increased by \$952 thousand or 3.3%.
- Program grants and contributions increased by \$457 thousand. General, unrestricted grants and contributions increased by \$1.39 million. These increases were due to a \$1.2 million increase in state subsidies including an \$880 thousand increase in the Basic Education Subsidy and a \$336 thousand increase in the Special Education Subsidy. Federal subsidies increased by \$764 thousand due to an increase in funds received from the federal COVID relief programs and an increase in reimbursements from the School-Based Medicaid Reimbursement Program.
- Investment earnings increased by \$913 thousand due to favorable interest rates and optimal cash flow analysis. Other taxes increased by \$238 thousand primarily due to a \$468 thousand increase in earned income tax revenue offset by a \$223 thousand decrease in transfer tax revenue.
- Charges for services declined by \$357 thousand primarily due to a decrease in regular tuition earned from other school districts. There were less students participating in the transition agreement between Northern York County School District and Dover Area School District for residents of Washington Township.

**DOVER AREA SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
Year Ended June 30, 2018**

- Gain on disposal of fixed assets declined by \$575 thousand due to the gain on the sale of iPads that occurred during the fiscal year ended June 30, 2022. There were no significant gains on asset sales for the current fiscal year.

Property taxes contributed 41.63% of total revenues for governmental activities during fiscal year 2022-2023. Other major contributors to revenue include unrestricted grants, subsidies and contributions at 20.89%; operating grants and contributions at 25.54%; and other taxes levied at 9.38%. Property taxes, as a percentage of total revenues, decreased slightly from the prior year.

Governmental program expenditures remained relatively flat year over year, with a small increase of \$47 thousand or .07%.

Figure A-5 below presents the expenses of the Governmental Activities of the District. The table below shows the District’s eight largest functions – instruction, instructional student support, administrative and financial services, operation and maintenance of plant services, pupil transportation, student activities, community and interest on long-term debt as well as each program’s net cost (total cost less revenues generated by the activities). Figure A-5 also shows the net costs offset by the other unrestricted grants, subsidies, and contributions to calculate the remaining financial needs supported by local taxes and other miscellaneous revenues.

**Figure A-5
Fiscal Years Ended June 30, 2023 and June 30,2022
Governmental Activities**

Functions/Programs	Total Cost of Services		Net Cost of Services	
	2023	2022	2023	2022
Instruction	\$ 45,337,544	\$ 46,103,971	\$ 30,153,906	\$ 31,138,736
Instructional student support	5,685,138	4,945,922	4,817,587	4,177,402
Administrative and financial services	4,788,220	4,857,570	4,092,089	4,075,800
Operation and maintenance of plant services	5,204,160	5,151,504	4,765,286	4,699,682
Pupil transportation	3,477,701	3,360,472	2,061,605	1,771,244
Student activities	1,434,808	1,303,966	918,040	841,650
Community	29,984	5,135	29,984	5,135
Interest on long-term debt	3,119,512	3,301,290	3,119,512	3,301,290
Total Governmental Activities	\$ 69,077,067	\$ 69,029,830	\$ 49,958,009	\$ 50,010,939
Less:				
Unrestricted grants and subsidies	14,938,209	13,548,001		
Total Needs from Local Taxes and Other Revenues	\$ 54,138,858	\$ 55,481,829		

**DOVER AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Year Ended June 30, 2023**

Figure A-6 reflects the activities of the Food Service Fund, which is reported as a business-type activity of the District.

**Figure A-6
Fiscal Years Ended June 30, 2023 and June 30, 2022
Business-Type Activities**

	2023		2022	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Functions/Programs				
Food Service	\$ 2,192,022	\$ 136,053	\$ 2,381,079	\$ 519,573
Less:				
Investment Earnings, Transfers, and Miscellaneous Income		12,703		15,202
Total Business Type Activities		<u>\$ 148,756</u>		<u>\$ 534,775</u>

The only business-type activity at Dover Area School District is the Food Service Operation. The District provides both breakfast and lunch programs for grades K through 12. This program had operating revenues of \$467,065 and non-operating revenue of \$1,873,713. Total expenses were \$2,192,022 for the fiscal year 2022-2023. The District received 79.51% of its revenues from operating grants and contributions from the Federal and State reimbursable breakfast and lunch programs. Revenue from Federal grants decreased by \$1,052,701 due to the termination of the universal free breakfast and lunch program that was enacted during March 2020 during the Covid pandemic. Revenue from state grants increased by \$95,164 due to the implementation of a universal free breakfast program, funded by the Commonwealth of PA for all public schools within the state. Total revenues decreased by 19.73% or \$575,076, and expenditures decreased by 7.94% or \$189,057. Total net position increased by \$148,756 to provide an ending net deficit of \$48,717 on June 30, 2023.

**DOVER AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Year Ended June 30, 2023**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The focus of the District's governmental funds is to provide information on relatively short-term cash flow and future basic services. Such information is useful in assessing the Dover Area School District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

As of June 30, 2023, the Dover Area School District reported total governmental funds ending fund balance approximating \$24.58 million. Fund balance classifications are as follows: Nonspendable - \$2.09 million; Restricted - \$7.36 million; Committed - \$7.79 million; Assigned - \$1.57 million; and Unassigned - \$5.78 million.

Governmental Funds

Figure A-7 provides a breakdown of governmental fund balances and the total change from fiscal year ended 2022 to 2023.

**Figure A-7
Fiscal Years Ended June 30, 2023 and June 30, 2022
Fund Balances - Governmental Funds**

	6/30/2023	6/30/2022	\$ Change	% Change
General Fund:				
Nonspendable	\$ 2,080,072	\$ 3,168,979	\$ (1,088,907)	-34.36%
Committed	7,788,763	9,695,708	(1,906,945)	-19.67%
Assigned	1,568,245	-	1,568,245	100.00%
Unassigned	5,777,257	4,169,989	1,607,268	38.54%
Capital Reserve Fund:				
Nonspendable	2,500	-	2,500	100.00%
Restricted	7,231,976	7,280,476	(48,500)	-0.67%
Student Sponsored Activity Fund:				
Nonspendable	5,430	-	5,430	100.00%
Restricted	129,265	119,580	9,685	8.10%
Total	<u>\$ 24,583,508</u>	<u>\$ 24,434,732</u>	<u>\$ 148,776</u>	<u>0.61%</u>

The General Fund is the main operating fund of the Dover Area School District. For fiscal year ended June 30, 2023, the General Fund balance was \$17.2 million which was \$180 thousand higher than the fund balance of \$17 million for the year ended June 30, 2022.

The \$17.2 million General Fund balance is comprised of \$5.8 million in unassigned funds with the remaining \$11.4 million consisting of nonspendable, committed, or assigned funds. Unassigned fund balance is defined as those financial resources available for spending and therefore not reserved for any specific purpose.

The Board of School Directors adopted a fund balance policy which strives to maintain unassigned fund balance at a minimum of three percent and no more than eight percent of the budgeted expenses of a fiscal year. For fiscal year ended June 30, 2023, unassigned fund balance is currently 7.9% of the 2023-2024 General Fund expenditure budget.

**DOVER AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Year Ended June 30, 2023**

Overall revenues in the General Fund were \$71.1 million and \$70.2 million for the fiscal years ended June 30, 2023 and 2022, respectively. Refer to Figure A-8 for the distribution of General Fund revenues.

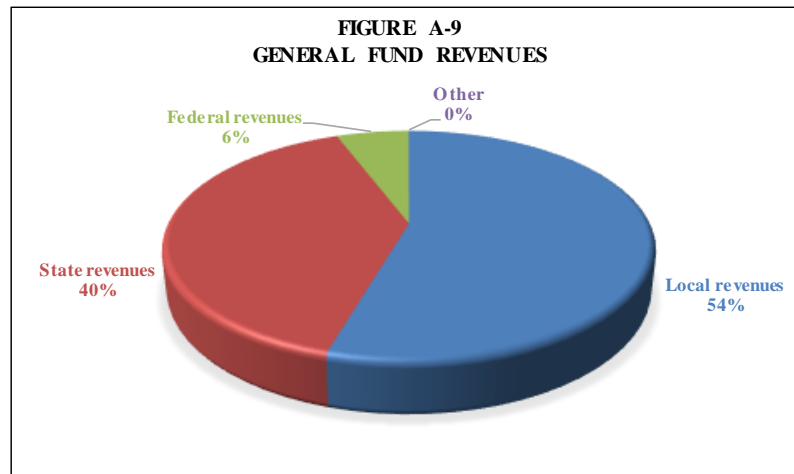
**Figure A-8
Fiscal Years June 30, 2023 and June 30, 2022
Comparison of General Fund Revenues**

	2023	2022	\$ Change	% Change
Local revenues	\$ 38,800,056	\$ 37,422,416	\$ 1,377,640	3.68%
State revenues	28,249,563	27,044,679	1,204,884	4.46%
Federal revenues	4,082,480	3,318,409	764,071	23.03%
Other financing sources	16,935	2,374,630	(2,357,695)	-99.29%
	<u>\$ 71,149,034</u>	<u>\$ 70,160,134</u>	<u>\$ 988,900</u>	<u>1.41%</u>

The \$989 thousand increase in revenues year over year can be attributed to the following:

- Local revenues increased by \$1.38 million year over year. This increase was primarily due to a \$988 thousand increase in real estate tax revenue and a \$461 thousand increase in earned income tax revenue. In addition, investment income was \$689 thousand higher than prior year due to favorable interest rates and improved investment strategies. These increases were partially offset by a \$281 thousand decrease in regular school tuition and a \$223 thousand decrease in transfer tax revenue.
- The \$1.20 million increase in state revenues was due to an \$880 thousand increase in the Basic Education Subsidy and a \$336 thousand increase in the Special Education Subsidy.
- The \$764 thousand increase in federal revenues was primarily attributable to an increase in funds received from the federal COVID relief programs and an increase in reimbursements from the School-Based Medicaid Reimbursement Program.
- The increases in local, state, and federal revenues were partially offset by a decrease in other financing sources. The decrease of \$2.36 million was primarily due to the impact of required GASB adjustments related to financing arrangements entered into during fiscal year ended June 30, 2022 for instructional technology equipment, including iPads and MacBooks. In addition, proceeds from the sale of fixed assets decreased by \$586 thousand due to the sale of iPads during the fiscal year ended June 30, 2022.

Figure A-9 below details the percentage of each revenue category that the General Fund receives. Local revenues have historically been the largest source of revenue, with real estate taxes and earned income taxes representing the majority of local revenue. State revenues are derived primarily from the Basic Education Subsidy and the state's share of retirement contributions.



**DOVER AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Year Ended June 30, 2023**

Total expenditures from the General Fund were \$71.0 million and \$71.1 million for the fiscal years ended June 30, 2023 and 2022, respectively. Figure A-10 shows the distribution of expenses by program type.

**Figure A-10
Fiscal Years Ended June 30, 2023 and June 30, 2022
Comparison of General Fund Expenditures**

	2023	2022	\$ Change	% Change
Current:				
Instruction	\$ 42,032,766	\$ 42,253,736	\$ (220,970)	-0.52%
Support services	18,256,804	19,295,160	(1,038,356)	-5.38%
Operation of non-instructional services	1,180,573	1,067,323	113,250	10.61%
Refunds of prior years' receipts	57,433	441	56,992	12923.36%
Capital outlay	1,643,748	-	1,643,748	100.00%
Debt service	7,798,049	8,486,635	(688,586)	-8.11%
Other financing uses	-	14,723	(14,723)	-100.00%
	<u>\$ 70,969,373</u>	<u>\$ 71,118,018</u>	<u>\$ (148,645)</u>	<u>-0.21%</u>

Figure A-11 displays a comparison of expenditures by major object.

**Figure A-11
Fiscal Years Ended June 30, 2023 and June 30, 2022
Comparison of General Fund Expenditures by Major Object - Original Budget to Actual**

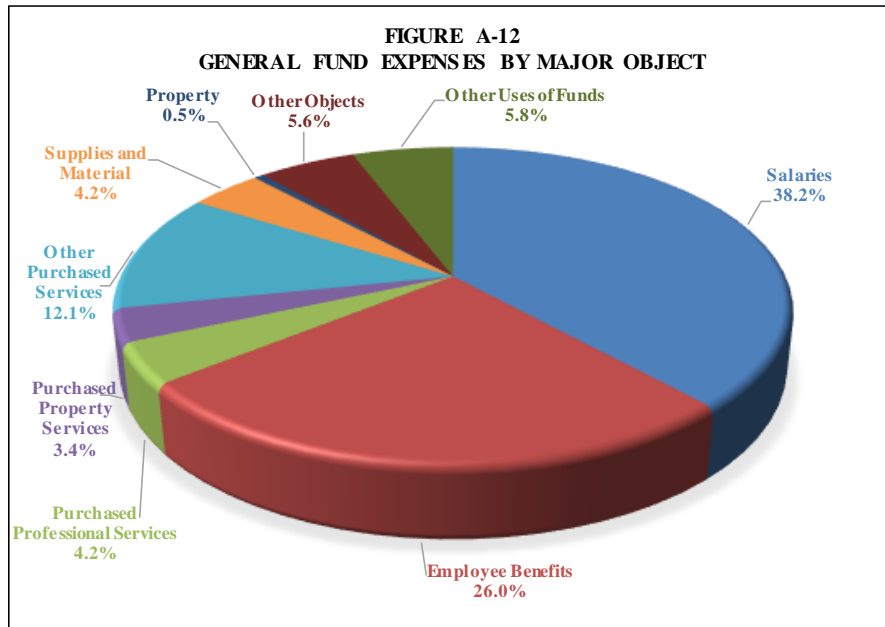
	2023	2022	\$ Change	% Change
100 Salaries	\$ 27,130,942	\$ 26,829,476	\$ 301,466	1.11%
200 Employee Benefits	18,471,279	17,614,094	857,185	4.64%
300 Purchased Professional Services	2,951,075	3,638,472	(687,397)	-23.29%
400 Purchased Property Services	2,382,916	807,675	1,575,241	66.11%
500 Other Purchased Services	8,608,948	8,349,112	259,836	3.02%
600 Supplies	2,973,969	2,906,774	67,195	2.26%
700 Equipment	384,853	2,312,376	(1,927,523)	-500.85%
800 Other Objects	3,960,671	3,950,750	9,921	0.25%
900 Other Uses of Funds	4,104,720	4,709,289	(604,569)	-14.73%
	<u>\$ 70,969,373</u>	<u>\$ 71,118,018</u>	<u>\$ (148,645)</u>	<u>-461.48%</u>

Overall, General Fund expenditures experienced a slight decrease of \$149 thousand or .21% compared to the fiscal year ended June 30, 2022. The more significant variances by major object are as follows:

- Purchased professional services decreased by \$662 thousand primarily due to a reduction in educational services provided by the Lincoln Intermediate Unit.
- Purchased property services increased by \$1.6 million due to the roof replacement project occurring at North Salem Elementary School that is being funded through the ESSER grants.
- Property decreased by \$1.9 million due to the technology refresh of all full-size iPads during the fiscal year ended June 30, 2022.
- Other uses of funds decreased by \$605 thousand due to a decline in principal payment requirements related to the District's financed purchase agreements for technology equipment.

**DOVER AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Year Ended June 30, 2023**

Figure A-12 displays the percentage make-up of each major object. Since the District is a service organization, salaries and benefits make up 64.2% of the total expenses.



**DOVER AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Year Ended June 30, 2023**

The Capital Reserve Fund had a total fund balance of \$7.2 million for the fiscal year ended June 30, 2023 and \$7.3 million for the fiscal year ended June 30, 2022. The entire balance is nonspendable or restricted for use for expenses related to capital projects as approved by the Board of School Directors.

Refer to Figures A-13 and A-14 for a balance sheet and a statement of revenues, expenses, and changes in fund balance comparison from fiscal year 2022 to 2023.

**Figure A-13
Fiscal Years Ended June 30, 2023 and June 30, 2022
Capital Reserve Balance Sheet**

	6/30/23	6/30/22
Cash and cash equivalents	\$ 7,195,246	\$ 5,728,504
Investments	-	1,993,435
Other receivables	137,515	-
Prepaid expenses	2,500	-
Total assets	\$ 7,335,261	\$ 7,721,939
Accounts payable	100,785	441,463
Total liabilities	\$ 100,785	\$ 441,463
Nonspendable fund balance	2,500	-
Restricted fund balance	7,231,976	7,280,476
Fund balance	\$ 7,234,476	\$ 7,280,476

**Figure A-14
Fiscal Years Ended June 30, 2023 and June 30, 2022
Statement of Revenues, Expenses and Changes in Fund Balance -
Capital Reserve Fund**

	2023	2022
Revenues		
Local sources	\$ 232,420	\$ 10,168
Total revenues	\$ 232,420	\$ 10,168
Expenditures		
Current:		
Support services	-	730
Capital outlay	278,420	2,259,395
Total expenditures	\$ 278,420	\$ 2,260,125
Net change in fund balance	(46,000)	(2,249,957)
Fund Balances:		
Beginning	7,280,476	9,530,433
Ending	\$ 7,234,476	\$ 7,280,476

During fiscal year 2022-2023, the District finalized a roof replacement project at Leib Elementary School and began a roof replacement project at North Salem Elementary School.

**DOVER AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Year Ended June 30, 2023**

GENERAL FUND BUDGETARY HIGHLIGHTS

The Dover Area School District's original budget anticipated revenues at \$67.93 million and expenditures and net other financing sources of \$69.34 million. The District's 2023 actual revenues exceeded budget by approximately \$3.22 million and actual expenses exceeded budget by \$1.63 million.

Figure A-15 provides a comparison of Budget to Actual by revenue source type.

**Figure A-15
Fiscal Year Ended June 30, 2023
Comparison of General Fund Revenues - Budget to Actual**

	Budget	Actual	\$ Change	% Change
Local revenues	\$ 37,338,584	\$ 38,800,056	\$ 1,461,472	3.91%
State revenues	26,586,476	28,249,563	1,663,087	6.26%
Federal revenues	4,005,723	4,082,480	76,757	1.92%
Other financing sources	-	16,935	16,935	0.00%
	<u>\$ 67,930,783</u>	<u>\$ 71,149,034</u>	<u>\$ 3,218,251</u>	<u>4.74%</u>

The key reasons for the favorable variance in General Fund revenues are as follows:

- Real estate taxes were \$310 thousand higher than expected. Earned income tax revenue was \$502 thousand higher than budgeted amounts. Interest revenue was \$691 thousand more than budget due to favorable interest rates and cash flow analysis. These increases were partially offset by a \$173 thousand decrease in delinquent real estate tax revenue.
- The favorable state revenue variance of \$1.66 million is primarily due to increases in various state educational subsidies, including the Basic Instruction subsidy, the Special Education subsidy, and the Vocational Education subsidy. In addition, the District received an additional \$277 thousand retirement reimbursements. The District also received a PCCD Mental Health, Safety & Security Grant in the amount of \$165 thousand.
- Federal revenues were \$77 thousand higher than budget due primarily to a \$100 thousand increase in School Based Access Medicaid.

**DOVER AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Year Ended June 30, 2023**

Figure A-16 provides a comparison of Budget to Actual by major object.

**Figure A-16
Fiscal Year Ended June 30, 2023
Comparison of General Fund Expenditures by Major Object - Original Budget to Actual**

		Budget	Actual	\$ Change	% Change
100	Salaries	\$ 27,628,800	\$ 27,105,292	\$ 523,508	1.89%
200	Employee Benefits	17,535,383	18,471,280	(935,897)	-5.34%
300	Purchased Professional Services	2,812,577	2,976,724	(164,147)	-5.84%
400	Purchased Property Services	2,822,166	2,382,917	439,249	15.56%
500	Other Purchased Services	8,509,519	8,608,948	(99,429)	-1.17%
600	Supplies	2,862,385	2,973,970	(111,585)	-3.90%
700	Equipment	463,798	384,853	78,945	17.02%
800	Other Objects	267,275	267,340	(65)	-0.02%
900	Debt Service	6,440,077	7,798,049	(1,357,972)	-21.09%
		<u>\$ 69,341,980</u>	<u>\$ 70,969,373</u>	<u>\$ (1,627,393)</u>	<u>-2.87%</u>

The 2.87% negative variance is due to the following factors:

- Salaries were \$524 thousand less than budget due to various unfilled teaching, paraprofessional, custodial and business office positions.
- Benefits were \$936 thousand higher than budget primarily due to the adjustment needed to reconcile the District's prepaid position with Lincoln Benefit Trust, which is discussed further in Note 13 of the financial statements.
- The negative variance in purchased professional and technical services is primarily due to an increase in students being educated through the LIU.
- Purchased property services were \$439 thousand less than budget due to differences in the timing of expenses associated with the North Salem roof replacement project.
- The negative variance in other purchased services was due to higher than expected tuition expenses related to outside placements.
- Supplies were \$112 thousand higher than budget due to increases in the cost of natural gas and electricity offset by reductions in general supplies expense.
- The favorable variance in equipment was primarily due to reclassifications of expenses to and from other functions.
- The \$1.358 million increase in debt service was primarily due to the debt schedule related to the 2015 bonds as well as expense reclassifications related to the District's capital leases.

**DOVER AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Year Ended June 30, 2023**

CAPITAL AND RIGHT-TO-USE ASSETS

Dover Area School District has investments in capital assets of \$91.3 million and \$97.0 million as of June 30, 2023 and June 30, 2022, respectively. Capital assets include land, buildings, building improvements, furniture, and equipment and all amounts are reported net of accumulated depreciation. The decrease of \$5.6 million includes the net impact of additions, disposals, and depreciation expense incurred for the year.

Capital assets of the District are defined as tangible property having a useful life of one year or more and an acquisition cost of \$4,000 or more per unit or an acquisition cost of \$10,000 or more for a group of like assets. The acquisition cost is defined as the net invoice price of the equipment, including costs of delivery, installation, modifications, attachments, and accessories to make it usable.

During fiscal year 2022-2023, the District finalized a roof replacement project at Leib Elementary School and began a roof replacement project at North Salem Elementary School. Other capital assets purchased during the fiscal year include:

- Furniture for the Middle School
- Wireless area access points
- Completion of a project to improve the Intermediate Avenue Extension
- Technology equipment

Refer to Figure A-17 for a comparison of capital assets between the fiscal years and a detail by type of asset.

**Figure A- 17
Fiscal Years Ended June 30, 2023 and June 30, 2022
Capital and Right-to-use Assets**

	Governmental Activities		Business-Type Activities		Total District	
	6/30/2023	6/30/2022	6/30/2023	6/30/2022	6/30/2023	6/30/2022
Land	\$ 170,000	\$ 170,000	\$ -	\$ -	\$ 170,000	\$ 170,000
Construction-in-progress	1,643,748	1,283,034	-	-	1,643,748	1,283,034
Building and building improvements	87,044,373	92,235,405	-	-	87,044,373	92,235,405
Furniture and equipment	2,232,077	2,936,683	98,209	120,556	2,330,286	3,057,239
Right-to-use leased equipment	146,563	211,702	-	-	146,563	211,702
Total capital assets	\$ 91,236,761	\$ 96,836,824	\$ 98,209	\$ 120,556	\$ 91,334,970	\$ 96,957,380

**DOVER AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Year Ended June 30, 2023**

LONG-TERM DEBT

At June 30, 2023, the Dover Area School District had total outstanding debt of \$81.5 million. This total consists of \$80.6 million in bonds outstanding and \$879 thousand in extended term financing arrangements. Total outstanding debt decreased by \$4.1 million due to regular payments on the existing debt portfolio. Figure A-18 summarizes and compares long-term debt outstanding for the 2023 and 2022 fiscal years:

**Figure A-18
Fiscal Years Ended June 30, 2023 and June 30, 2022
Long-term Debt**

General Obligation Debt	6/30/23	6/30/22
Note Series of 2008	\$ 5,863,000	\$ 8,697,000
Bond Series of 2018	29,180,000	29,185,000
Bond Series of 2019	35,065,000	35,070,000
Bond Series of 2019A	10,465,000	11,255,000
Extended Term Financing		
Leases Payable	150,570	214,301
Financed Purchase Agreements Payable	728,257	1,135,246
Total	\$ 81,451,827	\$ 85,556,547

Note Series of 2008 was issued to finance capital additions and renovations to the elementary school buildings. The note was converted to a fixed rate note on March 24, 2020 at a rate of 1.15%. Principal payments are due through 2025.

Bond Series 2018 and 2019 were issued to finance construction and renovations of the High School and Middle School buildings. Bond Series 2018 matures serially through 2039, and Bond Series 2019 matures serially through 2040.

Bond Series 2019A was issued to refund the remaining obligations related to the General Obligation Series A and B bonds of 2015. The bond matures serially through 2027.

Leases payable relates to a lease of copier equipment for District offices and buildings. The lease has a five-year term, which ends on September 30, 2025.

The District's financed purchase agreements consist of arrangements entered into for iPads and MacBooks during the fiscal years ended June 30, 2020 and June 30, 2022. As of June 30, 2023, the payments on the 2020 financed purchase agreements have been satisfied, and there are no remaining balances due on those arrangements.

More detailed information about the District's long-term debt can be found in Note 8 of the financial statements.

**DOVER AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Year Ended June 30, 2023**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Dover Area School District has investments at Members First Federal Credit Union and the Pennsylvania School District Liquid Asset Fund. The Federal Deposit Insurance Corporation (FDIC) insures the bank account balances, and additional protection of investments is guaranteed through Act 72 of 1971. Act 72 requires banks to provide securities as collateral for all public balances on deposit. The Pennsylvania School District Liquid Asset Fund (PSDLAF) provides collateral segregated at a third-party institution or guaranteed by the Federal Home Loan Bank Letter-of-Credit. The PSDLAF collateral is monitored daily at 102.00% of market value at the close of business.

2023-2024 Budget

This financial report is designed to provide the District's taxpayers, employees, and creditors with a general summary of the finances and demonstrate the District's transparency with the money it has received. It provides a basis for the evaluation of a government's service efforts, costs, and accomplishments.

The Board of School Directors reviews budget to actual reports with comparable previous year's data at Board meetings. The Finance Committee is provided with monthly updates surrounding the budget and projected actuals. Anticipated expenditure and revenue deviations from budget are highlighted during the report. Budget modifications are made by department heads. The Board of School Directors is provided with line-item changes and explanations at Board meetings and has final approval of all modifications.

The General Fund revenue budget for fiscal year 2023-2024 is \$71.6 million, which is slightly higher than the 2022-2023 revenues of \$71.5 million. Local real estate tax revenue is expected to contribute 40.74% towards the projected revenue. The 2023-2024 millage rate will be 24.307. The second largest contributor to budgeted revenues is the Basic Education Subsidy, which is expected to make up 18.74% of total revenues.

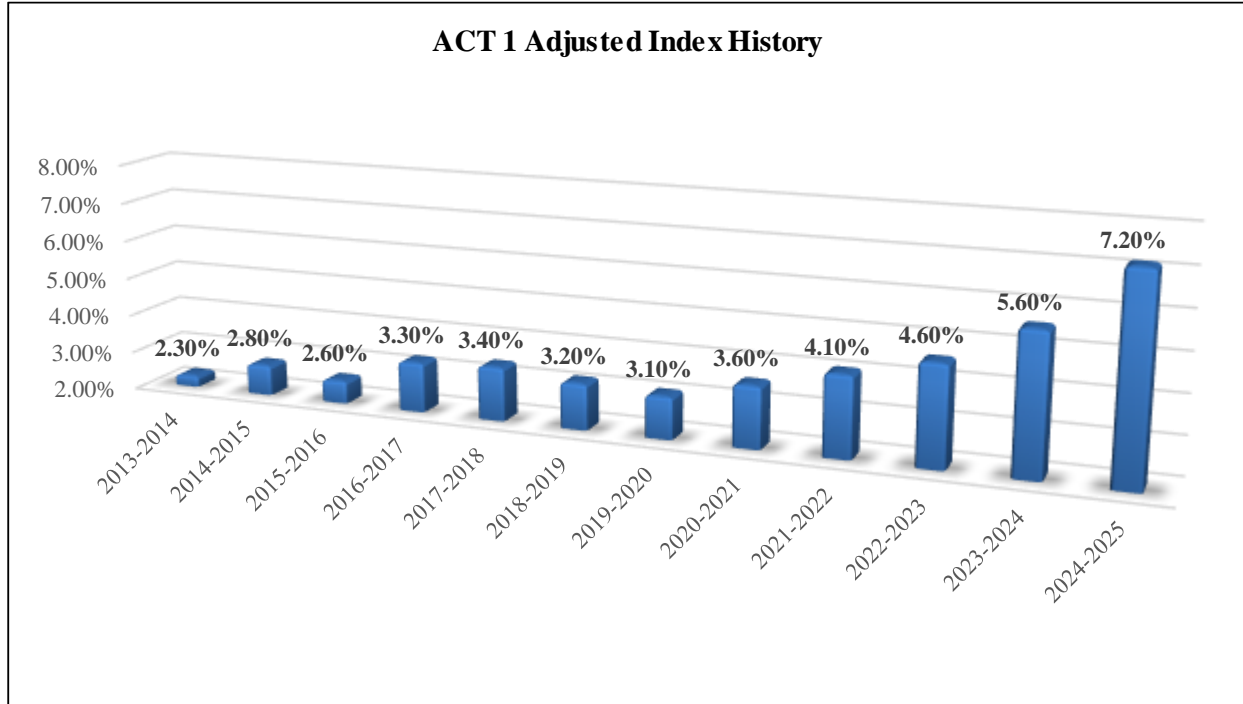
General Fund expenses are budgeted at \$73.1 million which is a \$4.0 million increase over 2022-2023 expenses. The District is a service organization dedicated to student achievement. As a result, salaries and benefits comprise the majority of the District's expenses, making up 64.76% of the total.

The budgeted revenue and expenses will result in a projected deficit of \$1.6 million which is the fifth lowest projected deficit in the last twelve years.

**DOVER AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Year Ended June 30, 2023**

Act 1

Fiscal year ended 2007 was the first year that Session Act I of 2006, known as the Taxpayer Relief Act, was in place. The law stated that school districts may not increase the real estate tax rate above the adjusted index percentage as determined by the state. Please refer to the ACT 1 Adjusted Index History Chart below.



School districts that wish to increase millage beyond the index to maintain or improve existing programs must either apply for exceptions from the Department of Education or receive voter approval for an increase via a tax increase referendum question.

The law intends to cap the financial burden of home ownership by providing school districts the means to lower property taxes to homeowners, especially senior citizens. The legislation is complex, setting rules for gaming revenue allocations, requiring front-end voter referenda on tax shifting, mandating new school district budget restrictions, and requiring back-end voter referenda on future real estate tax increases above the index.

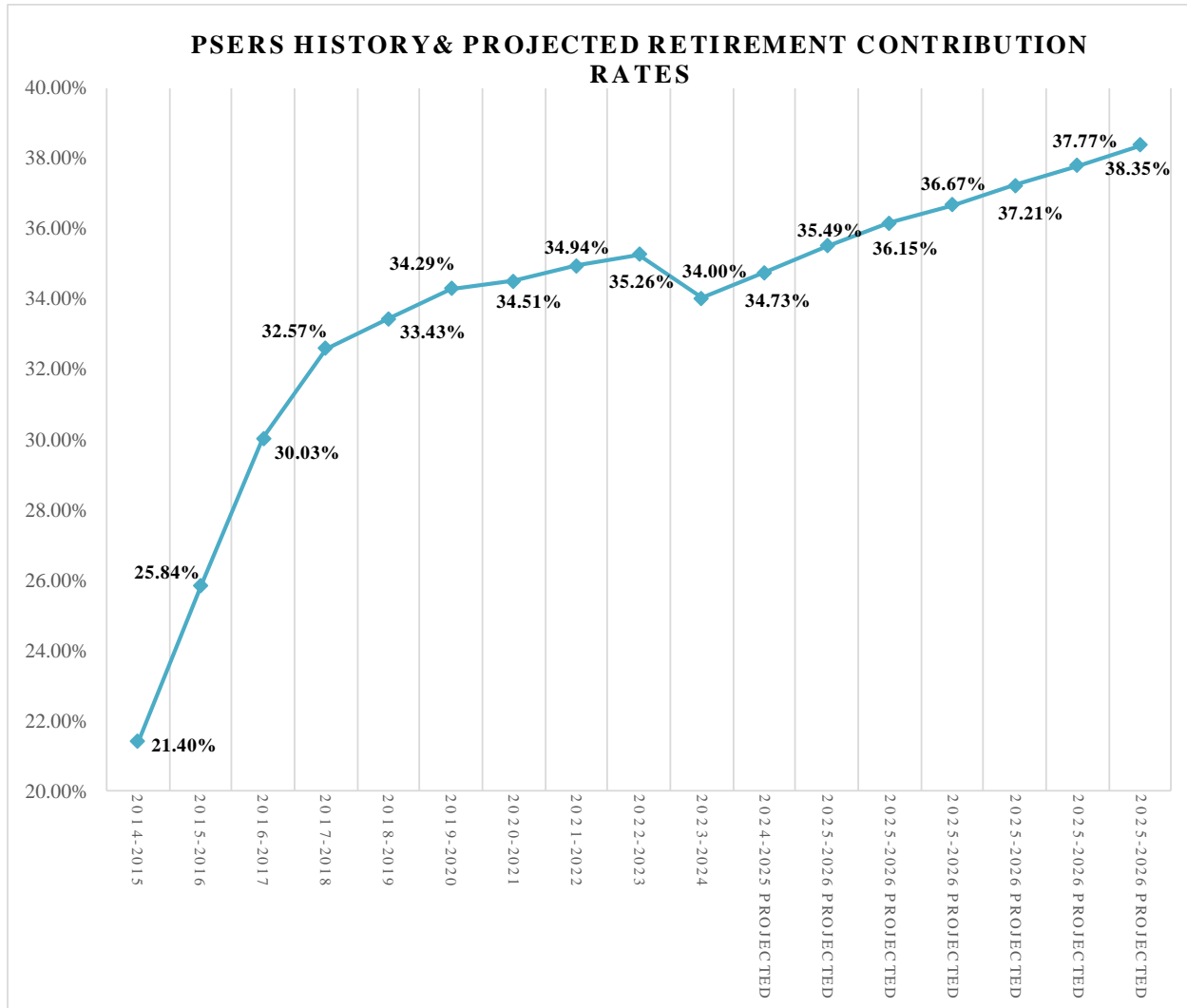
The state is still anticipating gaming will generate \$1 billion each year for local property tax relief. The intent of Act 1 is that school districts will receive property tax reduction allocations when the gaming revenues reach \$500 million, and the Lottery Fund is repaid. Once the minimum level is obtained, allocations to school districts will be State formula driven. The State will in rank order, assign each school district a numerical rank and assign a tax reduction index in order to calculate the property tax reduction allocation. The district is eligible to receive the allocation unless its Board of School Directors, by resolution, rejects the allocation. If the school board rejects the allocation, a referendum is submitted to the voters to determine whether they favor the school district receiving a property tax reduction allocation. There are referendum exceptions built into Act I should the district need to raise taxes beyond the adjusted index. The exception categories provide partial relief for increase in the cost of special education, retirement and health care expenses, emergencies and disasters and some school construction projects. It is anticipated that most school districts will be requesting relief through some of the exceptions.

**DOVER AREA SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)
Year Ended June 30, 2023**

The Court of Common Pleas will make decisions on some referendum exceptions, but most will require approval from the Department of Education. As a result, the budget timeline for all schools needing to go above the adjusted index has been accelerated to provide the Department with a preliminary proposed budget by the beginning of February each year along with the proposed exceptions so that the Department has time to act upon the requested exception.

PSERS

PSERS set the rate for fiscal year ended 2023 at 35.26%, a 1% increase over the 2022 rate of 34.94%. However, due to the economic climate over the last couple of years, actuarial projections anticipate it climbing to 38.35% by fiscal year ended 2031.



**DOVER AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Year Ended June 30, 2023**

Under Senate Bill 1, pensions for incoming public-school employees will be changing. The change affects all new employees hired after July 1, 2019. Current employees have a defined benefit plan, but new employees will be offered one of three options. Of the three options, two include a defined benefit and defined contribution component, one with a higher guaranteed benefit and one with a lower guaranteed benefit. The difference in benefits relates to the amounts being contributed to the plan at the time of service. The last option is strictly a defined contribution plan and carries the most risk with return. Active employees will be allowed a one-time opt-in election.

The Commonwealth of Pennsylvania provided an increase in the annual basic educational subsidy and special education. Continued reductions or fluctuations in state subsidies, PSERS increases and the possibility of new unfunded mandates are matters of concern for the District.

REQUESTS FOR INFORMATION

The financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability. If you have any questions about this report or need additional information, please contact the District at (717) 292-3671 or by mail at the Dover Area School District, 101 Edgeway Road, Dover, PA 17315.

DOVER AREA SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2023

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 18,420,068	\$ 1,021,170	\$ 19,441,238
Investments	4,115,120	-	4,115,120
Internal balances	82,391	(82,391)	-
Receivables	7,064,070	504,610	7,568,680
Inventories	-	51,198	51,198
Prepaid expenses	2,088,002	-	2,088,002
Capital and right-to-use assets			
Land and construction-in-progress	1,813,748	-	1,813,748
Other capital and right-to-use assets, net of depreciation/amortization	89,423,013	98,209	89,521,222
Total capital and right-to-use assets	91,236,761	98,209	91,334,970
Total assets	\$ 123,006,412	\$ 1,592,796	\$ 124,599,208
Deferred Outflows of Resources			
Deferred amounts on pension liability	\$ 12,112,000	\$ 247,000	\$ 12,359,000
Deferred amounts on OPEB liabilities	2,056,242	24,822	2,081,064
Deferred amounts on refunding debt	30,773	-	30,773
Total deferred outflows of resources	\$ 14,199,015	\$ 271,822	\$ 14,470,837
Liabilities			
Due to other governments	\$ 3,735	\$ -	\$ 3,735
Accounts payable and accrued expenses	7,596,090	25,097	7,621,187
Unearned revenue	11,222	30,142	41,364
Long-term liabilities			
Due within one year	4,206,814	-	4,206,814
Due in more than one year	85,393,622	13,835	85,407,457
Net pension liability	80,517,000	1,643,000	82,160,000
Other post-employment benefits (OPEB) liabilities	6,460,557	86,400	6,546,957
Total long-term liabilities	176,577,993	1,743,235	178,321,228
Total liabilities	\$ 184,189,040	\$ 1,798,474	\$ 185,987,514
Deferred Inflows of Resources			
Deferred amounts on pension liability	\$ 3,649,000	\$ 74,000	\$ 3,723,000
Deferred amounts on OPEB liabilities	3,574,956	40,861	3,615,817
Total deferred inflows of resources	\$ 7,223,956	\$ 114,861	\$ 7,338,817
Net Position (Deficit)			
Net investment in capital assets	\$ 3,277,184	\$ 98,209	\$ 3,375,393
Restricted	7,361,241	-	7,361,241
Unrestricted (deficit)	(64,845,994)	(146,926)	(64,992,920)
Total net deficit	\$ (54,207,569)	\$ (48,717)	\$ (54,256,286)

See Notes to Financial Statements.

DOVER AREA SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activity	Total
Governmental Activities:						
Instruction	\$ 45,337,544	\$ 458,841	\$ 14,724,797	\$ (30,153,906)	\$ -	\$ (30,153,906)
Instructional student support	5,685,138	-	867,551	(4,817,587)	-	(4,817,587)
Administrative and financial services	4,788,220	-	696,131	(4,092,089)	-	(4,092,089)
Operation and maintenance of plant services	5,204,160	28,403	410,471	(4,765,286)	-	(4,765,286)
Pupil transportation	3,477,701	16,759	1,399,337	(2,061,605)	-	(2,061,605)
Student activities	1,434,808	346,428	170,340	(918,040)	-	(918,040)
Community services	29,984	-	-	(29,984)	-	(29,984)
Interest on long-term debt	3,119,512	-	-	(3,119,512)	-	(3,119,512)
Total governmental activities	69,077,067	850,431	18,268,627	(49,958,009)	-	(49,958,009)
Business-Type Activities:						
Food service	2,192,022	467,065	1,861,010	-	136,053	136,053
Total primary government	\$ 71,269,089	\$ 1,317,496	\$ 20,129,637	\$ (49,958,009)	\$ 136,053	\$ (49,821,956)
General Revenues :						
Property taxes, levied for general purposes, net				\$ 29,776,939	\$ -	\$ 29,776,939
Public utility, realty transfer, earned income and other taxes for general purposes, net				6,706,023	-	6,706,023
Grants, subsidies and contributions not restricted				14,938,209	-	14,938,209
Investment earnings				941,081	12,703	953,784
Miscellaneous income				10,930	-	10,930
Gain on disposition of capital assets				27,886	-	27,886
Total general revenues				52,401,068	12,703	52,413,771
Change in net position				2,443,059	148,756	2,591,815
Net Position (Deficit) - July 1, 2022				(56,650,628)	(197,473)	(56,848,101)
Net Position (Deficit) - June 30, 2023				\$ (54,207,569)	\$ (48,717)	\$ (54,256,286)

See Notes to Financial Statements.

DOVER AREA SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2023

	General Fund	Capital Reserve Fund	Student Sponsored Activity Fund	Totals Governmental Funds
Assets				
Cash and cash equivalents	\$ 11,092,079	\$ 7,195,246	\$ 132,743	\$ 18,420,068
Investments	4,115,120	-	-	4,115,120
Due from other funds	82,642	-	-	82,642
Due from other governments	6,329,829	-	-	6,329,829
Taxes receivable	534,957	-	-	534,957
Other receivables	61,669	137,515	100	199,284
Prepaid expenses	2,080,072	2,500	5,430	2,088,002
Total assets	\$ 24,296,368	\$ 7,335,261	\$ 138,273	\$ 31,769,902
Liabilities				
Due to other funds	\$ 236	\$ -	\$ 15	\$ 251
Due to other governments	3,735	-	-	3,735
Accounts payable	653,220	100,785	3,563	757,568
Accrued salaries and benefits	2,041,623	-	-	2,041,623
Payroll deductions and withholdings	3,964,627	-	-	3,964,627
Unearned revenues	11,222	-	-	11,222
Total liabilities	6,674,663	100,785	3,578	6,779,026
Deferred Inflows of Resources				
Delinquent property taxes	407,368	-	-	407,368
Fund Balances				
Nonspendable	2,080,072	2,500	5,430	2,088,002
Restricted	-	7,231,976	129,265	7,361,241
Committed	7,788,763	-	-	7,788,763
Assigned	1,568,245	-	-	1,568,245
Unassigned	5,777,257	-	-	5,777,257
Total fund balances	17,214,337	7,234,476	134,695	24,583,508
Total liabilities, deferred inflows of resources and fund balances	\$ 24,296,368	\$ 7,335,261	\$ 138,273	\$ 31,769,902

See Notes to Financial Statements.

DOVER AREA SCHOOL DISTRICT

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

June 30, 2023

Total fund balances - governmental funds	\$ 24,583,508
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>	
<p>Capital and right-to-use assets used in governmental activities are not financial resources, and therefore, they are not reported as assets in governmental funds. The cost of assets is \$176,578,871 and the accumulated depreciation/amortization is \$85,342,110.</p>	91,236,761
<p>Property taxes and earned income taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred inflows of resources in the funds.</p>	407,368
<p>The difference between the re-acquisition price and the net carrying amount of the refunded debt is a deferred outflow of resources, which is not reported in the funds.</p>	30,773
<p>Deferred inflows and outflows of resources related to pensions are applicable to future periods and, therefore, are not reported within the funds. Deferred inflows and outflows related to the pension are as follows (see footnotes for detail):</p>	
Deferred outflows	12,112,000
Deferred inflows	(3,649,000)
<p>Deferred inflows and outflows of resources related to OPEB are applicable to future periods and, therefore, are not reported within the funds. Deferred inflows and outflows related to OPEB are as follows (see footnotes for detail):</p>	
Deferred outflows	2,056,242
Deferred inflows	(3,574,956)
<p>Long-term liabilities; including bonds payable, accrued interest payable, leases payable, financed purchase agreements payable, net pension liability, accrued compensated absences and other post-employment benefits; are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:</p>	
Bonds payable, net of related discounts and premiums	(87,111,523)
Accrued interest payable	(832,272)
Leases payable	(150,570)
Financed purchase agreements payable	(728,257)
Net pension liability	(80,517,000)
OPEB liabilities	(6,460,557)
Accrued compensated absences	(1,610,086)
	(177,410,265)
Total net position (deficit) - governmental activities	\$ (54,207,569)

See Notes to Financial Statements.

DOVER AREA SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - GOVERNMENTAL FUNDS
 Year Ended June 30, 2023

	General Fund	Capital Reserve Fund	Student Sponsored Activity Fund	Totals Governmental Funds
Revenues				
Local sources	\$ 38,800,056	\$ 232,420	\$ 223,282	\$ 39,255,758
State sources	28,249,563	-	-	28,249,563
Federal sources	4,082,480	-	-	4,082,480
Total revenues	71,132,099	232,420	223,282	71,587,801
Expenditures				
Current:				
Instruction	42,032,766	-	-	42,032,766
Support services	18,256,804	-	-	18,256,804
Operation of non-instructional services	1,180,573	-	208,167	1,388,740
Refunds of prior years' receipts	57,433	-	-	57,433
Total Current	61,527,576	-	208,167	61,735,743
Capital outlay	1,643,748	278,420	-	1,922,168
Debt service	7,798,049	-	-	7,798,049
Total expenditures	70,969,373	278,420	208,167	71,455,960
Excess (deficiency) of revenues over expenditures	162,726	(46,000)	15,115	131,841
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	16,935	-	-	16,935
Total other financing sources	16,935	-	-	16,935
Net change in fund balances	179,661	(46,000)	15,115	148,776
Fund Balances - July 1, 2022	17,034,676	7,280,476	119,580	24,434,732
Fund Balances - June 30, 2023	\$ 17,214,337	\$ 7,234,476	\$ 134,695	\$ 24,583,508

See Notes to Financial Statements.

DOVER AREA SCHOOL DISTRICT

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

Year Ended June 30, 2023

Net change in fund balances - governmental funds	\$	148,776
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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 costs of those assets are allocated over their useful lives as depreciation expense. This is the amount by which capital outlays exceeds the depreciation/amortization expense and net book value of disposed assets in the period.

Capital outlays	2,189,161	
Less net book value of disposed assets	10,951	
Less depreciation/amortization expense	<u>(7,800,175)</u>	(5,600,063)

Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Deferred inflows of resources decreased by this amount this year. (95,562)

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, interest expense is recognized as the interest accrues, regardless of when it is due. The change in interest costs in the Statement of Activities over the amount due is shown here. 5,346

Governmental funds report District pension and OPEB contributions as expenditures. However in the Statement of Activities, the cost of pension and OPEB benefits earned net of employee contributions is reported as pension and OPEB expense.

District pension and OPEB contributions (PSERS)		9,476,000
Cost of benefits earned net of employee contributions (PSERS)		(6,059,900)

Some expenses reported in the Statement of Activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.

Change in compensated absences		19,464
Change in other post-employment benefits (District's plan)		(124,193)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effects of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Repayment of bonds payable	3,634,000	
Repayment of leases payable	63,731	
Repayment of financed purchase agreements payable	406,989	
Amortization of charges for bond refunding	(8,027)	
Amortization of bond premiums and discounts - net	576,498	<u>4,673,191</u>

Change in net position of governmental activities	\$	2,443,059
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See Notes to Financial Statements.

DOVER AREA SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - GENERAL FUND
 Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Local sources	\$ 37,338,584	\$ 37,338,584	\$ 38,800,056	\$ 1,461,472
State sources	26,586,476	26,586,476	28,249,563	1,663,087
Federal sources	4,005,723	4,005,723	4,082,480	76,757
Total revenues	67,930,783	67,930,783	71,132,099	3,201,316
Expenditures				
Current				
Instruction	40,886,799	41,415,126	42,032,766	(617,640)
Support services	18,703,554	18,359,540	18,256,804	102,736
Operation of non-instructional services	1,171,550	1,228,727	1,180,573	48,154
Refunds of prior years' receipts	-	58,000	57,433	567
Total Current	60,761,903	61,061,393	61,527,576	(466,183)
Capital outlay	2,040,000	1,644,000	1,643,748	252
Debt service	6,440,077	6,636,587	7,798,049	(1,161,462)
Total expenditures	69,241,980	69,341,980	70,969,373	(1,627,393)
Excess (deficiency) of revenues over expenditures	(1,311,197)	(1,411,197)	162,726	1,573,923
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	16,935	16,935
Budgetary reserve	(100,000)	-	-	-
Total other financing sources (uses)	(100,000)	-	16,935	16,935
Net change in fund balance	\$ (1,411,197)	\$ (1,411,197)	179,661	\$ 1,590,858
Fund Balance - July 1, 2022			17,034,676	
Fund Balance - June 30, 2023			<u>\$ 17,214,337</u>	

See Notes to Financial Statements.

DOVER AREA SCHOOL DISTRICT

STATEMENT OF NET POSITION - PROPRIETARY FUND - FOOD SERVICE

June 30, 2023

Assets	
Cash and cash equivalents	\$ 1,021,170
Receivables	
State sources	36,254
Federal sources	461,105
Other	7,251
Inventories	51,198
Other capital assets, net of depreciation	98,209
Total assets	<u><u>\$ 1,675,187</u></u>
Deferred Outflows of Resources	
Deferred amounts on pension liability	\$ 247,000
Deferred amounts on OPEB liabilities	24,822
Total deferred outflows of resources	<u><u>\$ 271,822</u></u>
Liabilities	
Due to other funds	\$ 82,391
Accounts payable	23,447
Accrued salaries and benefits	1,147
Payroll deductions and withholdings	503
Unearned revenue	30,142
Long-term liabilities	
Net pension liability	1,643,000
OPEB liabilities	86,400
Accrued compensated absences	13,835
Total long-term liabilities	<u>1,743,235</u>
Total liabilities	<u><u>\$ 1,880,865</u></u>
Deferred Inflows of Resources	
Deferred amounts on pension liability	\$ 74,000
Deferred amounts on OPEB liabilities	40,861
Total deferred outflows of resources	<u><u>\$ 114,861</u></u>
Net Position (Deficit)	
Net investment in capital assets	\$ 98,209
Unrestricted (deficit)	(146,926)
Total net deficit	<u><u>\$ (48,717)</u></u>

See Notes to Financial Statements.

DOVER AREA SCHOOL DISTRICT

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET DEFICIT -
PROPRIETARY FUND - FOOD SERVICE**

Year Ended June 30, 2023

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Operating Revenues	
Food service revenues	\$ 467,065
<hr/>	
Operating Expenses	
Salaries	609,821
Employee benefits	281,894
Purchased professional and technical services	16,855
Purchased property services	20,379
Other purchased services	1,604
Supplies	1,223,418
Depreciation	22,347
Dues and fees	11,314
Refunds of prior year's receipts	4,390
Total operating expenses	<hr/> 2,192,022 <hr/>
Operating loss	(1,724,957)
Nonoperating Revenues	
Investment earnings	12,703
State sources	294,286
Federal sources	1,566,724
Total nonoperating revenues	<hr/> 1,873,713 <hr/>
Change in net position	148,756
Net Deficit - July 1, 2022	(197,473)
Net Deficit - June 30, 2023	<hr/> \$ (48,717) <hr/>

See Notes to Financial Statements.

DOVER AREA SCHOOL DISTRICT

STATEMENT OF CASH FLOWS - PROPRIETARY FUND - FOOD SERVICE
Year Ended June 30, 2023

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Cash Flows From Operating Activities	
Cash received from users	\$ 421,247
Cash payments to employees for services	(879,789)
Cash payments to suppliers for goods and services	(1,042,598)
Cash payments for other operating expenses	(11,314)
Net cash used in operating activities	<u>(1,512,454)</u>
Cash Flows From Noncapital Financing Activities	
State sources	258,893
Federal sources	1,186,849
Net cash provided by noncapital financing activities	<u>1,445,742</u>
Cash Flows From Investing Activities	
Investment earnings	<u>12,703</u>
Net change in cash and cash equivalents	(54,009)
Cash and Cash Equivalents:	
July 1, 2022	1,075,179
June 30, 2023	<u>\$ 1,021,170</u>
Reconciliation of Operating Loss to Net Cash Used in Operating Activities	
Operating loss	\$ (1,724,957)
Adjustments to reconcile operating loss to net cash used in operating activities	
Depreciation	22,347
Value of donated commodities	212,393
Changes in assets and liabilities:	
(Increase) decrease in:	
Receivables	(5,597)
Inventories	(11,445)
Deferred outflows of resources	40,777
(Decrease) increase in:	
Accounts payable	18,710
Accrued salaries and benefits	(5,657)
Payroll deductions and withholdings	(75)
Internal balances	80,956
Unearned revenue	(35,831)
Accrued compensated absences	2,270
Net pension liability	89,000
OPEB liabilities	(17,766)
Deferred inflows of resources	(177,579)
Net cash used in operating activities	<u>\$ (1,512,454)</u>
Supplemental Disclosure	
Noncash noncapital financing activity	
USDA donated commodities	<u>\$ 212,393</u>

See Notes to Financial Statements.

DOVER AREA SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

Dover Area School District (the District) operates a Public School system that encompasses two municipalities in York County. The District operates four elementary schools, one middle school and one high school. The District operates under current standards prescribed by the Pennsylvania Department of Education in accordance with the provisions of the School Laws of Pennsylvania. The governing body of the District is comprised of a board of nine school directors who are each elected for a four-year term. The daily operation and management of the District is carried out by the administrative staff of the District, headed by the Superintendent of Schools who is appointed by the Board of School Directors. Funding for the District is received from local, Commonwealth and Federal sources and must comply with the requirements of the various funding-source agencies.

The District assesses the taxpayers of these municipalities based upon taxing powers at its disposal. The ability of the District's taxpayers to pay their assessments is dependent upon economic and other factors affecting the taxpayers.

The financial statements of the District have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the authoritative, standard setting body for the establishment of governmental accounting and financial reporting principles. The more significant of these accounting policies are as follows:

A. Reporting Entity

In evaluating the District as a reporting entity, management has addressed all potential component units which may or may not fall within the District's financial accountability. The criteria used to evaluate component units for possible inclusion as part of the District's reporting entity are financial accountability and the nature and significance of the relationship. This report presents the activities of the District. The District is not a component unit of another reporting entity, nor does it have any component units that are required to be included in this presentation.

DOVER AREA SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

B. Government-wide and Fund 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 non-fiduciary activities of the primary government. The significant effects of interfund activity have been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function, or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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. Taxes and other items not properly included among program revenue are reported instead as general revenues.

Separate fund financial statements are provided in the report for all of the governmental funds and proprietary and fiduciary funds of the District, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and the major proprietary fund are reported as separate columns in the fund financial statements. Fiduciary funds are reported by fund type.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The District complies with accounting principles generally accepted in the United States of America (GAAP) and applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The government-wide financial statements are reported using the economic-resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned, and expenses are recorded when related liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Net position (assets plus deferred outflows of resources less liabilities less deferred inflows of resources) is used as a practical measure of economic resources, and the operating statement includes all transactions and events that increased or decreased net position. Depreciation is charged as an expense against current operations, and accumulated depreciation is reported in the Statement of Net Position.

DOVER AREA SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers tax revenues to be available, if they are collected within 60 days of the end of the current fiscal period. Revenues from Federal, state and other grants designated for payment of specific District expenditures are recognized when the related expenditures are incurred; accordingly, when such funds are received, they are recorded as deferred revenues until earned. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payments are due.

When both restricted and unrestricted (including committed, assigned and unassigned) resources are available for use, it is the District's policy to generally use the resources with the most stringent restrictions first, followed by resources in decreasing order of restriction, as funds are needed. However, the District does use unassigned monies at times to pay for expenditures that may have been Board committed.

Governmental funds are those through which most governmental functions of the District are financed. The acquisitions, uses and balances of the District's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds.

The District reports the following major funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund. Revenues are primarily derived from local property, earned income, per capita and occupational taxes, and state and Federal distributions. Many of the more important activities of the District, including instruction, administration of the District and certain non-instructional services are accounted for in this fund.

The District reports its Capital Reserve Fund as authorized by Municipal Code Section 1431 under this major fund category.

The District operates one proprietary fund, the Food Service Fund. This fund accounts for the activities of the District's food service program.

The Student Sponsored Activity Fund is set up in accordance with Section 511 of the PA School Code for student sponsored school organizations and publications which do not meet the criteria to be reported as custodial funds per GASB Statement No. 84 *Fiduciary Activities*.

DOVER AREA SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Proprietary funds are used to account for activities that are similar to those often found in the private sector. The measurement focus is upon determination of net income and capital maintenance. The District operates one proprietary fund, the Food Service Fund. This fund accounts for the activities of the District's food service program. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the District's proprietary fund are food service charges. Operating expenses for the District's proprietary fund include food production costs, supplies, administrative costs and depreciation on capital assets. All revenues or expenses not meeting this definition are reported as non-operating revenues and expenses. The District does not attempt to allocate "building-wide costs" to the Food Service Fund. Thus, General Fund expenditures which partially benefit the Food Service Fund (utilities, janitorial services, insurance, etc.) are not proportionately recognized within the Food Service Fund; similarly, the Food Service Fund does not recognize a cost for the building space it occupies (no rental-of-facilities expense).

D. Budget and Budgetary Accounting

The Board approves, prior to the beginning of each year, an annual budget on the modified accrual basis for the General Fund. This is the only fund for which a budget is required and for which taxes may be levied. The General Fund is the only fund that has an annual budget that has been legally adopted by the Board. The Board does not legally adopt the Food Service Fund budget; however, the budget is approved by the Board. The Public-School Code allows the Board to authorize budget-transfer amendments during the last nine months of each fiscal year.

The District may not legally exceed the revised budget amounts by function and object. Function is defined as a program area such as instructional services, and object is defined as the nature of the expenditure such as salaries or supplies. Amendments require Board approval. All appropriations lapse at the end of each fiscal year.

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance

Cash and Cash Equivalents: The District considers all highly-liquid investments with maturities of three months or less, when purchased, to be cash equivalents.

Investments: Investments are carried at fair value or at amortized cost, depending on the investment type, consistent with generally accepted accounting principles.

Inventories: On government-wide financial statements, inventories are presented at the lower of cost or market on the first-in, first-out (FIFO) method, and are expensed when used.

A physical inventory of the Food Service Fund's food and supplies was taken as of June 30, 2023. The inventory consisted of government-donated commodities which were valued at estimated fair market value, and purchased commodities and supplies, both valued at cost using the FIFO method.

DOVER AREA SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance (Continued)

Prepaid Expenses: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items (consumption method) in both the government-wide and fund financial statements.

Capital Assets and Depreciation: Capital assets, which include property, plant and equipment and infrastructure assets, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are capitalized in accordance with board policy at the discretion of management. Management considers various factors in the capitalization of assets, including the assets' estimated useful lives, costs, and the extents to which the assets are part of larger capital projects. Established procedures state that capital assets are defined as individual assets with costs greater than \$4,000 and estimated useful lives in excess of one year. Group assets are capitalized when costs are greater than \$10,000 and estimated useful lives exceed one year. Buildings, land improvements, and building improvements are capitalized when individual asset costs exceed \$25,000. The costs of normal maintenance and repairs that do not add to the values of assets or materially extend assets' useful lives are not capitalized.

Depreciation is provided for capital assets on the straight-line basis over the following estimated useful lives of the assets or groups of assets as determined by management:

	Estimated Lives (in years)	
	Governmental Activities	Business-Type Activities
Land improvements	20	N/A
Buildings and improvements	15 - 30	N/A
Machinery and equipment	3 - 20	5 - 25

Deferred Outflows of Resources - Deferred Amounts on Refunding Debt: The District recognizes the difference between the reacquisition price and the net carrying amount of the old debt as a deferred outflow which is recognized as a component of interest expense over the remaining life of the old or new debt, whichever is shorter.

Deferred Outflows of Resources - Pensions and Other Post-Employment Benefits: The District recognizes deferred outflows of resources, which represent a consumption of net assets that is applicable to a future reporting period and so will not be recognized as an outflow of resources (expense) until that time. The District has identified these items in subsequent notes to the financial statements.

DOVER AREA SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance (Continued)

Long-Term Obligations: In the government-wide financial statements and proprietary-fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business-type activity column in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the lives of the bonds. Bonds payable are reported inclusive of or net of applicable bond premiums or discounts, respectively.

In the fund financial statements, governmental-fund types recognize bond premiums and discounts during the current period. The face amount of the debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Leases: The District enters into non-cancellable arrangements for the leasing of buildings and equipment. Leases that are significant, either individually or in the aggregate, are recognized as a liability and an intangible right-to-use asset in the government-wide financial statements.

At the commencement of a lease, the District initially measures the liability at the present value of payments expected to be made during the agreement term. Subsequently, the liability is reduced by the principal portion of payments made. The right-to-use asset is initially measured as the initial amount of the liability, adjusted for payments made at or before the contract commencement date. Subsequently, the right-to-use asset is amortized on a straight-line basis over its useful life and the useful life is consistent with the term of the agreement.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the non-cancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and the purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Right-to-use assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

DOVER AREA SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance (Continued)

Compensated Absences: Under the system of financial accounting and reporting for Pennsylvania School Systems, the District accrues employee benefits, such as unpaid personal leave and sick pay. Calculations of these amounts are determined by the appropriate personal, sick and retirement lump-sum payments which would be available to employees if they would leave or retire from the District and the calculations are adjusted for expected turnover rates of employees.

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

Other Post-Employment Benefits: In the government-wide financial statements, the District recognizes the costs and liabilities associated with post-employment benefits other than pension compensation. The District participates in two plans, the first is a single employer plan administered by the District. The Plan provides retiree health, vision, dental care and prescription drug benefits for eligible retired employees and their qualified spouses/beneficiaries. The District estimates the cost of providing these benefits through an actuarial valuation. The single employer OPEB plan is unfunded.

The District also participates in a governmental cost-sharing multiple employer other post-employment benefit plan (OPEB) with the Public School Employees' Retirement System (PSERS) for all eligible retirees who qualify and elect to participate. For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of PSERS and additions to/deductions from PSERS's fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

DOVER AREA SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance (Continued)

Other Post-Employment Benefits (Continued): The balance of the District’s OPEB liabilities and related deferred outflows/inflows of resources at June 30, 2023, are as follows:

	Governmental Activities	Business-Type Activities	Total
OPEB Liabilities			
District's Single Employer Plan	\$ 3,119,557	\$ 18,400	\$ 3,137,957
PSERS Cost-Sharing Plan	3,341,000	68,000	3,409,000
Total	\$ 6,460,557	\$ 86,400	\$ 6,546,957
Deferred Outflows of Resources			
District's Single Employer Plan	\$ 1,333,842	\$ 10,122	\$ 1,343,964
PSERS Cost-Sharing Plan	722,400	14,700	737,100
Total	\$ 2,056,242	\$ 24,822	\$ 2,081,064
Deferred Inflows of Resources			
District's Single Employer Plan	\$ 2,673,656	\$ 22,461	\$ 2,696,117
PSERS Cost-Sharing Plan	901,300	18,400	919,700
Total	\$ 3,574,956	\$ 40,861	\$ 3,615,817

Additional disclosures related to other post-employment benefits of the School’s Single Employer Plan and PSERS Cost Sharing Plan can be found in subsequent notes to the financial statements.

Deferred Inflows of Resources - Unearned Revenues: The District recognizes the property tax revenues when they become available, including property tax receivables expected to be collected within 60 days after year end. The property tax receivables expected to be collected after 60 days after year end are shown as deferred inflows of resources in the fund financial statements. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

Deferred Inflows of Resources - Pensions and Other Post-Employment Benefits: The District recognizes deferred inflows of resources, which represent an acquisition of net assets that is applicable to a future reporting period and so will not be recognized as an inflow of resources (revenue) until that time. The District has identified these items in subsequent notes to the financial statements.

Interfund Activity: Advances between funds that are not expected to be repaid are accounted for as transfers. In those cases, when repayment is expected, the advances are accounted for through the various “due from” and “due to” accounts. Transactions and balances between governmental activities have been eliminated in the government-wide financial statements. Residual amounts due between governmental and business-type activities are indicated on the Statement of Net Position as internal balances.

DOVER AREA SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance (Continued)

Encumbrances: Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration and project control in the General Fund. Encumbrances outstanding at year end are reported as reservations of fund balances because they do not constitute expenditures or liabilities. GASB Statement No. 54 provides additional guidance on the classification within the Net Position section of amounts that have been encumbered. These encumbrances, along with encumbrances of balances in funds that are restricted, committed, or assigned, are not separately classified in the financial statements. As of June 30, 2023, the District had no encumbrances.

Fund Balance: The School District's fund balance classifications are defined and described as follows:

Nonspendable: Represents fund balance amounts that cannot be spent because they are not in a spendable form or are contractually required to be maintained intact.

Restricted: Represents fund balance amounts that are constrained for a specific purpose through restrictions of external parties, through constitutional provisions, or by enabling legislation.

Committed: Represents fund balance amounts that can only be used for specific purposes pursuant to the constraints imposed by formal action of the Board of School Directors, the District's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the Board removes the constraints or changes the specified purposes through the same action it used to commit the funds.

Assigned: Represents fund balance amounts that are constrained by the government's intent to be used for a specific purpose but are neither restricted nor committed. Through board policy, the Board has delegated the authority to express intent to the District's Director of Administration or the Budget and Finance Committee.

Unassigned: Represents fund balance amounts that have not been restricted, committed, or assigned to specific purposes within the General Fund.

The District has a board policy which prescribes fund balance guidelines. The District will strive to maintain an assigned and unassigned General Fund balance of not less than 3% and not more than 8% of the budgeted expenditures for that year. When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, the District will reduce the committed balance first, followed by the assigned balance and then the unassigned balance.

DOVER AREA SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

F. New Accounting Pronouncements

The following list reflects only those pronouncements initially effective in the current or upcoming reporting periods which based on our review, may be applicable to the District's reporting requirements.

Following are descriptions of significant pronouncements that were considered or initially selected during the year ended June 30, 2023:

GASB Statement No. 91, *Conduit Debt Obligations* provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice. The adoption of this pronouncement was determined not to have a material impact on the District's beginning balances and current year results.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* improves financial reporting by addressing issues related to public-private and public-public partnerships. The adoption of this pronouncement was determined not to have a material impact on the District's beginning balances and current year results.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The adoption of this pronouncement was determined not to have a material impact on the District's beginning balances and current year results.

GASB Statement No. 99, *Omnibus 2022*, is effective for the District in fiscal years ending between June 30, 2022 and 2024, depending on the topics addressed and their relation to other standards. This Statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The adoption of this pronouncement was determined not to have a material impact on the District's beginning balances and current year results.

The following are descriptions of accounting pronouncements which will be considered for implementation during subsequent fiscal years, with modified effective dates as established by GASB Statement No. 95:

GASB Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*, will be effective for the District beginning with its year ending June 30, 2024 (fiscal years beginning after June 15, 2023). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement also prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections in previously issued financial statements.

DOVER AREA SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

F. New Accounting Pronouncements (Continued)

GASB Statement No. 101, *Compensated Absences*, will be effective for the District beginning with its year ending June 30, 2025 (fiscal years beginning after December 15, 2023). This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements.

The effects of implementation of these standards have not yet been determined.

G. Other

Use of Estimates: The preparation 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events: In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through December 12, 2023, the date the financial statements were available to be issued.

Note 2. Deposits and Investments

Under Section 440.1 of the Public School Code of 1949, as amended, the District is permitted to invest funds consistent with sound business practices in the following types of investments:

- U.S. Treasury Bills
- Short-term obligations of the U.S. Government or its agencies or its instrumentalities
- Deposits in savings accounts or time deposits or share accounts of institutions insured by:
 1. The Federal Deposit Insurance Corporation (FDIC), or
 2. The Federal Savings and Loan Insurance Corporation (FSLIC), or
 3. The National Credit Union Share Insurance Fund (NCUSIF) to the extent that such accounts are so insured, and for any amounts above maximum insurable limits, provided that approved collateral as provided by law shall be pledged by the depository
- Obligations of (a) the United States of America or its agencies or instrumentalities backed by the full-faith and credit of the United States of America, and (b) the Commonwealth of Pennsylvania or instrumentalities thereof backed by the full-faith and credit of these political subdivisions.
- Shares of investment companies whose investments are restricted to the above categories.

The deposit and investment policy of the District adheres to state statutes and prudent business practices. There were no deposit or investment transactions during the year that were in violation of either state statutes or the policy of the District.

DOVER AREA SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Note 2. Deposits and Investments (Continued)

Deposits: Custodial-Credit Risk

Custodial-credit risk is the risk that in the event of a bank failure, the District’s investments may not be returned to it. A summary of the District’s deposits at June 30, 2023, is shown below:

	Carrying Amount	Bank Balance	Financial Institution
Insured (FDIC)	\$ 250,000	\$ 250,000	Members 1st
Uninsured, collateralized in accordance with Act 72	4,453,643	5,627,231	Members 1st
	<u>\$ 4,703,643</u>	<u>\$ 5,877,231</u>	

Act 72 of 1971, as amended, is an act standardizing the procedures for pledges of assets to secure deposits of public funds with banking institutions pursuant to other laws; establishing a standard rule for the types, amounts and valuations of assets eligible to be used as collateral for deposits of public funds; permitting assets to be pledged against deposits on a pooled basis and authorizing the appointment of custodians to act as the pledgers of the assets.

Investments

As of June 30, 2023, the District had the following investments:

	Credit Rating	Weighted Avg. Maturity in Years	Carrying Value
Pennsylvania School District Liquid Asset Fund			
PSDMAX	AAAm	0.068	\$ 8,213,718
PSDLAF Full Flex Pool	NA	Various	4,639,303
Treasury Bills	NA	NA	5,999,694
			<u>\$ 18,852,715</u>

Certain external pool investments held by the District, based on portfolio maturity, quality, diversification and liquidity measures, qualify for measurement at amortized cost at both the pool and the participating government levels consistent with GASB Statement No. 79. The District measures those investments, which include PSDMAX, at amortized cost.

The PSDMAX fund invests in U.S. treasury securities, U.S. government securities, its agencies and instrumentalities, and repurchase agreements, collateralized by such securities and contracted with highly rated counterparties. Weighted-average portfolio maturity for the fund is expected to be kept at or below 60 days. PSDMAX does not have limitations or restrictions on withdrawals.

DOVER AREA SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Note 2. Deposits and Investments (Continued)

Investments (Continued)

The PSDLAF Full Flex Pool, as part of the Fixed Term Series at PSDLAF, are fixed term investments collateralized in accordance with Act 72 and invests in assets listed above as permitted under Section 440.1 of the Public-School Code of 1949. The Fixed Term Series are fixed term investment vehicles with maturities depending upon the maturity date of each particular Fixed Term Series. All investments in a Fixed Term Series by a Settlor are intended to be deposited for the full term of the particular Fixed Term Series, however, participants in the full flex pool may remove funds without early withdrawal penalty. Whether a Fixed Term Series has only one Settlor or more than one Settlor participating in it, each certificate of deposit in which the monies in such Fixed Term Series are invested is registered in the name of that particular Fixed Term Series. Certificates of Deposit used for Fixed Term Series (i) are normally in principal amounts in excess of the FDIC insurance limit of \$250,000, (ii) are collateralized in accordance with law and (iii) the collateral is held by a third-party custodian pursuant to a custody agreement among the Fund, the bank that issues the Certificate of Deposit and the third-party custodian. In some instances, the collateral consists of an Irrevocable Letter of Credit issued by the applicable Federal Home Loan Bank. At present, The Bank of New York serves as the third-party custodian with respect to all such collateralized Certificates of Deposit. Permitted Investments (other than certificates of deposit) such as U.S. Treasury or Agency securities in which monies in which a Fixed Term Series are invested are registered in the name or names of the Settlor or Settlers for which the Fixed Term Series was created, and the security is held in custody by a third-party custodian pursuant to a custody agreement between the Investment Adviser and the third-party custodian. At present, U.S. Bank National Association, Minneapolis, Minnesota serves as the third-party custodian with respect to all such securities.

The District reports these nonparticipating contracts, as nonnegotiable Certificates of Deposit with redemption terms that do not consider market rates, using a cost-based measure, provided that the fair value of those contracts is not significantly affected by the impairment of the credit standing of the issuer or other factors consistent with GASB Statement No. 31.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Presently, the investments currently held by the District are valued at amortized cost and are not subject to the fair value categorization disclosures.

Weighted-Average Maturity

The weighted-average maturity (WAM) method expresses investment time horizons - the time when investments become due and payable - in years or months, weighted to reflect the dollar size of individual investments within an investment type. In this illustration, WAMs are computed for each investment type. The portfolio's WAM is derived by dollar weighting the WAM for each investment type.

Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

DOVER AREA SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Note 2. Deposits and Investments (Continued)

Credit Risk

As indicated above, Section 440.1 of the Public-School Code of 1949, as amended, limits the composition of the District's investments, and the District has no investment policy that would further limit its investment choices.

Concentrations of Credit Risk

The District places no limit on the amounts invested in any one issuer. The District's investments are entirely held with PSDLAF.

Note 3. Taxes Receivable and Deferred Inflows of Resources

Summaries of taxes receivable and related accounts of the General Fund at June 30, 2023, are as follows:

	Amount
Taxes Receivable - Net	\$ 534,957
Taxes to be collected within 60 days	\$ 127,589
Deferred inflows of resources - delinquent property taxes	407,368
	\$ 534,957

Note 4. Property Taxes

Based upon assessed valuations provided by York County, the municipal tax collector bills and collects property taxes on behalf of the District. The schedule for property taxes levied for 2022-2023, is as follows:

July 1, 2022	Tax-Levy Date
Through September 15, 2022	2% Discount
Through November 15, 2022	Face-Payment Period
November 15, 2022	10%-Penalty Period
January 1, 2023	Lien-Filing Date

The District's tax rate for all purposes in 2022-2023, was 24.307 mills (\$24.307 per \$1,000 assessed valuation). Refunds on payments of prior year taxes are classified as Other Debt Service items under the Commonwealth of Pennsylvania Accounting System.

DOVER AREA SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Note 5. Intergovernmental Receivable

Summary of intergovernmental receivables at June 30, 2023:

	General Fund	Proprietary Fund
PA Department of Education		
Social Security	\$ 420,875	\$ 2,005
Retirement	2,013,131	9,373
Rental	661,452	-
Transportation	3,196	-
Incarnated Education	98	-
PA Commission on Crime & Delinquency	164,960	-
PA Department of Agriculture	7,500	-
PA Department of Revenue	10,684	-
York Adams Tax Bureau - EIT	308,337	-
Mainstreaming and training for various LEA's	10,727	-
County of York - Realty Transfer Tax	65,870	-
Lincoln Intermediate Unit - Services	336,567	-
Federal Subsidies - Title I	148,387	-
Federal Subsidies - Title IIA	18,265	-
Federal Subsidies - Title VI	19,517	-
Federal Subsidies - ARP ESSER	1,768,691	-
Federal Subsidies - Perkins V	2,733	-
Federal Subsidies - Medical Assistance Program	18,839	-
School Based ACCESS Medicaid	350,000	-
Federal Subsidies - Food Program	-	461,105
State Subsidies - Food Program	-	24,876
	\$ 6,329,829	\$ 497,359

DOVER AREA SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Note 6. Interfund Balances and Interfund Transfers

Individual fund receivable and payable balances at June 30, 2023, are as follows:

	Interfund Receivables	Interfund Payables
Governmental Fund		
General	\$ 82,642	\$ 236
Student sponsored activity	-	15
Proprietary Fund		
Food service	-	82,391
	<u>\$ 82,642</u>	<u>\$ 82,642</u>

All interfund receivable/payable balances resulted from time lags between the dates that (1) interfund goods and services were provided or reimbursable expenditures were incurred, (2) transactions were recorded in the accounting system and (3) payments between funds were made. All balances are expected to be repaid within the following year.

There were no interfund transfers for the year ended June 30, 2023.

Transfers and payments within the District are substantially for purposes of subsidizing operating functions. Resources are accumulated in funds to support and simplify the administration of various projects or programs.

DOVER AREA SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Note 7. Capital and Right-to-use Assets

Capital and right-to-use asset activity for the year ended June 30, 2023, was as follows:

	July 1, 2022	Increases	Decreases	June 30, 2023
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 170,000	\$ -	\$ -	\$ 170,000
Construction-in-progress	1,283,034	1,643,748	(1,283,034)	1,643,748
Total capital assets not being depreciated	1,453,034	1,643,748	(1,283,034)	1,813,748
Capital and right-to-use assets being depreciated/amortized				
Buildings and building improvements	164,416,569	1,443,594	(5,775)	165,854,388
Furniture and equipment	9,537,231	384,853	(1,288,190)	8,633,894
Right-to-use leased equipment	276,841	-	-	276,841
Total capital and right-to-use assets being depreciated/amortized	174,230,641	1,828,447	(1,293,965)	174,765,123
Less accumulated depreciation/amortization				
Buildings and building improvements	72,181,164	6,634,626	(5,775)	78,810,015
Furniture and equipment	6,600,548	1,100,410	(1,299,141)	6,401,817
Right-to-use leased equipment	65,139	65,139	-	130,278
Total accumulated depreciation/amortization	78,846,851	7,800,175	(1,304,916)	85,342,110
Total capital and right-to-use assets being depreciated/amortized, net	95,383,790	(5,971,728)	10,951	89,423,013
Total Governmental Activities, Capital and Right-to-Use Assets - Net	\$ 96,836,824	\$ (4,327,980)	\$ (1,272,083)	\$ 91,236,761
Business-Type Activities				
Capital assets being depreciated				
Equipment	\$ 404,314	\$ -	\$ (87,340)	\$ 316,974
Less accumulated depreciation for equipment	283,758	22,347	(87,340)	218,765
Total Business-Type Activities, Capital Assets - Net	\$ 120,556	\$ (22,347)	\$ -	\$ 98,209

DOVER AREA SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Note 7. Capital and Right-to-use Assets (Continued)

Depreciation and amortization expenses were charged to the functions/programs of the District as follows:

	Amount
Governmental Activities	
Instruction	\$ 5,776,881
Instructional student support	752,682
Administrative and financial support	648,497
Operation and maintenance of plant services	447,523
Pupil transportation	15,907
Student activities	158,685
Total Governmental Activities	<u>7,800,175</u>
Business-Type Activities	
Food service	22,347
Total Primary Government	<u><u>\$ 7,822,522</u></u>

Note 8. Long-Term Obligations

A summary of the reporting entity’s long-term obligations as of June 30, 2023, and transactions during the year then ended follows:

	July 1, 2022	Increases	Decreases	June 30, 2023	Due within one year
Governmental Activities					
Bonds and notes payable					
Series of 2008	\$ 8,697,000	\$ -	\$ 2,834,000	\$ 5,863,000	\$ 2,900,000
Series of 2018	29,185,000	-	5,000	29,180,000	5,000
Series of 2019	35,070,000	-	5,000	35,065,000	5,000
Series of 2019A	11,255,000	-	790,000	10,465,000	855,000
Net premium on bonds	7,115,021	-	576,498	6,538,523	-
Total bonds and notes payable	<u>91,322,021</u>	<u>-</u>	<u>4,210,498</u>	<u>87,111,523</u>	<u>3,765,000</u>
Compensated absences	1,629,550	-	19,464	1,610,086	12,017
Leases payable	214,301	-	63,731	150,570	65,668
Financed purchase agreements payable	1,135,246	-	406,989	728,257	364,128
Total governmental activities					
long-term liabilities	<u>\$ 94,301,118</u>	<u>\$ -</u>	<u>\$ 4,700,682</u>	<u>\$ 89,600,436</u>	<u>\$ 4,206,813</u>
Business-Type Activities:					
Compensated absences	\$ 11,565	\$ 2,270	\$ -	\$ 13,835	\$ -
Total business-type activities					
long-term liabilities	<u>\$ 11,565</u>	<u>\$ 2,270</u>	<u>\$ -</u>	<u>\$ 13,835</u>	<u>\$ -</u>

DOVER AREA SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Note 8. Long-Term Obligations (Continued)

Bonds and Notes Payable

General Obligation Notes - Series of 2008 - On December 30, 2008, the District issued General Obligation Notes - 2008 Series A-1 and A-2 in the total principal amount of \$15,000,000. The proceeds of the notes were used to finance capital additions and renovations to elementary school buildings, and to pay for the costs of issuance. Interest is payable monthly with a maximum interest rate of 15.00%. At settlement, the District exercised a fixed rate conversion feature for \$7,500,000 of these variable rate notes to a fixed rate of 3.245%. On March 24, 2020, the District converted the outstanding variable portion to a fixed rate note at a rate of 1.15%. Principal payments are paid annually through 2025, and range between \$256,000 to \$1,503,000.

General Obligation Bond - Series of 2018 - On June 26, 2018, the District issued General Obligation Bond - Series of 2018 in the principal amount of \$29,205,000. The proceeds of the bond are being used for acquisition, design, construction and furnishing of alterations, additions, renovations and improvements to the High School and Intermediate School building of the District; financing various other capital projects; and to pay for the costs of issuance. The bond bears a fixed interest rate ranging from 1.70% to 5.00%, payable semi-annually. The bond matures serially in amounts ranging from \$5,000 to \$3,070,000 through 2039.

General Obligation Bond - Series of 2019 - On March 28, 2019, the District issued General Obligation Bond - Series of 2019 in the principal amount of \$35,085,000. The proceeds of the bond are being used for acquisition, design, construction and furnishing of alterations, additions, renovations and improvements to the High School and Intermediate School building of the District; financing various other capital projects; and to pay for the cost of issuance. The bond bears a fixed interest rate ranging from 1.75% to 5.00%, payable semi-annually. The bond matures serially in amounts ranging from \$5,000 to \$5,285,000 through 2040.

General Obligation Bond - Series A of 2019 - On July 7, 2019, the District issued General Obligation Bond - Series of 2019A in the principal amount of \$13,205,00. The proceeds of the bond are being used for the purpose of (1) the current refunding of the remaining General Obligation Bond, Series A of 2015 of the District, (2) the current refunding of the remaining General Obligation Bond, Series B of 2015 of the District, and (3) paying the costs of issuing the bonds. The economic gain on the refunding of the 2015A and 2015B bonds were \$534,970. The bond bears a fixed interest rate ranging from 2.00% to 5.00%, payable semi-annually. The bond matures serially in amounts ranging from \$375,000 to \$4,435,000 through 2027.

The District is in compliance with all debt covenants of the outstanding issues. Those covenants include the following: the District shall include the annual debt service in its budget for the fiscal year; shall appropriate those amounts from its general revenues; and shall punctually cause the payment of the principal and interest of all obligations.

DOVER AREA SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Note 8. Long-Term Obligations (Continued)

Bonds and Notes Payable (Continued)

The future debt service requirements of the fixed and variable general obligation long-term debt issues are as follows, assuming current rates:

Year ending June 30:	Principal	Interest	Total
2024	\$ 3,765,000	\$ 3,592,930	\$ 7,357,930
2025	3,888,000	3,504,149	7,392,149
2026	4,270,000	3,430,975	7,700,975
2027	4,445,000	3,260,319	7,705,319
2028	4,005,000	3,038,250	7,043,250
2029-2033	22,715,000	12,513,450	35,228,450
2034-2038	28,570,000	6,653,500	35,223,500
2039-2040	8,915,000	568,000	9,483,000
	<u>\$ 80,573,000</u>	<u>\$ 36,561,573</u>	<u>\$ 117,134,573</u>

All debt service payments for general obligation notes and bonds are funded by the General Fund. As required by the Pennsylvania Department of Education Financial Accounting and Reporting Manual, debt issuance costs are reported on the Statement of Revenues, Expenditures and Changes in Fund Balances as Support Services expenditures.

Compensated Absences

Sickness - Under the terms of the District's employment policies, employees are granted sick days per school year, and any unused sick days are permitted to be carried over to future years. Upon retirement from the District, employees are reimbursed for accumulated sick days equal to the number of unused days multiplied by a pre-determined amount per employment contract. The total liability for sick leave at June 30, 2023, has been reflected in the Statement of Net Position.

Leases Payable

The District leases equipment for certain District offices and buildings. The lease term is for five years. The District's equipment lease contains scheduled monthly payments with expiration dates extending through 2025. Leases payable are fully funded by the General Fund.

The following is a schedule of future minimum lease payments for leases with initial or remaining terms in excess of one year as of June 30, 2023:

Year ending June 30:	Principal	Interest	Total
2024	\$ 65,668	\$ 3,619	\$ 69,287
2025	67,666	1,622	69,288
2026	17,236	86	17,322
	<u>\$ 150,570</u>	<u>\$ 5,327</u>	<u>\$ 155,897</u>

DOVER AREA SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Note 8. Long-Term Obligations (Continued)

Financed Purchase Agreements Payable

The District finances computers which are located throughout the District. The related financed purchase agreements are recorded at the present values of the related future, minimum payments as of the inception date. All financed purchase agreements are funded by the General Fund.

The assets acquired through financed purchase agreements are as follows:

	Amount
Assets	
Computers	\$ 3,474,957
Less accumulated depreciation	(2,800,121)
Total computers - net book value	<u>\$ 674,836</u>

The following is a schedule of the future, minimum payments due under the financed purchase agreements as of June 30, 2023:

Year ending June 30:	Amount
2024	364,128
2025	<u>364,129</u>
Total minimum payments	728,257
Less: amount representing interest	-
Total present value of net minimum payments	<u>\$ 728,257</u>

DOVER AREA SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Note 9. Defined Benefit Pension Plan

Plan Description

PSERS (Pennsylvania Public School Employee's Retirement System or the System) is a governmental cost-sharing multiple employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the System include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at www.pasers.pa.gov.

Benefits Provided

PSERS provides retirement, disability and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least one year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes: Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of three years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service.

Act 5 of 2017 (Act 5) introduced a hybrid benefit with two membership classes and a separate defined contribution plan for individuals who become new members on or after July 1, 2019. Act 5 created two new hybrid membership classes, Membership Class T-G (Class T-G) and Membership Class T-H (Class T-H) and the separate defined contribution membership class, Membership Class DC (Class DC). To qualify for normal retirement, Class T-G and Class T-H members must work until age 67 with a minimum of 3 years of credited service. Class T-G may also qualify for normal retirement by attaining a total combination of age and service that is equal to or greater than 97 with a minimum of 35 years of credited service.

Benefits are generally between 1% and 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

DOVER AREA SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Note 9. Defined Benefit Pension Plan (Continued)

Benefits Provided (Continued)

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member’s final average salary (as defined in the Code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

Death benefits are payable upon the death of an active member who has reached age 62 with at least one year of credited service (age 65 with at least three years of credited service for Class T-E and Class T-F members) or who has at least five years of credited service (ten years for Class T-E and Class T-F members). Such benefits are actuarially equivalent to the benefit that would have been effective if the member had retired on the day before death.

Contributions

Member Contributions:

The contribution rates based on qualified member compensation for virtually all members are presented below:

Member Contribution Rates				
Membership Class	Continuous Employment Since	Defined Benefit (DB) Contribution Rate	DC Contribution Rate	Total Contribution Rate
T-C	Prior to July 22, 1983	5.25%	N/A	5.25%
				6.25%
T-C	On or after July 22, 1983	6.25%	N/A	6.25%
T-D	Prior to July 22, 1983	6.50%	N/A	6.50%
				7.50%
T-D	On or after July 22, 1983	7.50%	N/A	7.50%
T-E	On or after July 1, 2011	7.50% base rate with shared risk provision	N/A	Prior to 7/1/21: 7.50%
				After 7/1/21: 8.00%
T-F	On or after July 1, 2011	10.30% base rate with shared risk provision	N/A	Prior to 7/1/21: 10.30%
				After 7/1/21: 10.8%
T-G	On or after July 1, 2019	5.50% base rate with shared risk provision	2.75%	Prior to 7/1/21: 8.25%
				After 7/1/21: 9.00%
T-H	On or after July 1, 2019	4.50% base rate with shared risk provision	3.00%	Prior to 7/1/21: 7.50%
				After 7/1/21: 8.25%
DC	On or after July 1, 2019	N/A	7.50%	7.50%

Shared Risk Program Summary				
Membership Class	Defined Benefit (DB) Base Rate	Shared Risk Increment	Minimum	Maximum
T-E	7.50%	+/-0.50%	5.50%	9.50%
T-F	10.30%	+/-0.50%	8.30%	12.30%
T-G	5.50%	+/-0.75%	2.50%	8.50%
T-H	4.50%	+/-0.75%	1.50%	7.50%

DOVER AREA SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Note 9. Defined Benefit Pension Plan (Continued)

Employer Contributions:

The District's contractually required contribution rate for the fiscal year ended June 30, 2023, was 34.51% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Included in the District's contractually required contribution rate is the Act 5 contribution rate totaling an estimated .20 percent.

The District is required to pay the entire contribution and will be reimbursed by the Commonwealth in an amount equal to the Commonwealth's share as determined by the income aid ratio (as defined in Act 29 of 1994), which is at least one-half of the total District's rate. The District's contributions to the Plan, relating to pension benefits, for the year ended June 30, 2023, was \$9,480,917, and is equal to the required contribution for the year. For the year ended June 30, 2023, the District recognized gross retirement subsidy revenue from the Commonwealth in the amount of \$5,904,881.

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

At June 30, 2023, the District reported a liability of \$82,160,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2021 to June 30, 2022. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported contributions as it relates to the total one-year reported contributions. At June 30, 2023, the District's reported proportion was .1848 percent, which was an decrease of .0044 percent from its proportion reported as of June 30, 2022.

For the year ended June 30, 2023, the District recognized pension expense of \$6,086,000. At June 30, 2023, 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
Difference between expected and actual experience	\$ 37,000	\$ 711,000
Changes in assumptions	2,453,000	-
Net difference between projected and actual investment earnings	-	1,394,000
Changes in proportion	334,000	1,618,000
Difference between employer contributions and proportionate share of total contributions	54,000	-
Contributions subsequent to the measurement date	9,481,000	-
	<u>\$ 12,359,000</u>	<u>\$ 3,723,000</u>

DOVER AREA SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Note 9. Defined Benefit Pension Plan (Continued)

\$9,481,000 is reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. 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:	Amount
2024	\$ 86,000
2025	(250,000)
2026	(2,637,000)
2027	1,953,000
2028	3,000
	<u>\$ (845,000)</u>

Actuarial Assumptions

The total pension liability as of June 30, 2022, was determined by rolling forward the System's total pension liability as of June 30, 2021 to June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

- Valuation Date - June 30, 2021.
- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 7.00%, includes inflation at 2.75%.
- Salary growth - Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- The discount rate used to measure the Total Pension Liability was 7.00% as of June 30, 2021 and as of June 30, 2022.

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study that was performed for the five-year period ended June 30, 2020.

Investments

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

The pension plan's policy in regard to the allocation of invested plan assets is established and may be amended by the Board. Plan assets are managed with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension.

For the year ended June 30, 2022, the annual money weighted rate of return on pension plan investments, net of pension plan investment expense, was 2.40%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

DOVER AREA SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Note 9. Defined Benefit Pension Plan (Continued)

Investments (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global public equity	28.0%	5.3%
Private equity	12.0%	8.0%
Fixed income	33.0%	2.3%
Commodities	9.0%	2.3%
Infrastructure/MLPs	9.0%	5.4%
Real estate	11.0%	4.6%
Absolute return	6.0%	3.5%
Cash	3.0%	0.5%
Leverage	(11.0%)	0.5%
	<u>100.0%</u>	

The above table was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2022.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

DOVER AREA SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

Note 9. Defined Benefit Pension Plan (Continued)

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

The following presents the District's proportionate share of the net pension liability, calculated using the discount rate of 7.00%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current discount rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
District's proportionate share of the net pension liability	\$ 106,268,000	\$ 82,160,000	\$ 61,834,000

Pension Plan Fiduciary Net Position

Detailed information about PSERS' fiduciary net position is available in PSERS Comprehensive Annual Financial Report which can be found on the System's website at www.psers.pa.gov.

Plan Payables

At June 30, 2023, the District reported a payable to PSERS of \$3,356,204, which represents the employer contributions owed to the pension plan.

DOVER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 10. Other Post-Employment Benefits - District’s Single Employer Plan

Plan Description, Benefit Terms and Funding Policy

The District provides retiree health, vision, and dental care benefits, including prescription drug coverage, to eligible retired employees and qualified spouses/beneficiaries. This is a single employer, defined benefit plan administered by the District. The District funds OPEB on a pay-as-you go basis, and there is no obligation to make contributions in advance of when insurance premiums or claims are due for payment. The District does not maintain or accumulate any assets within a trust in accordance with paragraph 4 of GASB Statement No. 75. The plan description and benefit terms provided by the Plan are summarized in the chart below:

<i>GROUP</i>	<i>ELIGIBILITY</i>	<i>COVERAGE AND PREMIUM SHARING</i>	<i>DURATION</i>
I. ADMINISTRATORS	Retire through PSERS	<p>Coverage: Medical, Prescription Drug, Dental and Vision</p> <p>Premium Sharing: If the member reaches 30 total years of PSERS service and five years of service with the District, the member will be allowed to continue medical, prescription drug and dental coverage for his/herself by paying the same amount as stated for an active administrator in the current contract at the time of retirement for up to seven years. This premium share by the member is currently 50%. The member must pay the full premium for vision coverage. If the member is under 65 and has exhausted the years of paid benefits, the member may continue coverage by paying the full premium as determined for the purpose of COBRA. Spouses may continue benefits by paying the full premium.</p> <p>If the member does not reach 30 years of PSERS and five years with the District, the member may continue benefits by paying the full premium as determined for the purpose of COBRA. Spouses may also continue benefits by paying the full premium.</p> <p>Dependents: Spouses included.</p>	Member and spouse may continue benefits until the earlier of member Medicare age and member death. Spousal benefits cease at Medicare age if the spouse reaches Medicare age before the member.
II. ALL OTHER EMPLOYEES	Same as I.	Act 110/43	Same as I.

Notes: Act 110/43 Coverage and Premium Sharing: Retired employees are allowed to continue coverage for themselves and their dependents in the employer’s group health plan until the retired employee reaches Medicare age. In order to obtain coverage, retired employees must provide payment equal to the premium determined for the purpose of COBRA.

PSERS Retirement:

- 1) Pension Class T-C or T-D: An employee is eligible for PSERS retirement if he (or she) is eligible for either: I) PSERS early retirement while under 62 with 5 years of PSERS Service or II) PSERS superannuation retirement upon reaching age 60 with 30 years of PSERS service, age 62 with 1 year of PSERS service or 35 years or PSERS service regardless of age. In general, these pension classes apply to individuals who were members of PSERS prior to July 1, 2011.
- 2) Pension Class T-E or T-F: An employee is eligible for PSERS retirement if he (or she) is eligible for either: I) PSERS early retirement while under 65 with 10 years of PSERS Service or II) PSERS superannuation retirement upon reaching age 65 with 3 years of PSERS service or upon attainment of a total combination of age plus service equal to or greater than 92 with a minimum of 35 years of PSERS service. In general, these pension classes apply to individuals who were members of PSERS prior to July 1, 2011 and prior to July 1, 2019.
- 3) Pension Class T-G: An employee is eligible for PSERS retirement if he (or she) is eligible for either: I) PSERS early retirement while under 67 with 10 years of PSERS Service or II) PSERS superannuation retirement upon reaching age 67 with 3 years of PSERS service or upon attainment of a total combination of age plus service equal to or greater than 97 with a minimum of 25 years of PSERS service. In general, these pension classes apply to individuals who were members of PSERS on or after July 1, 2019.
- 4) Pension Class T-H: An employee is eligible for PSERS retirement if he (or she) is eligible for either: I) PSERS early retirement while under 67 with 10 years of PSERS Service or II) PSERS superannuation retirement upon reaching age 67 with 3 years of PSERS service. In general, these pension classes apply to individuals who were members of PSERS on or after July 1, 2019.
- 5) All individuals except those in Pension Class T-G are eligible for a special early retirement upon reaching age 55 with 25 years of PSERS service. Individuals in Pension Class T-G are eligible for a special early retirement upon reach age 57 with 25 years of PSERS service.

DOVER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 10. Other Post-Employment Benefits - District's Single Employer Plan (Continued)

Employees Covered by Benefit Terms

As of the July 1, 2022 actuarial valuation, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	24
Inactive employees entitled to but not yet receiving benefit payments	10
Active employees	377
	<u>411</u>

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

At June 30, 2023, the District reported a liability of \$3,137,957 for the total OPEB liability. The total OPEB liability was measured as of July 1, 2022, and was determined by an actuarial valuation as of July 1, 2022. The OPEB liability is composed of the following:

	Amount
Total OPEB Liability, beginning	\$ 3,261,620
Changes for the year	
Service cost	286,634
Interest	79,473
Changes of benefit terms	112,771
Differences between expected and actual experience	375,808
Changes in assumptions	(862,775)
Estimated benefit payments	(115,574)
Net Changes	<u>(123,663)</u>
Total OPEB Liability, ending	<u>\$ 3,137,957</u>

For the year ended June 30, 2023, the District recognized OPEB expense of \$352,513. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,052,533	\$ 1,506,091
Changes in assumptions	68,443	1,190,026
Benefit payments subsequent to the measurement date	222,988	-
	<u>\$ 1,343,964</u>	<u>\$ 2,696,117</u>

DOVER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 10. Other Post-Employment Benefits - District's Single Employer Plan (Continued)

OPEB Liabilities, OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (Continued)

Of the total amount reported as deferred outflows of resources related to OPEB, \$222,988 resulting from District benefit payments subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

<u>Year ending June 30:</u>	<u>Total</u>
2024	\$ (126,365)
2025	(126,365)
2026	(126,365)
2027	(126,365)
2028	(126,365)
Thereafter	(943,316)
	<u>\$ (1,575,141)</u>

Actuarial assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2022, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

- Inflation - 2.5%.
- Salary Increases - 2.5% cost of living adjustment, 1.5% real wage growth, and for teachers and administrators a merit increase which varies by age from 2.75 to 0%.
- Discount Rate – 4.06%. Based on S&P Municipal Bond 20 Year High Grade Rate Index at July 1, 2022.
- Actuarial Cost Method: Entry Age Normal, Level Percent of Pay.
- Health Care Cost Trend Rate - 6.5% in 2022, 6.0% in 2023 and 5.5% in 2024-2025. Rates gradually decrease from 5.4% in 2026 to 3.9% in 2075, and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.
- Retirees' Share of Benefit-Related Costs - Retiree contributions are assumed to increase at the same rate as the Health Care Cost Trend Rate.
- Mortality rates are separate and assumed pre-retirement and post-retirement using the rates assumed in the PSERS defined benefit pension plan actuarial valuation. Incorporated into the table are rates projected generationally by the Buck Modified 2016 projection scale to reflect mortality improvement.

DOVER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 10. Other Post-Employment Benefits - District's Single Employer Plan (Continued)

Sensitivity of the District's Total OPEB liability to Changes in the Discount Rate

The following presents the total OPEB liability of the district calculated using the discount rate of 4.06%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.06%) or one percentage higher (5.06%) than the current discount rate:

	1% Decrease 3.06%	Current Discount Rate 4.06%	1% Increase 5.06%
Total OPEB liability	\$ 3,378,371	\$ 3,137,957	\$ 2,912,125

Changes in Actuarial Assumptions

The discount rate used to measure the Total OPEB liability increased from 2.28% as of July 1, 2021, to 4.06% as of July 1, 2022.

Sensitivity of the District's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the district calculated using the health care cost trend rates of (6.5% decreasing to 3.9%), as well as what the total OPEB liability would be if it were calculated using a health care cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB liability	\$ 2,806,351	\$ 3,137,957	\$ 3,529,880

DOVER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Post-Employment Benefits - PSERS Cost-Sharing Plan

Plan Description

PSERS administers a defined benefit pension plan, and two post-employment healthcare programs, the Health Insurance Premium Assistance Program (Premium Assistance) and the Health Options Program (HOP) for its retirees. The HOP is a PSERS sponsored voluntary health insurance program for the sole benefit of PSERS retirees, spouses of retirees, and survivor annuitants and their dependents who participate in HOP. The HOP is funded exclusively by the premiums paid by its participants for the benefit coverage they elect.

The System provides Premium Assistance which, is a governmental cost-sharing multiple employer other post-employment benefit plan (OPEB) for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2022 there were no assumed future benefit increases to participating eligible retirees.

Retirees of the System can participate in Premium Assistance if they satisfy the following criteria:

- Have 24 ½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age, and

For Class DC members to become eligible for premium assistance, they must satisfy the following criteria:

- Attain Medicare eligibility with 24 ½ or more eligibility points, or
- Have 15 or more eligibility points and terminated after age 67, and
- Have received all or part of their distributions.

Benefits Provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program.

Employer Contributions

The District's contractually required contribution rate for the fiscal year ended June 30, 2023, was 0.75% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were \$206,028 for the year ended June 30, 2023.

DOVER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Post-Employment Benefits - PSERS Cost-Sharing Plan (Continued)

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

At June 30, 2023, the District reported a liability of \$3,409,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2021, to June 30, 2022. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2023, the District's reported proportion was 0.1852 percent, which was a decrease of 0.0047 percent from its proportion reported as of June 30, 2022.

For the year ended June 30, 2023, the District recognized OPEB expense of \$114,000. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 31,000	\$ 18,000
Changes in assumptions	379,000	805,000
Net difference between projected and actual investment earnings	9,000	-
Changes in proportion	107,000	96,000
Difference between employer contributions and proportionate share of total contributions	5,100	700
Contributions subsequent to the measurement date	206,000	-
	<u>\$ 737,100</u>	<u>\$ 919,700</u>

\$206,000 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2024. 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:	Amount
2024	\$ (70,900)
2025	(36,600)
2026	(68,100)
2027	(95,000)
2028	(118,000)
	<u>\$ (388,600)</u>

DOVER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Post-Employment Benefits - PSERS Cost-Sharing Plan (Continued)

Actuarial Assumptions

The total OPEB liability as of June 30, 2022, was determined by rolling forward the System's total OPEB Liability as of June 30, 2021, to June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

- Valuation Date – June 30, 2021
- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 4.09% - S&P 20 Year Municipal Bond Rate.
- Salary growth - Effective average of 4.5%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Premium Assistance reimbursement is capped at \$1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- Participation rate:
 - Eligible retirees will elect to participate Pre age 65 at 50%
 - Eligible retirees will elect to participate Post age 65 at 70%
- The discount rate used to measure the total OPEB liability increased from 2.18% as of June 30, 2021, to 4.09%, as of June 30, 2022.

The actuarial assumptions used in the June 30, 2021 valuation, were based on the results of an actuarial experience study that was performed for the five-year period ending June 30, 2020.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2020, determined the employer contribution rate for fiscal year 2022.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: The actual data for retirees benefiting under the Plan as of June 30, 2021 was used in lieu of the 63% utilization assumption for eligible retirees.
- Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

DOVER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Post-Employment Benefits - PSERS Cost-Sharing Plan (Continued)

Investments

Investments consist primarily of short-term assets designed to protect the principal of the plan assets. The expected rate of return on OPEB plan investments was determined using the OPEB asset allocation policy and best estimates of geometric real rates of return for each asset class.

The OPEB plan's policy in regard to the allocation of invested plan assets is established and may be amended by the Board. Under the program, as defined in the retirement code employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	100.0%	0.5%
	<u>100.0%</u>	

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class of June 30, 2022.

Discount Rate

The discount rate used to measure the Total OPEB Liability was 4.09%. Under the plan's funding policy, contributions are structured for short-term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a "pay-as-you-go" plan. A discount rate of 4.09%, which represents the S&P 20-year Municipal Bond Rate at June 30, 2022, was applied to all projected benefit payments to measure the total OPEB liability.

DOVER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Post-Employment Benefits - PSERS Cost-Sharing Plan (Continued)

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

The following presents the District’s proportionate share of the net OPEB liability, calculated using the discount rate of 4.09%, as well as what the District’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.09%) or one percentage point higher (5.09%) than the current discount rate:

	1% Decrease 3.09%	Current Discount Rate 4.09%	1% Increase 5.09%
District's proportionate share of the net OPEB liability	\$ 3,855,000	\$ 3,409,000	\$ 3,036,000

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

The following presents the District’s proportionate share of the net OPEB liability, as well as what the District’s proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates (between 5% to 7%) that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 3,409,000	\$ 3,409,000	\$ 3,409,000

OPEB Plan Fiduciary Net Position

Detailed information about PSERS’ fiduciary net position is available in PSERS Comprehensive Annual Financial Report which can be found on the System’s website at www.psers.pa.gov.

Plan Payables

At June 30, 2023, the District reported a payable to PSERS of \$72,940, which represents the employer contributions owed to the OPEB plan.

DOVER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 12. Fund Balance Designations

The District has designated certain portions of its governmental fund balances as follows:

	General Fund	Capital Reserve Fund	Student Sponsored Activity Fund
Nonspendable, reported in:			
General fund - prepaids	\$ 2,080,072	\$ 2,500	\$ 5,430
Restricted for, reported in:			
Capital projects	-	7,231,976	-
Student sponsored activity	-	-	129,265
Committed for, reported in:			
Technology	500,000	-	-
Medical costs	1,517,310	-	-
Debt principal	5,771,453	-	-
Assigned, reported in:			
General fund	1,568,245	-	-
Unassigned, reported in:			
General fund	5,777,257	-	-
	<u>\$ 17,214,337</u>	<u>\$ 7,234,476</u>	<u>\$ 134,695</u>

DOVER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 13. Risk Management

Medical Insurance

The School District is exposed to risk of loss related to employee health care. In July 1989, the District joined the Lincoln Benefit Trust, a public entity risk pool currently operating as a claim servicing pool for member school districts and the intermediate unit. The Trust purchased stop-loss insurance through the Pennsylvania Trust with coverage starting at \$300,000 per covered person. A portion of the members' total contributions are transferred to the Pennsylvania Maxi-Pool Fund each month. Claims over \$300,000 and up to \$500,000 are paid from this fund on a shared risk basis. Stop-loss insurance is purchased by the Pennsylvania Trust through an insurance carrier for \$500,000 and above per individual. At June 30, 2023, the District's funding for claims exceeded the payments to date; accordingly, the District has a prepaid balance of \$2,007,669 with Lincoln Benefit Trust, which is recorded in the General Fund as an asset. The District has nonspendable fund balance for this amount.

The following is a summary of the financial information of the Lincoln Benefit Trust as of June 30, 2023:

	Amount
Net position available for benefits	\$ 72,367,489
Accumulated plan benefits	\$ 9,582,200

The accumulated plan benefits represent benefit claims payable and estimated claims incurred, but not reported to the Plan Administrator at June 30, 2023. It is reasonably possible that actual benefit claims for all participating members will differ from the estimated amount, and the difference may be material to the District's financial position.

Other Risks

The District is exposed to various risk of loss related to torts; theft of, damage to, or destruction of assets; errors; or omissions. Most significant losses are covered by commercial insurance for major programs. For insured programs, there have been no significant reductions in settlement coverage. Settlement amounts have not exceeded insurance coverage for the current or the three prior years. During the year ended June 30, 2023, the District did not incur any significant losses that were not covered by insurance.

DOVER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 14. Joint Ventures

York County School of Technology

The District is one of fourteen-member school districts participating in the operation of the York County School of Technology (YCST). YCST is operated, administered and managed by a joint-operating committee consisting of board members from the “fourteen-member school districts.” Member districts are responsible for funding the major portion of YCST’s operating budget. The District’s share of annual operating costs for YCST is based on the number of students attending the school from the District and is reflected as instructional expenditures of the District’s General Fund. For the year ended June 30, 2023, the District paid \$1,159,674 for its estimated share of the operating budget.

The York County School of Technology formed The York County School of Technology Authority (the Authority) on March 29, 1967, as a financing medium for the construction, improvement, and maintenance of YCST. The Authority has issued Lease Revenue Bonds, Series A and Series B of 2017 for the purpose of funding the renovations, alterations and additions to the school facilities constructed in previous years. As of June 30, 2023, the District’s pro-rata share represented 5.23% of total assessed value. The District’s obligation is a conduit debt arrangement with other School Districts as obligors and the Authority as the issuer and is consistent with their ongoing obligation to fund the operations of the YCST. Conduit debt obligations are exempt from Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, requirements. The District made a lease rental payment to YCST in the amount of \$166,569, which is included in instructional expenditures of the District’s General Fund.

The annual requirements of the District based on the 5.23% assessed value rate to amortize the Lease Revenue Bonds 2017, Series A and B recorded on the books of the York County School of Technology Authority are as follows:

<u>Year ending September 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 135,719	\$ 35,518	171,237
2025	101,985	28,740	130,725
2026	77,666	24,038	101,704
2027	81,588	20,155	101,743
2028-2032	85,772	16,076	101,848
2033	323,214	24,723	347,937
Total	805,944	\$ 149,250	\$ 955,194
Less: due within one year	135,719		
Total long-term outstanding	<u>\$ 670,225</u>		

Complete financial information for the York County School of Technology can be obtained at 2179 South Queen Street, York, PA 17402.

DOVER AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 14. Joint Ventures (Continued)

York/LIU Joint Authority

The District is one of thirteen York County School Districts which are included within the Lincoln Intermediate Unit (LIU), which provides classes and other programs to students within each of the member school districts. In 2005, the LIU determined that it needed a facility in York County to house classes and other programs which it provides to York County students. Under the School Code, an intermediate unit is permitted “to lease land and buildings and to own office and warehouse facilities.” This provision of the School Code prohibits an intermediate unit from owning buildings which are used for classrooms. Therefore, although an intermediate unit may lease classroom space, an intermediate unit may not own property which is used for classrooms.

In order to obtain the facilities which the LIU needs in York County, the LIU entered into a lease with Central York School District for the Old Central York High School on August 15, 2005. An option of the lease agreement stipulated that the LIU may purchase the property for \$2,500,000 before the two-year lease expired on August 31, 2007. As noted above, according to the School Code, the LIU may lease the property, but not purchase it. As a result, on March 3, 2006, the York/LIU Joint Authority (the Authority) was created with the purpose of purchasing the property and leasing it to the LIU. The LIU and the school districts which formed the Authority are not liable or responsible for the debts or obligations of the Authority.

The Authority will lease the above-mentioned property to the LIU for a monthly rental fee which is sufficient to provide the Authority with funds to pay (a) all interest and other payments which are due with respect to the debt incurred by the Authority and (b) the other costs and expenses which the Authority will incur. Total liabilities include a Construction Loan Note - Series of 2017 with a balance of \$670,225 as of June 30, 2023.

Note 15. Commitments and Contingencies

Grant Programs

The District participates in numerous state and Federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required, and the collectability of any related receivables at June 30, 2023, may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies. As of June 30, 2023, the district has the following commitments:

Construction

The District has one active construction project which includes the replacement of the roof at North Salem Elementary at an estimated cost of approximately \$2.1 million as of June 30, 2023. The District has a remaining commitment of approximately \$500 thousand on the construction contracts and agreements as of June 30, 2023.

REQUIRED SUPPLEMENTARY INFORMATION

DOVER AREA SCHOOL DISTRICT

**REQUIRED SUPPLEMENTARY INFORMATION -
SCHEDULES OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -
PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM**

For the Fiscal Year Ended June 30	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2023	0.1848%	\$ 82,160,000	\$ 27,239,165	301.62%	61.34%
2022	0.1892%	\$ 77,679,000	\$ 26,926,373	288.49%	63.67%
2021	0.1896%	\$ 93,357,000	\$ 26,712,103	349.49%	54.32%
2020	0.1868%	\$ 87,390,000	\$ 25,765,389	339.18%	55.66%
2019	0.1830%	\$ 87,849,000	\$ 24,640,543	356.52%	54.00%
2018	0.1780%	\$ 87,911,000	\$ 23,697,342	370.97%	51.84%
2017	0.1802%	\$ 89,301,000	\$ 23,342,365	382.57%	50.14%
2016	0.1723%	\$ 74,632,000	\$ 22,164,951	336.71%	54.36%
2015	0.1699%	\$ 67,248,000	\$ 21,681,870	310.16%	57.24%

The amounts presented for each fiscal year were determined as of the measurement date, which is one year prior to the fiscal year end.

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, only information for those years for which information is available is shown.

DOVER AREA SCHOOL DISTRICT

**REQUIRED SUPPLEMENTARY INFORMATION -
SCHEDULES OF DISTRICT'S PENSION CONTRIBUTIONS -
PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM**

For the Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2023	\$ 9,480,917	\$ (9,480,917)	\$ -	\$ 27,512,198	34.46%
2022	\$ 9,276,873	\$ (9,276,873)	\$ -	\$ 27,275,851	34.01%
2021	\$ 9,019,822	\$ (9,019,822)	\$ -	\$ 27,089,099	33.30%
2020	\$ 8,877,697	\$ (8,877,697)	\$ -	\$ 26,770,966	33.16%
2019	\$ 8,384,438	\$ (8,384,438)	\$ -	\$ 25,798,535	32.50%
2018	\$ 7,988,516	\$ (7,988,516)	\$ -	\$ 25,342,955	31.52%
2017	\$ 6,942,501	\$ (6,942,501)	\$ -	\$ 23,663,907	29.34%
2016	\$ 5,878,163	\$ (5,878,163)	\$ -	\$ 23,349,296	25.17%
2015	\$ 4,461,057	\$ (4,461,057)	\$ -	\$ 22,161,245	20.13%

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, only information for those years for which information is available is shown.

DOVER AREA SCHOOL DISTRICT

**REQUIRED SUPPLEMENTARY INFORMATION -
SCHEDULES OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS -
DISTRICT'S SINGLE EMPLOYER PLAN**

For the Fiscal Year Ended June 30,

	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service cost	\$ 286,634	\$ 286,437	\$ 373,775	\$ 374,877	\$ 281,490	\$ 271,658
Interest	79,473	62,410	169,318	144,476	120,794	87,631
Changes of benefit terms	112,771	-	-	-	(227,619)	-
Differences between expected and actual experience	375,808	-	(1,916,845)	-	1,097,648	-
Changes in assumptions	(862,775)	(103,729)	(72,444)	(147,266)	(221,818)	119,779
Benefit payments	(115,574)	(114,451)	(192,703)	(164,835)	(143,208)	(155,853)
Net change in total OPEB liability	(123,663)	130,667	(1,638,899)	207,252	907,287	323,215
Total OPEB Liability - beginning	3,261,620	3,130,953	4,769,852	4,562,600	3,655,313	-
Total OPEB Liability - ending	<u>\$ 3,137,957</u>	<u>\$ 3,261,620</u>	<u>\$ 3,130,953</u>	<u>\$ 4,769,852</u>	<u>\$ 4,562,600</u>	<u>\$ 323,215</u>
Covered payroll	<u>\$ 23,545,416</u>	<u>\$ 24,397,348</u>	<u>\$ 24,397,348</u>	<u>\$ 23,309,704</u>	<u>\$ 23,309,704</u>	<u>\$ 21,955,378</u>
Total OPEB liability as a percentage of covered payroll	13.33%	13.37%	12.83%	20.46%	19.57%	1.47%

Notes to Schedule:

For the fiscal year ended June 30, 2023:

Changes in assumptions: The discount rate changed from 2.28% to 4.06%. The trend assumption was updated. Assumptions for salary, mortality, withdrawal and retirement were updated based on new PSERS assumptions.

Changes of benefit terms: Two administrators retired with special agreements allowing for subsidized coverage.

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, only information for those years for which information is available is shown.

DOVER AREA SCHOOL DISTRICT

**REQUIRED SUPPLEMENTARY INFORMATION -
SCHEDULES OF DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY -
PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM**

For the Fiscal Year Ended June 30	District's Proportion of the Net OPEB Liability	District's Proportionate Share of the Net OPEB Liability	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2023	0.1852%	\$ 3,409,000	\$ 27,239,165	12.52%	6.86%
2022	0.1899%	\$ 4,502,000	\$ 26,926,373	16.72%	5.30%
2021	0.1903%	\$ 4,112,000	\$ 26,712,103	15.39%	5.69%
2020	0.1868%	\$ 3,973,000	\$ 25,765,389	15.42%	5.56%
2019	0.1830%	\$ 3,815,000	\$ 24,640,543	15.48%	5.56%
2018	0.1780%	\$ 3,627,000	\$ 23,697,342	15.31%	5.73%

The amounts presented for each fiscal year were determined as of the measurement date, which is one year prior to the fiscal year end.

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, only information for those years for which information is available is shown.

DOVER AREA SCHOOL DISTRICT

**REQUIRED SUPPLEMENTARY INFORMATION -
SCHEDULES OF DISTRICT'S OPEB CONTRIBUTIONS -
PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM**

For the Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2023	\$ 206,028	\$ (206,028)	\$ -	\$ 27,512,198	0.75%
2022	\$ 217,385	\$ (217,385)	\$ -	\$ 27,275,851	0.80%
2021	\$ 219,538	\$ (219,538)	\$ -	\$ 27,089,099	0.81%
2020	\$ 222,938	\$ (222,938)	\$ -	\$ 26,770,967	0.83%
2019	\$ 213,470	\$ (213,470)	\$ -	\$ 25,798,566	0.83%
2018	\$ 208,899	\$ (208,899)	\$ -	\$ 25,342,955	0.82%

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, only information for those years for which information is available is shown.

SUPPLEMENTARY INFORMATION

**DOVER AREA SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES-BUDGET TO ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
LOCAL REVENUE SOURCES			
Current Real Estate Tax	\$ 28,632,742	\$ 28,842,729	\$ 209,987
Interim Real Estate Tax	253,000	352,710	99,710
Public Utility Realty Tax	35,000	36,575	1,575
Payments in Lieu of Current Taxes	232	232	-
Earned Income Taxes - Act 511	5,400,000	5,901,588	501,588
Real Estate Transfer Tax	600,000	668,588	68,588
Delinquent Real Estate Taxes	850,000	677,063	(172,937)
Delinquent Earned Income Taxes	100,000	99,040	(960)
Interest on Investments	15,000	706,368	691,368
Admissions	51,100	62,694	11,594
School Sponsored Activity Sales	8,000	15,205	7,205
Technology Insurance Fees	35,000	15,637	(19,363)
Activity Fees	28,710	29,352	642
LEA Activity - Special Events	300	616	316
Other LEA Activity Income	21,100	19,703	(1,397)
Federal Revenue Received Through LEAs	120,000	146,076	26,076
Federal IDEA Revenue Received as Pass Through	717,400	728,216	10,816
Rentals	30,000	28,403	(1,597)
Contributions	1,000	500	(500)
Receipts from Other LEA in Pennsylvania	370,000	394,345	24,345
Transportation Services	20,000	16,759	(3,241)
Fines/Truancy	35,000	41,566	6,566
Miscellaneous Revenue	5,000	11,661	6,661
Energy Incentives/Credits	10,000	4,430	(5,570)
TOTAL REVENUES FROM LOCAL SOURCES	\$ 37,338,584	\$ 38,800,056	\$ 1,461,472

(Continued)

**DOVER AREA SCHOOL DISTRICT
GENERAL FUND
SCHEDULES OF REVENUES AND OTHER FINANCING SOURCES-BUDGET TO ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
STATE REVENUE SOURCES			
Basic Instructional Subsidy	12,387,333	13,144,665	757,332
Basic Instructional Subsidy - SSR	1,160,574	1,205,358	44,784
Tuition - Section 1305/1306	50,000	117,896	67,896
Vocational Education	175,000	287,083	112,083
Special Education	2,352,653	2,568,830	216,177
Transportation (Regular & Additional)	1,434,500	1,382,262	(52,238)
Rentals & Sinking Fund Payments	1,274,348	1,302,448	28,100
Health Services	65,000	59,582	(5,418)
State Property Tax Reduction Allocation	1,607,390	1,607,390	-
Ready to Learn	560,822	560,822	-
Other State Revenue	-	217,840	217,840
State Share of Retirement Contributions	5,518,856	5,795,387	276,531
TOTAL STATE REVENUE SOURCES	\$ 26,586,476	\$ 28,249,563	\$ 1,663,087
FEDERAL REVENUE SOURCES			
Title I - Basic Program	753,933	696,653	(57,280)
Title II - Improving Teacher Quality	126,433	95,719	(30,714)
Title IV - Student Support and Academic Enrichment	47,977	60,167	12,190
Vocational Education - Operating Expenses	31,500	32,796	1,296
ESSER II	-	167,789	167,789
ESSER III	2,615,000	2,401,987	(213,013)
ARP ESSER	160,880	252,947	92,067
School Based Access Medicaid	250,000	350,000	100,000
Medical Assistance Reimbursement	20,000	24,422	4,422
TOTAL FEDERAL REVENUE SOURCES	\$ 4,005,723	\$ 4,082,480	\$ 76,757
OTHER REVENUE SOURCES			
Sale of Fixed Assets	-	16,935	16,935
TOTAL OTHER REVENUE SOURCES	-	16,935	16,935
TOTAL LOCAL, STATE, FEDERAL AND OTHER REVENUES	\$ 67,930,783	\$ 71,149,034	\$ 3,218,251

DOVER AREA SCHOOL DISTRICT
GENERAL FUND
SCHEDULES OF EXPENDITURES AND OTHER FINANCING USES - BUDGET TO ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

EXPENDITURES	Original Budget	Transfers Increase (Decrease)	Final Revised Budget	Actual	Variance with Final Budget Positive (Negative)
INSTRUCTION					
REGULAR PROGRAMS					
Salaries	\$ 14,912,879	\$ (38,822)	\$ 14,874,057	\$ 14,873,729	\$ 328
Employee Benefits	8,892,459	297,300	9,189,759	9,870,821	(681,062)
Purchased Professional Services	7,000	92,000	99,000	95,323	3,677
Purchased Property Services	9,025	(25)	9,000	5,287	3,713
Other Purchased Services	1,797,500	74,971	1,872,471	1,872,407	64
Supplies and Material	766,512	60,966	827,478	827,099	379
Property	3,500	26,000	29,500	29,135	365
Other Objects	4,510	686	5,196	4,587	609
TOTAL REGULAR PROGRAMS	\$ 26,393,385	\$ 513,076	\$ 26,906,461	\$ 27,578,388	\$ (671,927)
SPECIAL PROGRAMS					
Salaries	4,244,373	(190,000)	4,054,373	4,050,577	3,796
Employee Benefits	3,040,605	4,000	3,044,605	3,044,503	102
Purchased Professional Services	1,531,721	240,000	1,771,721	1,768,817	2,904
Purchased Property Services	250	-	250	-	250
Other Purchased Services	1,583,438	388,000	1,971,438	1,971,119	319
Supplies and Material	176,300	(46,940)	129,360	112,752	16,608
Property	-	5,900	5,900	5,818	82
TOTAL SPECIAL PROGRAMS	\$ 10,576,687	\$ 400,960	\$ 10,977,647	\$ 10,953,586	\$ 24,061
VOCATIONAL EDUCATION					
Salaries	1,305,591	(78,500)	1,227,091	1,226,605	486
Employee Benefits	834,146	(27,800)	806,346	792,093	14,253
Purchased Professional Services	4,000	5,140	9,140	9,140	-
Purchased Property Services	4,500	99	4,599	2,003	2,596
Other Purchased Services	1,263,629	(215,000)	1,048,629	1,044,289	4,340
Supplies and Material	113,678	(1,566)	112,112	106,202	5,910
Property	2,800	18,404	21,204	20,833	371
Other Objects	8,100	1,564	9,664	9,664	-
TOTAL VOCATION EDUCATION	\$ 3,536,444	\$ (297,659)	\$ 3,238,785	\$ 3,210,829	\$ 27,956
OTHER INSTRUCTIONAL PROGRAMS					
Salaries	133,427	(40,000)	93,427	92,570	857
Employee Benefits	97,956	(49,000)	48,956	48,322	634
Purchased Professional Services	-	11,550	11,550	11,523	27
Purchased Property Services	-	-	-	-	-
Other Purchased Services	142,000	(15,000)	127,000	126,502	498
Supplies and Material	-	-	-	-	-
Property	-	-	-	-	-
Other Objects	-	4,750	4,750	4,532	218
TOTAL OTHER INSTRUCTIONAL PROGRAMS	\$ 373,383	\$ (87,700)	\$ 285,683	\$ 283,449	\$ 2,234
NONPUBLIC SCHOOL PROGRAMS					
Purchased Professional Services	-	6,550	6,550	6,514	36
Supplies and Material	6,900	(6,900)	-	-	-
TOTAL NONPUBLIC SCHOOL PROGRAMS	\$ 6,900	\$ (350)	\$ 6,550	\$ 6,514	\$ 36
TOTAL INSTRUCTION	\$ 40,886,799	\$ 528,327	\$ 41,415,126	\$ 42,032,766	\$ (617,640)

(Continued)

DOVER AREA SCHOOL DISTRICT
GENERAL FUND
SCHEDULES OF EXPENDITURES AND OTHER FINANCING USES - BUDGET TO ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

EXPENDITURES	Original Budget	Transfers Increase (Decrease)	Final Revised Budget	Actual	Variance with Final Budget Positive (Negative)
SUPPORT SERVICES					
PUPIL PERSONNEL					
Salaries	\$ 1,135,240	\$ 38,850	\$ 1,174,090	\$ 1,174,041	\$ 49
Employee Benefits	704,582	43,000	747,582	747,519	63
Purchased Professional Services	41,816	11,000	52,816	52,326	490
Supplies and Material	59,650	(12,963)	46,687	44,967	1,720
Other Objects	2,050	-	2,050	1,214	836
TOTAL PUPIL PERSONNEL	\$ 1,943,338	\$ 79,887	\$ 2,023,225	\$ 2,020,067	\$ 3,158
INSTRUCTIONAL STAFF					
Salaries	1,031,344	41,999	1,073,343	1,072,791	552
Employee Benefits	903,455	3,600	907,055	906,957	98
Purchased Professional Services	594,614	(286,307)	308,307	303,386	4,921
Purchased Property Services	11,500	-	11,500	6,601	4,899
Other Purchased Services	24,569	-	24,569	24,471	98
Supplies and Material	177,435	902	178,337	173,407	4,930
Property	438,048	(326,500)	111,548	111,198	350
TOTAL INSTRUCTIONAL STAFF	\$ 3,180,965	\$ (566,306)	\$ 2,614,659	\$ 2,598,811	\$ 15,848
ADMINISTRATION					
Salaries	1,620,520	(70,000)	1,550,520	1,549,970	550
Employee Benefits	968,199	45,000	1,013,199	1,012,696	503
Purchased Professional Services	133,533	36,000	169,533	169,466	67
Purchased Property Services	7,500	-	7,500	5,274	2,226
Other Purchased Services	5,550	(550)	5,000	2	4,998
Supplies and Material	42,950	(4,190)	38,760	30,799	7,961
Other Objects	19,940	5	19,945	16,700	3,245
TOTAL ADMINISTRATION	\$ 2,798,192	\$ 6,265	\$ 2,804,457	\$ 2,784,907	\$ 19,550
PUPIL HEALTH					
Salaries	372,984	18,000	390,984	390,735	249
Employee Benefits	246,618	27,000	273,618	273,250	368
Purchased Professional Services	74,698	13,435	88,133	83,886	4,247
Purchased Property Services	1,650	-	1,650	-	1,650
Other Purchased Services	90	50	140	114	26
Supplies and Material	16,500	(435)	16,065	6,364	9,701
Other Objects	300	-	300	-	300
TOTAL PUPIL HEALTH	\$ 712,840	\$ 58,050	\$ 770,890	\$ 754,349	\$ 16,541

(Continued)

**DOVER AREA SCHOOL DISTRICT
GENERAL FUND
SCHEDULES OF EXPENDITURES AND OTHER FINANCING USES - BUDGET TO ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

EXPENDITURES	Original Budget	Transfers Increase (Decrease)	Final Revised Budget	Actual	Variance with Final Budget Positive (Negative)
BUSINESS					
Salaries	433,543	(87,000)	346,543	346,424	119
Employee Benefits	280,672	(43,001)	237,671	231,498	6,173
Purchased Professional Services	36,500	77,500	114,000	113,543	457
Purchased Property Services	-	900	900	898	2
Other Purchased Services	1,600	-	1,600	755	845
Supplies and Material	49,000	-	49,000	45,179	3,821
Other Objects	104,500	60,000	164,500	164,061	439
TOTAL BUSINESS	\$ 905,815	\$ 8,399	\$ 914,214	\$ 902,358	\$ 11,856
OPERATION AND MAINTENANCE OF PLANT SERVICES					
Salaries	1,488,870	(148,000)	1,340,870	1,339,958	912
Employee Benefits	1,012,003	(94,500)	917,503	917,348	155
Purchased Professional Services	293,225	(16,000)	277,225	277,067	158
Purchased Property Services	730,291	(18,000)	712,291	710,595	1,696
Other Purchased Services	252,179	(31,500)	220,679	217,418	3,261
Supplies and Material	1,128,500	209,000	1,337,500	1,337,125	375
Property	-	203,500	203,500	203,094	406
Other Objects	500	-	500	330	170
TOTAL OPERATION AND MAINTENANCE OF PLANT SERVICES	\$ 4,905,568	\$ 104,500	\$ 5,010,068	\$ 5,002,935	\$ 7,133
STUDENT TRANSPORTATION SERVICES					
Salaries	\$ 60,430	-	\$ 60,430	\$ 55,743	\$ 4,687
Employee Benefits	26,315	18,100	44,415	44,378	37
Purchased Professional Services	5,500	600	6,100	6,027	73
Other Purchased Services	3,348,269	(95,000)	3,253,269	3,250,195	3,074
Supplies and Material	116,500	-	116,500	111,469	5,031
Other Objects	25	50	75	60	15
TOTAL STUDENT TRANSPORTATION SERVICES	\$ 3,557,039	\$ (76,250)	\$ 3,480,789	\$ 3,467,872	\$ 12,917
CENTRAL					
Salaries	\$ 369,192	6,900	\$ 376,092	\$ 376,084	\$ 8
Employee Benefits	283,560	34,500	318,060	318,019	41
Purchased Professional Services	25,220	190	25,410	17,333	8,077
Other Purchased Services	8,825	51	8,876	8,860	16
Supplies and Material	5,700	(200)	5,500	188	5,312
Other Objects	2,300	-	2,300	464	1,836
TOTAL CENTRAL	\$ 694,797	\$ 41,441	\$ 736,238	\$ 720,948	\$ 15,290
OTHER SUPPORT SERVICES					
Other Purchased Services	\$ 5,000	-	\$ 5,000	\$ 4,557	\$ 443
TOTAL OTHER SUPPORT SERVICES	\$ 5,000	\$ -	\$ 5,000	\$ 4,557	\$ 443
TOTAL SUPPORT SERVICES	\$ 18,703,554	\$ (344,014)	\$ 18,359,540	\$ 18,256,804	\$ 102,736

(Continued)

DOVER AREA SCHOOL DISTRICT
GENERAL FUND
SCHEDULES OF EXPENDITURES AND OTHER FINANCING USES - BUDGET TO ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

EXPENDITURES	Original Budget	Transfers Increase (Decrease)	Final Revised Budget	Actual	Variance with Final Budget Positive (Negative)
OPERATION OF NON-INSTRUCTIONAL SERVICES					
STUDENT ACTIVITIES					
Salaries	520,407	36,001	556,408	556,067	341
Employee Benefits	244,813	19,500	264,313	263,875	438
Purchased Professional Services	64,750	(651)	64,099	62,372	1,727
Purchased Property Services	17,450	-	17,450	8,510	8,940
Other Purchased Services	76,870	250	77,120	67,996	9,124
Supplies and Material	195,260	(6,307)	188,953	170,493	18,460
Property	19,450	-	19,450	14,775	4,675
Other Objects	10,050	384	10,434	6,502	3,932
TOTAL STUDENT ACTIVITIES	\$ 1,149,050	\$ 49,177	\$ 1,198,227	\$ 1,150,590	\$ 47,637
COMMUNITY SERVICES					
Other Purchased Services	-	20,500	20,500	20,264	236
Supplies and Material	7,500	500	8,000	7,924	76
Other Objects	15,000	(13,000)	2,000	1,795	205
TOTAL COMMUNITY SERVICES	\$ 22,500	\$ 8,000	\$ 30,500	\$ 29,983	\$ 517
TOTAL OPERATION OF NON-INSTRUCTIONAL SERVICES	\$ 1,171,550	\$ 57,177	\$ 1,228,727	\$ 1,180,573	\$ 48,154
FACILITIES ACQUISITION, CONSTRUCTION AND IMPROVEMENT SERVICES					
EXISTING BUILDING IMPROVEMENT SERVICES					
Purchased Property Services	\$ 2,040,000	(396,000)	\$ 1,644,000	\$ 1,643,748	\$ 252
TOTAL EXISTING BUILDING IMPROVEMENT SERVICES	2,040,000	(396,000)	1,644,000	1,643,748	252
TOTAL FACILITIES ACQUISITION, CONSTRUCTION AND IMPROVEMENT SVC.	\$ 2,040,000	\$ (396,000)	\$ 1,644,000	\$ 1,643,748	\$ 252
OTHER EXPENDITURES AND FINANCING USES					
DEBT SERVICE AND OTHER EXPENDITURES/FINANCING USES					
Interest	2,806,077	-	2,806,077	3,693,329	(887,252)
Redemption of principal	3,634,000	196,510	3,830,510	4,104,720	(274,210)
Refund of prior year receipts	-	58,000	58,000	57,433	567
TOTAL DEBT SERVICE AND OTHER EXPENDITURES/FINANCING	\$ 6,440,077	\$ 254,510	\$ 6,694,587	\$ 7,855,482	\$ (1,160,895)
BUDGETARY RESERVE	\$ 100,000	\$ (100,000)	\$ -	\$ -	\$ -
TOTAL OTHER EXPENDITURES AND FINANCING USES	\$ 6,540,077	\$ 154,510	\$ 6,694,587	\$ 7,855,482	\$ (1,160,895)
TOTAL GENERAL FUND EXPENDITURES	\$ 69,341,980	\$ -	\$ 69,341,980	\$ 70,969,373	\$ (1,627,393)

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

Board of School Directors
Dover Area School District
Dover, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Dover Area School District (District), as of and for the year ended June 30, 2023, 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 12, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 District's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as Item 2023-001.

Dover Area School District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Boyer & Ritten". The signature is written in a cursive style with a large, sweeping flourish at the end of the word "Ritten".

Camp Hill, Pennsylvania
December 12, 2023

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

Board of School Directors
Dover Area School District
Dover, Pennsylvania

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Dover Area School District’s (District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District’s major federal programs for the year ended June 30, 2023. The District’s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District’s complied, in all material respects, with the 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, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as Item 2023-001. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The District is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The District's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

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

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

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

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

A handwritten signature in cursive script that reads "Boyer & Ritter". The signature is written in black ink and is centered on the page.

December 12, 2023

**DOVER AREA SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2023**

Section I -- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

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

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

- Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)3? Yes No

Identification of the major programs:

CFDA Number(s)	Name of Federal Programs/Cluster
84.425	COVID-19 - Education Stabilization Fund

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

Auditee qualified as low-risk auditee? Yes No

**DOVER AREA SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2023**

Section II -- Financial Statement Findings

A. Significant Deficiency(ies) in Internal Control

There were no findings relating to the financial statement audit required to be reported.

B. Compliance Findings

Finding 2023-001 - Procurement

Criteria: The Uniform Guidance requires that non-federal entities must have and use documented procurement procedures consistent with laws and regulations and the standards for the acquisition of property or services under a federal award or subaward in accordance with 2 CFR 200.318. Additionally, the non-federal entity is required to follow formal procurement methods when the value of the procurement for property or service under a federal financial assistance award exceeds the simplified acquisition threshold in accordance with 2 CFR 200.320. Furthermore, the District must adhere to the Pennsylvania Public School Code 24 P.S. 1-10, 7-751 and 8-807.1 when procuring goods and services to remain in compliance with commonwealth procurement requirements.

Condition: The District did not follow the appropriate procedures to comply with the procurement requirements as established by Uniform Guidance and Pennsylvania Public School Code.

Cause and Effect: The District has utilized a vendor to purchase online learning products without obtaining formal bids and therefore didn't following the Districts procurement policy and ultimately did not comply with the standard of the Uniform Guidance and Pennsylvania Public School Code.

Questioned Cost: None

Context: During testing, it was noted that the District had purchased online learning products from a vendor without following its procurement policy. This was an isolated instance within the scope of the tested population.

Identification of Repeat Finding: No

Recommendation: We recommend that the District ensure it complies with its written procurement policy. The District should document its process and how it complies with the procurement standards.

Views of Responsible Officials: The District will establish processes to ensure that the procurement policy is followed when applicable and necessary.

**DOVER AREA SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2023**

Section III -- Federal Award Findings and Questioned Costs

A. Compliance Findings

Finding 2023-001 - Procurement

Federal Agency: Department of Education

Pass-through Agency: Pennsylvania Department of Education

Assistance Listing Number: COVID-19 – Education Stabilization Fund – 84.425

See Section II – Financial Statement Findings for details.

B. Significant Deficiency(ies) in Internal Control

There were no significant deficiencies in internal controls relating to the federal awards as required to be reported in accordance with Section 2 CFR 200.516(a) of the Uniform Guidance.

DOVER AREA SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2023

	Assistance Listing Number	Pass Through Grantor's Number	Grant Period	Program or Annual Award	Total Received (Paid) for the Year	Accrued or (Deferred) Revenue at July 1, 2022 (restated)	Revenue Recognized	Expenditures Recognized	Accrued or (Deferred) Revenue at June 30, 2023	Provided to Subrecipients
U.S. Department of Education										
Passed through the Pennsylvania Department of Education										
Title I - Grants to Local Educational Agencies	84.010	013-22-0120	21-22	\$ 752,844	\$ 114,901	\$ 113,978	\$ 923	\$ 923	\$ -	\$ -
Title I - Grants to Local Educational Agencies	84.010	013-23-0120	22-23	\$ 696,816	547,343	-	695,730	695,730	148,387	-
					<u>662,244</u>	<u>113,978</u>	<u>696,653</u>	<u>696,653</u>	<u>148,387</u>	<u>-</u>
Career and Technical Education - Basic Grants to States (Perkins V)	84.048	380-22-0075	21-22	\$ 40,373	3,364	3,364	-	-	-	-
Career and Technical Education - Basic Grants to States (Perkins V)	84.048	380-23-0070	22-23	\$ 32,796	30,063	-	32,796	32,796	2,733	-
					<u>33,427</u>	<u>3,364</u>	<u>32,796</u>	<u>32,796</u>	<u>2,733</u>	<u>-</u>
Title II - Supporting Effective Instruction State Grants	84.367	020-22-0120	21-22	\$ 126,793	19,811	12,275	7,536	7,536	-	-
Title II - Supporting Effective Instruction State Grants	84.367	020-23-0120	22-23	\$ 89,382	69,918	-	88,183	88,183	18,265	-
					<u>89,729</u>	<u>12,275</u>	<u>95,719</u>	<u>95,719</u>	<u>18,265</u>	<u>-</u>
Title IV - Student Support and Academic Enrichment Program	84.424	144-22-0120	21-22	\$ 48,005	7,409	2,934	4,475	4,475	-	-
Title IV - Student Support and Academic Enrichment Program	84.424	144-23-0120	22-23	\$ 59,071	36,175	-	55,692	55,692	19,517	-
					<u>43,584</u>	<u>2,934</u>	<u>60,167</u>	<u>60,167</u>	<u>19,517</u>	<u>-</u>
COVID-19 - Elementary & Secondary School Emergency Relief (ESSER) Fund	84.425D	200-21-0120	22-23	\$ 2,357,238	328,039	160,251	167,788	167,788	-	-
					<u>328,039</u>	<u>160,251</u>	<u>167,788</u>	<u>167,788</u>	<u>-</u>	<u>-</u>
COVID-19 - American Rescue Plan - Elementary & Secondary School Emergency Relief (ARP ESSER) Fund	84.425U	223-21-0120	22-23	\$ 4,768,011	433,456	(275,962)	2,401,987	2,401,987	1,692,569	-
COVID-19 - American Rescue Plan - Elementary & Secondary School Emergency Relief (ARP ESSER) Fund	84.425U	225-21-0120	22-23	\$ 370,581	121,281	(4,370)	174,500	174,500	48,849	-
COVID-19 - American Rescue Plan - Elementary & Secondary School Emergency Relief (ARP ESSER) Fund	84.425U	224-21-0120	22-23	\$ 55,892	48,779	-	55,892	55,892	7,113	-
					<u>603,516</u>	<u>(280,332)</u>	<u>2,632,379</u>	<u>2,632,379</u>	<u>1,748,531</u>	<u>-</u>
COVID-19 - American Rescue Plan Elementary and Secondary Schools Emergency Relief-Homeless Children and Youth (ARP-HCY)	84.425W	181-21-2121	22-23	\$ 37,244	13,370	6,838	22,555	22,555	16,023	-
					<u>1,773,909</u>	<u>19,308</u>	<u>3,708,057</u>	<u>3,708,057</u>	<u>1,953,456</u>	<u>-</u>
Total passed through the Pennsylvania Department of Education										
Passed through the Lincoln Intermediate Unit										
Special Education - Grants to States (IDEA, Part B)	84.027	062-23-0012	22-23	\$ 720,440	720,440	-	720,440	720,440	-	-
Special Education - Preschool Grants (IDEA Preschool)	84.173	131-23-0012	22-23	\$ 7,776	7,776	-	7,776	7,776	-	-
					<u>728,216</u>	<u>-</u>	<u>728,216</u>	<u>728,216</u>	<u>-</u>	<u>-</u>
Total passed through the Lincoln Intermediate Unit										
Total U.S. Department of Education										
					<u>2,502,125</u>	<u>19,308</u>	<u>4,436,273</u>	<u>4,436,273</u>	<u>1,953,456</u>	<u>-</u>

(Continued)

DOVER AREA SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
Year Ended June 30, 2023

	Assistance Listing Number	Pass Through Grantor's Number	Grant Period	Program or Annual Award	Total Received (Paid) for the Year	Accrued or (Deferred) Revenue at July 1, 2022 (restated)	Revenue Recognized	Expenditures Recognized	Accrued or (Deferred) Revenue at June 30, 2023	Provided to Subrecipients
U.S. Department of Health and Human Services										
Passed through the Pennsylvania Department of Public Welfare Medicaid Cluster										
	93.778	044-007413	21-22	\$ 27,002	21,976	21,976	-	-	-	-
	93.778	044-007413	22-23	\$ 24,423	5,585	-	24,423	24,423	18,838	-
Total Medicaid Cluster passed through the Pennsylvania Department of Public Welfare					27,561	21,976	24,423	24,423	18,838	-
Total U.S. Department of Health and Human Services					27,561	21,976	24,423	24,423	18,838	-
U.S. Department of Agriculture										
Passed through the Pennsylvania Department of Education										
	10.553	N/A	22-23	N/A	244,097	6,533	283,871	283,871	46,307	-
	10.555	N/A	22-23	N/A	862,191	22,142	960,065	960,065	120,016	-
	10.555	N/A	22-23	N/A	90,859	(18,908)	109,767	109,767	-	-
					953,050	3,234	1,069,832	1,069,832	120,016	-
	10.559	N/A	20-21	N/A	(33,595)	261,187	-	-	294,782	-
	10.649	N/A	21-22	N/A	628	-	628	628	-	-
Total passed through the Pennsylvania Department of Education					1,164,180	270,954	1,354,331	1,354,331	461,105	-
Passed through the Pennsylvania Department of Agriculture										
	10.555	N/A	22-23	N/A	212,393	-	212,393	212,393	-	-
Total U.S. Department of Agriculture					1,376,573	270,954	1,566,724	1,566,724	461,105	-
Total Expenditures of Federal Awards					\$ 3,906,259	\$ 312,238	\$ 6,027,420	\$ 6,027,420	\$ 2,433,399	\$ -
Child Nutrition Cluster (Assistance Listing Numbers - 10.553, 10.555, and 10.559)					\$ 1,409,540	\$ 9,767	\$ 1,566,096	\$ 1,566,096	\$ 166,323	\$ -
Special Education Cluster (Assistance Listing Numbers 84.027 and 84.173)					\$ 728,216	\$ -	\$ 728,216	\$ 728,216	\$ -	\$ -
Education Stabilization Fund (Assistance Listing Numbers 84.425)					\$ 944,925	\$ (113,243)	\$ 2,822,722	\$ 2,822,722	\$ 1,764,554	\$ -

See Notes to Schedule of Expenditures of Federal Awards.

DOVER AREA SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS Year Ended June 30, 2023

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Dover Area School District under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Dover Area School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of Dover Area School District.

Note 2. Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Revenue is recognized when earned, and expenses are recognized when incurred. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available. The District has not elected to use the 10-percent de Minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3. Access Program

The ACCESS Program is a medical assistance program that reimburses local education agencies for direct, eligible health-related services provided to enrolled special needs students. ACCESS reimbursements are federal monies but are classified as fee-for-service revenues and are not considered federal financial assistance and are not included on the Schedule. The amount of ACCESS funding expended, but not included on the Schedule for the year ended June 30, 2023, was \$350,000.

DOVER AREA SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
Year Ended June 30, 2023

There were no prior year's audit findings.



DOVER AREA SCHOOL DISTRICT
Empowering and Educating all learners to shape the 21st Century

Kelly K. Cartwright, Ed.D.
Superintendent of Schools

Rina R. Houck, Ed.D.
Assistant Superintendent

Miranda J. Weaver
Chief Financial & Operations Officer

CORRECTIVE ACTION PLAN
Year Ended June 30, 2023

Dover Area School District respectfully submits the following corrective action plan for the year ended June 30, 2023.

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule of findings and questioned costs.

Finding 2023-001 - Procurement

Federal Agency: Department of Education

Pass-through Agency: Pennsylvania Department of Education

Assistance Listing Number: COVID-19 – Education Stabilization Fund – 84.425

Corrective Action Planned: The District will establish processes to ensure that the procurement policy is followed when applicable and necessary.

Anticipated Completion Date: Action has already been taken by the District to resolve the underlying issue of this finding.

Contact Person Responsible: Miranda Weaver, Chief Financial & Operations Officer

If there are any questions regarding this plan, please call Miranda Weaver, Chief Financial & Operations Officer (717) 292-3671. Ext. 717-506-0869 or email at mjweaver@doversd.org

Sincerely,

Miranda Weaver, CPA, MBA, PCSBA
Chief Financial & Operations Officer