

DOVER CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO

SINGLE AUDIT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**

OHIO AUDITOR OF STATE
KEITH FABER



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Board of Education
Dover City School District
228 West Sixth Street
Dover, Ohio 44622

We have reviewed the *Independent Auditor's Report* of the Dover City School District, Tuscarawas County, prepared by Julian & Grube, Inc., for the audit period July 1, 2022 through June 30, 2023. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Dover City School District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

February 12, 2024

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**DOVER CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

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Independent Auditor's Report

Dover City School District
Tuscarawas County
228 West 6th Street
Dover, OH 44622

To the Members of the Board of Education:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Dover City School District, Tuscarawas County, Ohio, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Dover City School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Dover City School District, as of June 30, 2023, and the respective changes in financial position, thereof and the budgetary comparison for the General Fund for the fiscal 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 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 Dover City School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 3 to the financial statements, a prior period restatement was made at July 1, 2022 to report the employee benefits trust fund as a component of the general fund, rather than an internal service fund, and the implementation of accounting principle GASB Statement No. 96, "*Subscription Based Information Technology Arrangements*". Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Dover City School 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 generally accepted auditing standards 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 generally accepted auditing standards 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 Dover City School 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, that raise substantial doubt about the Dover City School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Dover City School District's basic financial statements. The accompanying 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 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 18, 2023 on our consideration of the Dover City School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Dover City School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Dover City School District's internal control over financial reporting and compliance.



Julian & Grube, Inc.
December 18, 2023

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Dover City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
Unaudited

This discussion and analysis of the Dover City School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for the 2023 fiscal year are as follows:

- Despite an increase in expenses, net position increased from the prior fiscal year due to the increase in revenues resulting primarily from an increase in foundation funding. Expenses increased mainly due to an increase in pension expense.
- The large increase in the net pension liability was offset by a decrease in deferred inflows related to pension. The net pension liability represents the School District's proportionate share of the unfunded benefits of the SERS and STRS pension plans. Changes in pension benefits, contribution rates, and return on investments affect the balance of these liabilities.
- The increase in equity in pooled cash and cash equivalents was primarily the result of the growth in in cash revenues from property taxes and foundation funding.

Using this Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The statement of net position and statement of activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant fund with all other nonmajor funds presented in total in one column. In the case of the School District, the general fund is the most significant fund.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 23-64 of this report.

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Management's Discussion and Analysis
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Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2023?" The statement of net position and the statement of activities answer this question. These statements include *all non-fiduciary assets, deferred outflows of resources, liabilities, and deferred inflows of resources* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. Accrual accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's *net position* and changes in the net position. This change in net position is important because it tells the reader that, for the School District as a whole, the *financial position* of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors.

In the statement of net position and the statement of activities, all of the School District's activities are classified as governmental. The School District's programs and services reported here include instruction, support services, operation of non-instructional services, which include food service operations and community services, extracurricular activities and interest and fiscal charges.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major governmental fund begins on page 11. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions; however, these fund financial statements focus on the School District's most significant funds. The School District's major governmental fund is the general fund.

Governmental Funds Most of the School District's activities are reported in governmental funds that focus on how money flows into and out of those funds and the balances left at year-end that are available for spending in future periods. These funds are reported using the *modified accrual* accounting method that measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the financial statements.

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. Fiduciary funds are not reflected on the government-wide financial statements because the resources from these funds are not available to support the School District's programs. These funds use the accrual basis of accounting.

Dover City School District
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Unaudited

The School District as a Whole

You may recall that the statement of net position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for fiscal year 2023 compared to 2022:

Table 1
 Net Position
 Governmental Activities

	2023	2022	Change
Assets			
Current and Other Assets	\$32,608,738	\$29,804,735	\$2,804,003
Net OPEB Asset	2,649,437	2,224,644	424,793
Capital Assets, Net	53,873,458	55,318,660	(1,445,202)
<i>Total Assets</i>	<u>89,131,633</u>	<u>87,348,039</u>	<u>1,783,594</u>
Deferred Outflows of Resources			
Pension	6,389,844	6,547,685	(157,841)
OPEB	473,676	576,709	(103,033)
<i>Total Deferred Outflows of Resources</i>	<u>6,863,520</u>	<u>7,124,394</u>	<u>(260,874)</u>
Liabilities			
Current Liabilities	4,510,838	4,236,579	(274,259)
Long-Term Liabilities:			
Due Within One Year	738,665	710,593	(28,072)
Due in More Than One Year:			
Net Pension Liability	26,702,681	16,263,457	(10,439,224)
Net OPEB Liability	1,052,010	1,471,787	419,777
Other Amounts	24,074,423	24,474,503	400,080
<i>Total Liabilities</i>	<u>57,078,617</u>	<u>47,156,919</u>	<u>(9,921,698)</u>
Deferred Inflows of Resources			
Property Taxes	13,859,404	12,436,486	(1,422,918)
Pension	3,693,129	14,419,243	10,726,114
OPEB	3,593,307	3,488,746	(104,561)
<i>Total Deferred Inflows of Resources</i>	<u>21,145,840</u>	<u>30,344,475</u>	<u>9,198,635</u>
Net Position			
Net Investment in Capital Assets	31,794,272	32,791,632	(997,360)
Restricted	3,306,997	2,447,308	859,689
Unrestricted (Deficit)	(17,330,573)	(18,267,901)	937,328
<i>Total Net Position</i>	<u>\$17,770,696</u>	<u>\$16,971,039</u>	<u>\$799,657</u>

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2023. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and

Dover City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
Unaudited

should accordingly be reported by the government as a liability since they received the benefit of the exchange; however, the School District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide health care to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained previously, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

By comparing assets, deferred outflows of resources, liabilities, and deferred inflows of resources, one can see the overall position of the School District has improved as evidenced by the increase in net position. The increase in net position was due to the increase in revenues, despite a significant increase in expenses. The change in revenues was primarily the result of an increase foundation funding, as discussed subsequently.

Current and other assets increased during the fiscal year due primarily to the growth in equity in pooled cash and cash equivalents and in property taxes receivable. The increase in equity in pooled cash and cash equivalents was primarily the result of the growth in cash revenues, primarily higher property taxes and foundation revenues. Rising assessed valuation caused an increase in property taxes receivable; however, the increase in the receivable was largely offset by a similar increase in deferred inflows of resources for property taxes levied to finance fiscal year 2024 operations.

The decrease in capital assets was due to depreciation exceeding capital outlay for the fiscal year. Capital asset additions were lower than in fiscal year 2022, when several buses were purchased. Net investment in capital assets was \$31,794,272 at June 30, 2023. These capital assets are used to provide services to students and are not available for future spending. Although the School District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

Deferred outflows of resources decreased slightly due to the changes in deferred outflows related to pension and OPEB.

Liabilities increased significantly from the prior fiscal year primarily due to a significant rise in the net pension liability. As indicated previously, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability. Other amounts due in more than one year decreased as the School District continued to make required debt payments.

The significant rise in liabilities was largely offset by a drop in deferred inflows of resources, due to the large decrease in deferred inflows related to pension. This was primarily a result of STRS' net difference between projected and actual earnings on pension plan investments shifting from deferred inflows to deferred outflows.

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Table 2 shows the changes in net position for fiscal year 2023 compared to fiscal year 2022.

Table 2
Change in Net Position
Governmental Activities

	2023	2022	Change
Revenues			
<i>Program Revenues</i>			
Charges for Services	\$1,236,923	\$922,909	\$314,014
Operating Grants, Contributions and Interest	5,350,610	5,384,920	(34,310)
Capital Grants and Contributions	169,698	182,717	(13,019)
<i>Total Program Revenues</i>	<u>6,757,231</u>	<u>6,490,546</u>	<u>266,685</u>
<i>General Revenues</i>			
Property Taxes	15,756,695	15,303,601	453,094
Grants and Entitlements	11,228,087	10,085,424	1,142,663
Investment Earnings/Interest	183,445	(67,258)	250,703
Miscellaneous	72,306	395,905	(323,599)
<i>Total General Revenues</i>	<u>27,240,533</u>	<u>25,717,672</u>	<u>1,522,861</u>
<i>Total Revenues</i>	<u>33,997,764</u>	<u>32,208,218</u>	<u>1,789,546</u>
<i>Program Expenses</i>			
Instruction:			
Regular	14,820,878	13,388,671	(1,432,207)
Special	3,568,264	2,940,588	(627,676)
Vocational	31,030	6,813	(24,217)
Student Intervention Services	285,710	185,432	(100,278)
Support Services:			
Pupils	1,874,998	1,700,426	(174,572)
Instructional Staff	664,370	597,699	(66,671)
Board of Education	96,843	114,951	18,108
Administration	2,167,810	2,218,259	50,449
Fiscal	659,386	642,010	(17,376)
Business	27,500	0	(27,500)
Operation and Maintenance of Plant	2,498,894	2,145,043	(353,851)
Pupil Transportation	1,088,148	1,042,862	(45,286)
Central	1,683,596	0	(1,683,596)
Operation of Non-Instructional Services:			
Food Service Operations	1,172,841	1,139,681	(33,160)
Community Services	241,170	216,377	(24,793)
Extracurricular Activities	1,472,834	1,297,945	(174,889)
Interest	843,835	851,623	7,788
<i>Total Program Expenses</i>	<u>33,198,107</u>	<u>28,488,380</u>	<u>(4,709,727)</u>
Change in Net Position	799,657	3,719,838	(2,920,181)
Net Position Beginning of Year	16,971,039	13,251,201	3,719,838
Net Position End of Year	<u>\$17,770,696</u>	<u>\$16,971,039</u>	<u>\$799,657</u>

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Several revenue sources fund governmental activities, with property taxes being the largest contributor. Property tax revenues increased from the prior fiscal year due to the growth in assessed values.

Grants and entitlements, with the majority coming from the School Foundation program, is the other significant revenue contributor. Grants and entitlements increased from the prior fiscal year as a result of the growth in foundation funding from the State of Ohio. The phase-in of the new foundation funding model increased from 16.67 percent in fiscal year 2022 to 33.33 percent in fiscal year 2023.

For fiscal year 2023, program revenues increased mainly as a result of the rise in food service charges for services due to more high school students purchasing lunches.

Overall, program expenses increased, primarily instruction and central support services. The uptick in expenses was primarily due to the increase in pension expense. Higher salary costs also contributed to the increase in expenses as a result of base salary and step increases. The change in central support services expense was primarily related to the charging of benefits costs for the premium holidays, which were paid from the general fund's accumulated balance assigned for employee insurance benefits.

The statement of activities shows the cost of program services and the charges for services and grants, contributions and interest offsetting those services. The following table shows the total cost of services and the net cost of services. That is, it identifies the cost of those services supported by tax revenue and unrestricted State grants and entitlements.

Table 3
 Total and Net Cost of Program Services
 Governmental Activities

	Total Cost of Services 2023	Net Cost of Services 2023	Total Cost of Services 2022	Net Cost of Services 2022
Program Expenses				
Instruction:				
Regular	\$14,820,878	\$13,467,529	\$13,388,671	\$12,331,224
Special	3,568,264	1,768,995	2,940,588	1,256,635
Vocational	31,030	(46,250)	6,813	(38,749)
Student Intervention Services	285,710	90,402	185,432	77,143
Support Services:				
Pupils	1,874,998	970,862	1,700,426	694,394
Instructional Staff	664,370	654,939	597,699	588,699
Board of Education	96,843	96,843	114,951	114,951
Administration	2,167,810	2,158,797	2,218,259	2,212,531
Fiscal	659,386	659,386	642,010	642,010
Business	27,500	27,500	0	0
Operation and Maintenance of Plant	2,498,894	2,183,829	2,145,043	2,126,039
Pupil Transportation	1,088,148	1,068,486	1,042,862	841,768
Central	1,683,596	1,679,368	0	0
Operation of Non-Instructional Services				
Food Service Operations	1,172,841	(43,521)	1,139,681	(366,033)
Community Services	241,170	13,429	216,377	(63,762)
Extracurricular Activities	1,472,834	846,447	1,297,945	729,361
Interest and Fiscal Charges	843,835	843,835	851,623	851,623
<i>Total</i>	<u>\$33,198,107</u>	<u>\$26,440,876</u>	<u>\$28,488,380</u>	<u>\$21,997,834</u>

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Unaudited

The dependence upon general revenues for governmental activities is apparent; the majority of expenses are supported through property taxes, grants and entitlements, and other general revenues. The community, as a whole, is the primary support for the School District students.

The School District's Funds

Information about the School District's major fund starts on page 18. These funds are accounted for using the modified accrual basis of accounting. Total governmental funds had an increase in fund balance for fiscal year 2023 due to an increase in revenues and other financing sources, despite the increase in expenditures. Higher revenues for fiscal year 2023 were primarily the result of increased foundation from the higher phase-in percentage, increased property taxes from a growth in assessed values, increased investment earnings/interest due to rising interest rates, and increased food service charges due to more high school students purchasing lunches. The growth in expenditures was mainly due to increases in salaries due to base salary increases and step increases and increases in benefits costs related to changes in health insurance and the premium holidays granted during fiscal year 2023.

Despite the increase in expenditures, an increase in revenues and other financing sources resulted in an increase in fund balance for the general fund in fiscal year 2023 as revenues continued to outpace expenditures. The growth in revenues was primarily due to increases in foundation, property taxes, and investment earnings/interest revenues, as discussed previously. The increase in expenditures was mainly related to increased salaries and benefits costs discussed previously and due to higher capital outlay.

Budgeting Highlights

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the general fund.

During the course of fiscal year 2023, the School District amended its general fund budget a few times. The School District uses site-based budgeting, and budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

Final budgeted revenues and other financing sources were higher than original budgeted revenues and other financing sources. Final budgeted appropriations were higher than original budgeted appropriations, as actual expenditures for capital outlay were higher than initial estimates. Actual revenues were higher than final budgeted revenues, mainly due to higher than anticipated property taxes and intergovernmental revenues. Actual expenditures were lower than final budgeted expenditures primarily due to conservative spending.

Capital Assets and Debt Administration

Capital Assets

The decrease in capital assets was attributable to depreciation exceeding capital outlay for the fiscal year. Some of the capital asset additions for fiscal year 2023 included property acquisition and improvement, a key card system, a roof replacement, a maintenance truck, and a snowplow and salt spreader. The School District's capitalization threshold for capital assets was set at \$5,000. For additional information on capital assets, see Note 11 to the basic financial statements.

Dover City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
Unaudited

Debt

During fiscal year 2023, outstanding debt decreased as the School District continued to make required payments.

The Classroom Facilities and School Improvement Bonds, Series 2017-1, were issued in March 2017 for new construction and building improvements throughout the School District. The bonds will be fully repaid in fiscal year 2047.

The Classroom Facilities and School Improvement Bonds, Series 2017-2, were issued in March 2017 for new construction and building improvements throughout the School District. The bonds will be fully repaid in fiscal year 2038.

During fiscal year 2023, the School District entered into an agreement to lease copiers. The lease will be fully repaid in fiscal year 2028.

At June 30, 2023, the School District's overall legal debt margin was \$24,720,118, with an unvoted debt margin of \$505,078. The School District maintains a bond rating of A1. For more information on debt, refer to Note 18 of the basic financial statements.

In addition to the long-term debt, the School District's long-term obligations include compensated absences, net pension liability, and net OPEB liability. Additional information for these items can be found in Notes 14 and 15 to the basic financial statements.

Current Issues

The Dover City School District continues to receive strong support from the residents of the School District. As the preceding information shows, the School District relies heavily on its local property taxpayers. The School District has two emergency levies which were recently renewed in the November 2022 election.

Real estate and personal property tax collections have shown small increases. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by a levy will not increase solely as a result of inflation due to Ohio House Bill 920 (passed in 1976). As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home was reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become 0.5 mills and the owner would still pay \$35.00.

Thus, school districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Revenue associated with property taxes made up about 46 percent of revenues for governmental activities for the Dover City School District in fiscal year 2023.

The School District has also been affected by increased delinquency rates, changes in the personal property tax structure (utility deregulation) and commercial business/property uncertainties. Management has diligently planned expenses so that the last levy has stretched for longer than it was planned. This has been made increasingly difficult with mandates in gifted education, rising utility costs, increased special education services required for our students, and significant increases in health insurance and property/liability/fleet insurance.

Dover City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
Unaudited

From a State funding perspective, the State of Ohio was found by the Ohio Supreme Court in March 1997 to be operating an unconstitutional education system, one that was neither "adequate" nor "equitable". Since 1997, the State has directed its tax revenue growth toward school districts with little property tax wealth (which is unlike our School District). It is still undetermined whether the State has met the standards of the Ohio Supreme Court.

The School District has the potential to be adequately funded with 100 percent implementation of the Fair School Funding Formula. In the current model, there are only slight gains seen with only 33 percent of the formula phased in through fiscal year 2023.

All scenarios require management to plan carefully and prudently to provide the resources to meet student needs over the next several years.

In addition, the School District's systems of budgeting and internal controls are well regarded. All of the School District's financial abilities will be needed to meet the challenges of the future.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Kathryn Brugger, Treasurer, at Dover City School District, 228 West Sixth Street, Dover, Ohio 44622, or email at bruggerk@dovertornadoes.com.

Dover City School District*Statement of Net Position**June 30, 2023*

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$15,507,186
Accounts Receivable	165,547
Intergovernmental Receivable	634,863
Property Taxes Receivable	16,227,800
Accrued Interest Receivable	30,914
Prepaid Items	42,428
Net OPEB Asset (See Note 15)	2,649,437
Nondepreciable Capital Assets	2,705,977
Depreciable Capital Assets, Net	51,167,481
<i>Total Assets</i>	<u>89,131,633</u>
Deferred Outflows of Resources	
Pension	6,389,844
OPEB	473,676
<i>Total Deferred Outflows of Resources</i>	<u>6,863,520</u>
Liabilities	
Accounts Payable	239,193
Accrued Wages and Benefits	3,399,606
Intergovernmental Payable	651,360
Payroll Withholdings Payable	35,266
Matured Compensated Absences Payable	38,900
Accrued Interest Payable	146,513
Long-Term Liabilities:	
Due Within One Year	738,665
Due in More Than One Year:	
Net Pension Liability (See Note 14)	26,702,681
Net OPEB Liability (See Note 15)	1,052,010
Other Amounts Due in More Than One Year	24,074,423
<i>Total Liabilities</i>	<u>57,078,617</u>
Deferred Inflows of Resources	
Property Taxes	13,859,404
Pension	3,693,129
OPEB	3,593,307
<i>Total Deferred Inflows of Resources</i>	<u>21,145,840</u>
Net Position	
Net Investment in Capital Assets	31,794,272
Restricted for:	
Debt Service	334,597
Capital Outlay	705,364
Food Service	432,926
Classroom Facilities Maintenance	479,967
Extracurricular Activities	290,649
Scholarships	44,297
Scholarships:	
Expendable	70,642
Nonexpendable	233,021
OPEB Plan	576,523
Other Purposes	139,011
Unrestricted (Deficit)	(17,330,573)
<i>Total Net Position</i>	<u>\$17,770,696</u>

See accompanying notes to the basic financial statements

Dover City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2023

	Expenses	Program Revenues		Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants, Contributions and Interest		
Governmental Activities					
Instruction:					
Regular	\$14,820,878	\$316,435	\$1,036,914	\$0	(\$13,467,529)
Special	3,568,264	76,791	1,722,478	0	(1,768,995)
Vocational	31,030	0	77,280	0	46,250
Student Intervention Services	285,710	0	195,308	0	(90,402)
Support Services:					
Pupils	1,874,998	0	904,136	0	(970,862)
Instructional Staff	664,370	0	9,431	0	(654,939)
Board of Education	96,843	0	0	0	(96,843)
Administration	2,167,810	0	9,013	0	(2,158,797)
Fiscal	659,386	0	0	0	(659,386)
Business	27,500	0	0	0	(27,500)
Operation and Maintenance of Plant	2,498,894	0	145,367	169,698	(2,183,829)
Pupil Transportation	1,088,148	0	19,662	0	(1,068,486)
Central	1,683,596	4,228	0	0	(1,679,368)
Operation of Non-Instructional Services:					
Food Service Operations	1,172,841	269,686	946,676	0	43,521
Community Services	241,170	0	227,741	0	(13,429)
Extracurricular Activities	1,472,834	569,783	56,604	0	(846,447)
Interest	843,835	0	0	0	(843,835)
Total	\$33,198,107	\$1,236,923	\$5,350,610	\$169,698	(26,440,876)

General Revenues

Property Taxes Levied for:	
General Purposes	13,921,649
Debt Service	1,529,439
Capital Outlay	231,386
Classroom Facilities Maintenance	74,221
Grants and Entitlements not Restricted to Specific Programs	11,228,087
Investment Earnings/Interest	183,445
Miscellaneous	72,306
Total General Revenues	27,240,533
Change in Net Position	799,657
<i>Net Position Beginning of Year</i>	<u>16,971,039</u>
<i>Net Position End of Year</i>	<u><u>\$17,770,696</u></u>

See accompanying notes to the basic financial statements

Dover City School District

Balance Sheet

Governmental Funds

June 30, 2023

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$11,987,844	\$3,517,075	\$15,504,919
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	2,267	0	2,267
Accounts Receivable	165,547	0	165,547
Interfund Receivable	174,579	0	174,579
Intergovernmental Receivable	17,191	617,672	634,863
Accrued Interest Receivable	30,914	0	30,914
Property Taxes Receivable	14,410,018	1,817,782	16,227,800
Prepaid Items	37,913	4,515	42,428
<i>Total Assets</i>	<u>\$26,826,273</u>	<u>\$5,957,044</u>	<u>\$32,783,317</u>
Liabilities			
Accounts Payable	\$207,932	\$31,261	\$239,193
Accrued Wages and Benefits	2,905,404	494,202	3,399,606
Intergovernmental Payable	585,942	65,418	651,360
Payroll Withholdings Payable	35,266	0	35,266
Matured Compensated Absences Payable	32,322	6,578	38,900
Interfund Payable	0	174,579	174,579
<i>Total Liabilities</i>	<u>3,766,866</u>	<u>772,038</u>	<u>4,538,904</u>
Deferred Inflows of Resources			
Property Taxes	12,327,789	1,531,615	13,859,404
Unavailable Revenue	170,211	264,266	434,477
<i>Total Deferred Inflows of Resources</i>	<u>12,498,000</u>	<u>1,795,881</u>	<u>14,293,881</u>
Fund Balances			
Nonspendable	40,180	237,536	277,716
Restricted	0	3,394,186	3,394,186
Committed	893,500	0	893,500
Assigned	2,159,992	0	2,159,992
Unassigned (Deficit)	7,467,735	(242,597)	7,225,138
<i>Total Fund Balances</i>	<u>10,561,407</u>	<u>3,389,125</u>	<u>13,950,532</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$26,826,273</u>	<u>\$5,957,044</u>	<u>\$32,783,317</u>

See accompanying notes to the basic financial statements

Dover City School District
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 June 30, 2023*

Total Governmental Funds Balances		\$13,950,532
 <i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		53,873,458
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds:		
Delinquent Property Taxes	184,396	
Intergovernmental Grants	242,597	
Tuition and Fees	7,484	
Total	434,477	434,477
In the statement of activities, interest is accrued on outstanding bonds, whereas in the funds, an interest expenditure is reported when due.		(146,513)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	(22,710,113)	
Lease Payable	(124,186)	
Compensated Absences	(1,978,789)	
Total	(24,813,088)	(24,813,088)
The net OPEB asset and net pension/OPEB liabilities are not due and payable in the current period; therefore, the asset, liabilities and related deferred outflows/inflows are not reported in the funds:		
Net OPEB Asset	2,649,437	
Deferred Outflows - Pension	6,389,844	
Deferred Outflows - OPEB	473,676	
Net Pension Liability	(26,702,681)	
Net OPEB Liability	(1,052,010)	
Deferred Inflows - Pension	(3,693,129)	
Deferred Inflows - OPEB	(3,593,307)	
Total	(25,528,170)	(25,528,170)
 <i>Net Position of Governmental Activities</i>		 <u>\$17,770,696</u>

See accompanying notes to the basic financial statements

Dover City School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2023

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Property and Other Local Taxes	\$13,934,516	\$1,837,018	\$15,771,534
Intergovernmental	12,183,085	4,202,023	16,385,108
Investment Earnings/Interest	175,336	24,374	199,710
Tuition and Fees	203,929	0	203,929
Extracurricular Activities	311,724	445,561	757,285
Charges for Services	4,228	269,686	273,914
Contributions and Donations	29,193	133,566	162,759
Miscellaneous	62,562	17,753	80,315
<i>Total Revenues</i>	<u>26,904,573</u>	<u>6,929,981</u>	<u>33,834,554</u>
Expenditures			
Current:			
Instruction:			
Regular	12,780,372	994,342	13,774,714
Special	2,796,360	785,688	3,582,048
Vocational	6,571	24,459	31,030
Student Intervention Services	90,490	195,308	285,798
Support Services:			
Pupils	833,238	1,040,270	1,873,508
Instructional Staff	611,718	9,200	620,918
Board of Education	96,843	0	96,843
Administration	2,194,886	20,510	2,215,396
Fiscal	657,053	32,708	689,761
Business	27,500	0	27,500
Operation and Maintenance of Plant	2,472,668	142,321	2,614,989
Pupil Transportation	946,134	0	946,134
Central	1,683,596	0	1,683,596
Operation of Non-Instructional Services:			
Food Service Operations	0	1,178,083	1,178,083
Community Services	0	240,674	240,674
Extracurricular Activities	740,137	480,017	1,220,154
Capital Outlay	483,038	2,500	485,538
Debt Service:			
Principal Retirement	35,587	550,000	585,587
Interest	7,299	884,576	891,875
<i>Total Expenditures</i>	<u>26,463,490</u>	<u>6,580,656</u>	<u>33,044,146</u>
<i>Excess of Revenues Over Expenditures</i>	<u>441,083</u>	<u>349,325</u>	<u>790,408</u>
Other Financing Sources			
Insurance Recoveries	169,698	0	169,698
Inception of Lease	151,375	0	151,375
<i>Total Other Financing Sources</i>	<u>321,073</u>	<u>0</u>	<u>321,073</u>
<i>Net Change in Fund Balances</i>	762,156	349,325	1,111,481
<i>Fund Balances Beginning of Year - Restated (See Note 3)</i>	<u>9,799,251</u>	<u>3,039,800</u>	<u>12,839,051</u>
<i>Fund Balances End of Year</i>	<u>\$10,561,407</u>	<u>\$3,389,125</u>	<u>\$13,950,532</u>

See accompanying notes to the basic financial statements

Dover City School District
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2023*

Net Change in Fund Balances - Total Governmental Funds		\$1,111,481
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation/amortization exceeded capital outlay in the current period:		
Capital Outlay	563,518	
Depreciation/Amortization	<u>(1,996,601)</u>	
Total		(1,433,083)
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		
		(12,119)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Property Taxes	(14,839)	
Intergovernmental	14,565	
Tuition and Fees	1,795	
Miscellaneous	<u>(8,009)</u>	
Total		(6,488)
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 the governmental funds:		
Accrued Interest	1,833	
Amortization of Bonds Premium	50,668	
Amortization of Bonds Discount	<u>(4,461)</u>	
Total		48,040
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
		585,587
Other financing sources in the governmental funds, such as inception of a lease, that increase long-term liabilities in the statement of net position are not reported as revenues in the statement of activities.		
		(151,375)
Compensated absences 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.		
		(108,411)
Contractually required contributions are reported as expenditures in the governmental funds; however, the statement of net position reports these amounts as deferred outflows:		
Pension	2,385,836	
OPEB	<u>54,983</u>	
Total		2,440,819
Except for amounts reported as deferred outflows/inflows, changes in the net pension/OPEB asset or liability are reported as pension/OPEB expense in the statement of activities:		
Pension	(2,256,787)	
OPEB	<u>581,993</u>	
Total		<u>(1,674,794)</u>
<i>Change in Net Position of Governmental Activities</i>		<u><u>\$799,657</u></u>

See accompanying notes to the basic financial statements

Dover City School District
*Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2023*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues and Other Financing Sources	\$24,957,494	\$25,921,493	\$26,815,501	\$894,008
Expenditures	<u>23,743,735</u>	<u>24,659,822</u>	<u>24,602,755</u>	<u>57,067</u>
<i>Net Change in Fund Balance</i>	1,213,759	1,261,671	2,212,746	951,075
<i>Fund Balance Beginning of Year</i>	6,223,085	6,223,085	6,223,085	0
Prior Year Encumbrances Appropriated	<u>458,049</u>	<u>458,049</u>	<u>458,049</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$7,894,893</u>	<u>\$7,942,805</u>	<u>\$8,893,880</u>	<u>\$951,075</u>

See accompanying notes to the basic financial statements

Dover City School District
Statement of Fiduciary Net Position
Custodial Fund
June 30, 2023

Assets	
Equity in Pooled Cash and Cash Equivalents	\$28,617
Liabilities	
Intergovernmental Payable	<u>2,000</u>
Net Position	
Restricted for Individuals	<u><u>\$26,617</u></u>

See accompanying notes to the basic financial statements

Dover City School District
Statement of Changes in Fiduciary Net Position
Custodial Fund
For the Fiscal Year Ended June 30, 2023

Additions	
Amounts Received for Others	\$576
Deductions	
Distributions on Behalf of Individuals	<u>3,000</u>
<i>Change in Net Position</i>	(2,424)
<i>Net Position Beginning of Year</i>	<u>29,041</u>
<i>Net Position End of Year</i>	<u><u>\$26,617</u></u>

See accompanying notes to the basic financial statements

Dover City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 1 – Description of the School District and Reporting Entity

The Dover City School District (the “School District”) was established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District is a School District as defined by Section 3311.02 of the Ohio Revised Code. The School District operates under an elected Board of Education, consisting of five members, and is responsible for providing public education to residents of the School District.

The School District is located in Tuscarawas County and encompasses the City of Dover and portions of surrounding townships. The School District currently operates three elementary schools (grade-leveled), one middle school (6-8) and one high school (9-12), which are staffed by 185 certificated full-time-equivalent teaching personnel, 93 full-time-equivalent classified employees, and 14 administrative employees who provide services to 2,588 students and other community members.

Reporting Entity

A reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the basic financial statements are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For the School District, this includes the agencies and departments that provide the following services: general operations, food service, community services, preschool, and student related activities of the School District.

Nonpublic Schools Within the School District boundaries, St. Joseph Elementary Parochial School is operated through the Columbus Catholic Diocese. Current State legislation provides funding to this nonpublic school. These monies are received and disbursed on behalf of the nonpublic school by the Treasurer of the School District, as directed by the nonpublic school. These transactions are reported in a special revenue fund and as a governmental activity of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization’s governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization’s resources; the School District is legally obligated or has otherwise assumed the responsibility to finance deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the School District. The School District does not have any component units.

The School District participates in the three jointly governed organizations, the Ohio Mid-Eastern Regional Education Service Agency, Buckeye Joint Vocational School District, and Tuscarawas County Tax Incentive Review Council, and in two insurance purchasing pools, the Ohio School Boards Association Workers’ Compensation Group Rating Program and the Summit Regional Health Care Consortium. The Dover Public Library is a related organization of the School District. Additional information about these organizations is presented in Notes 13, 20, 21 and 22 to the basic financial statements.

Dover City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 2 – Summary of Significant Accounting Policies

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following are the more significant of the School District's accounting policies.

Basis of Presentation

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

Government-wide Financial Statements The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements usually distinguish between those activities of the School District that are governmental and those that are considered business-type. The School District, however, has no business-type activities.

The statement of net position presents the financial condition of the governmental activities of the School District at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the School District are grouped into two categories: governmental and fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities and deferred inflows of resources is reported as fund balance. The general fund is the School District's only major governmental fund.

Dover City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

General Fund The general fund is the general operating fund of the School District and is used to account for and report all financial resources except those required to be accounted for and reported in another fund. The general fund balance is available to the School District for any purpose provided it is expended or transferred according to the general laws of Ohio.

The other governmental funds of the School District account for grants and other resources whose uses are restricted, committed, or assigned to a particular purpose.

Fiduciary Funds Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into the following four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that has certain characteristics. Custodial Funds are used to report fiduciary activities that are not required to be reported in a trust fund.

The School District's only fiduciary fund is a custodial fund. The custodial fund is used to account for assets held by the School District for the benefit of individuals.

Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the School District are included on the statement of net position. The statement of activities presents increases (e.g. revenues) and decreases (e.g. expenses) in total net position.

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, current assets and deferred outflows of resources and current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all fiduciary funds are accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of fund net position. In fiduciary funds, a liability to the beneficiaries of fiduciary activity is recognized when an event has occurred that compels the government to disburse fiduciary resources. Fiduciary fund liabilities other than those to beneficiaries are recognized using the economic resources measurement focus. Fiduciary funds present a statement of changes in fiduciary net position which reports additions to and deductions from investment trust, private purpose trust funds, and custodial funds.

Dover City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and the statements presented for fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, in the recording of deferred outflows/inflows of resources, and in the presentation of expenses versus expenditures.

Revenues – Exchange and Non-exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 8). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, grants, interest, tuition and student fees, extracurricular activities charges, and miscellaneous revenue.

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB plans. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 14 and 15.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, unavailable revenue, pension and OPEB plans. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2023, but which were levied to finance fiscal year 2024 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, intergovernmental grants, and tuition and fees revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the reconciliation of total governmental fund balances to net position of governmental activities found on page 17. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position (see Notes 14 and 15).

Dover City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Expenditures/Expenses On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as intergovernmental revenue.

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

Cash and Cash Equivalents

To improve cash management, cash received by the School District is pooled. Individual fund integrity is maintained through the School District's records. Interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements.

During fiscal year 2023, investments were limited to STAR Ohio, a money market account, negotiable certificates of deposit, commercial paper, federal home loan bank securities, a U.S. treasury note, and a federal farm credit bank security. Except for STAR Ohio, investments are reported at fair value.

STAR Ohio (the State Treasury Asset Reserve of Ohio) is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company but has adopted Governmental Accounting Standards Board (GASB) Statement No. 79, *Certain External Investment Pools and Pool Participants*. The School District measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For fiscal year 2023, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice for deposits and withdrawals of \$100 million or more is appreciated. STAR Ohio reserves the right to limit the transaction to \$250 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Investment earnings/interest revenue credited to the general fund during fiscal year 2023 amounted to \$175,336, which includes \$20,761 assigned from other School District funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2023, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Dover City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Capital Assets

All capital assets of the School District are classified as general capital assets. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported on the fund financial statements.

All capital assets (except for intangible right to use lease assets and subscription assets, which are discussed subsequently) are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of \$5,000. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

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

Description	Governmental Activities Estimated Lives
<i>Tangible Assets</i>	
Land Improvements	10-50 years
Buildings and Building Improvements	10-50 years
Furniture and Equipment	5-20 years
Vehicles	10 years
<i>Intangible Right to Use Lease Assets</i>	
Intangible Right to Use - Equipment	5 years
<i>Intangible Right to Use Subscription Assets</i>	
Intangible Right to Use - Software	3-4 years

The School District is reporting intangible right to use assets related to lease assets and subscription assets. The lease assets include equipment and represent nonfinancial assets which are being utilized for a period of time through leases from another entity. Subscription assets represent intangible right to use assets related to the use of another party's IT software. These intangible right to use assets are being amortized in a systematic and rational manner over the shorter of the lease/subscription term or the useful life of the underlying asset.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental activities column of the statement of net position.

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means.

Dover City School District
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For the Fiscal Year Ended June 30, 2023

Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the School District's past experience of making termination payments.

The entire compensated absence liability is reported on the government-wide financial statements.

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the fund or funds from which the employees who have accumulated the leave will be paid.

Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

Lease/Subscription Payable

The School District serves as lessee in various noncancellable leases, which are accounted for as follows. At the commencement of a lease, the School District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. Lease assets are reported with other capital assets, and lease liabilities are reported with long-term debt on the statement of net position.

The School District is reporting Subscription-Based Information Technology Arrangements (SBITAs) for various noncancellable IT software contracts. At the commencement of the subscription term, the School District initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of lease payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at the commencement of the subscription term, plus certain initial implementation costs. Subsequently, the subscription asset is amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying IT asset. Subscription assets are reported with other capital assets, and subscription payables are reported with long-term debt on the statement of net position.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds; however, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments

Dover City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits. Bonds, leases payable, and subscriptions payable are recognized as a liability on the governmental fund financial statements when due.

Bond Discounts and Premiums

In the government-wide financial statements, bond premiums and discounts are deferred and amortized over the term of the bonds using the straight-line method since the results are not significantly different from the effective interest method. Bond premiums are presented as an increase of the face amount of the bonds payable, and bond discounts are presented as a decrease.

On the governmental fund financial statements, bond premiums and bond discounts are recognized in the period in which debt is issued. Premiums received on debt issuances are reported as other financing sources, while discounts are reported as other financing uses.

Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to the bond escrow agent.

Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

Restricted Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the School District Board of Education. Those committed amounts cannot be used for any other purpose unless the School District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by the School District Board of Education. In the general fund, assigned amounts represent intended uses established by policies of the School District Board of Education or by a School District official delegated that authority by resolution or by State statute. State statute authorizes the Treasurer to assign fund balances for purchases on order provided such amounts have been lawfully appropriated. The School District Board of Education also assigned fund balance for employee insurance benefits.

Dover City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Unassigned Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The School District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors or laws, or regulations of other governments. Restricted net position for an OPEB plan represents the corresponding restricted asset amount after considering the related deferred outflows and deferred inflows. Net position restricted for other purposes includes auxiliary services, State and Federal grants, special education, network connectivity, and unclaimed monies.

The School District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported on the financial statements and accompanying notes. Actual results may differ from those estimates.

Budgetary Process

All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriations resolution, and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level for all funds. The Treasurer has been given the authority to allocate Board appropriations to the function and object levels within each fund.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Treasurer. The amounts reported as the original and final budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original and final appropriations were passed by the Board of Education.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

Dover City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 3 – Changes in Accounting Principles and Restatement of Fund Balances and Fund Net Position

Changes in Accounting Principles

For fiscal year 2023, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 91, *Conduit Debt Obligations*, Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, and GASB Statement No. 99, *Omnibus 2022*.

GASB Statement 91 clarifies the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The School District did not have any debt that met the definition of conduit debt.

GASB Statement 94 improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The School District did not have any arrangements that met the GASB 94 definition of a PPP or an APA.

GASB Statement 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). These changes were incorporated in the School District’s 2023 financial statements. The School District recognized \$8,398 in subscriptions payable at July 1, 2022, which was offset by the subscription asset. An additional subscription asset of \$156,735 was reclassified from prepaids reported at July 1, 2022; this subscription asset did not have a corresponding subscription payable as it had been fully paid prior to July 1, 2022.

GASB Statement 99 addresses various issues including items related to leases, PPPs, and SBITAs. The requirements related to PPPs and SBITAs were incorporated with the corresponding GASB 94 and GASB 96 changes identified above.

Restatement of Fund Balances and Fund Net Position

During fiscal year 2023, it was determined that the employee benefits trust fund, which had previously been reported as an internal service fund, should be included with the general fund for GAAP reporting due to the School District no longer being self-insured for health insurance.

This modification and the implementation of GASB Statement No. 96 had the following effects on fund balances as of July 1, 2022:

	General	Other Governmental Funds	Total Governmental Funds
Fund Balances at July 1, 2022	\$5,911,312	\$3,098,576	\$9,009,888
Adjustments:			
Employee Benefits Trust Balance	3,985,898	0	3,985,898
GASB Statement 96	(97,959)	(58,776)	(156,735)
Restated Fund Balances at July 1, 2022	\$9,799,251	\$3,039,800	\$12,839,051

The modification to the reporting of the employee benefits trust fund also reduced the fund net position of the internal service fund from \$3,985,898 as reported at July 1, 2022, to a restated fund net position of \$0.

Dover City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 4 – Compliance and Accountability

Compliance

The School District had negative cash balances at June 30, 2023, in the following funds:

	Amount
<i>Special Revenue:</i>	
Elementary and Secondary School Emergency Relief	\$65,593
21st Century Grant	1,862
Title VI-B	51,622
Title III	4,232
Title IV	1,614
Preschool Grant	1,191
Improving Teacher Quality	4,157
Miscellaneous Federal Grants	23,255

The negative cash balances indicate that revenue from other sources were used to pay obligations of these funds, contrary to Ohio Revised Code Section 5705.10. Ohio Revised Code Section 3315.20 allows school districts to have cash deficits in special revenue funds when a request for payment is pending with the State that will cover the deficit, there is a reasonable likelihood that this payment will be made, and the unencumbered balance in the School District’s general fund is sufficient to cover the aggregate of all deficit cash balances. The School District met all exceptions. The cash deficits were the result of monies being expended with the expectation that the School District will be reimbursed during fiscal year 2024.

Accountability

Fund balances at June 30, 2023, included individual fund deficits in the following funds:

	Deficit
<i>Special Revenue:</i>	
Elementary and Secondary School Emergency Relief	\$75,627
21st Century Grant	5,719
Title VI-B	71,741
Title III	12,161
Title I	35,991
Title IV	2,265
Preschool Grant	1,786
Improving Teacher Quality	6,060
Miscellaneous Federal Grants	26,732

These deficits are the result of the recognition of payables in accordance with generally accepted accounting principles as well as short-term interfund loans from the general fund needed for operations until the receipt of grant monies. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Dover City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 5 – Budgetary Basis of Accounting

While the School District is reporting its financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The statement of revenues, expenditures, and changes in fund balance – budget (non-GAAP basis) and actual is presented for the general fund on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Unrecorded cash represents amounts received but not included as revenue on the budget basis operating statements. These amounts are included as revenue on the GAAP operating statement.
3. Investments are reported at cost (budget basis) rather than fair value (GAAP basis).
4. Expenditures are recorded when paid in cash (budget basis) as opposed to when the fund liability is incurred (GAAP basis).
5. Budgetary revenues and expenditures of the uniform school supplies, public school support, and employee benefits trust funds are reclassified to the general fund for GAAP reporting.
6. Encumbrances are treated as expenditures (budget basis) rather than as a restricted, committed, or assigned fund balance (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund.

Net Change in Fund Balance	
GAAP Basis	\$762,156
Net Adjustment for Revenue Accruals	100,049
Ending Unrecorded Cash	(35,266)
Beginning Fair Value Adjustment for Investments	(41,084)
Ending Fair Value Adjustment for Investments	77,457
Net Adjustment for Expenditure Accruals	152,759
Perspective Differences:	
Uniform School Supplies	(12,054)
Public School Support	10,103
Employee Benefits Trust	2,220,293
Encumbrances	(1,021,667)
Budget Basis	\$2,212,746

Dover City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 6 – Deposits and Investments

Monies held by the School District are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the School District treasury. Active monies must be maintained either as cash in the School District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the School District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any Federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All Federal agency securities shall be direct issuances of Federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed previously, provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met. The investment in commercial paper notes of a single issuer shall not exceed in the aggregate 5 percent of interim moneys available for investment at the time of purchase.

Dover City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

Custodial Credit Risk Custodial credit risk for deposits is the risk that in the event of a bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At June 30, 2023, \$3,022,154 of the School District’s total bank balance of \$8,399,193 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized. Two of the School District’s financial institutions participate in the Ohio Pooled Collateral System (OPCS), and one was approved for a reduced collateral floor of 50 percent resulting in the uninsured and uncollateralized balance.

The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

Eligible securities pledged to the School District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Investments

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

Measurement/Investment	Measurement Amount	Maturity (in Years)			Standard & Poor's Rating	Percent of Total Investments
		Less than 1	1-3	3-5		
Net Asset Value Per Share:						
STAR Ohio	\$70,803	\$70,803	\$0	\$0	AAAm	N/A
Fair Value - Level 1 Inputs:						
Money Market Account	247,733	247,733	0	0	AAAm	N/A
Fair Value - Level 2 Inputs:						
Federal Farm Credit Bank	198,398	0	198,398	0	AA+	N/A
U.S. Treasury Note	217,138	217,138	0	0	AA+	N/A
Federal Home Loan Bank	1,064,013	533,215	530,798	0	AA+	14.90 %
Commercial Paper	1,985,039	1,985,039	0	0	A-1+ or A-1	27.79
Negotiable Certificates of Deposit	3,359,521	726,695	2,537,272	95,554	N/A	47.03
Total Investments	\$7,142,645	\$3,780,623	\$3,266,468	\$95,554		

Dover City School District
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The School 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. The preceding table identifies the School District's recurring fair value measurements as of June 30, 2023. The School District's investment in the money market account is measured at fair value based on quoted market prices (level 1 inputs). The School District's remaining investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided marts, benchmark securities, bids, offers, and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data (level 2 inputs).

Interest Rate Risk Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The School District's investment policy limits investment portfolio maturities to five years or less.

Credit Risk The School District's investments are rated as shown in the preceding table. The negotiable certificates of deposit are not rated. The School District does not have an investment policy that addresses credit risk. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The weighted average maturity of the portfolio held by STAR Ohio as of June 30, 2023, is 38.5 days.

Concentration of Credit Risk The School District places no limit on the amount it may invest in any one issuer.

Note 7 – Receivables

Receivables at June 30, 2023, consisted of taxes, interfund, accrued interest, accounts, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current fiscal year guarantee of Federal funds. All receivables except for delinquent property taxes are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

Governmental Activities	Amounts
American Recovery Plan Elementary and Secondary School Emergency Relief Funding	\$198,634
IDEA-B Special Education Grant	163,611
Comprehensive Literacy State Development Subgrant	91,125
Title I-A Improving Basic Programs Grant	60,523
21st Century Grant	24,688
Title III Language Instruction for English Learners Grant	14,459
Title II-A Supporting Effective Instruction Grant	14,382
Medicaid	13,391
American Recovery Plan IDEA Part B Special Education Grant	12,180
Elementary and Secondary School Emergency Relief Funding II	6,648
Title III Immigrant Grant	6,223
City Fuel Usage Reimbursement	5,952
Title IV-A Student Support and Academic Enrichment Grant	5,515

(continued)

Dover City School District
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Governmental Activities (continued)	Amounts
Regular Tuition	\$4,567
IDEA Early Childhood Special Education Grant	4,169
Special Education Tuition	2,917
School Foundation Payment Report Adjustment	2,747
Food Service Grants and Reimbursements	1,893
Background Checks Reimbursement	612
Bureau of Workers' Compensation Refund	396
Network Connectivity Grant	231
Total	<u>\$634,863</u>

Note 8 – Property Taxes

Property taxes are levied and assessed on a calendar year basis while the School District’s fiscal year runs from July through June. First half tax collections are received by the School District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real and public utility property located in the School District’s parameters. Real property tax revenue received in calendar year 2023 represents collections of calendar year 2022 taxes. Real property taxes received in calendar year 2023 were levied after April 1, 2022, on the assessed value listed as of January 1, 2022, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2023 represents collections of calendar year 2022 taxes. Public utility real and tangible personal property taxes received in calendar year 2023 became a lien December 31, 2021, were levied after April 1, 2022, and are collected in calendar year 2023 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Tuscarawas County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2023, are available to finance fiscal year 2023 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property, and delinquent tangible personal property taxes which are measurable as of June 30, 2023, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset to deferred inflows of resources – property taxes.

The amount available as an advance at June 30, 2023, was \$1,919,502 in the general fund, \$24,614 in the classroom facilities maintenance special revenue fund, \$222,351 in the bond retirement debt service fund, and \$17,533 in the permanent improvement capital projects fund. By comparison, the amount available as an advance at June 30, 2022, was \$2,184,128 in the general fund, \$30,278 in the classroom facilities maintenance special revenue fund, \$254,630 in the bond retirement debt service fund, and \$21,797 in the permanent improvement capital projects fund. The difference was in the timing and collection by the County Auditor.

Dover City School District
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On an accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

The assessed values upon which the fiscal year 2023 taxes were collected are as follows:

	2022 Second Half Collections		2023 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$420,069,510	96.88 %	\$489,772,520	96.97 %
Public Utility Personal Property	13,519,520	3.12	15,305,450	3.03
Total	\$433,589,030	100.00 %	\$505,077,970	100.00 %
Tax rate per \$1,000 of assessed valuation	\$59.07		\$57.27	

During fiscal year 2023, the tax rate decreased due to an increase in property tax values in the School District. The increase in property tax values caused the emergency rate and the bond retirement rate to decrease so that these levies would meet their collection amounts.

Tax Abatements

The School District’s property taxes were reduced as follows under enterprise zone tax exemption agreements entered into by overlapping governments:

Overlapping Government	Amount of Fiscal Year 2023 Taxes Abated
City of Dover	\$95,451
Franklin Township	992
Total	\$96,443

Note 9 – Interfund Balances

Interfund balances at June 30, 2023, consisted of the following:

Interfund Payable	Interfund Receivable General
Other Governmental Funds:	
Elementary and Secondary School Emergency Relief	\$65,593
21st Century Grant	16,692
Title VI-B	51,622
Title III	10,455
Title IV	1,614
Preschool Grant	1,191
Improving Teacher Quality	4,157
Miscellaneous Federal Grants	23,255
Total	\$174,579

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Interfund receivables and payables are due to the timing of the receipt of grant monies and monies collected for some programs received by various funds, a temporary cash advance, or other reimbursements. The general fund provides money to operate the programs until grants and other monies are received and the advances can be repaid. All interfund payables outstanding are anticipated to be repaid within one year.

Note 10 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental fund and all other governmental funds are presented as follows:

Fund Balances	General	Other Governmental Funds	Total Governmental Funds
<u>Nonspendable:</u>			
Prepays	\$37,913	\$4,515	\$42,428
Unclaimed Monies	2,267	0	2,267
Scholarship Endowment	0	233,021	233,021
<i>Total Nonspendable</i>	<u>40,180</u>	<u>237,536</u>	<u>277,716</u>
<u>Restricted for:</u>			
Debt Service	0	1,218,101	1,218,101
Capital Outlay	0	703,867	703,867
Food Service	0	456,484	456,484
Classroom Facilities Maintenance	0	477,917	477,917
Extracurricular Activities	0	290,649	290,649
Scholarships	0	114,939	114,939
<u>Other Purposes:</u>			
Community Involvement	0	31,873	31,873
Instructional Programs	0	30,488	30,488
School Safety	0	34,551	34,551
Special Education	0	35,086	35,086
Network Connectivity	0	231	231
<i>Total Restricted</i>	<u>0</u>	<u>3,394,186</u>	<u>3,394,186</u>
<u>Committed to:</u>			
<u>Purchases on Order:</u>			
Capital Outlay	893,500	0	893,500
<u>Assigned to:</u>			
Employee Insurance Benefits	2,070,077	0	2,070,077
<u>Purchases on Order:</u>			
Instructional Services	6,846	0	6,846
Support Services	83,069	0	83,069
<i>Total Assigned</i>	<u>2,159,992</u>	<u>0</u>	<u>2,159,992</u>
Unassigned (Deficit)	7,467,735	(242,597)	7,225,138
Total Fund Balances	<u><u>\$10,561,407</u></u>	<u><u>\$3,389,125</u></u>	<u><u>\$13,950,532</u></u>

Dover City School District
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For the Fiscal Year Ended June 30, 2023

Note 11 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2023, was as follows:

	Restated Balance 6/30/22	Additions	Reductions	Balance 6/30/23
Governmental Activities				
<i>Nondepreciable Capital Assets</i>				
Land	\$2,575,489	\$130,488	\$0	\$2,705,977
<i>Depreciable Capital Assets</i>				
<i>Tangible Assets</i>				
Land Improvements	2,750,566	0	0	2,750,566
Buildings and Building Improvements	60,441,430	208,484	0	60,649,914
Furniture and Equipment	4,712,309	51,361	0	4,763,670
Vehicles	1,754,239	21,810	(121,193)	1,654,856
<i>Total Tangible Assets</i>	<u>69,658,544</u>	<u>281,655</u>	<u>(121,193)</u>	<u>69,819,006</u>
<i>Intangible Right to Use</i>				
<i>Lease Assets</i>				
Intangible Right to Use - Equipment	0	151,375	0	151,375
<i>Subscription Assets</i>				
Intangible Right to Use - Software	165,133	0	0	165,133
<i>Total Intangible Right to Use Assets</i>	<u>165,133</u>	<u>151,375</u>	<u>0</u>	<u>316,508</u>
<i>Total Depreciable Capital Assets</i>	<u>69,823,677</u>	<u>433,030</u>	<u>(121,193)</u>	<u>70,135,514</u>
<i>Less Accumulated Depreciation/Amortization</i>				
<i>Depreciation</i>				
Land Improvements	(1,371,877)	(103,428)	0	(1,475,305)
Buildings and Building Improvements	(12,591,402)	(1,433,664)	0	(14,025,066)
Furniture and Equipment	(2,142,338)	(272,833)	0	(2,415,171)
Vehicles	(974,889)	(115,250)	109,074	(981,065)
<i>Total Depreciation</i>	<u>(17,080,506)</u>	<u>(1,925,175)</u>	<u>109,074</u>	<u>(18,896,607)</u>
<i>Amortization</i>				
<i>Intangible Right to Use</i>				
<i>Lease Assets</i>				
Intangible Right to Use - Equipment	0	(29,363)	0	(29,363)
<i>Subscription Assets</i>				
Intangible Right to Use - Software	0	(42,063)	0	(42,063)
<i>Total Amortization</i>	<u>0</u>	<u>(71,426)</u>	<u>0</u>	<u>(71,426)</u>
<i>Total Accumulated Depreciation/Amortization</i>	<u>(17,080,506)</u>	<u>(1,996,601) *</u>	<u>109,074</u>	<u>(18,968,033)</u>
<i>Total Depreciable Capital Assets, Net</i>	<u>52,743,171</u>	<u>(1,563,571)</u>	<u>(12,119)</u>	<u>51,167,481</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$55,318,660</u>	<u>(\$1,433,083)</u>	<u>(\$12,119)</u>	<u>\$53,873,458</u>

Dover City School District
Notes to the Basic Financial Statements
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* Depreciation/amortization expense was charged to governmental functions as follows:

	<u>Depreciation</u>	<u>Amortization</u>	<u>Total</u>
Instruction:			
Regular	\$1,121,800	\$39,184	\$1,160,984
Special	79,510	0	79,510
Support Services:			
Pupils	25,220	0	25,220
Instructional Staff	49,670	2,879	52,549
Administration	40,814	29,363	70,177
Fiscal	1,925	0	1,925
Operation and Maintenance of Plant	84,900	0	84,900
Pupil Transportation	202,528	0	202,528
Operation of Non-Instructional Services:			
Food Service Operations	53,327	0	53,327
Community Services	2,695	0	2,695
Extracurricular Activities	262,786	0	262,786
Total Depreciation/Amortization Expense	<u>\$1,925,175</u>	<u>\$71,426</u>	<u>\$1,996,601</u>

Note 12 – Donor Restricted Endowments

The School District’s scholarship endowment permanent fund includes donor restricted endowments. The net position – non-expendable amount of \$233,021 represents the principal portion of the endowments. The net position – expendable amount of \$70,642 represents the interest earnings on donor-restricted investments and is available for expenditure by the governing board, for purposes consistent with the endowment’s intent. State law permits the governing board to appropriate, for purposes consistent with the endowment’s intent, net appreciation, realized and unrealized, unless the endowment terms specify otherwise.

Note 13 – Risk Management

Property and Liability Insurance

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The School District has a comprehensive property and casualty policy with a deductible of \$2,500 per occurrence. The School District’s comprehensive property policy aggregate limit is approximately \$131,609,206. The School District’s vehicle insurance policy limit is \$1,000,000 with a \$250 comprehensive deductible and a \$500 collision deductible. All Board of Education members, administrators, and employees are covered under a School District liability policy. The School District’s liability insurance limits of coverage are \$2,000,000 per occurrence and \$4,000,000 in aggregate. Settled claims have not exceeded this coverage in any of the past three years. There was no significant reduction in insurance coverage from the prior year.

Workers’ Compensation

For fiscal year 2023, the School District participated in the Ohio School Boards Association Workers’ Compensation Group Rating Program (GRP), an insurance purchasing pool (see Note 21). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and

Dover City School District
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representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated, and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "Equity Pooling Fund" arrangement ensures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. Sedgwick provides administrative, cost control and actuarial services to the GRP.

Employee Medical Benefits

The School District is a member of the Summit Regional Health Care Consortium (SRHCC), a shared risk pool (see Note 21), through which a cooperative Health Benefit Program was created for the benefit of its members. The Health Benefit Program (the Program) is an employee health benefit plan which covers the participating members' employees. The SRHCC acts as a fiscal agent for the cash funds paid into the program by the participating school districts. These funds are pooled together for the purpose of paying health benefit claims of employees and their covered dependents, administrative expenses of the program and premiums for stop-loss insurance coverage. A reserve exists that is to cover any unpaid claims if the School District were to withdraw from the pool. If the reserve would not cover such claims, the School District would be liable for any costs above the reserve. Because the School District is a member of SRHCC and SRHCC holds the reserves for Incurred But Not Reported (IBNR) claims, not the individual districts, IBNR information is not available on a district-by-district basis. The School District pays premiums ranging from \$1,548 to \$1,581 for family coverage and ranging from \$605 to \$620 for single coverage per employee per month.

Note 14 – Defined Benefit Pension Plans

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Net Pension Liability/Net OPEB Liability (Asset)

The net pension liability and the net OPEB liability (asset) reported on the statement of net position represent liabilities to employees for pensions and OPEB, respectively. Pensions/OPEB are a component of exchange transactions – between an employer and its employees – of salaries and benefits for employee services. Pensions/OPEB are provided to an employee – on a deferred-payment basis – as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension/OPEB liability (asset) represents the School District's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

Ohio Revised Code limits the School District's obligation for this liability to annually required payments. The School District cannot control benefit terms or the manner in which pensions/OPEB are financed; however, the School District does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

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GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also include pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide health care to eligible benefit recipients.

The proportionate share of each plan’s unfunded benefits is presented as a *net OPEB asset* or long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 15 for the required OPEB disclosures.

School Employees Retirement System (SERS)

Plan Description – School District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on years of service; 2.2 percent for the first 30 years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. New benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount

Dover City School District
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For the Fiscal Year Ended June 30, 2023

on the anniversary date of the benefit. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The Retirement Board approved a 2.5 percent COLA for calendar year 2023.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2023, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2023, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District's contractually required contribution to SERS was \$412,416 for fiscal year 2023. Of this amount \$56,261 is reported as an intergovernmental payable.

State Teachers Retirement System (STRS)

Plan Description – School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple employer public employee system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information, and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS website at www.strsoh.org.

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307.

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent upon a determination by its actuary that it was necessary to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost of living increases are not affected by this change. Effective July 1, 2022, an ad-hoc COLA of 3 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be 5 years of service credit and age 65, or 35 years of service credit and at least age 60.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2023, when retirement eligibility will be 5 years of qualifying service credit and age 60, or 30 years of service credit regardless of age.

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate is deposited into the member’s DC account and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50 and after termination of employment.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member’s defined contribution account or the defined contribution portion of a member’s Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before retirement benefits begin, the member’s designated beneficiary is entitled to receive the member’s account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The 2023 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For 2023, the full employer contribution was allocated to pension.

The School District’s contractually required contribution to STRS was \$1,973,420 for fiscal year 2023. Of this amount \$348,230 is reported as an intergovernmental payable.

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

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 an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.07315050%	0.10232120%	
Prior Measurement Date	0.07514790%	0.10551247%	
Change in Proportionate Share	-0.00199740%	-0.00319127%	
Proportionate Share of the Net Pension Liability	\$3,956,548	\$22,746,133	\$26,702,681
Pension Expense	\$111,666	\$2,145,121	\$2,256,787

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At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$160,243	\$291,180	\$451,423
Changes of assumptions	39,040	2,722,029	2,761,069
Net difference between projected and actual earnings on pension plan investments	0	791,516	791,516
School District contributions subsequent to the measurement date	412,416	1,973,420	2,385,836
Total Deferred Outflows of Resources	\$611,699	\$5,778,145	\$6,389,844
Deferred Inflows of Resources			
Differences between expected and actual experience	\$25,974	\$87,011	\$112,985
Changes of assumptions	0	2,048,905	2,048,905
Net difference between projected and actual earnings on pension plan investments	138,065	0	138,065
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	92,381	1,300,793	1,393,174
Total Deferred Inflows of Resources	\$256,420	\$3,436,709	\$3,693,129

\$2,385,836 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	(\$41,236)	(\$508,660)	(\$549,896)
2025	(48,114)	(553,230)	(601,344)
2026	(197,230)	(876,922)	(1,074,152)
2027	229,443	2,306,828	2,536,271
Total	(\$57,137)	\$368,016	\$310,879

Actuarial Assumptions – SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2022, are presented as follows:

	June 30, 2022
Inflation	2.4 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
COLA or Ad Hoc COLA	2.0 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement
Investment Rate of Return	7.00 percent net of System expenses
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

Mortality rates were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

The most recent experience study was completed for the five-year period ended June 30, 2020.

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	(0.45) %
US Equity	24.75	5.37
Non-US Equity Developed	13.50	6.22
Non-US Equity Emerging	6.75	8.22
Fixed Income/Global Bonds	19.00	1.20
Private Equity	11.00	10.05
Real Estate/Real Assets	16.00	4.87
Multi-Asset Strategy	4.00	3.39
Private Debt/Private Credit	3.00	5.38
Total	<u>100.00 %</u>	

Discount Rate The total pension liability for 2022 was calculated using the discount rate of 7.00 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.00 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all 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 benefits to determine the total pension liability.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.00 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent), or one percentage point higher (8.00 percent) than the current rate.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$5,823,850	\$3,956,548	\$2,383,372

Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2022, actuarial valuation are presented as follows:

	June 30, 2022
Inflation	2.50 percent
Salary Increases	From 2.5 percent to 8.5 percent based on age
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent
Payroll Increases	3.00 percent
Cost of Living Adjustments (COLA)	0.0 percent, effective July 1, 2017

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For 2022, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For 2021, post-retirement mortality rates are based on RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates, thereafter, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2022, valuation are based on the results of an actuarial experience study for the period July 1, 2015, through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

Asset Class	Target Allocation *	Long-Term Expected Rate of Return **
Domestic Equity	26.00%	6.60%
International Equity	22.00	6.80
Alternatives	19.00	7.38
Fixed Income	22.00	1.75
Real Estate	10.00	5.75
Liquidity Reserves	1.00	1.00
Total	100.00%	

* Target allocation percentage is effective July 1, 2022. Target weights were phased in over a 3-month period concluding on October 1, 2022.

** 10-year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent, and are net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2022. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with the rates described previously. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was

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projected to be available to make all projected future benefit payments to current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2022.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.00 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$34,361,124	\$22,746,133	\$12,923,444

Note 15 – Defined Benefit OPEB Plans

See Note 14 for a description of the net OPEB liability (asset).

School Employees Retirement System (SERS)

Health Care Plan Description – The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides health care benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. The following types of credit purchased after January 29, 1981, do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report, which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

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Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2023, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2023, this amount was \$25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer’s SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2023, the School District’s surcharge obligation was \$54,983.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District’s contractually required contribution to SERS was \$54,983 for fiscal year 2023, which is reported as an intergovernmental payable.

State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians’ fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for postemployment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2023, STRS did not allocate any employer contributions to postemployment health care.

OPEB Liability (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability (asset) was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability (asset) was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.07492890%	0.10232120%	
Prior Measurement Date	0.07776610%	0.10551247%	
Change in Proportionate Share	-0.00283720%	-0.00319127%	
Proportionate Share of the:			
Net OPEB Liability	\$1,052,010	\$0	\$1,052,010
Net OPEB (Asset)	\$0	(\$2,649,437)	(\$2,649,437)
OPEB Expense	(\$105,158)	(\$476,835)	(\$581,993)

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At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$8,844	\$38,407	\$47,251
Changes of assumptions	167,336	112,857	280,193
Net difference between projected and actual earnings on OPEB plan investments	5,468	46,120	51,588
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	16,590	23,071	39,661
School District contributions subsequent to the measurement date	54,983	0	54,983
Total Deferred Outflows of Resources	\$253,221	\$220,455	\$473,676
Deferred Inflows of Resources			
Differences between expected and actual experience	\$672,943	\$397,894	\$1,070,837
Changes of assumptions	431,858	1,878,705	2,310,563
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	195,137	16,770	211,907
Total Deferred Inflows of Resources	\$1,299,938	\$2,293,369	\$3,593,307

\$54,983 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability or an increase to the net OPEB asset in the fiscal 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:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	(\$244,875)	(\$607,062)	(\$851,937)
2025	(250,058)	(592,038)	(842,096)
2026	(218,965)	(287,074)	(506,039)
2027	(142,505)	(119,267)	(261,772)
2028	(97,008)	(154,591)	(251,599)
Thereafter	(148,289)	(312,882)	(461,171)
Total	(\$1,101,700)	(\$2,072,914)	(\$3,174,614)

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Actuarial Assumptions – SERS

The total OPEB liability is determined by SERS’ actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2022, are presented as follows:

	June 30, 2022
Inflation	2.40 percent
Future Salary Increases, including inflation	
Wage Increases	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation
Fiduciary Net Position is Projected to be Depleted	2044
Municipal Bond Index Rate:	
Measurement Date	3.69 percent
Prior Measurement Date	1.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation:	
Measurement Date	4.08 percent
Prior Measurement Date	2.27 percent
Health Care Cost Trend Rate:	
Medicare	5.125 to 4.40 percent
Pre-Medicare	6.75 to 4.40 percent
Medical Trend Assumption	7.00 to 4.40 percent

Mortality rates among healthy retirees were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to

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2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5 percent for males and adjusted 122.5 percent for females. Mortality rates for actives were based on PUB-2010 General Amount Weighted Below Median Employee mortality table.

The most recent experience study was completed for the five-year period ended June 30, 2020.

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2016 through 2020 and was adopted by the Board in 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a long-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 14.

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2022, was 4.08 percent. The discount rate used to measure total OPEB liability prior to June 30, 2021, was 2.27 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make all projected future benefit payments of current System members by SERS actuaries. The Municipal Bond Index Rate is used in the determination of the SEIR for both the June 30, 2022, and the June 30, 2021, total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate is 3.69 percent at June 30, 2022, and 1.92 percent at June 30, 2021.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability and what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.08 percent) and higher (5.08 percent) than the current discount rate (4.08 percent). Also shown is what the net OPEB liability would be based on health care cost trend rates that are one percentage point lower (6.00 percent decreasing to 3.40 percent) and higher (8.00 percent decreasing to 5.40 percent) than the current rate.

	1% Decrease (3.08%)	Current Discount Rate (4.08%)	1% Increase (5.08%)
School District's proportionate share of the net OPEB liability	\$1,306,612	\$1,052,010	\$846,476

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	1% Decrease (6.00% decreasing to 3.40%)	Current Trend Rate (7.00% decreasing to 4.40%)	1% Increase (8.00% decreasing to 5.40%)
School District's proportionate share of the net OPEB liability	\$811,288	\$1,052,010	\$1,366,431

Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2022, actuarial valuation and the June 30, 2021, actuarial valuation are presented as follows:

	June 30, 2022	June 30, 2021
Projected Salary Increases	Varies by service from 2.5 percent to 8.5 percent	Varies by age from 2.5 percent to 12.50 percent
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.00 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent
Discount Rate of Return	7.00 percent	7.00 percent
Health Care Cost Trends:		
Medical:		
Pre-Medicare	7.50 percent initial 3.94 percent ultimate	5.00 percent initial 4 percent ultimate
Medicare	-68.78 percent initial 3.94 percent ultimate	-16.18 percent initial 4 percent ultimate
Prescription Drug:		
Pre-Medicare	9.00 percent initial 3.94 percent ultimate	6.50 percent initial 4 percent ultimate
Medicare	-5.47 percent initial 3.94 percent ultimate	29.98 percent initial 4 percent ultimate

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

For 2022, healthy retirees post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For 2021, healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

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Actuarial assumptions used in the June 30, 2022, valuation are based on the results of an actuarial experience study for the period July 1, 2015, through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 14.

Discount Rate The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2022.

Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rates The following table represents the net OPEB asset as of June 30, 2022, calculated using the current period discount rate assumption of 7.00 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net OPEB (asset)	(\$2,449,334)	(\$2,649,437)	(\$2,820,841)
	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB (asset)	(\$2,748,110)	(\$2,649,437)	(\$2,524,885)

Note 16 – Other Employee Benefits

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Certified and classified employees earn three days of personal leave per year. This may not be accumulated. Classified employees earn ten to twenty-five days of vacation per fiscal year, depending upon length of service. Employees hired prior to July 1, 1990, can carry over the greater of twenty vacation days or the vacation days accumulated as of July 1, 1990. Employees hired after July 1, 1990, may accumulate a maximum of twenty vacation days. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers do not earn vacation time.

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Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 232 days for teachers, or the number of contracted days plus three days for classified, non-bargaining, and administrative employees. Upon completion of five or more years of service to the School District, State, or other political subdivision, and retirement from the profession, payment is made for one-fourth of accrued, but unused, sick leave credit for certified employees and up to a maximum of 50 days for classified employees. Employees with less than five years of service are eligible under ORC 124.39 to receive the minimum severance payment specified by law.

Life Insurance Benefits

The School District provides life insurance and accidental death and dismemberment insurance to employees through The Standard. Coverage is provided for all certified and classified employees in the amount of \$25,000 for certified employees and \$23,000 for classified employees and prorated based on hours worked when less than 32 hours.

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2023, all members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages.

Note 17 – Contingent Liabilities

Grants

The School District received financial assistance from Federal and State agencies in the form of grants. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds; however, in the opinion of management, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2023, if applicable, cannot be determined at this time.

Litigation

The School District is not party to any claims or lawsuits that would, in the opinion of management, have a material negative effect on the basic financial statements.

Dover City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 18 – Long-Term Obligations

The changes in the School District’s long-term obligations during fiscal year 2023 were as follows:

	Restated Amount Outstanding 06/30/22	Additions	Reductions	Amount Outstanding 06/30/23	Amount Due Within One Year
Governmental Activities					
General Obligation Bonds:					
Classroom Facilities and School Improvement Bonds, Series 2017-1:					
Serial Bonds	\$3,335,000	\$0	(\$545,000)	\$2,790,000	\$555,000
Term Bonds	10,565,000	0	0	10,565,000	0
Premium	359,481	0	(14,773)	344,708	0
Discount	(108,553)	0	4,461	(104,092)	0
Classroom Facilities and School Improvement Bonds, Series 2017-2:					
Serial Bonds	8,605,000	0	(5,000)	8,600,000	5,000
Premium	550,392	0	(35,895)	514,497	0
Total General Obligation Bonds	23,306,320	0	(596,207)	22,710,113	560,000
Other Obligations:					
Leases Payable	0	151,375	(27,189)	124,186	26,206
Subscription Payable	8,398	0	(8,398)	0	0
Compensated Absences	1,870,378	260,606	(152,195)	1,978,789	152,459
Total Other Obligations	1,878,776	411,981	(187,782)	2,102,975	178,665
Net Pension Liability:					
SERS	2,772,740	1,183,808	0	3,956,548	0
STRS	13,490,717	9,255,416	0	22,746,133	0
Total Net Pension Liability	16,263,457	10,439,224	0	26,702,681	0
Net OPEB Liability - SERS	1,471,787	0	(419,777)	1,052,010	0
<i>Total Governmental Activities Long-Term Liabilities</i>	<u>\$42,920,340</u>	<u>\$10,851,205</u>	<u>(\$1,203,766)</u>	<u>\$52,567,779</u>	<u>\$738,665</u>

Classroom Facilities and School Improvement Bonds, Series 2017-1 In March 2017 the School District issued \$15,980,000 in general obligation bonds for new construction and building improvements throughout the School District. The general obligation bonds included \$5,415,000 in serial bonds and \$10,565,000 in term bonds. The bonds were issued for a 29-year period with final maturity at November 1, 2046. These bonds were issued with a premium of \$438,271 and a discount of \$132,346. These amounts are being amortized to interest expense over the life of the bonds using the straight-line method. The bonds were issued at interest rates ranging from 2 to 5 percent.

Optional Redemption The bonds maturing after November 1, 2025, are subject to prior redemption, by and at the sole option of the School District, in whole or in part as selected by the School District (in whole multiples of \$5,000), on any date on or after November 1, 2025, at a redemption price equal to 100 percent of the principal amount redeemed, plus interest accrued to the redemption date.

Dover City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Mandatory Sinking Fund Redemption The term bonds maturing on November 1, 2039, 2042 and 2046 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on November 1 in the years and in the respective principal amounts as follows:

Year	Issue		
	\$2,645,000	\$2,370,000	\$5,550,000
2026	\$50,000	\$0	\$0
2027	50,000	0	0
2028	50,000	0	0
2029	50,000	0	0
2030	50,000	0	0
2031	50,000	0	0
2032	50,000	0	0
2033	50,000	0	0
2034	55,000	0	0
2035	55,000	0	0
2036	55,000	0	0
2037	55,000	0	0
2038	995,000	0	0
2041	0	1,155,000	0
2043	0	0	1,275,000
2044	0	0	1,370,000
2045	0	0	1,425,000
Total Mandatory Sinking Fund Payment	1,615,000	1,155,000	4,070,000
Amount Due at Stated Maturity	1,030,000	1,215,000	1,480,000
Total	\$2,645,000	\$2,370,000	\$5,550,000
<i>Stated Maturity</i>	11/1/2039	11/1/2042	11/1/2046

Classroom Facilities and School Improvement Bonds, Series 2017-2 In March 2017 the School District issued \$9,185,000 in general obligation bonds for new construction and building improvements throughout the School District. The serial bonds were issued for a 20-year period with final maturity at November 1, 2037. These bonds were issued with a premium of \$741,833, which is being amortized to interest expense over the life of the bonds using the straight-line method. The bonds were issued at interest rates ranging from 2 to 4 percent.

Optional Redemption The bonds maturing on and after November 1, 2026, are subject to prior redemption, by and at the sole option of the School District, in whole or in part as selected by the School District (in whole multiples of \$5,000), on any date on or after November 1, 2025, at a redemption price equal to 100 percent of the principal amount redeemed, plus interest accrued to the redemption date.

The general obligation bonds will be paid with property taxes from the bond retirement fund. There is no repayment schedule for the net pension liability and the net OPEB liability; however, employer pension and OPEB contributions are made from the general fund and the food service, special education grant, auxiliary services, elementary and secondary school emergency relief, 21st century grant, title VI-B, title III, title I, title IV, improving teacher quality, and miscellaneous federal grants special revenue funds. For additional information related to the net pension liability and the net OPEB liability, see Notes 14 and 15. Compensated absences will be paid from the general fund and the food service special revenue fund.

Dover City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

The School District's overall legal debt margin was \$24,720,118 with an unvoted debt margin of \$505,078 at June 30, 2023. Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2023, are as follows:

Fiscal Year	General Obligation Bonds			
	Serial		Term	
	Principal	Interest	Principal	Interest
2024	\$560,000	\$428,225	\$0	\$439,688
2025	580,000	409,812	0	439,688
2026	595,000	394,381	0	439,688
2027	565,000	374,900	50,000	438,750
2028	590,000	351,800	50,000	436,875
2029-2033	3,340,000	1,377,000	250,000	2,156,250
2034-2038	4,090,000	636,000	270,000	2,107,875
2039-2043	1,070,000	107,000	4,395,000	1,662,094
2044-2047	0	0	5,550,000	457,400
Total	\$11,390,000	\$4,079,118	\$10,565,000	\$8,578,308

The School District has outstanding agreements to lease copiers and also has various outstanding contracts to use a SBITA vendor's IT software, including digital curriculum and security software. The future lease/subscription payments were discounted based on the interest rate implicit in the lease/subscription or using the School District's incremental borrowing rate. This discount is being amortized using the interest method over the life of the lease/subscription. This lease will be paid from the general fund, and the subscription was fully paid from the general fund during fiscal year 2023. A summary of the principal and interest amounts for the remaining lease is as follows:

Fiscal Year	Lease	
	Principal	Interest
2024	\$26,206	\$5,408
2025	30,061	4,427
2026	31,677	2,811
2027	33,381	1,107
2028	2,861	13
Total	\$124,186	\$13,766

The School District has also committed to another software contract for digital curriculum. This will be recorded on the School District's financial statements in fiscal year 2024 upon commencement of the subscription term.

Note 19 – Set-Asides

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at year end. These amounts must be carried forward to be used for the same purposes in future years.

Dover City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

The following cash basis information describes the change in the fiscal year end set-aside amounts for capital acquisition. Disclosure of this information is required by State statute.

	Capital Improvement
Set-Aside Balances as of June 30, 2022	\$0
Current Year Set-Aside Requirement	580,396
Current Year Offsets	(336,044)
Prior Year Offset from Bond Proceeds	(244,352)
Totals	\$0
Set-Aside Balance Carried Forward to Future Fiscal Years	\$0
Set-Aside Balance as of June 30, 2023	\$0

The offset from bond proceeds is limited to an amount needed to reduce the capital improvement set-aside balance to \$0. The School District is responsible for tracking the amount of bond proceeds that may be used as an offset for future periods. The available balance remaining for future use as of June 30, 2023, was \$23,966,091.

Note 20 – Jointly Governed Organizations

Ohio Mid-Eastern Regional Education Service Agency

Ohio Mid-Eastern Regional Education Service Agency (OME-RESA) is a jointly governed organization created as a regional council of governments pursuant to State statutes. OME-RESA provides financial accounting services, an education management information system, cooperative purchase services and legal services to member districts. OME-RESA has eleven participating counties consisting of Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Jefferson, Monroe, Muskingum, Noble, and Tuscarawas counties. OME-RESA operates under the direction of a board of directors composed of one representative for each of the participating counties as well as an at-large member from the JVS and the Fiscal Advisory Committee. The superintendent or treasurer of the appointed fiscal agent is a standing member of the Board. The Jefferson County Educational Service Center office serves as the fiscal agent and receives funding from the State Department of Education. The continued existence of OME-RESA is not dependent on the School District’s continued participation and no equity interest exists. OME-RESA has no outstanding debt. During fiscal year 2023, the School District paid \$100,640 to OME-RESA for various services. To obtain financial information, write to the Ohio Mid-Eastern Regional Education Service Agency, 2230 Sunset Boulevard Suite 2, Steubenville, Ohio 43952.

Buckeye Joint Vocational School District

The Buckeye Joint Vocational School District, which provides vocational education programs, is a distinct subdivision of the State of Ohio operated under a Board consisting of one representative from each of the eleven participating school districts’ elected boards, which possessed its own budgeting and taxing authority. During fiscal year 2023, the School District made no payments to Buckeye Joint Vocational School District. To obtain financial information, write to Buckeye Joint Vocational School District, Cheryl Malik, Treasurer, 545 University Drive NE, New Philadelphia, Ohio 44663.

Dover City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Tuscarawas County Tax Incentive Review Council

The Tuscarawas County Tax Incentive Review Council (TCTIRC) is a jointly governed organization, created as a regional council of governments pursuant to State Statutes. TCTIRC has 55 members, consisting of 3 members appointed by the County Commissioners, 22 members appointed by municipal corporations, 18 members appointed by township trustees, 1 member from the County Auditor's office, and 11 members appointed by boards of education located within the County. TCTIRC reviews and evaluates the performance of each Enterprise Zone Agreement. This body is advisory in nature and cannot directly impact an existing Enterprise Zone Agreement; however, the council can make written recommendations to the legislative authority which approved the agreement. There is no cost associated with being a member of this council. The continued existence of the TCTIRC is not dependent on the School District's continued participation and no equity interest exists. During fiscal year 2023, the School District made no payments to the TCTIRC.

Note 21 – Insurance Purchasing Pools

Ohio School Boards Association Workers' Compensation Group Rating Program

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three-member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating School Districts pay an enrollment fee to the GRP to cover the costs of administering the program.

Summit Regional Health Care Consortium

Summit Regional Health Care Consortium (SRHCC) is a regional council of governments, which acts as a government risk pool for health, prescription drug and dental insurance for its members. The SRHCC was established in 2007 pursuant to Chapter 167 of the Ohio Revised Code and consists of various school districts in Northeast Ohio. The SRHCC operates as a legally separate entity as provided under Ohio Revised Code Chapter 167. The members of the SRHCC have undertaken a Health Benefits Program on a cooperative basis for the provision of certain medical, prescription drug, dental, vision, and life benefits for their employees and the eligible dependents of those employees. Member contributions are used on a cooperative basis for the provision of health, prescription drug, dental, and/or other health care benefits as provided for in the SRHCC Agreement and as established by law. The Board of Directors determines the insurance benefits to be provided by or through the SRHCC. Benefit selections may vary among the SRHCC members for any type of benefit program. The participating members have adopted a uniform plan document, and the SRHCC is administered by a third-party administrator. Each member decides which benefit program(s) offered by or through the SRHCC will be extended to its employees, but are required to participate in the medical, prescription drug and dental benefit programs.

The Governing Board of the SRHCC is the Board of Directors. The Board of Education of each member appoints its representative to be on the SRHCC Board of Directors. The Treasurer of the fiscal agent (Copley-Fairlawn City School District) serves as the Treasurer of the SRHCC. Financial information for the SRHCC can be obtained from John Wheadon, Treasurer of the Copley-Fairlawn City School District, at 3797 Ridgewood Road, Copley, Ohio 44321.

Dover City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 22 – Related Organization

The Dover Public Library (the Library) is a related organization to the School District. The School District’s Board of Education members are responsible for appointing all the trustees of the Library; however, the School District’s Board of Education cannot influence the Library’s operation, nor does the Library represent a potential financial benefit or burden to the School District. The School District serves in a ministerial capacity as the taxing authority for the Library. Once the Library determines to present a levy to the voters, including the determination of the rate and duration, the School District must place the levy on the ballot. The Library may not issue debt and determines its own budget. During fiscal year 2023, the School District paid \$15,000 to the Library for services provided.

Note 23 – Significant Commitments

Contractual Commitments

At June 30, 2023, the School District had a contractual commitment outstanding for the middle school roof. The total contract amount was \$893,500, with \$0 paid and \$893,500 remaining on the contract at June 30, 2023. The remaining commitment amount was encumbered at fiscal year end.

Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to ensure effective budgetary control and accountability and to facilitate effective cash planning and control. At fiscal year end the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

Governmental Funds:	
General	\$1,021,667
Other Governmental Funds	<u>84,070</u>
Total Governmental Funds	<u><u>\$1,105,737</u></u>

Note 24 – COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June 2021 while the national state of emergency ended in April 2023. During fiscal year 2023, the School District received COVID-19 funding. The School District will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

Required Supplementary Information

Dover City School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
*Last Ten Fiscal Years **

	2023	2022	2021	2020
School District's Proportion of the Net Pension Liability	0.07315050%	0.07514790%	0.07692260%	0.07829240%
School District's Proportionate Share of the Net Pension Liability	\$3,956,548	\$2,772,740	\$5,087,823	\$4,684,372
School District's Covered Payroll	\$2,779,100	\$2,699,164	\$2,706,686	\$2,681,726
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	142.37%	102.73%	187.97%	174.68%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.82%	82.86%	68.55%	70.85%

* Amounts presented for each fiscal year were determined as of the School District's measurement date, which is the prior fiscal year end.

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015	2014
0.08379850%	0.08093980%	0.08561370%	0.08499100%	0.08574500%	0.08574500%
\$4,799,295	\$4,835,974	\$6,266,133	\$4,849,669	\$4,339,506	\$5,098,980
\$2,734,185	\$2,684,371	\$2,673,671	\$2,931,222	\$2,814,957	\$3,074,299
175.53%	180.15%	234.36%	165.45%	154.16%	165.86%
71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

Dover City School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability
School Employees Retirement System of Ohio
*Last Seven Fiscal Years (1) **

	2023	2022	2021	2020
School District's Proportion of the Net OPEB Liability	0.07492890%	0.07776610%	0.07999820%	0.08019700%
School District's Proportionate Share of the Net OPEB Liability	\$1,052,010	\$1,471,787	\$1,738,623	\$2,016,786
School District's Covered Payroll	\$2,779,100	\$2,699,164	\$2,706,686	\$2,681,726
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	37.85%	54.53%	64.23%	75.20%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	30.34%	24.08%	18.17%	15.57%

(1) Although this schedule is intended to reflect information for ten years, information prior to fiscal year 2017 is not available. An additional column will be added each year.

* Amounts presented for each fiscal year were determined as of the School District's measurement date, which is the prior fiscal year end.

See accompanying notes to the required supplementary information

2019	2018	2017
0.08464280%	0.08221670%	0.08649030%
\$2,348,220	\$2,206,480	\$2,465,294
\$2,734,185	\$2,684,371	\$2,673,671
85.88%	82.20%	92.21%
13.57%	12.46%	11.49%

Dover City School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
*Last Ten Fiscal Years **

	2023	2022	2021	2020
School District's Proportion of the Net Pension Liability	0.10232120%	0.10551247%	0.10679199%	0.11197346%
School District's Proportionate Share of the Net Pension Liability	\$22,746,133	\$13,490,717	\$25,839,862	\$24,762,258
School District's Covered Payroll	\$13,403,379	\$13,057,600	\$12,945,950	\$13,076,914
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	169.70%	103.32%	199.60%	189.36%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.88%	87.80%	75.50%	77.40%

* Amounts presented for each fiscal year were determined as of the School District's measurement date, which is the prior fiscal year end.

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015	2014
0.11392811%	0.11219644%	0.11295210%	0.11166560%	0.10982192%	0.10982192%
\$25,050,233	\$26,652,505	\$37,808,473	\$30,861,106	\$26,712,492	\$31,819,745
\$13,046,364	\$12,455,307	\$12,020,571	\$11,833,257	\$11,563,315	\$12,204,923
192.01%	213.99%	314.53%	260.80%	231.01%	260.71%
77.30%	75.30%	66.80%	72.10%	74.70%	69.30%

Dover City School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Asset/Liability
State Teachers Retirement System of Ohio
*Last Seven Fiscal Years (1) **

	2023	2022	2021	2020
School District's Proportion of the Net OPEB Asset/Liability	0.10232120%	0.10551247%	0.10679199%	0.11197346%
School District's Proportionate Share of the:				
Net OPEB Asset	\$2,649,437	\$2,224,644	\$1,876,867	\$1,854,549
Net OPEB Liability	0	0	0	0
School District's Covered Payroll	\$13,403,379	\$13,057,600	\$12,945,950	\$13,076,914
School District's Proportionate Share of the Net OPEB (Asset) Liability as a Percentage of its Covered Payroll	(19.77%)	(17.04%)	(14.50%)	(14.18%)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	230.73%	174.70%	182.10%	174.70%

(1) Although this schedule is intended to reflect information for ten years, information prior to fiscal year 2017 is not available. An additional column will be added each year.

* Amounts presented for each fiscal year were determined as of the School District's measurement date, which is the prior fiscal year end.

See accompanying notes to the required supplementary information

2019	2018	2017
0.11392811%	0.11219644%	0.11295210%
\$1,830,709 0	\$0 4,377,491	\$0 6,040,708
\$13,046,364	\$12,455,307	\$12,020,571
(14.03%)	35.15%	50.25%
176.00%	47.10%	37.30%

Dover City School District
Required Supplementary Information
Schedule of the School District's Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2023	2022	2021	2020
Net Pension Liability				
Contractually Required Contribution	\$412,416	\$389,074	\$377,883	\$378,936
Contributions in Relation to the Contractually Required Contribution	<u>(412,416)</u>	<u>(389,074)</u>	<u>(377,883)</u>	<u>(378,936)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$2,945,829	\$2,779,100	\$2,699,164	\$2,706,686
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
Net OPEB Liability				
Contractually Required Contribution (2)	\$54,983	\$49,607	\$51,245	\$52,224
Contributions in Relation to the Contractually Required Contribution	<u>(54,983)</u>	<u>(49,607)</u>	<u>(51,245)</u>	<u>(52,224)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>1.87%</u>	<u>1.79%</u>	<u>1.90%</u>	<u>1.93%</u>
Total Contributions as a Percentage of Covered Payroll (2)	<u>15.87%</u>	<u>15.79%</u>	<u>15.90%</u>	<u>15.93%</u>

(1) The School District's covered payroll is the same for Pension and OPEB.

(2) Includes surcharge

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015	2014
\$362,033	\$369,115	\$375,812	\$374,314	\$386,335	\$390,153
<u>(362,033)</u>	<u>(369,115)</u>	<u>(375,812)</u>	<u>(374,314)</u>	<u>(386,335)</u>	<u>(390,153)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$2,681,726	\$2,734,185	\$2,684,371	\$2,673,671	\$2,931,222	\$2,814,957
<u>13.50%</u>	<u>13.50%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>13.18%</u>	<u>13.86%</u>
\$54,050	\$57,751	\$45,187	\$42,607	\$65,226	\$42,503
<u>(54,050)</u>	<u>(57,751)</u>	<u>(45,187)</u>	<u>(42,607)</u>	<u>(65,226)</u>	<u>(42,503)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>2.02%</u>	<u>2.11%</u>	<u>1.68%</u>	<u>1.59%</u>	<u>2.23%</u>	<u>1.51%</u>
<u>15.52%</u>	<u>15.61%</u>	<u>15.68%</u>	<u>15.59%</u>	<u>15.41%</u>	<u>15.37%</u>

Dover City School District
Required Supplementary Information
Schedule of the School District's Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2023	2022	2021	2020
Net Pension Liability				
Contractually Required Contribution	\$1,973,420	\$1,876,473	\$1,828,064	\$1,812,433
Contributions in Relation to the Contractually Required Contribution	<u>(1,973,420)</u>	<u>(1,876,473)</u>	<u>(1,828,064)</u>	<u>(1,812,433)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$14,095,857	\$13,403,379	\$13,057,600	\$12,945,950
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
Net OPEB Asset/Liability				
Contractually Required Contribution	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Total Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

(1) The School District's covered payroll is the same for Pension and OPEB.

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015	2014
\$1,830,768	\$1,826,491	\$1,743,743	\$1,682,880	\$1,656,656	\$1,503,231
<u>(1,830,768)</u>	<u>(1,826,491)</u>	<u>(1,743,743)</u>	<u>(1,682,880)</u>	<u>(1,656,656)</u>	<u>(1,503,231)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$13,076,914	\$13,046,364	\$12,455,307	\$12,020,571	\$11,833,257	\$11,563,315
<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>13.00%</u>
\$0	\$0	\$0	\$0	\$0	\$115,633
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(115,633)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>1.00%</u>
<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

Dover City School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2023

Net Pension Liability

Changes in Assumptions – SERS

Beginning in fiscal year 2018, on each anniversary of the initial retirement, the allowance of all retirees and survivors may be increased by the annual rate of increase in the CPI-W measured as of the June preceding the beginning of the applicable calendar year. The annual rate of increase shall not be less than 0 percent nor greater than 2.5 percent. The COLA was suspended for 2018-2020. Prior to 2018, an assumption of 3 percent was used.

Amounts reported in 2022 incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These assumptions compared with those used in prior years are presented as follows:

	<u>Fiscal Year 2022</u>	<u>Fiscal Years 2021-2017</u>	<u>Fiscal Year 2016 and Prior</u>
Wage Inflation	2.4 percent	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
Investment Rate of Return	7.0 percent net of system expenses	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation

Beginning in 2022, amounts reported use mortality rates based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

Amounts report for 2017 through 2021 use mortality rates that are based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females. Amounts reported for fiscal year 2016 and prior, use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

Changes in Assumptions – STRS

Beginning with fiscal year 2022, amounts reported incorporate changes in assumptions and changes in benefit terms used by STRS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal years 2018-2021 and fiscal year 2017 and prior are presented as follows:

Dover City School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2023

	Fiscal Year 2022	Fiscal Years 2021-2018	Fiscal Year 2017 and Prior
Inflation	2.50 percent	2.50 percent	2.75 percent
Projected Salary Increases	From 2.5 percent to 12.5 percent based on age	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent	3.5 percent
Cost of Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA commences on fifth anniversary of retirement date.

Beginning with fiscal year 2022, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Beginning with fiscal year 2018, post-retirement mortality rates for healthy retirees were based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

For fiscal year 2017 and prior actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males’ ages are set-back two years through age 89 and no set back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

Changes in Benefit Terms – STRS

For fiscal year 2023, the Board approved a one-time 3 percent COLA effective on the anniversary of a benefit recipient’s retirement date for those eligible during fiscal year 2023 and eliminated the age 60 requirement to receive unreduced retirement that was scheduled to go into effect August 1, 2026.

Dover City School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2023

Net OPEB Liability (Asset)

Changes in Assumptions – SERS

Beginning with fiscal year 2022, amounts reported incorporate changes in assumptions and changes in benefit terms used by SERS in calculating the total OPEB liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2021 and prior are presented as follows:

	2022	2021 and Prior
Inflation	2.40 percent	3.00 percent
Future Salary Increases, including inflation		
Wage Increases	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation	7.50 percent net of investment expense, including inflation

Amounts reported incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented as follows:

Municipal Bond Index Rate:	
Fiscal year 2023	3.69 percent
Fiscal year 2022	1.92 percent
Fiscal year 2021	2.45 percent
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Fiscal year 2023	4.08 percent
Fiscal year 2022	2.27 percent
Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Changes in Assumptions – STRS

For fiscal year 2018, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Dover City School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2023

For fiscal year 2019, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45.

For fiscal year 2022, the discount rate was decreased from 7.45 percent to the long-term expected rate of return of 7.00.

For fiscal year 2023, the projected salary increases were changed from age based (2.5 percent to 12.50 percent) to service based (2.5 percent to 8.5 percent).

Changes in Benefit Terms – STRS

For fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements were scheduled to be discontinued beginning January 2020.

For fiscal year 2019, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019, and all remaining Medicare Part B premium reimbursements were scheduled to be discontinued beginning January 1, 2020.

For fiscal year 2020, there was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2020, to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020, from 1.944 percent to 1.984 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021, to 2.1 percent for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

For fiscal year 2021, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2021, premium based on June 30, 2020, enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021, from 1.984 percent to 2.055 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021, to 2.1 percent for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

For fiscal year 2022, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2022, premium based on June 30, 2021, enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2022, from 2.055 percent to 2.1 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D Subsidy was updated to reflect it is expected to be negative in calendar year 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

For fiscal year 2023, health care trends were updated to reflect emerging claims and recoveries experience.

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SUPPLEMENTARY INFORMATION

**DOVER CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM/CLUSTER TITLE	ASSISTANCE LISTING NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER / ADDITIONAL AWARD IDENTIFICATION	TOTAL FEDERAL EXPENDITURES
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through the Ohio Department of Education</i>			
Child Nutrition Cluster			
School Breakfast Program	10.553	2023	243,794
National School Lunch Program	10.555	2022	375,184
COVID-19 - National School Lunch Program	10.555	COVID-19, 2023	70,021
National School Lunch Program	10.555	2023	389,832
National School Lunch Program - Food Donation	10.555	2023	88,955
Total National School Lunch Program			923,992
Total Child Nutrition Cluster			1,167,786
COVID-19 - State Pandemic Electronic Benefit Transfer (P-EBT) Administrative Costs Grant	10.649	COVID-19, 2023	628
Total U.S. Department of Agriculture			1,168,414
U.S. DEPARTMENT OF THE TREASURY			
<i>Passed Through Ohio Office of Budget and Management</i>			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - School Safety Round #1	21.027	COVID-19	89,959
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - School Safety Round #2	21.027	COVID-19	7,497
Total Coronavirus State and Local Fiscal Recovery Funds			97,456
Total U.S. Department of the Treasury			97,456
U.S. FEDERAL COMMUNICATIONS COMMISSION			
<i>Direct</i>			
COVID-19 - Emergency Connectivity Fund (ECF) Program	32.009	N/A	12,232
Total U.S. Federal Communications Commission			12,232
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through New Philadelphia City School District</i>			
Title I Grants to Local Educational Agencies	84.010A	84.010A, 2023	27,512
<i>Passed Through the Ohio Department of Education</i>			
Title I Grants to Local Educational Agencies	84.010A	84.010A, 2022	76,522
Title I Grants to Local Educational Agencies	84.010A	84.010A, 2023	231,656
Total Title I Grants to Local Educational Agencies			335,690
Special Education Cluster (IDEA)			
Special Education-Grants to States (IDEA, Part B)	84.027A	84.027A, 2022	123,316
Special Education-Grants to States (IDEA, Part B)	84.027A	84.027A, 2023	482,718
COVID-19 - Special Education-Grants to States (IDEA, Part B) - ARP	84.027X	COVID-19, 84.027X, 2023	45,658
Total Special Education-Grants to States (IDEA, Part B)			651,692
Special Education-Preschool Grants (IDEA Preschool)	84.173A	84.173A, 2023	12,400
Total Special Education Cluster (IDEA)			664,092
English Language Acquisition State Grants - Title III - Language Instruction for English Learners	84.365A	84.365A, 2022	10,226
English Language Acquisition State Grants - Title III - Language Instruction for English Learners	84.365A	84.365A, 2023	42,657
Total English Language Acquisition State Grants - Title III			52,883
Supporting Effective Instruction State Grants	84.367A	84.367A, 2022	12,709
Supporting Effective Instruction State Grants	84.367A	84.367A, 2023	46,274
Total Supporting Effective Instruction State Grants			58,983
Student Support and Academic Enrichment Program	84.424A	84.424A, 2022	5,548
Student Support and Academic Enrichment Program	84.424A	84.424A, 2023	16,807
Total Student Support and Academic Enrichment Program			22,355
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	COVID-19, 84.425D, 2022	15,927
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER II) Fund	84.425D	COVID-19, 84.425D, 2023	6,648
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER) Fund	84.425U	COVID-19, 84.425U, 2022	138,662
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER) Fund	84.425U	COVID-19, 84.425U, 2023	602,245
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER) Fund - Homeless Round II	84.425W	COVID-19, 84.425W, 2023	16,500
Total Education Stabilization Fund			779,982
Comprehensive Literacy State Development	84.371C	84.371C, 2022	46,043
Comprehensive Literacy State Development	84.371C	84.371C, 2023	419,138
Total Comprehensive Literacy State Development			465,181
Twenty-First Century Community Learning Centers	84.287C	84.287C, 2022	8,313
Twenty-First Century Community Learning Centers	84.287C	84.287C, 2023	173,483
Total Twenty-First Century Community Learning Centers			181,796
Total U.S. Department of Education			2,560,962
Total Federal Expenditures			\$ 3,839,064

The accompanying notes are an integral part of this schedule.

**DOVER CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1 – BASIS OF PRESENTATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Dover City School District under programs of the federal government for the fiscal year ended June 30, 2023 and is prepared in accordance with the cash basis of accounting. The information on this Schedule is prepared 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 the Dover City School District, it is not intended to and does not present the financial position, or changes in net position of the Dover City School District. Such expenditures are recognized following cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be limited as to reimbursement.

NOTE 2 – DE MINIMIS COST RATE

CFR Section 200.414 of the Uniform Guidance allows a non-federal entity that has never received a negotiated indirect cost rate to charge a de minimis rate of 10% of modified total direct costs to indirect costs. The Dover City School District has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 – CHILD NUTRITION CLUSTER

The Dover City School District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the Dover City School District assumes it expends federal monies first.

NOTE 4 – FOOD DONATION PROGRAM

The Dover City School District reports commodities consumed on the Schedule at the entitlement value. The Dover City School District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.

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

Dover City School District
Tuscarawas County
228 West 6th Street
Dover, OH 44622

To the Members of the Board of Education:

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, each major fund, and the aggregate remaining fund information of the Dover City School District, Tuscarawas County, Ohio, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Dover City School District's basic financial statements, and have issued our report thereon dated December 18, 2023, wherein we noted as described in Note 3 to the financial statements, a prior period restatement was made at July 1, 2022 to report the employee benefit trust fund as a component of the general fund, rather than an internal service fund, and the implementation of accounting principle GASB Statement No. 96, "*Subscription Based Information Technology Arrangements*".

Report on Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Dover City School 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal control, described in the accompanying schedule of findings as item 2023-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

Dover City School District's Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Dover City School District's response to the finding identified in our audit and described in the accompanying corrective action plan. The Dover City School 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 Dover City School 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 Dover City School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.
December 18, 2023

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

Dover City School District
Tuscarawas County
228 West 6th Street
Dover, OH 44622

To the Members of the Board of Education:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

In our opinion, the Dover City School District 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 fiscal 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 Dover City School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Dover City School 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 Dover City School 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 Dover City School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Dover City School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, 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 Dover City School 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 Dover City School 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 Dover City School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

Dover City School District
Tuscarawas County
Independent Auditor's Report on Compliance for Each Major Federal Program
and on Internal Control Over Compliance Required by the Uniform Guidance

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.

Julian & Grube, Inc.

Julian & Grube, Inc.
December 18, 2023

**DOVER CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2023**

1. SUMMARY OF AUDITOR'S RESULTS		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unmodified
<i>(d)(1)(ii)</i>	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	Yes
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Program's Compliance Opinion</i>	Unmodified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under 2 CFR §200.516(a)?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Programs (listed):</i>	Child Nutrition Cluster COVID-19 – Education Stabilization Fund (ALN 84.425)
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: > \$750,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee under 2 CFR § 200.520?</i>	No

**DOVER CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2023**

2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2023-001

Significant Deficiency - Financial Statement Presentation

Accurate financial reporting is required in order to provide management and other stakeholders with objective and timely information to enable well-informed decisions. Presentation of materially correct financial statements and the related footnotes is the responsibility of management. This responsibility remains intact even if management decides to outsource this function for efficiency purposes or any other reason. In either case, it is important that control procedures are developed related to the financial statements that enable management to identify, prevent, detect and correct potential misstatements in the financial statements and footnotes.

A prior period restatement of the District’s fund balances and net position was required to properly state the Employee Benefits Trust Fund, which was previously reported as an internal service fund; however, should be reported as part of the combined general fund. The audited financial statements, note disclosures and District records have been adjusted for the misstatements identified during the audit.

A lack of proper policies and procedures for control and monitoring activities associated with the period-end financial reporting process could lead to financial statement and note disclosure adjustments, which if uncorrected, could lead to a misrepresentation of the District’s activity.

We recommend the District implement additional control procedures that enable management to more timely prevent, detect and correct potential misstatements in the financial statements prior to presenting them to the auditors. Further, we recommend the District review the adjustments noted during the audit and incorporate them into future reports.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None.

**DOVER CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY, OHIO**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR § 200.511(b)
JUNE 30, 2023**

Finding Number	Year Initially Occurred	Finding Summary	Status	Additional Information
2022-001	2021	<u>Noncompliance/Material Weakness</u> – 2 C.F.R. § 200.318(a) requires the School District to use its own documented procurement procedures which reflect applicable state and other local laws and regulations, provided that the procurements conform to applicable federal law and the standards identified in this section. The School District purchased items from eight vendors with federal nutrition monies exceeding the \$3,500 threshold where they did not ensure open competition by seeking multiple quotes.	Corrective Action Take and Finding is Fully Corrected	N/A
2022-002	2022	<u>Noncompliance/Material Weakness</u> - 7 C.F.R. § 245.6a, paragraph (a)(7) documents that sources of information for verification for free and reduced food service should be from written evidence, collateral contracts, and systems of records. The School District selected six applications for verification. One family verbally communicated their household earnings to the School District and later submitted a wage stub within the verification time period. However, the School District utilized the verbal earnings amount in the verification process rather than using the family's wage stub, resulting in the family receiving free status rather than denied or full pay status.	Corrective Action Take and Finding is Fully Corrected	N/A



Dover City Schools

228 West Sixth Street
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Tim McCrate
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DOVER MIDDLE SCHOOL

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Eric Seibert
330-364-7121

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Erin Margletta
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**DOVER AVENUE
ELEMENTARY**

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PRINCIPAL

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EAST ELEMENTARY

325 Betscher Avenue
PRINCIPAL

Zach Zesiger
330-364-7114

SOUTH ELEMENTARY

280 East Shafer Avenue
PRINCIPAL

Tracie Murphy
330-364-7111

CORRECTIVE ACTION PLAN

JUNE 30, 2023

Finding Number	Planned Corrective Action	Anticipation Completion Date	Responsible Contact Person
2023-001	The District will implement policies and procedures for control and monitoring activities associated with this type of activity. This will prevent, detect, and correct potential misstatements in the financial statements.	Fiscal Year 2024	Kathryn Brugger, Treasurer

OHIO AUDITOR OF STATE KEITH FABER



DOVER CITY SCHOOL DISTRICT

TUSCARAWAS COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 2/22/2024

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
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