



OHIO AUDITOR OF STATE
KEITH FABER



**DOVER CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY
JUNE 30, 2022**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Management's Discussion and Analysis	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	16
Statement of Activities.....	17
Fund Financial Statements:	
Balance Sheet	
Governmental Funds.....	18
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	19
Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds.....	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	21
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual General Fund.....	22
Statement of Fund Net Position	
Proprietary Fund.....	23
Statement of Revenues, Expenses and Changes in Fund Net Position Proprietary Fund.....	24
Statement of Cash Flows	
Proprietary Fund.....	25
Statement of Fiduciary Net Position	
Custodial Fund	26
Statement of Changes in Fiduciary Net Position Custodial Fund	27
Notes to the Basic Financial Statements.....	29

**DOVER CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY
JUNE 30, 2022**

**TABLE OF CONTENTS
(Continued)**

TITLE	PAGE
Required Supplementary Information:	
Schedule of the School District's Proportionate Share of the Net Pension Liability (School Employees Retirement System of Ohio).....	72
Schedule of the School District's Proportionate Share of the Net OPEB Liability (School Employees Retirement System of Ohio).....	74
Schedule of the School District's Proportionate Share of the Net Pension Liability (State Teachers Retirement System of Ohio).....	76
Schedule of the School District's Proportionate Share of the Net OPEB Asset/Liability (State Teachers Retirement System of Ohio).....	78
Schedule of the School District's Contributions (School Employees Retirement System of Ohio).....	80
Schedule of the School District's Contributions (State Teachers Retirement System of Ohio).....	82
Notes to Required Supplementary Information.....	84
Schedule of Expenditures of Federal Awards	87
Notes to the Schedule of Expenditures of Federal Awards.....	88
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	89
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance.....	91
Schedule of Findings.....	95
Prepared by Management:	
Summary Schedule of Prior Audit Findings	99
Corrective Action Plan	101

OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Dover City School District
Tuscarawas County
228 West Sixth Street
Dover, Ohio 44622

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Dover City School District, Tuscarawas County, Ohio (the School District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Dover City School District, Tuscarawas County, Ohio as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the 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.

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 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 Liabilities/ Assets and Pension and Other Post-Employment Benefit Contributions 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 School District's basic financial statements. The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 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 information 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 May 11, 2023, on our consideration of the School District's internal control over financial reporting and 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 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 School District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

May 11, 2023

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Dover City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
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, 2022. 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 2022 fiscal year are as follows:

- Net position increased from the prior fiscal year primarily due to the decrease in pension expenses. The large decrease in the net pension liability also caused a decrease in overall liabilities. 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 a large decrease in cash expenditures. This was mainly related to a decrease in construction costs after the completion of the new high school project in the prior fiscal year.
- Changes in the State foundation funding model, which are discussed subsequently in more detail, brought about an increase in grants and entitlements and a decrease in tuition and fees.
- Some of the capital asset additions for fiscal year 2022 included a stadium light pole, roof replacements, and several buses.

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 29-70 of this report.

Dover City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited

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 2022?" 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.

Proprietary Fund The School District maintains a proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the School District's various functions. The School District uses an internal service fund to account for health insurance benefits provided to employees. This fund uses the accrual basis of accounting.

Dover City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited

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.

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 2022 compared to 2021:

Table 1
 Net Position
 Governmental Activities

	2022	Restated 2021	Change
Assets			
Current and Other Assets	\$29,961,470	\$29,306,799	\$654,671
Net OPEB Asset	2,224,644	1,876,867	347,777
Capital Assets, Net	55,153,527	56,149,428	(995,901)
<i>Total Assets</i>	<u>87,339,641</u>	<u>87,333,094</u>	<u>6,547</u>
Deferred Outflows of Resources			
Pension	6,547,685	5,368,716	1,178,969
OPEB	576,709	688,329	(111,620)
<i>Total Deferred Outflows of Resources</i>	<u>7,124,394</u>	<u>6,057,045</u>	<u>1,067,349</u>
Liabilities			
Current Liabilities	4,236,579	4,416,408	(179,829)
Long-Term Liabilities:			
Due Within One Year	702,195	714,936	(12,741)
Due in More Than One Year:			
Net Pension Liability	16,263,457	30,927,685	(14,664,228)
Net OPEB Liability	1,471,787	1,738,623	(266,836)
Other Amounts	24,474,503	24,989,481	(514,978)
<i>Total Liabilities</i>	<u>47,148,521</u>	<u>62,787,133</u>	<u>(15,638,612)</u>
Deferred Inflows of Resources			
Property Taxes	12,436,486	12,645,061	(208,575)
Pension	14,419,243	1,478,806	12,940,437
OPEB	3,488,746	3,227,938	260,808
<i>Total Deferred Inflows of Resources</i>	<u>30,344,475</u>	<u>17,351,805</u>	<u>12,992,670</u>
Net Position			
Net Investment in Capital Assets	32,634,897	32,981,004	(346,107)
Restricted	2,406,396	2,256,005	150,391
Unrestricted (Deficit)	(18,070,254)	(21,985,808)	3,915,554
<i>Total Net Position</i>	<u>\$16,971,039</u>	<u>\$13,251,201</u>	<u>\$3,719,838</u>

Dover City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited

The net pension liability (NPL) is one of the largest single liabilities reported by the School District at June 30, 2022. 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 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 mainly due to the decrease in expenses, which primarily resulted from a decrease in pension expense.

Current and other assets increased during the fiscal year due primarily to an increase in equity in pooled cash and cash equivalents. The increase in equity in pooled cash and cash equivalents was primarily the result of a large decrease in cash expenditures. This was mainly related to a decrease in construction costs after the completion of the new high school project in the prior fiscal year.

The decrease in capital assets was due to depreciation exceeding capital outlay for the fiscal year. Capital asset additions were much lower than in fiscal year 2021, which was when the new high school was completed. Net investment in capital assets was \$32,634,897 at June 30, 2022. 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 increased due to the increase in deferred outflows related to pension.

Liabilities decreased from the prior fiscal year primarily due to a significant decrease 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 also decreased as the School District continued to make required debt payments.

Total deferred inflows of resources increased from the prior fiscal year primarily due to the large increase in deferred inflows related to pension.

Dover City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited

Table 2 shows the changes in net position for fiscal year 2022 compared to fiscal year 2021.

Table 2
Change in Net Position
Governmental Activities

	2022	Restated 2021	Change
Revenues			
<i>Program Revenues</i>			
Charges for Services	\$922,909	\$1,563,757	(\$640,848)
Operating Grants, Contributions and Interest	5,384,920	6,032,940	(648,020)
Capital Grants, Contributions and Interest	182,717	202,422	(19,705)
<i>Total Program Revenues</i>	6,490,546	7,799,119	(1,308,573)
<i>General Revenues</i>			
Property Taxes	15,303,601	15,284,199	19,402
Grants and Entitlements	10,085,424	9,549,967	535,457
Investment Earnings	(67,258)	58,847	(126,105)
Miscellaneous	395,905	379,149	16,756
<i>Total General Revenues</i>	25,717,672	25,272,162	445,510
<i>Total Revenues</i>	32,208,218	33,071,281	(863,063)
<i>Program Expenses</i>			
Instruction:			
Regular	13,388,671	15,979,578	(2,590,907)
Special	2,940,588	3,443,704	(503,116)
Vocational	6,813	14,708	(7,895)
Student Intervention Services	185,432	538,282	(352,850)
Support Services:			
Pupils	1,700,426	2,281,193	(580,767)
Instructional Staff	597,699	573,678	24,021
Board of Education	114,951	82,912	32,039
Administration	2,218,259	2,323,432	(105,173)
Fiscal	642,010	707,876	(65,866)
Operation and Maintenance of Plant	2,145,043	2,185,983	(40,940)
Pupil Transportation	1,042,862	905,673	137,189
Operation of Non-Instructional Services:			
Food Service Operations	1,139,681	921,252	218,429
Community Services	216,377	228,454	(12,077)
Extracurricular Activities	1,297,945	1,005,687	292,258
Interest and Fiscal Charges	851,623	872,206	(20,583)
<i>Total Program Expenses</i>	28,488,380	32,064,618	(3,576,238)
Change in Net Position	3,719,838	1,006,663	2,713,175
Net Position Beginning of Year	13,251,201	12,244,538	1,006,663
Net Position End of Year	\$16,971,039	\$13,251,201	\$3,719,838

Dover City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited

Several revenue sources fund governmental activities, with property taxes being the largest contributor. Property tax revenues were comparable to the prior fiscal year.

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 due to changes in the foundation funding model discussed subsequently.

For fiscal year 2022, School District foundation funding from the State of Ohio is now funded using a direct funding model. Under this new model, community school, STEM school, scholarship, and open enrollment funding are directly funded by the State of Ohio to the respective educating school. For fiscal year 2021 and prior, the amounts related to students who were residents of the School District were funded to the School District who, in turn, made the payment to the educating school. The resulting decrease in regular instruction expenses was mostly offset with a corresponding decrease in intergovernmental revenues related to funding that used to flow through the School District to be paid to the educating schools. Also, in fiscal year 2021, the School District received tuition and fees from resident school districts which are now direct funded to the School District as the educating entity in fiscal year 2022. This resulted in a decrease in tuition and fees that was largely offset by a similar increase in intergovernmental revenue. In addition to these changes, the new foundation funding calculations yielded an overall increase in intergovernmental revenues for the School District.

For fiscal year 2022, program revenues decreased primarily due to decreases in charges for services and in operating grants, contributions and interest. The decrease in charges for services was related to a decrease in tuition and fees due to the changes in the State foundation funding formula. The decreases in operating grants were mainly related to decreases in Elementary and Secondary School Emergency Relief (ESSER) and Coronavirus Relief Fund grants.

Overall, program expenses decreased significantly, primarily instruction and pupils support services. The decreases in regular and special instruction and pupils support services were primarily due to the decrease in pension expense. The decrease in student intervention services instruction expense was mainly due to purchases in the prior fiscal year related to distance learning, including licenses, chromebooks, and wireless access.

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.

Dover City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited

Table 3
 Total and Net Cost of Program Services
 Governmental Activities

	Total Cost of Services 2022	Net Cost of Services 2022	Total Cost of Services 2021	Net Cost of Services 2021
Program Expenses				
Instruction:				
Regular	\$13,388,671	\$12,331,224	\$15,979,578	\$13,566,444
Special	2,940,588	1,256,635	3,443,704	1,813,970
Vocational	6,813	(38,749)	14,708	(43,493)
Student Intervention Services	185,432	77,143	538,282	112,898
Support Services:				
Pupils	1,700,426	694,394	2,281,193	777,980
Instructional Staff	597,699	588,699	573,678	564,678
Board of Education	114,951	114,951	82,912	82,912
Administration	2,218,259	2,212,531	2,323,432	2,227,233
Fiscal	642,010	642,010	707,876	707,876
Operation and Maintenance of Plant	2,145,043	2,126,039	2,185,983	2,010,799
Pupil Transportation	1,042,862	841,768	905,673	859,389
Operation of Non-Instructional Services				
Food Service Operations	1,139,681	(366,033)	921,252	76,933
Community Services	216,377	(63,762)	228,454	16,599
Extracurricular Activities	1,297,945	729,361	1,005,687	619,075
Interest and Fiscal Charges	851,623	851,623	872,206	872,206
<i>Total</i>	<u>\$28,488,380</u>	<u>\$21,997,834</u>	<u>\$32,064,618</u>	<u>\$24,265,499</u>

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. Despite a decrease in revenues, total governmental funds had an increase in fund balance for fiscal year 2022 due to a decrease in expenditures, primarily capital outlay. The decrease in capital outlay expenditures was primarily related to a decrease in construction costs after the completion of the new high school project in the prior fiscal year. The decrease in intergovernmental revenues was primarily the result of decreases in Elementary and Secondary School Emergency Relief (ESSER) and Coronavirus Relief Fund grants.

Despite a decrease in revenues, mainly the decrease in tuition and fees revenue, and expenditures remaining comparable to the prior fiscal year, the general fund had an increase in fund balance for fiscal year 2022 due to revenues continuing to outpace expenditures. The decrease in tuition and fees revenue was primarily due to the changes in the foundation funding model discussed previously, with an offsetting increase in intergovernmental revenue.

Dover City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited

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 2022, 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 were equal to original budgeted revenues. Final budgeted appropriations were lower than original budgeted appropriations, as actual expenditures for regular instruction were lower than initial estimates. Actual revenues were lower than final budgeted revenues, mainly due to lower than anticipated tuition and fees. Actual expenditures were a little 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. Capital asset additions were much lower than in fiscal year 2021, which was when the new high school was completed. Some of the capital asset additions for fiscal year 2022 included a stadium light pole, roof replacements, and several buses. The School District's capitalization threshold for capital assets was set at \$5,000. For additional information on capital assets, see Note 12 to the basic financial statements.

Debt

During fiscal year 2022, 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.

At June 30, 2022, the School District's overall legal debt margin was \$17,627,497, with an unvoted debt margin of \$433,589. The School District maintains a bond rating of A1. For more information on debt, refer to Note 17 of the basic financial statements.

In addition to the long-term debt, the School District's long-term obligations include leases payable (which were fully repaid in fiscal year 2022), 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.

Dover City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited

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 48 percent of revenues for governmental activities for the Dover City School District in fiscal year 2022.

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.

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 17 percent of the formula phased in.

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.

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Basic Financial Statements

Dover City School District
Statement of Net Position
June 30, 2022

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$14,004,511
Investments in Segregated Accounts	20,767
Accounts Receivable	13,507
Intergovernmental Receivable	575,037
Property Taxes Receivable	15,126,554
Accrued Interest Receivable	10,127
Prepaid Items	210,967
Net OPEB Asset (See Note 15)	2,224,644
Nondepreciable Capital Assets	2,575,489
Depreciable Capital Assets, Net	52,578,038
<i>Total Assets</i>	87,339,641
Deferred Outflows of Resources	
Pension	6,547,685
OPEB	576,709
<i>Total Deferred Outflows of Resources</i>	7,124,394
Liabilities	
Accounts Payable	105,913
Accrued Wages and Benefits	3,242,735
Intergovernmental Payable	535,615
Matured Compensated Absences Payable	55,601
Accrued Interest Payable	148,346
Unearned Revenue	148,369
Long-Term Liabilities:	
Due Within One Year	702,195
Due in More Than One Year:	
Net Pension Liability (See Note 14)	16,263,457
Net OPEB Liability (See Note 15)	1,471,787
Other Amounts Due in More Than One Year	24,474,503
<i>Total Liabilities</i>	47,148,521
Deferred Inflows of Resources	
Property Taxes	12,436,486
Pension	14,419,243
OPEB	3,488,746
<i>Total Deferred Inflows of Resources</i>	30,344,475
Net Position	
Net Investment in Capital Assets	32,634,897
Restricted for:	
Debt Service	179,353
Capital Outlay	463,476
Food Service	371,754
Special Education	175,820
Classroom Facilities Maintenance	409,810
Extracurricular Activities	270,888
Scholarships	60,545
Scholarships:	
Expendable	66,162
Nonexpendable	233,021
Other Purposes	175,567
Unrestricted (Deficit)	(18,070,254)
<i>Total Net Position</i>	\$16,971,039

See accompanying notes to the basic financial statements

Dover City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2022

	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	\$13,388,671	\$286,488	\$770,959	\$0	(\$12,331,224)
Special	2,940,588	54,193	1,629,760	0	(1,256,635)
Vocational	6,813	0	45,562	0	38,749
Student Intervention Services	185,432	0	108,289	0	(77,143)
Support Services:					
Pupils	1,700,426	0	1,006,032	0	(694,394)
Instructional Staff	597,699	0	9,000	0	(588,699)
Board of Education	114,951	0	0	0	(114,951)
Administration	2,218,259	0	5,728	0	(2,212,531)
Fiscal	642,010	0	0	0	(642,010)
Operation and Maintenance of Plant	2,145,043	0	19,004	0	(2,126,039)
Pupil Transportation	1,042,862	0	18,377	182,717	(841,768)
Operation of Non-Instructional Services:					
Food Service Operations	1,139,681	45,539	1,460,175	0	366,033
Community Services	216,377	0	280,139	0	63,762
Extracurricular Activities	1,297,945	536,689	31,895	0	(729,361)
Interest and Fiscal Charges	851,623	0	0	0	(851,623)
Total	\$28,488,380	\$922,909	\$5,384,920	\$182,717	(21,997,834)

General Revenues

Property Taxes Levied for:	
General Purposes	13,482,541
Debt Service	1,507,138
Capital Outlay	234,250
Classroom Facilities Maintenance	79,672
Grants and Entitlements not Restricted to Specific Programs	10,085,424
Investment Earnings	(67,258)
Miscellaneous	395,905
Total General Revenues	25,717,672
Change in Net Position	3,719,838
<i>Net Position Beginning of Year - Restated (See Note 3)</i>	<u>13,251,201</u>
<i>Net Position End of Year</i>	<u><u>\$16,971,039</u></u>

See accompanying notes to the basic financial statements

Dover City School District

Balance Sheet

Governmental Funds

June 30, 2022

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$6,620,174	\$3,087,434	\$9,707,608
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	2,267	0	2,267
Investments in Segregated Accounts	0	20,767	20,767
Accounts Receivable	13,357	150	13,507
Interfund Receivable	214,396	134,073	348,469
Intergovernmental Receivable	28,884	546,153	575,037
Accrued Interest Receivable	10,127	0	10,127
Property Taxes Receivable	13,283,892	1,842,662	15,126,554
Prepaid Items	138,646	72,321	210,967
<i>Total Assets</i>	<u>\$20,311,743</u>	<u>\$5,703,560</u>	<u>\$26,015,303</u>
Liabilities			
Accounts Payable	\$60,112	\$45,801	\$105,913
Accrued Wages and Benefits	2,530,057	437,309	2,967,366
Intergovernmental Payable	482,126	53,489	535,615
Matured Compensated Absences Payable	55,601	0	55,601
Interfund Payable	134,073	214,396	348,469
Unearned Revenue	25,000	90,000	115,000
<i>Total Liabilities</i>	<u>3,286,969</u>	<u>840,995</u>	<u>4,127,964</u>
Deferred Inflows of Resources			
Property Taxes	10,924,170	1,512,316	12,436,486
Unavailable Revenue	189,292	251,673	440,965
<i>Total Deferred Inflows of Resources</i>	<u>11,113,462</u>	<u>1,763,989</u>	<u>12,877,451</u>
Fund Balances			
Nonspendable	140,913	305,342	446,255
Restricted	0	3,039,880	3,039,880
Assigned	469,519	0	469,519
Unassigned (Deficit)	5,300,880	(246,646)	5,054,234
<i>Total Fund Balances</i>	<u>5,911,312</u>	<u>3,098,576</u>	<u>9,009,888</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$20,311,743</u>	<u>\$5,703,560</u>	<u>\$26,015,303</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, 2022*

Total Governmental Funds Balances		\$9,009,888
 <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.		55,153,527
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	199,235	
Intergovernmental Grants	228,032	
Tuition and Fees	5,689	
Miscellaneous	8,009	
Total	440,965	440,965
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net position.		3,985,898
In the statement of activities, interest is accrued on outstanding bonds, whereas in the funds, an interest expenditure is reported when due.		(148,346)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	(23,306,320)	
Compensated Absences	(1,870,378)	
Total	(25,176,698)	(25,176,698)
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	2,224,644	
Deferred Outflows - Pension	6,547,685	
Deferred Outflows - OPEB	576,709	
Net Pension Liability	(16,263,457)	
Net OPEB Liability	(1,471,787)	
Deferred Inflows - Pension	(14,419,243)	
Deferred Inflows - OPEB	(3,488,746)	
Total	(26,294,195)	(26,294,195)
 <i>Net Position of Governmental Activities</i>		 \$16,971,039

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, 2022

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Property and Other Local Taxes	\$13,624,029	\$1,837,535	\$15,461,564
Intergovernmental	11,004,969	4,388,976	15,393,945
Interest	(86,636)	766	(85,870)
Tuition and Fees	193,596	0	193,596
Extracurricular Activities	288,932	402,612	691,544
Charges for Services	0	45,539	45,539
Contributions and Donations	28,267	81,967	110,234
Miscellaneous	109,583	5,783	115,366
<i>Total Revenues</i>	<u>25,162,740</u>	<u>6,763,178</u>	<u>31,925,918</u>
Expenditures			
Current:			
Instruction:			
Regular	12,995,506	746,720	13,742,226
Special	2,494,205	697,631	3,191,836
Vocational	6,813	0	6,813
Student Intervention Services	100,712	107,962	208,674
Support Services:			
Pupils	832,233	1,032,364	1,864,597
Instructional Staff	586,195	9,000	595,195
Board of Education	114,951	0	114,951
Administration	2,346,917	37,627	2,384,544
Fiscal	657,292	31,540	688,832
Operation and Maintenance of Plant	2,206,742	311,172	2,517,914
Pupil Transportation	1,059,389	229,721	1,289,110
Operation of Non-Instructional Services:			
Food Service Operations	0	1,144,508	1,144,508
Community Services	0	244,140	244,140
Extracurricular Activities	770,783	587,313	1,358,096
Capital Outlay	0	72,769	72,769
Debt Service:			
Principal Retirement	19,004	530,000	549,004
Interest and Fiscal Charges	754	900,575	901,329
<i>Total Expenditures</i>	<u>24,191,496</u>	<u>6,683,042</u>	<u>30,874,538</u>
<i>Excess of Revenues Over Expenditures</i>	<u>971,244</u>	<u>80,136</u>	<u>1,051,380</u>
Other Financing Sources (Uses)			
Transfers In	0	6,311	6,311
Transfers Out	0	(6,311)	(6,311)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	971,244	80,136	1,051,380
<i>Fund Balances Beginning of Year</i>	<u>4,940,068</u>	<u>3,018,440</u>	<u>7,958,508</u>
<i>Fund Balances End of Year</i>	<u>\$5,911,312</u>	<u>\$3,098,576</u>	<u>\$9,009,888</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, 2022*

Net Change in Fund Balances - Total Governmental Funds \$1,051,380

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period:

Capital Outlay	946,189	
Depreciation	(1,920,642)	
Total	(974,453)	(974,453)

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. (21,448)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Property Taxes	(157,963)	
Intergovernmental	148,116	
Tuition and Fees	(7,770)	
Miscellaneous	(1,075)	
Total	(18,692)	(18,692)

The change in net position of the internal service fund is reported with governmental activities in the statement of activities. 6,887

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	3,500	
Amortization of Bonds Premium	50,668	
Amortization of Bonds Discount	(4,462)	
Total	49,706	49,706

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 549,004

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. (67,491)

Contractually required contributions are reported as expenditures in the governmental funds; however, the statement of net position reports these amounts as deferred outflows:

Pension	2,265,547	
OPEB	49,607	
Total	2,315,154	2,315,154

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	637,213	
OPEB	192,578	
Total	829,791	829,791

Change in Net Position of Governmental Activities \$3,719,838

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, 2022*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$25,371,843	\$25,371,843	\$24,839,942	(\$531,901)
Expenditures	26,334,706	24,692,784	24,504,548	188,236
<i>Net Change in Fund Balance</i>	(962,863)	679,059	335,394	(343,665)
<i>Fund Balance Beginning of Year</i>	5,691,758	5,691,758	5,691,758	0
Prior Year Encumbrances Appropriated	195,933	195,933	195,933	0
<i>Fund Balance End of Year</i>	<u>\$4,924,828</u>	<u>\$6,566,750</u>	<u>\$6,223,085</u>	<u>(\$343,665)</u>

See accompanying notes to the basic financial statements

Dover City School District
Statement of Fund Net Position
Proprietary Fund
June 30, 2022

	Governmental Activities - Internal Service Fund
Assets	
<i>Current Assets:</i>	
Equity in Pooled Cash and Cash Equivalents	<u>\$4,294,636</u>
Liabilities	
<i>Current Liabilities:</i>	
Accrued Wages and Benefits	275,369
Unearned Revenue	<u>33,369</u>
<i>Total Liabilities</i>	<u>308,738</u>
Net Position	
Unrestricted	<u><u>\$3,985,898</u></u>

See accompanying notes to the basic financial statements

Dover City School District
*Statement of Revenues,
Expenses and Changes in Fund Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2022*

	Governmental Activities - Internal Service Fund
Operating Revenues	
Charges for Services	\$3,988,250
Other	281,614
	4,269,864
<i>Total Operating Revenues</i>	<i>4,269,864</i>
Operating Expenses	
Fringe Benefits	4,263,452
Purchased Services	18,793
Claims	110
	4,282,355
<i>Total Operating Expenses</i>	<i>4,282,355</i>
<i>Operating Loss</i>	<i>(12,491)</i>
Non-Operating Revenues	
Interest	19,378
	6,887
<i>Change in Net Position</i>	<i>6,887</i>
<i>Net Position Beginning of Year</i>	<i>3,979,011</i>
<i>Net Position End of Year</i>	<i>\$3,985,898</i>

See accompanying notes to the basic financial statements

Dover City School District
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2022

	Governmental Activities - Internal Service Fund
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash Received from Transactions with Other Funds	\$3,991,738
Cash Payments to Employees for Services	(3,988,083)
Cash Payments for Goods and Services	(18,793)
Cash Payments for Claims	(242,273)
Other Operating Revenues	281,614
	24,203
<i>Net Cash Provided by Operating Activities</i>	24,203
Cash Flows from Investing Activities	
Interest on Investments	19,378
	19,378
<i>Net Increase in Cash and Cash Equivalents</i>	43,581
<i>Cash and Cash Equivalents Beginning of Year</i>	4,251,055
	4,251,055
<i>Cash and Cash Equivalents End of Year</i>	\$4,294,636
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities	
Operating Loss	(\$12,491)
Adjustments:	
Increase (Decrease) in Liabilities:	
Accrued Wages and Benefits	275,369
Claims Payable	(242,163)
Unearned Revenue	3,488
	36,694
<i>Total Adjustments</i>	36,694
<i>Net Cash Provided by Operating Activities</i>	\$24,203

See accompanying notes to the basic financial statements

Dover City School District
Statement of Fiduciary Net Position
Custodial Fund
June 30, 2022

Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$33,041</u>
Liabilities	
Accounts Payable	3,500
Intergovernmental Payable	<u>500</u>
<i>Total Liabilities</i>	<u>4,000</u>
Net Position	
Restricted for Individuals	<u><u>\$29,041</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, 2022

Additions	
Amounts Received for Others	\$1,116
Deductions	
Distributions on Behalf of Individuals	<u>4,000</u>
<i>Change in Net Position</i>	(2,884)
<i>Net Position Beginning of Year</i>	<u>31,925</u>
<i>Net Position End of Year</i>	<u><u>\$29,041</u></u>

See accompanying notes to the basic financial statements

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Dover City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

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 180 certificated full-time-equivalent teaching personnel, 90 full-time-equivalent classified employees, and 14 administrative employees who provide services to 2,575 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 19, 20 and 21 to the basic financial statements.

Dover City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

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. The activity of the internal service fund is eliminated to avoid “doubling up” revenues and expenses. 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. The internal service fund is presented in a single column on the face of the proprietary fund statements. 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 three categories: governmental, proprietary 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.

Dover City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

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.

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.

Proprietary Funds Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. The School District's only proprietary fund is an internal service fund.

Internal Service Fund The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund accounts for an insurance program that provides medical, prescription, dental and vision benefits to employees.

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 proprietary and 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.

Dover City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

For proprietary funds, the statement of revenues, expenses and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities.

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.

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 proprietary and 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, 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, 2022, but which were levied to finance fiscal year 2023

Dover City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

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, tuition and fees, and miscellaneous 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 19. 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).

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 except for certain investments for the private purpose trust funds. 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 2022, investments were limited to STAR Ohio, an annuity, a money market account, negotiable certificates of deposit, commercial paper, U.S. treasury notes, and a federal home loan bank security. Except for STAR Ohio and the annuity, 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 2022, 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 encouraged. STAR Ohio reserves the right to limit the transactions 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. Interest revenue credited to the general fund during fiscal year 2022 amounted to (\$86,636), which includes (\$46,090) assigned from other School District funds.

Dover City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

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, 2022, 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.

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, 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
Land Improvements	10-50 years
Buildings and Building Improvements	10-50 years
Furniture and Equipment	5-20 years
Vehicles	10 years

The School District is reporting intangible right to use assets related to leased equipment. 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, these intangible assets are being amortized in a systematic and rational manner over the shorter of the lease 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.

Dover City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

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.

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.

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. The School District recognizes unearned revenue for grants received before eligibility requirements are met and for early payments received in the internal service fund for insurance funding for July 2022.

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.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, 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, claims and judgments and 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 are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits. Bonds and leases 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.

Dover City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

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.

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.

Dover City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

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. Net position restricted for other purposes includes community involvement, instructional programs, school safety, 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.

Interfund Activity

Transfers between governmental activities are eliminated on the government-wide statements. Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the government-wide statements. Interfund payments for services provided and used are not eliminated.

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

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the School District, these revenues are charges for services for health, dental and vision insurance programs. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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.

Dover City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

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.

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

Changes in Accounting Principles

For fiscal year 2022, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases* and related guidance from (GASB) Implementation Guide No. 2019-3, *Leases*.

GASB Statement 87 enhances the relevance and consistency of information of the government’s leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the School District’s fiscal year 2022 financial statements. School District’s prior year capital lease met the criteria of a lease under GASB 87, resulting in the reclassification of the liability of \$19,004 from capital leases to leases payable and the recognition of the \$19,004 intangible asset, right to use lease - equipment at July 1, 2021.

The School District is also implementing *Implementation Guide No. 2020-1*, GASB Statement No. 92, *Omnibus 2020*, and GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Among other items, GASB 97 requires that a Section 457 plan be classified as either a pension plan or an other employee benefit plan depending on whether the plan meets the definition of a pension plan. These changes were incorporated in the School District’s fiscal year 2022 financial statements; however, there was no effect on beginning net position/fund balance.

Restatement of Net Position

The implementation of GASB Statement No. 87 had the following effect on net position as of July 1, 2021:

	Governmental Activities
	\$13,232,197
Net Position at July 1, 2021	
Adjustment:	
GASB Statement 87	19,004
Restated Net Position at July 1, 2021	\$13,251,201

Dover City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Note 4 – Compliance and Accountability

Compliance

The School District had negative cash balances at June 30, 2022, in the following funds:

	Amount
<i>Special Revenue:</i>	
Elementary and Secondary School Emergency Relief	\$45,648
21st Century Grant	9,220
Title VI-B	53,104
Title III	5,713
Title I	30,943
Title IV	2,141
Preschool Grant	2,585
Improving Teacher Quality	5,378
Miscellaneous Federal Grants	56,864

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 2023.

Accountability

Fund balances at June 30, 2022, included individual fund deficits in the following funds:

	Deficit
<i>Special Revenue:</i>	
21st Century Grant	\$1,483
Title VI-B	68,582
Title III	5,294
Title I	71,266
Title IV	3,319
Improving Teacher Quality	12,106
Miscellaneous Federal Grants	37,232

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, 2022

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. Investments are reported at cost (budget basis) rather than fair value (GAAP basis).
3. Expenditures are recorded when paid in cash (budget basis) as opposed to when the fund liability is incurred (GAAP basis).
4. Budgetary revenues and expenditures of the uniform school supplies and public school support funds are reclassified to the general fund for GAAP reporting.
5. 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	\$971,244
Net Adjustment for Revenue Accruals	(149,384)
Beginning Fair Value Adjustment for Investments	118,456
Ending Fair Value Adjustment for Investments	41,084
Net Adjustment for Expenditure Accruals	(116,330)
Perspective Differences:	
Uniform School Supplies	(42,268)
Public School Support	(29,359)
Encumbrances	(458,049)
Budget Basis	\$335,394

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.

Dover City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

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.

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.

Dover City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

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, 2022, \$1,486,148 of the School District's total bank balance of \$9,514,100 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, 2022, 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		
Net Asset Value Per Share:					
STAR Ohio	\$68,090	\$68,090	\$0	AAAm	1.49 %
Annuity	20,767	20,767	0	N/A	0.45
Fair Value - Level 1 Inputs:					
Money Market Account	15,199	15,199	0	AAAm	0.33
Fair Value - Level 2 Inputs:					
Negotiable Certificates of Deposit	2,298,620	739,215	1,559,405	N/A	50.27
Commercial Paper	1,676,234	1,676,234	0	A-1+ or A-1	36.66
U.S. Treasury Notes	317,080	98,051	219,029	AA+	6.94
Federal Home Loan Bank	176,321	0	176,321	AAA	3.86
Total Investments	\$4,572,311	\$2,617,556	\$1,954,755		100.00 %

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, 2022. 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

Dover City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

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 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, 2022, is 35.3 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, 2022, consisted of taxes, interfund, accrued interest, accounts (miscellaneous) 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
IDEA-B Special Education Grant	\$163,044
Title I-A Improving Basic Programs Grant	102,208
American Recovery Plan Elementary and Secondary School Emergency Relief Funding	93,012
Comprehensive Literacy State Development Subgrant	71,453
Food Service Grants and Reimbursements	22,942
21st Century Grant	18,334
Title II-A Supporting Effective Instruction Grant	17,484
Elementary and Secondary School Emergency Relief Funding	15,927
Title III Language Instruction for English Learners Grant	13,792
American Recovery Plan IDEA Part B Special Education Grant	10,282
City Fuel Usage Reimbursement	8,483
School Employees Retirement System Refund	8,009
Title IV-A Student Support and Academic Enrichment Grant	7,160
Medicaid	7,001
Regular Tuition	5,381
School Foundation Payment Report Adjustment	4,720
IDEA Early Childhood Special Education Grant	2,585
Substitute Teacher Fees	1,218
Title III Immigrant Grant	929
Student Teaching Host Payment	765
Special Education Tuition	308
Total	<u>\$575,037</u>

Dover City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

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 2022 represents collections of calendar year 2021 taxes. Real property taxes received in calendar year 2022 were levied after April 1, 2021, on the assessed value listed as of January 1, 2021, 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 2022 represents collections of calendar year 2021 taxes. Public utility real and tangible personal property taxes received in calendar year 2022 became a lien December 31, 2020, were levied after April 1, 2021, and are collected in calendar year 2022 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, 2022, are available to finance fiscal year 2022 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, 2022, 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, 2022, was \$2,184,128 in the general fund, \$30,278 in the classroom facilities special revenue fund, \$254,630 in the bond retirement debt service fund, and \$21,797 in the permanent improvement capital projects fund. By comparison, the amount available as an advance at June 30, 2021, was \$1,995,634 in the general fund, \$27,663 in the classroom facilities special revenue fund, \$232,267 in the bond retirement debt service fund, and \$19,918 in the permanent improvement capital projects fund. The difference was in the timing and collection by the County Auditor.

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.

Dover City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

The assessed values upon which the fiscal year 2022 taxes were collected are as follows:

	2021 Second Half Collections		2022 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$424,477,030	97.17 %	\$420,069,510	96.88 %
Public Utility Personal Property	12,378,360	2.83	13,519,520	3.12
Total	\$436,855,390	100.00 %	\$433,589,030	100.00 %
Tax rate per \$1,000 of assessed valuation	\$59.07		\$59.07	

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 2022 Taxes Abated
City of Dover	\$97,720
Franklin Township	1,030
Total	\$98,750

Note 9 – Interfund Transactions

Interfund Balances

Interfund balances at June 30, 2022, consisted of the following:

Interfund Payable	Interfund Receivable		
	General	Other Governmental Funds	Total Governmental Funds
General	\$0	\$134,073	\$134,073
Other Governmental Funds:			
Athletics	2,800	0	2,800
Elementary and Secondary School Emergency Relief	45,648	0	45,648
21st Century Grant	9,220	0	9,220
Title VI-B	53,104	0	53,104
Title III	5,713	0	5,713
Title I	30,943	0	30,943
Title IV	2,141	0	2,141
Preschool Grant	2,585	0	2,585
Improving Teacher Quality	5,378	0	5,378
Miscellaneous Federal Grants	56,864	0	56,864
Total	\$214,396	\$134,073	\$348,469

Dover City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

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. The general fund interfund payable is for a reimbursement of expenditure due to the elementary and secondary school emergency relief other governmental fund. All interfund payables outstanding are anticipated to be repaid within one year.

Interfund Transfers

During fiscal year 2022, other governmental funds transferred \$6,311 to other governmental funds in order to close out old student activity funds. The transfer was authorized by Tax Commissioner pursuant to Ohio Revised Code Section 5705.16.

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	\$138,646	\$72,321	\$210,967
Unclaimed Monies	2,267	0	2,267
Scholarship Endowment	0	233,021	233,021
<i>Total Nonspendable</i>	<u>140,913</u>	<u>305,342</u>	<u>446,255</u>
<u>Restricted for:</u>			
Debt Service	0	1,109,484	1,109,484
Capital Outlay	0	461,734	461,734
Food Service	0	400,452	400,452
Special Education	0	175,820	175,820
Classroom Facilities Maintenance	0	407,446	407,446
Extracurricular Activities	0	270,888	270,888
Scholarships	0	126,707	126,707
<u>Other Purposes:</u>			
Community Involvement	0	33,172	33,172
Instructional Programs	0	31,822	31,822
School Safety	0	22,355	22,355
<i>Total Restricted</i>	<u>0</u>	<u>3,039,880</u>	<u>3,039,880</u>
<u>Assigned to:</u>			
<u>Purchases on Order:</u>			
Instructional Services	128,447	0	128,447
Support Services	330,375	0	330,375
Extracurricular Activities	10,697	0	10,697
<i>Total Assigned</i>	<u>469,519</u>	<u>0</u>	<u>469,519</u>
Unassigned (Deficit)	<u>5,300,880</u>	<u>(246,646)</u>	<u>5,054,234</u>
Total Fund Balances	<u><u>\$5,911,312</u></u>	<u><u>\$3,098,576</u></u>	<u><u>\$9,009,888</u></u>

Dover City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Note 11 – 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 \$66,162 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 12 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2022, was as follows:

	Restated Balance 6/30/21	Additions	Reductions	Balance 6/30/22
Governmental Activities				
<i>Nondepreciable Capital Assets:</i>				
Land	\$2,575,489	\$0	\$0	\$2,575,489
<i>Depreciable Capital Assets:</i>				
Land Improvements	2,492,475	258,091	0	2,750,566
Buildings and Building Improvements	60,159,226	282,204	0	60,441,430
Furniture and Equipment	4,686,246	26,063	0	4,712,309
Vehicles	1,588,890	379,831	(214,482)	1,754,239
Intangible Right to Use Lease - Equipment**	19,004	0	(19,004)	0
<i>Total Depreciable Capital Assets</i>	<u>68,945,841</u>	<u>946,189</u>	<u>(233,486)</u>	<u>69,658,544</u>
<i>Less Accumulated Depreciation/Amortization:</i>				
Land Improvements	(1,269,019)	(102,858)	0	(1,371,877)
Buildings and Building Improvements	(11,166,309)	(1,425,093)	0	(12,591,402)
Furniture and Equipment	(1,870,913)	(271,425)	0	(2,142,338)
Vehicles	(1,065,661)	(102,262)	193,034	(974,889)
Intangible Right to Use Lease - Equipment**	0	(19,004)	19,004	0
<i>Total Accumulated Depreciation/Amortization</i>	<u>(15,371,902)</u>	<u>(1,920,642) *</u>	<u>212,038</u>	<u>(17,080,506)</u>
Total Capital Assets being depreciated, net	<u>53,573,939</u>	<u>(974,453)</u>	<u>(21,448)</u>	<u>52,578,038</u>
Governmental Activities Capital Assets, net	<u>\$56,149,428</u>	<u>(\$974,453)</u>	<u>(\$21,448)</u>	<u>\$55,153,527</u>

* Depreciation/amortization expense was charged to governmental functions as follows:

Dover City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Instruction:		
Regular		\$1,108,169
Special		78,529
Support Services:		
Pupils		24,909
Instructional Staff		49,042
Administration		59,263
Fiscal		1,873
Operation and Maintenance of Plant		83,877
Pupil Transportation		200,139
Operation of Non-Instructional Services:		
Food Service Operations		52,620
Community Services		2,621
Extracurricular Activities		259,600
Total Depreciation/Amortization Expense		\$1,920,642

** Of the current year depreciation/amortization total of \$1,920,642, \$19,004 is presented as administration support services expense on the statement of activities related to the School District’s intangible asset of copiers, which is included as an Intangible Right to Use Lease. With the implementation of Governmental Accounting Standards Board Statement No. 87, *Leases*, a lease meeting the criteria of this statement requires the lessee to recognize the lease liability and an intangible right to use asset.

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 incident on property and \$250 per incident on equipment. The School District’s comprehensive property policy aggregate limit is approximately \$111,795,842. 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 2022, the School District participated in the Ohio School Boards Association Workers’ Compensation Group Rating Program (GRP), an insurance purchasing pool (see Note 20). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and 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

Dover City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

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

Effective July 1, 2021, the School District became a member of the Summit Regional Health Care Consortium (SRHCC), a shared risk pool (see Note 20), 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. The School District pays premiums ranging from \$1,466 to \$1,498 for family coverage and ranging from \$573 to \$586 for single coverage per employee per month.

In prior years, the School District was a member of the Jefferson Health Plan, a public entity risk management, insurance, and claims servicing pool, in which monthly premiums were paid to the fiscal agent who in turn paid the claims on the School District’s behalf. Changes in the fund’s claims liability for the fiscal years 2021 and 2022 were as follows.

Fiscal Year	Balance Beginning of Year	Current Year Claims	Claims Payments	Balance End of Year
2021	\$318,143	\$2,889,993	\$2,965,973	\$242,163
2022	242,163	110	242,273	0

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 (asset) 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/OPEB 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.

Dover City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

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.

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	Age 65 with 5 years of service credit; or 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.

Dover City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

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 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 0.5 percent COLA for calendar year 2021.

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, 2022, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2022, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District's contractually required contribution to SERS was \$389,074 for fiscal year 2022. Of this amount \$46,134 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 retirement 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 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. Eligibility changes will be phased in until August 1, 2026, 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, 2026, when retirement eligibility will be 5 years of qualifying service credit and age 60, or 30 years of service credit at any 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

Dover City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

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.

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 fiscal year 2022 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2022, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was \$1,876,473 for fiscal year 2022. Of this amount \$330,506 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, 2021, 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	0.07514790%	0.10551247%	
Prior Measurement Date	0.07692260%	0.10679199%	
Change in Proportionate Share	<u>-0.00177470%</u>	<u>-0.00127952%</u>	
Proportionate Share of the Net Pension Liability	\$2,772,740	\$13,490,717	\$16,263,457
Pension Expense	(\$194,986)	(\$442,227)	(\$637,213)

Dover City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

At June 30, 2022, 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	\$268	\$416,798	\$417,066
Changes of assumptions	58,386	3,742,567	3,800,953
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	0	64,119	64,119
School District contributions subsequent to the measurement date	389,074	1,876,473	2,265,547
Total Deferred Outflows of Resources	\$447,728	\$6,099,957	\$6,547,685
Deferred Inflows of Resources			
Differences between expected and actual experience	\$71,908	\$84,559	\$156,467
Net difference between projected and actual earnings on pension plan investments	1,428,042	11,626,416	13,054,458
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	77,057	1,131,261	1,208,318
Total Deferred Inflows of Resources	\$1,577,007	\$12,842,236	\$14,419,243

\$2,265,547 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2023	(\$406,933)	(\$2,222,767)	(\$2,629,700)
2024	(333,561)	(1,985,912)	(2,319,473)
2025	(339,537)	(2,034,664)	(2,374,201)
2026	(438,322)	(2,375,409)	(2,813,731)
Total	(\$1,518,353)	(\$8,618,752)	(\$10,137,105)

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.

Dover City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

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, 2021, compared with June 30, 2020, are presented as follows:

	June 30, 2021	June 30, 2020
Inflation	2.4 percent	3.00 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent	3.50 percent to 18.20 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	2.5 percent
Investment Rate of Return	7.00 percent net of System expenses	7.50 percent net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)	Entry Age Normal (Level Percent of Payroll)

Mortality rates for 2021 were based on the PUB-2010 General Employee Amount Weight 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.

Mortality rates for 2020 were 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. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates. Mortality among disabled members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

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.

Dover City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	(0.33) %
US Equity	24.75	5.72
Non-US Equity Developed	13.50	6.55
Non-US Equity Emerging	6.75	8.54
Fixed Income/Global Bonds	19.00	1.14
Private Equity	11.00	10.03
Real Estate/Real Assets	16.00	5.41
Multi-Asset Strategy	4.00	3.47
Private Debt/Private Credit	3.00	5.28
Total	<u>100.00 %</u>	

Discount Rate The total pension liability for 2021 was calculated using the discount rate of 7.00 percent. The discount rate for 2020 was 7.50 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 each plan's 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	\$4,613,158	\$2,772,740	\$1,220,635

Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2021, actuarial valuation compared to those used in the June 30, 2020, actuarial valuation are presented as follows:

	June 30, 2021	June 30, 2020
Inflation	2.50 percent	2.50 percent
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent	7.45 percent
Payroll Increases	3.00 percent	3.00 percent
Cost of Living Adjustments (COLA)	0.0 percent	0.0 percent

Dover City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Post-retirement 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. 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, 2021, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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	28.00%	7.35%
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	100.00%	

* 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, 2021, and was 7.45 percent as of June 30, 2020. 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 rate increases 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 projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021. 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, 2021.

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:

Dover City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$25,263,064	\$13,490,717	\$3,543,109

Changes Between the Measurement Date and the Reporting Date In February 2022, the Board approved changes to demographic measures that will impact the June 30, 2022, actuarial valuation. These demographic measures include retirement, salary increase, disability/termination and mortality assumptions. In March 2022, the STRS Board approved benefit plan changes to take effect on July 1, 2022. These changes include a one-time 3 percent cost of living increase (COLA) to be paid to eligible benefit recipients and the elimination of the age 60 requirement for retirement age and service eligibility that was set to take effect in 2026. The effect on the net pension liability is unknown.

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. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). 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.

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 2022, no allocation was made to health care. An

Dover City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

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 2022, 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 2022, the School District’s surcharge obligation was \$49,607.

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 \$49,607 for fiscal year 2022, 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, 2022, 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, 2021, 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	0.07776610%	0.10551247%	
Prior Measurement Date	0.07999820%	0.10679199%	
Change in Proportionate Share	-0.00223210%	-0.00127952%	
Proportionate Share of the:			
Net OPEB Liability	\$1,471,787	\$0	\$1,471,787
Net OPEB (Asset)	\$0	(\$2,224,644)	(\$2,224,644)
OPEB Expense	(\$37,417)	(\$155,161)	(\$192,578)

Dover City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$15,688	\$79,212	\$94,900
Changes of assumptions	230,889	142,101	372,990
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	28,358	30,854	59,212
School District contributions subsequent to the measurement date	49,607	0	49,607
Total Deferred Outflows of Resources	<u>\$324,542</u>	<u>\$252,167</u>	<u>\$576,709</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$733,016	\$407,595	\$1,140,611
Changes of assumptions	201,549	1,327,162	1,528,711
Net difference between projected and actual earnings on OPEB plan investments	31,975	616,633	648,608
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	145,083	25,733	170,816
Total Deferred Inflows of Resources	<u>\$1,111,623</u>	<u>\$2,377,123</u>	<u>\$3,488,746</u>

\$49,607 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2023	(\$187,325)	(\$607,420)	(\$794,745)
2024	(187,549)	(591,990)	(779,539)
2025	(192,664)	(576,678)	(769,342)
2026	(160,625)	(261,882)	(422,507)
2027	(81,703)	(88,900)	(170,603)
Thereafter	(26,822)	1,914	(24,908)
Total	<u>(\$836,688)</u>	<u>(\$2,124,956)</u>	<u>(\$2,961,644)</u>

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.

Dover City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

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, 2021, compared with June 30, 2020, are presented as follows:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
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
Municipal Bond Index Rate:		
Measurement Date	1.92 percent	2.45 percent
Prior Measurement Date	2.45 percent	3.13 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation:		
Measurement Date	2.27 percent	2.63 percent
Prior Measurement Date	2.63 percent	3.22 percent
Medical Trend Assumption:		
Medicare	5.125 to 4.40 percent	5.25 to 4.75 percent
Pre-Medicare	6.75 to 4.40 percent	7.00 to 4.75 percent

For 2021, 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 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 is based on PUB-2010 General Amount Weighted Below Median Employee mortality table.

For 2020, mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years.

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

Dover City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

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 2015 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 log-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, 2021, was 2.27 percent. The discount rate used to measure total OPEB liability prior to June 30, 2021, was 2.63 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, 2020, 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 1.92 percent at June 30, 2021, and 2.45 percent at June 30, 2020.

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 of SERS and what SERS' net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.27 percent) and higher (3.27 percent) than the current discount rate (2.27 percent). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are one percentage point lower (5.75 percent decreasing to 3.40 percent) and higher (7.75 percent decreasing to 5.40 percent) than the current rate.

	1% Decrease (1.27%)	Current Discount Rate (2.27%)	1% Increase (3.27%)
School District's proportionate share of the net OPEB liability	\$1,823,722	\$1,471,787	\$1,190,636
	1% Decrease (5.75% decreasing to 3.40%)	Current Trend Rate (6.75% decreasing to 4.40%)	1% Increase (7.75% decreasing to 5.40%)
School District's proportionate share of the net OPEB liability	\$1,133,156	\$1,471,787	\$1,924,095

Dover City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2021, actuarial valuation and the June 30, 2020, actuarial valuation are presented as follows:

	June 30, 2021	June 30, 2020
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent
Discount Rate of Return	7.00 percent	7.45 percent
Health Care Cost Trends:		
Medical:		
Pre-Medicare	5.00 percent initial, 4 percent ultimate	5.00 percent initial, 4 percent ultimate
Medicare	-16.18 percent initial, 4 percent ultimate	-6.69 percent initial, 4 percent ultimate
Prescription Drug:		
Pre-Medicare	6.50 percent initial, 4 percent ultimate	6.50 percent initial, 4 percent ultimate
Medicare	29.98 initial, 4 percent ultimate	11.87 initial, 4 percent ultimate

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

For 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.

Actuarial assumptions used in the June 30, 2021, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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.

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, 2021, and was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes 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, 2021. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was used to measure the total OPEB liability as of June 30, 2021.

Dover City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended 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, 2021, 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	(\$1,877,256)	(\$2,224,644)	(\$2,514,835)

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	(\$2,503,076)	(\$2,224,644)	(\$1,880,337)

Changes Between the Measurement Date and the Reporting Date In February 2022, the Board approved changes to demographic measures that will impact the June 30, 2022, actuarial valuation. The effect on the net OPEB liability (asset) is unknown.

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 employees earn three days of personal leave and classified employees earn two 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.

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 221 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 up to a maximum of 55 days for certified employees and 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 \$13,000 for certified employees and \$23,000 for classified employees, and prorated based on hours worked when less than 32 hours.

Dover City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

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, 2022, all members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages.

Note 17 – Long-Term Obligations

The changes in the School District's long-term obligations during fiscal year 2022 were as follows:

	Restated Amount Outstanding 06/30/21	Additions	Reductions	Amount Outstanding 06/30/22	Amount Due Within One Year
Governmental Activities					
General Obligation Bonds:					
Classroom Facilities and School Improvement Bonds, Series 2017-1:					
Serial Bonds	\$3,855,000	\$0	(\$520,000)	\$3,335,000	\$545,000
Term Bonds	10,565,000	0	0	10,565,000	0
Premium	374,254	0	(14,773)	359,481	0
Discount	(113,015)	0	4,462	(108,553)	0
Classroom Facilities and School Improvement Bonds, Series 2017-2:					
Serial Bonds	8,615,000	0	(10,000)	8,605,000	5,000
Premium	586,287	0	(35,895)	550,392	0
Total General Obligation Bonds	23,882,526	0	(576,206)	23,306,320	550,000
Other Obligations:					
Leases Payable	19,004	0	(19,004)	0	0
Compensated Absences	1,802,887	233,423	(165,932)	1,870,378	152,195
Total Other Obligations	1,821,891	233,423	(184,936)	1,870,378	152,195
Net Pension Liability:					
SERS	5,087,823	0	(2,315,083)	2,772,740	0
STRS	25,839,862	0	(12,349,145)	13,490,717	0
Total Net Pension Liability	30,927,685	0	(14,664,228)	16,263,457	0
Net OPEB Liability - SERS	1,738,623	0	(266,836)	1,471,787	0
<i>Total Governmental Activities Long-Term Liabilities</i>	<u>\$58,370,725</u>	<u>\$233,423</u>	<u>(\$15,692,206)</u>	<u>\$42,911,942</u>	<u>\$702,195</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.

Dover City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

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.

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	<u>\$2,645,000</u>	<u>\$2,370,000</u>	<u>\$5,550,000</u>
<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

Dover City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

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. The lease payable was paid from the general fund.

The School District's overall legal debt margin was \$17,627,497 with an unvoted debt margin of \$433,589 at June 30, 2022. Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2022, are as follows:

Fiscal Year	General Obligation Bonds			
	Serial		Term	
	Principal	Interest	Principal	Interest
2023	\$550,000	\$444,888	\$0	\$439,688
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
2028-2032	3,205,000	1,507,900	250,000	2,165,625
2033-2037	3,930,000	796,400	265,000	2,117,906
2038-2042	1,955,000	167,500	3,235,000	1,827,188
2043-2047	0	0	6,765,000	709,775
Total	\$11,940,000	\$4,524,006	\$10,565,000	\$9,017,996

Due to the implementation of GASB Statement 87, an existing prior year capital lease for copiers met the criteria of leases thus requiring it to be recorded by the School District. The future lease payments were discounted based on the interest rate implicit in the lease or using the School District's incremental borrowing rate. This discount was amortized using the interest method over the life of the lease. The lease was fully repaid during fiscal year 2022.

Note 18 – 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.

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.

	<u>Capital Improvement</u>
Set-Aside Balances as of June 30, 2021	\$0
Current Year Set-Aside Requirement	474,115
Current Year Offsets	(333,167)
Prior Year Offset from Bond Proceeds	(140,948)
Totals	\$0
Set-Aside Balance Carried Forward to Future Fiscal Years	\$0
Set-Aside Balance as of June 30, 2022	\$0

Dover City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

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, 2022, was \$24,210,443.

Note 19 – 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 2022, the School District paid \$86,816 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 2022, 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.

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 2022, the School District made no payments to the TCTIRC.

Dover City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Note 20 – 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.

Note 21 – Related Organization

The Dover Public Library (the Library) is a related organization to the School District. The School District Board of Education members are responsible for appointing all the trustees of the Library; however, the School District 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 2022, the School District paid \$7,000 to the Library for services provided.

Dover City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Note 22 – 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, 2022, if applicable, cannot be determined at this time.

School Foundation

School District foundation funding was based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2022 have been finalized. A receivable has been recorded on the financial statements.

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.

Note 23 – Significant Commitments

Contractual Commitments

The School District had no significant contractual commitments outstanding at June 30, 2022, but accounts payable in the amount of \$13,630 have been capitalized.

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	\$458,049
Other Governmental Funds	366,414
Total Governmental Funds	<u><u>\$824,463</u></u>

Dover City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

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 continues. During fiscal year 2022, the School District received COVID-19 funding. The financial impact of COVID-19 and the continuing recovery measures will impact subsequent periods of the School District. The impact on the School District's future operating costs, revenues, and additional recovery from funding, either Federal or State, cannot be estimated.

Note 25 – Subsequent Event

The School District had two emergency levies renewed in the November 2022 election. The levies include a 5.6 mill levy and a 6.5 mill levy, each renewed for 10 years beginning in 2023 and first due in 2024.

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 Nine Fiscal Years (1) **

	2022	2021	2020
School District's Proportion of the Net Pension Liability	0.07514790%	0.07692260%	0.07829240%
School District's Proportionate Share of the Net Pension Liability	\$2,772,740	\$5,087,823	\$4,684,372
School District's Covered Payroll	\$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	102.73%	187.97%	174.68%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.86%	68.55%	70.85%

(1) Although this schedule is intended to reflect information for ten years, information prior to fiscal year 2014 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	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 Six Fiscal Years (1) **

	2022	2021	2020
School District's Proportion of the Net OPEB Liability	0.07776610%	0.07999820%	0.08019700%
School District's Proportionate Share of the Net OPEB Liability	\$1,471,787	\$1,738,623	\$2,016,786
School District's Covered Payroll	\$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	54.53%	64.23%	75.20%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	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 Nine Fiscal Years (1) **

	2022	2021	2020
School District's Proportion of the Net Pension Liability	0.10551247%	0.10679199%	0.11197346%
School District's Proportionate Share of the Net Pension Liability	\$13,490,717	\$25,839,862	\$24,762,258
School District's Covered Payroll	\$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	103.32%	199.60%	189.36%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.80%	75.50%	77.40%

(1) Although this schedule is intended to reflect information for ten years, information prior to fiscal year 2014 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	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 Six Fiscal Years (1) **

	2022	2021	2020
School District's Proportion of the Net OPEB Asset/Liability	0.10551247%	0.10679199%	0.11197346%
School District's Proportionate Share of the:			
Net OPEB Asset	\$2,224,644	\$1,876,867	\$1,854,549
Net OPEB Liability	0	0	0
School District's Covered Payroll	\$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	(17.04%)	(14.50%)	(14.18%)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	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

	2022	2021	2020	2019
Net Pension Liability				
Contractually Required Contribution	\$389,074	\$377,883	\$378,936	\$362,033
Contributions in Relation to the Contractually Required Contribution	<u>(389,074)</u>	<u>(377,883)</u>	<u>(378,936)</u>	<u>(362,033)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$2,779,100	\$2,699,164	\$2,706,686	\$2,681,726
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>13.50%</u>
Net OPEB Liability				
Contractually Required Contribution (2)	\$49,607	\$51,245	\$52,224	\$54,050
Contributions in Relation to the Contractually Required Contribution	<u>(49,607)</u>	<u>(51,245)</u>	<u>(52,224)</u>	<u>(54,050)</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>1.79%</u>	<u>1.90%</u>	<u>1.93%</u>	<u>2.02%</u>
Total Contributions as a Percentage of Covered Payroll (2)	<u>15.79%</u>	<u>15.90%</u>	<u>15.93%</u>	<u>15.52%</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

2018	2017	2016	2015	2014	2013
\$369,115	\$375,812	\$374,314	\$386,335	\$390,153	\$425,483
<u>(369,115)</u>	<u>(375,812)</u>	<u>(374,314)</u>	<u>(386,335)</u>	<u>(390,153)</u>	<u>(425,483)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$2,734,185	\$2,684,371	\$2,673,671	\$2,931,222	\$2,814,957	\$3,074,299
<u>13.50%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>13.18%</u>	<u>13.86%</u>	<u>13.84%</u>
\$57,751	\$45,187	\$42,607	\$65,226	\$42,503	\$36,901
<u>(57,751)</u>	<u>(45,187)</u>	<u>(42,607)</u>	<u>(65,226)</u>	<u>(42,503)</u>	<u>(36,901)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>2.11%</u>	<u>1.68%</u>	<u>1.59%</u>	<u>2.23%</u>	<u>1.51%</u>	<u>1.20%</u>
<u>15.61%</u>	<u>15.68%</u>	<u>15.59%</u>	<u>15.41%</u>	<u>15.37%</u>	<u>15.04%</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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Net Pension Liability				
Contractually Required Contribution	\$1,876,473	\$1,828,064	\$1,812,433	\$1,830,768
Contributions in Relation to the Contractually Required Contribution	<u>(1,876,473)</u>	<u>(1,828,064)</u>	<u>(1,812,433)</u>	<u>(1,830,768)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$13,403,379	\$13,057,600	\$12,945,950	\$13,076,914
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

2018	2017	2016	2015	2014	2013
\$1,826,491	\$1,743,743	\$1,682,880	\$1,656,656	\$1,503,231	\$1,586,640
<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>(1,586,640)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$13,046,364	\$12,455,307	\$12,020,571	\$11,833,257	\$11,563,315	\$12,204,923
<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>13.00%</u>	<u>13.00%</u>
\$0	\$0	\$0	\$0	\$115,633	\$122,049
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(115,633)</u>	<u>(122,049)</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>1.00%</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, 2022

Net Pension Liability

Changes in Assumptions – SERS

Beginning in fiscal year 2022, an assumption of 2.0 percent was used for COLA or Ad Hoc Cola. For fiscal years 2018 through 2021, an assumption of 2.5 percent was used. 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

Amounts reported for 2022 use mortality rates based on the PUB-2010 General Employee Amount Weight 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:

	<u>Fiscal Year 2022</u>	<u>Fiscal Years 2021-2018</u>	<u>Fiscal Year 2017 and Prior</u>
Inflation	2.50 percent	2.50 percent	2.75 percent
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65	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.

Dover City School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2022

Beginning with fiscal year 2018, post-retirement mortality rates for healthy retirees 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. 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.

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 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 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

Dover City School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2022

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.

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.

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.

DOVER CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal AL Number	Pass Through Entity Identifying Number	Total Federal Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
<i>(Passed Through Ohio Department of Education)</i>			
Child Nutrition Cluster:			
Non-Cash Assistance (Food Program):			
National School Lunch Program (NSLP)	10.555	N/A	\$71,151
Cash Assistance:			
School Breakfast Program (SBP)	10.553	N/A	285,431
National School Lunch Program (NSLP)	10.555	N/A	719,864
COVID-19 National School Lunch Program (NSLP)	10.555	N/A	73,004
Total Child Nutrition Cluster			<u>1,149,450</u>
State Pandemic Electronic Benefit Transfer (P-EBT) Administrative Costs Grant	10.649	N/A	614
Total U.S. Department of Agriculture			<u>1,150,064</u>
<u>U.S. DEPARTMENT OF TREASURY</u>			
<i>(Passed through the Ohio Department of Education)</i>			
COVID-19 Rural and Small Town	21.019	N/A	1,600
Total U.S. Department of Treasury			<u>1,600</u>
<u>FEDERAL COMMUNICATIONS COMMISSION</u>			
<i>(Direct)</i>			
Emergency Connectivity	32.009	N/A	149,784
Total Federal Communications Commission			<u>149,784</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
<i>(Passed Through New Philadelphia City School District)</i>			
Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA)	84.010A	N/A	22,305
<i>(Passed Through Ohio Department of Education)</i>			
Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA)			
Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA)	84.010A	S010A200035	54,985
Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA)	84.010A	S010A210035	294,678
Total Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA)			<u>349,663</u>
Special Education Cluster (IDEA):			
Special Education - Grants to States (IDEA, Part B)	84.027A	H027A200111	88,825
Special Education - Grants to States (IDEA, Part B)	84.027A	H027A210111	522,104
COVID-19 ARP Special Education - Grants to States (IDEA, Part B)	84.027X	H027X210111	47,747
Special Education - Preschool Grants (IDEA Preschool)	84.173A	H173A200119	2,319
Special Education - Preschool Grants (IDEA Preschool)	84.173A	H173A210119	15,787
Total Special Education Cluster (IDEA)			<u>676,782</u>
Twenty-First Century Community Learning Centers			
Twenty-First Century Community Learning Centers	84.287C	S287C200035	845
Twenty-First Century Community Learning Centers	84.287C	S287C210035	87,638
Total Twenty-First Century Community Learning Centers			<u>88,483</u>
English Language Acquisition State Grants			
English Language Acquisition State Grants	84.365A	S365A200035	6,188
English Language Acquisition State Grants	84.365A	S365A200035	317
English Language Acquisition State Grants	84.365A	S365A210035	40,748
English Language Acquisition State Grants	84.365A	S365A210035	6,799
Total English Language Acquisition State Grants			<u>54,052</u>
Supporting Effective Instruction State Grants:			
Supporting Effective Instruction State Grants	84.367A	S367A200034	9,310
Supporting Effective Instruction State Grants	84.367A	S367A210034	54,682
Total Supporting Effective Instruction State Grants			<u>63,992</u>
Striving Readers Comprehensive Literacy Program			
Striving Readers Comprehensive Literacy Program	84.371C	S371C190007	30,648
Striving Readers Comprehensive Literacy Program	84.371C	S371C190007	295,002
Total Striving Readers Comprehensive Literacy Program			<u>325,650</u>
Student Support and Academic Enrichment			
Student Support and Academic Enrichment	84.424A	S424A200036	3,787
Student Support and Academic Enrichment	84.424A	S424A210036	18,315
Total Student Support and Academic Enrichment			<u>22,102</u>
Education Stabilization Fund:			
COVID-19 Elementary and Secondary School Emergency Relief I	84.425D	S425D200035	46,253
COVID-19 Elementary and Secondary School Emergency Relief II	84.425D	S425D210035	157,961
COVID-19 ARP Elementary and Secondary School Emergency Relief III	84.425U	S425U210035	644,623
Total Education Stabilization Fund			<u>848,837</u>
Total U.S. Department of Education			<u>2,451,866</u>
Total Expenditures of Federal Awards			<u>\$3,753,314</u>

The accompanying notes are an integral part of this schedule.

**DOVER CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Dover City School District (the School District) under programs of the federal government for the year ended June 30, 2022. 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 School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

NOTE F - TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. The School District transferred the following amounts from 2022 to 2023 programs:

<u>Program Title</u>	<u>AL Number</u>	<u>Amt.</u> <u>Transferred</u>
Title I Grants to Local Educational Agencies	84.010A	\$ 826
Special Education - Grants to States	84.027A	\$ 47,063
COVID-19 ARP Special Education - Grants to States	84.027X	\$ 73,614
COVID-19 ARP Special Education - Preschool Grants	84.173X	\$ 9,705
English Language Acquisition State Grants	84.365A	\$ 11,848
Supporting Effective Instruction State Grants	84.367A	\$ 2,244
Striving Readers Comprehensive Literacy Program	84.371C	\$ 313,943
Student Support and Academic Enrichment	84.424A	\$ 2,589

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Dover City School District
Tuscarawas County
228 West Sixth Street
Dover, Ohio 44622

To 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 (*Government Auditing Standards*), the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Dover City School District, Tuscarawas County, Ohio (the School District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated May 11, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*.

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



Keith Faber
Auditor of State
Columbus, Ohio

May 11, 2023

OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Dover City School District
Tuscarawas County
228 West Sixth Street
Dover, Ohio 44622

To the Board of Education:

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited Dover City School District's, Tuscarawas County, Ohio (School District), 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 Dover City School District's major federal programs for the year ended June 30, 2022. Dover City School District's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings.

Qualified Opinion on Child Nutrition Cluster

In our opinion, except for the noncompliance described in the *Basis for Qualified and Unmodified Opinions* section of our report, 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 the Child Nutrition Cluster for the year ended June 30, 2022.

Unmodified Opinion on the Other Major Federal Program

In our opinion, 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 its other major federal program identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings for the year ended June 30, 2022.

Basis for Qualified and Unmodified Opinions

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

We are required to be independent of the 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 qualified and unmodified opinions on compliance for each major federal program. Our audit does not provide a legal determination of the School District's compliance with the compliance requirements referred to above.

Matters Giving Rise to Qualified Opinion on Child Nutrition Cluster

As described in findings 2022-001 and 2022-002 in the accompanying Schedule of Findings, the School District did not comply with requirements regarding the following:

Finding #	Assistance Listing #	Program (or Cluster) Name	Compliance Requirement
2022-001	10.553/10.555	Child Nutrition Cluster (includes COVID-19)	Procurement
2022-002	10.553/10.555	Child Nutrition Cluster (includes COVID-19)	Special Tests and Provisions - Verification

Compliance with such requirements is necessary, in our opinion, for the School District to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

The School District's 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 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 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than 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 School District's compliance with the requirements of each major federal program as a whole.

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the 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 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 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.

Other Matters

Government Auditing Standards requires the auditor to perform limited procedures on the School District's responses to the noncompliance findings identified in our compliance audit described in the accompanying Corrective Action Plan. The School District's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings as items 2022-001 and 2022-002, to be material weaknesses.

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.

Government Auditing Standards requires the auditor to perform limited procedures on the School District's responses to the internal control over compliance findings identified in our audit described in the accompanying Corrective Action Plan. The School District's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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 this testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

May 11, 2023

**DOVER CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2022**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	Yes
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion <ul style="list-style-type: none"> • Qualified – AL #10.553 and 10.555 - Child Nutrition Cluster (includes COVID-19) • Unmodified – AL# 84.425D and 84.425U – COVID-19 Education Stabilization Fund 	
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	Yes
(d)(1)(vii)	Major Programs (list): <ul style="list-style-type: none"> • AL #10.553 and 10.555 - Child Nutrition Cluster (includes COVID-19) • AL# 84.425D and 84.425U – COVID-19 Education Stabilization Fund 	
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None

**DOVER CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2022
(Continued)**

3. FINDINGS FOR FEDERAL AWARDS

1. Procurement

Finding Number:	2022-001
Assistance Listing Number and Title:	AL # 10.553 & 10.555 Child Nutrition Cluster
Federal Award Identification Number / Year:	2022
Federal Agency:	U.S. Department of Agriculture
Compliance Requirement:	Procurement
Pass-Through Entity:	Ohio Department of Education
Repeat Finding from Prior Audit?	Yes
Prior Audit Finding Number:	2021-002

Noncompliance and Material Weakness

2 C.F.R. § 400.1 gives regulatory effect to the Department of Agriculture for **2 C.F.R. § 200.318(a)** which requires the School District to use its own documented procurement procedures which reflect applicable State and local laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this section. **2 C.F.R. § 200.319** requires that all procurement transactions must be conducted in a manner providing full and open competition consistent with the standards of this section and 2 C.F.R. § 200.320. **2 C.F.R. § 200.320** requires procurement to be performed through micro-purchase procedures, small purchase procedures, sealed bids, competitive proposals or noncompetitive proposals when only one source was available. Furthermore, **2 C.F.R. § 200.318(i)** provides that the entity must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to, the following: Rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.

The School District implemented policy # DECA – Administration of Federal Grant Funds, last revised on September 14, 2020. However, the policy did not document procurement performed through micro-purchase procedures. Procurement by micro-purchase was the acquisition of supplies or services, the aggregate dollar amount of which does not exceed \$3,500. To the extent practicable, the School District must distribute micro-purchases equitably among qualified suppliers. Micro-purchases may be awarded without soliciting competitive quotations if the School District considers the price to be reasonable. The National Defense Authorization Act of 2018 allowed entities to increase the micro-purchase threshold from \$3,500 to \$10,000. However, this increase was required to be formally adopted by policy. As this was not formally approved, the School District was subject to the \$3,500 threshold. During 2022, 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. As a result, the School District did not ensure open competition through procurement.

The School District should review their policy and the requirements of 2 C.F.R. §§ 200.318 through 200.320, as well as the National Defense Authorization Act of 2018. The School District should update their policy to include procurement by micro-purchases with a limit of either \$3,500 or \$10,000, as desired. The School District should ensure open competition has occurred by seeking multiple quotes for expenditures aggregating to more than the threshold per vendor, utilizing the required number of quotes as documented in their policy. For expenditures within the approved micro-purchase threshold, the School District should, to the extent practicable, distribute micro-purchases among vendors. This will help to ensure that the School District's policies meet federal requirements, and the School District ensures open competition through procurement.

Officials' Response: See Corrective Action Plan.

**DOVER CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2022
(Continued)**

3. FINDINGS FOR FEDERAL AWARDS (Continued)

FINDING NUMBER 2022-001 (Continued)

1. Procurement (Continued)

Auditor of State Conclusion: While the audit for the year ended June 30, 2021 has an opinion date of July 20, 2022, we communicated the issue regarding procurement to School District personnel on December 16, 2021. In addition, the School District is solely responsible for the design and implementation of internal controls, policies and procedures to ensure that compliance requirements are met.

2. Special Tests and Provisions - Verification

Finding Number:	2022-002
Assistance Listing Number and Title:	AL # 10.553 and 10.555 Child Nutrition Cluster
Federal Award Identification Number / Year:	2022
Federal Agency:	U.S. Department of Agriculture
Compliance Requirement:	Verification
Pass-Through Entity:	Ohio Department of Education
Repeat Finding from Prior Audit?	No

Noncompliance and Material Weakness

7 C.F.R. § 245.6a required the School District to verify select free and reduced food service applications. The verification process includes selecting a sample of applications and obtaining written documentation regarding income. **7 C.F.R. § 245.6a, paragraph (a)(7)** documents that sources of information for verification include written evidence, collateral contacts, and systems of records. Written evidence shall be used as the primary source of information for verification. Written evidence includes written confirmation of a household's circumstances, such as wage stubs, award letters, and letters from employers. Whenever written evidence is insufficient to confirm income information on the application or current eligibility, the local educational agency may require collateral contacts. Collateral contacts are verbal confirmations of a household's circumstances by a person outside of the household. Agency records to which the State agency or local educational agency may have access can also be utilized for verification.

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. Furthermore, this would have led to receiving less program income from providing meals as well as being over reimbursed for claimed meals relating to this family's actual benefit usage.

The School District should review the annual "Ohio Department of Education Office for Child Nutrition - Verification Instruction Manual" as well as the Federal requirements outlined within 7 C.F.R. § 245.6a. All verifications should be performed in accordance with the manual and be performed by someone other than the original verifying official on the initial application. Additionally, all income documentation should be reviewed to ensure that amounts entered into the food service management system are correct. These procedures will help to ensure that benefits are correctly calculated and provided as well as help to ensure that the School District is not over or under reimbursed for claimed free and reduced lunches.

Officials' Response: See Corrective Action Plan.

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
June 30, 2022

Finding Number	Finding Summary	Status	Additional Information
2021-001	Material Weakness	Corrected	N/A
2021-002	Noncompliance and Material Weakness	Repeated	See finding 2022-001.
2021-003	Noncompliance and Significant Deficiency	Corrected	N/A

A Distinguished History and a Dynamic Future

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CORRECTIVE ACTION PLAN

2 CFR § 200.511(c)

June 30, 2022

Finding Number: 2022-001
Planned Corrective Action: The district implemented this policy in response to the finding in the 2021 audit. The (2021) audit was not complete until fall of 2022 and, as such, resulted in a duplicate comment.
Anticipated Completion Date: Complete
Responsible Contact Person: Kathryn Brugger

Finding Number: 2022-002
Planned Corrective Action: The income verification process has been reviewed the Director of Food Service. She understands that the verification must be an official document of earnings (i.e. paystub).
Anticipated Completion Date: Complete
Responsible Contact Person: Angela Welch

A Distinguished History and a Dynamic Future

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 5/23/2023

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
www.ohioauditor.gov